

Regulation Round Up

December 2017

1 December

The Financial Conduct Authority (FCA) published its 19th quarterly [consultation paper](#) (CP17/39). The proposed changes to the FCA Rules include changes to the FCA's Decision Procedure and Penalties manual, changes to its Listing Rules and its Disclosure Guidance Transparency Rules sourcebooks and amendments to its Enforcement Guide and the Supervision manual relating to the Insurance Distribution Directive ((EU) 2016/97).

5 December

The Packaged Retail and Insurance-based Investment Products [Regulations](#) 2017 (SI 2017/1127) were published by the UK Government. The Regulations implement in part certain provisions of the EU PRIIPs Regulation (Regulation 1286/2014). The PRIIPs Regulation requires manufacturers of packaged retail investment products to draw up a key information document (KID) containing standard information, and requires those advising on or selling PRIIPs to provide the KID to retail investors.

ESMA published a [speech](#), in which Verena Ross, ESMA Executive Director, comments on a number of ESMA's asset management sector priorities in 2018. One of the points highlighted in this speech relates to Brexit and the concern among some market participants of the need for co-operation arrangements to be in place between regulators for certain types of activity. Both the UCITS Directive and the Alternative Investment Fund Managers Directive require co-operation arrangements to be in place in case portfolio or risk management is delegated to an entity in a third country. Ms Ross stated that ESMA is very aware of this issue and of the potential impact on activities and, ultimately, investors, if co-operation arrangements are not put in place in time. ESMA could add value by acting as the facilitator of the arrangements on behalf of the national regulators of the EU27.

6 December

The HM Treasury published its [report](#) (The Investment Management Strategy II) setting out the UK's renewed investment management strategy.

The 2017 strategy focuses on six areas for growth: skills; financial innovation; international engagement; tax and regulatory environment; asset management taskforce and innovative investment strategies.

12 December

The FCA published its MarketWatch [newsletter](#) on market conduct and transaction reporting issues. This included commentary on the legislation that will apply from 3 January 2018 relating to transaction reporting, order record keeping for trading venues and clock synchronisation, and the application of the Market Abuse Regulation to emission allowance market participants.

13 December

The FCA published three consultation papers ([CP17/40](#), [CP17/41](#) and [CP17/42](#)) setting out a package of proposals on how firms and individuals will transition from the approved persons regime to the senior managers and certification regime. The FCA intends to publish its final rules, including its final approach to transition and conversion, in a policy statement in Summer 2018.

The PRA published a [consultation paper](#) on implementing the extension of the senior managers and certification regime to insurers.

14 December

The 13th Programme of Law Reform was [launched](#). One of the projects under this Programme concerns electronic signatures and will encompass not only electronic contracts relating to land, but any uncertainty over the validity of e-signatures in all types of contracts.

15 December

The FCA published its second [policy statement](#) on implementing the Insurance Distribution Directive (IDD). Among other things, this set out its approach to making: (a) changes to its rules to implement the IDD requirements for life insurance businesses, including additional requirements related to the distribution of insurance-based investment products; and changes to its rules to implement IDD requirements that apply to life and non-investment insurance businesses.

The European Commission published a [press release](#) stating that the Council of the EU and the European Parliament have reached political agreement on the proposed Fifth Money Laundering Directive.

The Competition and Markets Authority (CMA) published an updated open [letter](#) to procurement and supply professionals on how to detect and deter bid-rigging and also launched its [cartel screening tool](#) to help procurers screen their tender data for signs of cartel behaviour. The free tool is available for download on GitHub, an open source development platform.

18 December

The Joint Committee of the ESAs (that is, the EBA, EIOPA and ESMA) published a [final report](#) containing draft regulatory technical standards amending the framework of EMIR (the Regulation on OTC derivatives, CCPs and trade repositories) (Regulation 648/2012) with regard to physically settled foreign exchange forwards. The Regulation containing the draft RTS will enter into force on the day following its publication in the Official Journal of the EU.

20 December

ESMA issued a [statement](#) confirming its support for the smooth introduction of the legal entity identifier (LEI) requirements under MiFID II. Through the statement, ESMA confirmed that investment firms would be permitted to provide a service triggering the obligation to submit a transaction report to the client, from which it did not previously obtain an LEI code, under the condition that before providing such service the investment firm obtains the necessary documentation from this client to apply for an LEI code on their behalf.

The FCA issued a [press release](#) responding to ESMA's public statement on LEIs.

The FCA issued two Q&As on AIFMD reporting. One [Q&A](#) related to reporting transparency information generally. The other [Q&A](#) related to reporting Annex IV transparency information.

21 December

Updated Joint Money Laundering Steering Group (JMLSG) [guidance](#) for the UK financial sector (prevention of money laundering/combating terrorist financing) was published. This has been submitted to HM Treasury for ministerial approval.

The PRIIPS Regulation and MiFID II came into force on 1 January and 3 January 2018 respectively. Both these developments will be covered in the Regulation Round-Up for January.

[Related Professionals](#)

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