



# Regulation Round Up

Edited by **Andrew Wingfield**  
and **John Verwey**

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For more information,  
please contact:

**Andrew Wingfield**

Partner

t: +44.20.7280.2021

[awingfield@proskauer.com](mailto:awingfield@proskauer.com)

**Richard Bull**

Partner

t: +44.20.7280.2060

[rbull@proskauer.com](mailto:rbull@proskauer.com)

**John Verwey**

Partner

t: +44.20.7280.2033

[jverwey@proskauer.com](mailto:jverwey@proskauer.com)

**Jade-Alexandra Fearn**

Special Antitrust Counsel

t: +44.20.7280.2215

[jfearns@proskauer.com](mailto:jfearns@proskauer.com)

**Amar Unadkat**

Associate

t: +44.20.7280.2144

[aunadkat@proskauer.com](mailto:aunadkat@proskauer.com)

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Welcome to the Regulation Round Up, a regular bulletin highlighting the latest developments in UK and EU financial services regulation.

Key developments in May 2019:

### 1 May

The Financial Conduct Authority (“**FCA**”) published a [call for input](#) on its evaluation of the Retail Distribution Review and Financial Advice Markets Review.

The Prudential Regulation Authority (“**PRA**”) published a [document](#) setting out the systemic risk buffer rates for ring-fenced banks and large building societies that will apply from 1 August 2019.

### 2 May

The FCA published a [discussion paper](#) (FP19/2) on intergenerational differences. The FCA noted that the way people build and use wealth is evolving and having an impact on their financial needs. Given two of its statutory objectives are to protect consumers and promote competition, the FCA considers it important to adapt its approach to the changing needs of the different groups within and between generations.

The European Banking Authority (“**EBA**”) published a [consultation paper](#) on four draft regulatory technical standards on the standardised approach for counterparty credit risk under Article 277(5) and Article 279a(3) of the proposed Regulation amending the Capital Requirements Regulation (EU/575/2013) (“CRR II”).

The FCA updated its [webpage](#) highlighting how it has changed the way in which National Private Placement Regime (“**NPPR**”) filings are to be submitted to it. Whilst this is not a significant change to the UK’s NPPR regime or the requirements arising from it, alternative investment fund managers that plan to submit NPPR notifications should be aware of the changes to the FCA’s filing processes.

### 3 May

HM Treasury published a [summary](#) of responses to its March 2019 call for evidence on cash and digital payments in the new economy.

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The European Securities and Markets Authority (“**ESMA**”) published final reports on technical advice to the European Commission on integrating sustainability risks and factors in:

- the UCITS Directive (2009/65/EC) and the Alternative Investment Fund Managers Directive (2011/61/EU) (“**AIFMD**”) – [ESMA34-45-688](#); and
- the second Markets in Financial Instruments Directive (2014/65/EU) (“**MiFID II**”) and the Markets in Financial Instruments Regulation (Regulation 600/2014) (“**MiFIR**”) – [ESMA 35-43-1737](#).

The FCA, along with its regulatory partners, [launched](#) the Financial Services Regulatory Partners Phoenixing Group. Phoenixing occurs where firms and individuals seek to avoid their liabilities towards consumers or their poor conduct history by closing down firms or resigning from senior roles and then re-emerging in different legal entities. The purpose of the working group is to provide the FCA and its regulatory partners with a formal opportunity to discuss approaches towards tackling phoenixing and how they can work together more closely in future by more effectively sharing data and intelligence on individuals and firms.

The European Insurance and Occupational Pensions Authority (“**EIOPA**”) published the final version of its [technical advice](#) (dated 30 April 2019) on integrating sustainability risks and factors into the delegated regulations made under the Solvency II Directive (2009/138/EC) (“Solvency II”) and the Insurance Distribution Directive (EU/2016/97).

### 7 May

The FCA published a [consultation paper](#) (CP19/17) setting out its proposals for changes to its mortgage sales requirements, the aim of which is to help give customers more choice in how they buy their mortgage.

The House of Commons Treasury Committee published the UK government’s [response](#) to its report on economic crime.

The FCA published a [report](#) on buying mortgages without advice.

### 8 May

The UK Regulators Network (“**UKRN**”) published a [guide](#), “Supporting customers who do not make their own decisions”, which is intended to help staff in financial services and utility companies understand what the law requires of them when dealing with different types of power of attorney and deputy court orders.

### 9 May

The FCA published the [minutes](#) of its board meeting on 28 March 2019. As part of this, the FCA board considered the government’s proposed approach to cryptoasset regulation and supervision.

The PRA updated the section on remuneration requirements for insurance on its strengthening accountability [webpage](#).

The UK Jurisdiction Taskforce published a [consultation paper](#) to help identify key issues of legal uncertainty concerning cryptoassets, distributed ledger technology and smart contracts.

### 10 May

The House of Commons Treasury Committee published its twenty-ninth [report](#) of session 2017-19 on consumers' access to financial services. The report includes recommendations, including a number that are directed at the FCA, the Payments Systems Regulator and the government, to ensure that financial inclusion is a priority for financial services providers, so that large parts of society (especially those with particular needs or characteristics) are not left behind.

### 14 May

The FCA updated its [webpage](#) on its July 2018 discussion paper on price discrimination in the cash savings market (DP18/6).

The Bank of England published a [speech](#) given by Nick Strange, Director, Supervisory Risk Specialists, on the Bank of England's current operational resilience work programme.

The Bank of England published a [speech](#) by David Rules, Executive Director of Insurance Supervision, on model use and misuse in the insurance sector, which considers the growing importance of model risk management.

### 15 May

The Financial Ombudsman Service published its [annual review](#) for 2018/19.

### 16 May

The Bank of England published a [speech](#) given by Sam Woods, Deputy Governor for Prudential Regulation and PRA CEO, on the style of UK financial services after Brexit.

### 20 May

ESMA published the official translations of its consolidated [guidelines](#) on the application of the endorsement regime under Article 4(3) of the Credit Rating Agencies Regulation (Regulation 1060/2009).

The Legal Entity Identifier Regulatory Oversight Committee published its [policy](#) on fund relationships in the global legal entity identifier system.

The FCA published details on its [website](#) in relation to a review carried out in relation to firms operating appointed representative platforms in the investment management sector. The FCA identified significant shortcomings in firms operating such platforms.

### 22 May

The Cyber-Attacks (Asset Freezing) [Regulations](#) 2019 (SI 2019/956) were laid before Parliament and will enter into force on 11 June 2019.

The PRA published a [consultation paper](#) (CP11/19) on the maintenance of the transitional measure on technical provisions under the Solvency II Directive (2009/138/EC).

The PRA published a [report](#) on a framework for assessing the financial impacts of physical climate change that was written by a joint working group comprised of representatives from across the general insurance market.

The following Delegated Regulations were published in the Official Journal of the EU:

- Commission Delegated [Regulation](#) (EU/2019/819) supplementing the European Social Entrepreneurship Funds Regulation (346/2013); and
- Commission Delegated [Regulation](#) (EU/2019/820) supplementing the European Venture Capital Funds Regulation (345/2013).

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The FCA published a [statement](#) welcoming the launch by the Cost Transparency Initiative of finalised and industry-ready templates for the disclosure of costs and charges to institutional investors.

The Payment Systems Regulator published a [consultation](#) (MR18/1.4) on its proposed approach to conducting a survey of merchants as part of its ongoing card-acquiring market review.

### 23 May

ESMA published a [press release](#) announcing it has established a new co-ordination network on sustainability (“CNS”). CNS will:

- develop the co-ordination of national competent authorities' work on sustainability; and
- be responsible for the development of policy in this area, with a strategic view on issues relating to integrating sustainability considerations into financial regulation.

ESMA published an updated [version](#) of its Q&As on the Benchmarks Regulation (EU/2016/1011).

The UK government published a [letter](#) from John Glen, Economic Secretary to HM Treasury, to Lord Boswell of Aynho, House of Lords EU Committee Chair, about remuneration and the proposed Directive amending the CRD IV Directive.

### 24 May

The FCA issued a [press release](#) on its website in which it confirmed the deadline for notifications for the Temporary Permissions Regime (“TPR”) will be extended to the end of 30 October 2019. TPR would allow EEA-based firms passporting into the UK to continue new and existing regulated business within the scope of their current permissions in the UK for a limited period, while they seek full FCA authorisation.

ESMA published a [call for evidence](#) on position limits and position management in commodity derivatives.

ESMA published an updated version of its [Q&A](#) on the Securitisation Regulation (EU/2017/2402).

### 28 May

The FCA published its third “five conduct questions” [report](#) in which it sets out wholesale banking industry feedback for 2018/19.

The Financial Stability Board (“FSB”) published a progress [report](#) on its work on developing effective practices for financial institutions’ response to, and recovery from, a cyber incident.

Regulation EU/2019/834 was [published](#) in the Official Journal of the EU. The Regulation amends the European Market Infrastructure Regulation (“EMIR”).

The FSB published a thematic review [report](#) on the implementation of the legal entity identifier.

The International Organisation of Securities Commissions (“IOSCO”) published a [consultation paper](#) (CR02/2019) on regulating crypto-asset trading platforms (“CTPs”).

The European Commission published a [letter](#) sent to the European Supervisory Authorities, providing guidance on the treatment of bonds under the PRIIPs Regulation (EU/1286/2014).

The European Commission adopted a [Delegated Regulation](#) relating to regulatory technical standards on the homogeneity of the underlying exposures in securitisation.

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### **29 May**

The EBA published its [annual report](#) 2018.

The FCA published a [statement](#) on share trading obligations under MiFID II.

HM Treasury published a joint [statement](#) by members of the US-UK Financial Regulatory Working Group following their second meeting, which was held on 23 May 2019.

The FCA published a [call for input](#) on a cross-sector sandbox.

ESMA published an updated version of its [Q&A's](#) on investor protection and intermediaries topics under MiFID II and MiFIR.

### **30 May**

IOSCO published a [press release](#) following a meeting to discuss priority issues facing securities market regulators and supervisors.