



**BANKING AND FINANCE | CAPITAL MARKETS**

# News – Banking and Finance and Capital Markets 2<sup>nd</sup> quarter of 2020

Below, you will find the issue of our Banking and Finance and Capital Markets newsletter for the 2<sup>nd</sup> quarter of 2020, which compiles the most significant news in this area.

**BANKING AND FINANCE**

## I. Banco de Portugal

Banco de Portugal Communication on changes to the public moratorium applicable to credit operations – From 17 June 2020, bank customers can benefit from an extension of the period of operation of the public moratorium created in the context of the response to the COVID-19 pandemic. These arrangements now apply to more potential beneficiaries and the scope of credit operations covered by the moratorium has been broadened ([link](#)).

Banco de Portugal publishes information on the implementation of credit moratoriums – From 27 March to the end of May, applications to benefit from the moratoriums had been made for a total of 783,749 credit agreements. To date, credit institutions have applied the support measures provided for the moratoriums to 688,515 agreements. The remaining 95,234 agreements are situations which, on this date, were still under consideration or did not meet the applicable access conditions.

More than half (56%) of the agreements that benefit from support measures are part of the public moratorium arrangements (385,117 agreements), while the remainder are covered by private moratoriums (303,398). In the case of public moratoriums, almost half the agreements (171,817) relate to mortgage credit to buy a permanent residential property, while the remainder relate to credit to businesses, sole traders and other customers. The majority of agreements subject to private moratoriums are for consumer credit (175,336). The remainder are for other mortgage credit agreements (128,062). Credit agreements made with consumers (families) represent more than two thirds of the agreements that benefit from the moratoriums (475,215 agreements). This corresponds to 69% of the total agreements included in the moratoriums. The remainder are for credit to businesses, sole traders and others ([link](#)).

[Banco de Portugal Instruction 13/2020](#) – Sets out the information institutions are obliged to report on the implementation of the credit moratoriums created to respond to the COVID-19 pandemic. The information includes the applications made by bank customers to the institutions and the agreements covered. For the applications that meet the access requirements, the institutions must indicate the support measure adopted. The institutions are also required to report the situations in which the access requirements have not been met. Based on the information reported by the institutions, Banco de Portugal will publish data on the progress of applications from credit moratoriums regularly on the bank customer website.

**"By Notice 2/2020, Banco de Portugal has also established that credit institutions are required to inform their customers about the moratoriums applicable to the credit operations of private and business customers that have been created to respond to the COVID-19 pandemic."**

[Circular Letter CC/2020/00000021](#) – Communicates a set of recommendations and additional measures for flexibility in areas relating to the supervisory powers and cash circulation powers conferred on Banco de Portugal. It also makes it clear that the measures for compliance with the capital and liquidity reserves communicated by Circular Letter CC/2020/00000017 have been made more flexible.

[Circular Letter CC/2020/00000022](#) – Emphasises that it is important for the credit institutions and entities listed in article 1 of Banco de Portugal Notice 11/2014 to comply fully with the guidelines on public and private moratoriums that apply to credit operations in the context of the COVID-19 pandemic (EBA/GL/2020/02).

Banco de Portugal Communication on the Report on Activity and Accounts of 2019 ([link](#)).

Banco de Portugal Communication on the Report on Statistical Activity of 2019 ([link](#)).

Banco de Portugal Communication on the Report on Financial Stability of 2020 ([link](#)).

Banco de Portugal Communication on Behavioural Supervision of 2019 ([link](#)).

National Strategy for Retail Payments – Banco de Portugal extends time limit to respond to the public consultation. The aim of this extension is to give the greatest opportunity possible for stakeholders to respond in face of all the restrictions caused by the COVID-19 pandemic ([link](#)).

By [Notice 2/2020](#), Banco de Portugal has also established that credit institutions are required to inform their customers about the moratoriums applicable to the credit operations of private and business customers that have been created to respond to the COVID-19 pandemic. Under these rules, institutions have to disclose information on the characteristics of the different moratoriums they make available to their customers. In addition, they must always identify whether they are public or private, and they must disclose the requirements and procedures for access to them, as well as the impact of the moratoriums on the amount of the instalments and on the repayment term of credit operations. In the case of private moratoriums, credit institutions must also provide information on their impact on the guarantees provided.

The information must be disclosed in their public service branches, on their websites, and in their home banking and mobile applications. Institutions must also inform customers of those options by contacting customers with credit operations covered by public or private moratoriums through the usual communication channels (email, SMS or other). With regard to the procedures for accessing the moratoriums, credit institutions are obliged to inform customers whether they are being applied in a durable medium. If the moratorium is applied, customers must be informed of its impact on the credit operation and on any guarantees. In credit operations that benefit from a guarantor's guarantee, they must also be informed about the impact of default on the agreement and on the guarantor. If the moratorium is not applied, the grounds for that decision must be presented.

[Instruction 10/2020](#) – Amends Instruction 3/2015, which lays down uniform rules for the implementation of the Eurosystem's single monetary policy.

[Instruction 11/2020](#) – Amends Instruction 7/2012, which establishes the temporary measures relating to the eligibility criteria for collateral assets for Eurosystem credit operations.

[Instruction 12/2020](#) – Amends Instruction 7/2012, which establishes the temporary measures relating to the eligibility criteria for collateral assets for Eurosystem credit operations.

[Instruction 14/2020](#) – Amends Instruction 7/2012, which establishes the temporary measures relating to the eligibility criteria for collateral assets for Eurosystem credit operations.

[Instruction 16/2020](#) – Amends Instruction 7/2012, which establishes the temporary measures relating to the eligibility criteria for collateral assets for Eurosystem credit operations.

**"If the moratorium is applied, customers must be informed of its impact on the credit operation and on any guarantees."**

[Instruction 17/2020](#) – Amends Instruction 3/2015, which lays down uniform rules for the implementation of the Eurosystem's single monetary policy.

Statistical Information Note – Indebtedness in the non-financial sector – March 2020 ([link](#)).

Statistical Information Note – Public administration financing – March 2020 ([link](#)).

## II. Government / Parliament

[Decree-Law 19-A/2020](#) – Establishes exceptional and temporary financial rebalancing arrangements for long-term contracts in the context of the COVID-19 pandemic.

[Decree-Law 20/2020](#) – Amends the exceptional and temporary measures relating to the COVID-19 pandemic.

[Law 17/2020](#) – Amends the exceptional rules for late payment of rent due under the terms of urban residential and non-residential leases during the COVID-19 pandemic, making the first amendment to Law 4-C/2020 of 6 April.

**"The Council adopted a regulation establishing a classification system for the entire EU. This "taxonomy" will provide companies and investors with a common language for identifying economic activities that can be considered sustainable from an environmental point of view."**

### III. European Union

**The Council has adopted a single classification system for the EU** - The Council adopted a regulation establishing a classification system for the entire EU. This "taxonomy" will provide companies and investors with a common language for identifying economic activities that can be considered sustainable from an environmental point of view. The taxonomy will allow investors to redirect their investments towards more sustainable technologies and companies. It will also be essential to allow the EU to have a neutral climate impact by 2050 and meet the Paris Agreement targets for 2030. These targets include a 40% reduction in greenhouse gas emissions, which, according to Commission estimates, will require the EU to close an investment deficit of around EUR 180 billion a year ([link](#)).

[Decision \(EU\) 2020/506](#) of the European Central Bank of 7 April 2020, which amends Guideline (EU) 2015/510 on the implementation of the Eurosystem monetary policy framework and Guideline (EU) 2016/65 on the valuation haircuts applied in the implementation of the Eurosystem monetary policy framework (ECB/2020/20)).

The European Banking Authority has published its Annual Report for 2019 ([link](#)).

The European Banking Authority has published final guidelines on the methodology for determining the weighted average maturity of contractual payments due under the tranche of a securitisation operation ([link](#)).

The European Banking Authority has published an [Opinion on obstacles under Article 32\(3\) of the RTS on SCA and CSC](#). In the context of the revised Payment Services Directive (PSD2), this Opinion clarifies issues relating to the dedicated Application Programming Interfaces (APIs) made available by Account Servicing Payment Service Providers (ASPSP) to communicate with Third Party Providers (TPP) ([link](#)).

The European Banking Authority has published guidelines on the treatment of public and private moratoriums in light of the COVID-19 measures ([link](#)).

[Guideline \(EU\) 2020/634](#) of the European Central Bank of 7 May 2020 amending Guideline ECB/2014/31 on temporary additional measures relating to the Eurosystem's refinancing operations and to the eligibility of collateral (ECB/2020/29).

[Regulation \(EU\) 2020/605](#) of the European Central Bank of 9 April 2020 amending Regulation (EU) 2015/534 on reporting of supervisory financial information (ECB/2020/22)

[Commission Implementing Regulation \(EU\) 2020/641](#) of 12 May 2020 establishes the technical information for the calculation of technical provisions and basic own funds for reporting with reference dates from 31 March 2020 until 29 June 2020 in accordance with Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of insurance and reinsurance.

## CAPITAL MARKETS

### I. CMVM

CMVM publishes regulations on credit funds ([link](#)).

CMVM publishes Annual Report for 2019 ([link](#)).

CMVM recommends the adoption of principles of sustainability and transparency in market information and in dividend and crisis management policies - In the context of the COVID-19 pandemic, the CMVM has issued a recommendation to securities issuers to adopt principles of transparency and sustainability in their accounting procedures, as well as in the distribution of dividends, remuneration and crisis management, taking into account the long-term interests of shareholders and other stakeholders ([link](#)).

Euronext publishes results for Q1 2020 ([link](#)).

OECD publishes diagnostic reports on market financing ([link](#)).

### II. European Union

Communication from the Commission on an Action Plan for a comprehensive Union policy on preventing money laundering and terrorist financing ([link](#)).

[Decision \(EU\) 2020/525 of ESMA](#) 16 March 2020 to require natural or legal persons who have net short positions to temporarily lower the notification thresholds of net short positions in relation to the issued shares capital of companies whose shares are admitted to trading on a regulated market above a certain threshold to notify the competent authorities in accordance with point (a) of Article 28(1) of Regulation (EU) No 236/2012 of the European Parliament and of the Council.

[Regulation \(EU\) 2020/852](#) of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/20888.

The Capital Markets Union High-Level Forum published its final report on the EU capital markets union ([link](#)).

**"The European Securities and Markets Authority (ESMA) has defined its expectations in terms of supervision of the publication of periodic reports by investment funds, issuing a public statement directed at fund managers concerning their obligations to publish yearly and half-yearly reports."**

### III. ESMA

The European Securities and Markets Authority (ESMA) has defined its expectations in terms of supervision of the publication of periodic reports by investment funds, issuing a public statement directed at fund managers concerning their obligations to publish yearly and half-yearly reports ([link](#)).

ESMA has published the new list of members of its Securities and Markets Stakeholder Group (SMSG). The selected individuals begin a four-year term on 1 July 2020. The SMSG will provide ESMA with advice on its policy work and must be consulted on technical standards, guidelines and recommendations ([link](#)).

**"EIOPA has published its report on supervisory activities in 2019 highlighting activities and achievements throughout the course of the year, covering both prudential and conduct of business supervision."**

ESMA publishes annual bond transparency calculations, systematic internalisers calculations and new bond liquidity data ([link](#)).

ESMA publishes Annual Report for 2019 and updates Annual Work Programme for 2020 ([link](#)).

ESMA publishes 2019 report on the application of the law on corporate disclosure ([link](#)).

MiFID II - ESMA issues latest Double Volume Cap (DVC) data. The updates include DVC data and calculations for the period 1 May 2019 to 30 April 2020 as well as updates to already published DVC periods. ([link](#)).

ESMA report on European Union guaranteed bond ratings ([link](#)).

## IV. Insurance

ASF publishes Statistical Report of the Accidents at Work Fund - 2019 ([link](#)).

Annual Report on Training for access to the activity of distributing insurance or reinsurance - 2019 ([link](#)).

[Decree-Law 20-F/2020](#), which establishes exceptional and temporary rules on insurance contracts.

EIOPA has published its report on supervisory activities in 2019 highlighting activities and achievements throughout the course of the year, covering both prudential and conduct of business supervision ([link](#)).

EIOPA publishes Annual Report 2019 ([link](#)).

Publication of the list of Internationally Insurance Groups Active in the EU ([link](#)).

[Circular 1/2020](#) - Recommendation on the adjustment of insurance contracts.

[Regulatory Rule 2/2020-R](#) of 8 April - Introduces an exception that allows training organisations that give insurance courses to ask the ASF to allow in-person training and the final written evaluation to be done remotely. This exception requires that certain minimum requirements be met and it applies in situations in which, for reasons of force majeure, including public health such as the current COVID-19 pandemic, if there are constraints in relation to holding in-person sessions.

[Circular Letter 4/2020](#) - Flexibility measures and recommendations for pension fund managers.

[Regulatory Rule 6/2020-R](#), 4 June - Amends Regulatory Rule 6/2015-R of 17 December, which establishes the criteria and procedures for the process of approval or authorisation by the Insurance and Pension Funds Supervision Authority of a set of details and parameters that are part of the solvency system of insurance and reinsurance companies, in accordance with the legal rules on access to and engaging in insurance and reinsurance business, approved by Law 147/2015 of 9 September. ■