

# [Webinar on Sustainable Finance – Fund portfolio networks: a climate risk perspective](#)

## **Webinar**

Within the European financial sector, investment funds are more exposed to climate-sensitive economic sectors than banks, insurers and pension funds. However, few investment fund climate-related financial risk assessments have been conducted. [ESMA has made a first attempt to fill this gap](#), using a data set of EUR 8 trillion of European investment fund portfolio holdings. Funds whose portfolios are tilted towards more polluting assets (brown funds) distribute their portfolio over a larger number of companies than funds with cleaner portfolios (green funds).

This apparent diversification hides a concentration risk: brown funds are more closely connected with each other (have more similar portfolios) than green fund portfolios, which tend to 'herd' less (have less similar portfolios to those of other green funds). This suggests that widespread climate-related financial shocks are likely to disproportionately affect brown funds. This is confirmed by a preliminary climate risk asset valuation exercise included in ESMA TRV No 1 2021.

□During the webinar you will see a presentation of the article and its findings. The presentation will be followed by a Q&A session.

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## [Dark web hitman identified through crypto-analysis](#)



Europol supported the Italian Postal and Communication Police (Polizia Postale e delle Comunicazioni) in arresting an Italian national suspected of hiring a hitman on the dark web. The hitman, hired through an internet assassination website hosted on the TOR network, was paid about €10 000 worth in Bitcoins to kill the ex-girlfriend of the suspect.

Europol carried out an urgent, complex crypto-analysis to enable the tracing and identification of the provider from which the suspect purchased the cryptocurrencies. The Italian police then reached out to the identified Italian crypto service provider, who confirmed the information uncovered during the investigation and provided the authorities with further details about the suspect. The timely investigation prevented any harm to be perpetrated against the potential victim.

Europol's European Cybercrime Centre (EC3) and the Joint Cybercrime Action Taskforce (J-CAT) hosted at Europol supported this investigation with operational analysis and expertise.

The [Joint Cybercrime Action Taskforce \(J-CAT\)](#) at Europol is a standing operational team consisting of cyber liaison officers from different countries who work from the same office on high profile cybercrime investigations.

Headquartered in The Hague, the Netherlands, Europol supports the 27 EU Member States in their fight against terrorism, cybercrime, and other serious and organized crime forms. Europol also works with many non-EU partner states and international organisations. From its various threat assessments to its intelligence-gathering and operational activities, Europol has the tools and resources it needs to do its part in making Europe safer.

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## [ESAs publish joint Annual Report for 2020](#)

Under the EBA Chairmanship, the Joint Committee played a pivotal role in 2020 to ensure close cooperation among the Authorities in the context of the COVID-19 pandemic. As part of the ESAs' continued efforts in overseeing market developments and cross-sectoral risks, the Joint Committee also prepared the first cross-sectoral COVID-19 risk assessment.

In the past year, the Joint Committee also adapted to the amended scope of issues under its remit, as laid down in the revised ESAs' Founding Regulation. Consumer protection remained a key priority with the finalisation of the [Report](#) including advice to the Commission under the PRIIPs Regulation. In addition, the Joint Committee delivered a substantial contribution to the development of the sustainable finance framework, namely by delivering on the mandates stemming from the Sustainable Finance Disclosure Regulation, the joint work on disclosure and the joint input to the Non-Financial Reporting Directive consultation.

Technological Innovation and cybersecurity also became prominent topics in 2020 and the ESAs strengthened their efforts to facilitate cooperation and coordination on digital finance more generally. The Joint Committee continued to work also in the areas of securitisation and financial conglomerates.

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## [ESMA updates its Q&As on MiFID II and MiFIR transparency topics](#)

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has today updated its [Questions and Answers](#) regarding market structures issues under the Market in Financial Instruments Directive (MiFID II) and Regulation (MiFIR).

ESMA has introduced changes to one of its Q&A on tick sizes to reflect the amendment introduced in Article 49(1) of MiFID II which excludes Large in Scale transactions from the mandatory tick size regime.

The purpose of ESMA's [Q&As on market structures issues](#) is to promote common supervisory approaches and practices in the application of MiFID II and MiFIR. They provide responses to questions posed by the general public and by market participants in relation to the practical application of level 1 and

level 2 provisions to transparency and market structures issues.

ESMA will continue to develop these Q&As in the coming months and will review and update them where required.

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## [ESMA updates SFTR Q&As](#)

The updated set of Q&A complements ESMA's guidance on reporting under SFTR. The Q&As were updated to simplify reporting of SFTs when an external portfolio manager is used.

This document aims to ensure that the supervisory activities of the competent authorities under the Regulation converge along the lines of the responses adopted by ESMA. It should also help investors and other market participants by providing clarity on SFTR requirements.

The purpose of the Q&A document is to promote common supervisory approaches and practices in the application of SFTR. It provides responses to questions posed by the general public, market participants and competent authorities in relation to the practical application of the Regulation.

### **Next steps:**

ESMA will periodically review these Q&A and update them where required.

Further information:

Sarah Edwards

Communications Officer

☎ +33 (1)58 36 64 23

@ [press@esma.europa.eu](mailto:press@esma.europa.eu)