Proskauer

Regulation Round Up

Regulatory & Compliance on **August 2020**

27 August

The Prudential Regulation Authority ("**PRA**") published a statement announcing that it intends to terminate, with effect from 30 September 2020, the temporary approach to value-at-risk (VAR) back-testing exceptions it announced in March 2020 in the light of the COVID-19 pandemic.

The Financial Markets Law Committee published a letter it has sent to the European Commission responding to the action plan for a comprehensive EU policy on preventing money laundering and terrorist financing.

The European Securities and Markets Authority ("**ESMA**") published a statement announcing that it intends to update the 2019 guidelines on stress test scenarios produced under the Money Market Funds Regulation ((EU) 2017/1131) ("**MMF Regulation**") to include a modification of the risk parameters to reflect recent market developments relating to the COVID-19 pandemic.

The Financial Conduct Authority ("**FCA**") published issue 64 of Market Watch, its newsletter on market conduct and transaction reporting issues.

26 August

The Financial Ombudsman Service ("**FOS**") published issue 153 of ombudsman news, which focuses on providing a summary of the themes it has seen in complaints resulting from COVID-19.

The PRA published a statement to clarify its approach to International Financial Reporting Standard 9 ("**IFRS 9**") and regulatory capital requirements.

The FCA updated its COVID-19 webpage to announce that it has launched a joint survey with the Bank of England ("**BoE**") to review liquidity mismatch in open-ended funds.

The FCA published a guidance consultation setting out additional guidance for mortgage firms in the light of the COVID-19 pandemic.

25 August

The Financial Stability Board ("**FSB**") published a key attributes assessment methodology for the insurance sector ("**Insurance KAAM**").

24 August

The FCA published a consultation paper (CP20/17) on extending its annual financial crime reporting obligation (referred to as "**REP-CRIM**").

The Commission Delegated Regulation (EU) 2020/1212, which amends Delegated Regulation (EU) 2018/1229 supplementing the Central Securities Depositories Regulation (909/2014) ("**CSDR**") with regard to regulatory technical standards ("**RTS"**) on settlement discipline, was published in the Official Journal of the EU.

21 August

The Bank for International Settlements published a speech by Benoît Cœuré, Head of the BIS Innovation Hub, emphasising that RegTech and FinTech are high on the BIS' agenda and discussing the potential benefits and challenges they pose for regulatory authorities and financial institutions.

20 August

The FCA published its Regulation round-up newsletter for August 2020, which includes a section commenting on firms' approach to disclosure during the COVID-19 pandemic.

The FCA updated and restructured its webpage on the temporary permissions regime ("**TPR**"), covering the following related topics:

- Firms and investment funds that can use the TPR;
- Rules that will apply to firms and fund operators in the TPR;
- The notification process for firms;
- Considerations for firms leaving the TPR;
- The notification process for funds;
- TPR fees; and
- Financial services contracts regime ("**FSCR**").

19 August

The Joint Money Laundering Steering Group published a press release announcing it has received HM Treasury ministerial approval for the final guidance it published in June and July 2020 on anti-money laundering and counter-terrorist financing guidance.

The EBA published its response to the European Commission's anti-money laundering and counter-terrorist financing action plan, together with a covering letter (EBA-2020-D-3187) from José Manual Campa, EBA Chair, to Valdis Dombrovskis, Commission Executive Vice-President.

ESMA published a letter (ESMA34-32-550) it has sent to the European Commission, highlighting the areas where it considers improvements could be made under the Commission's review of the Alternative Investment Fund Managers Directive (2011/61/EU) ("**AIFMD**"). Please also see our update on this topic.

The FCA published its 30th Primary Market Bulletin, which covers Prospectus Regulation and FCA Knowledge Base.

14 August

The PRA published a new webpage on the fourth meeting of the Climate Financial Risk Forum ("**CFRF**"), which it hosts jointly with the FCA.

The European Banking Authority ("**EBA**") published a revised work programme for

2020 (EBA/REP/2020/22), which it has amended to reflect the projects it has postponed due to the COVID-19 pandemic.

The FSB published a questionnaire on the continuity of access to financial market infrastructures ("**FMIs**") for firms in resolution.

13 August

The FCA published a new webpage on conduct rules reporting for solo-regulated firms under the Senior Managers and Certification Regime ("**SM&CR**").

12 August

The Financial Markets Law Committee published a letter sent to the Ministry of Justice, responding to the July 2020 consultation on proposals to extend the power in section 6 of the European Union (Withdrawal) Act 2018 for courts and tribunals to depart from retained EU case law after the end of the Brexit transition period.

The FCA published a Dear CEO letter it has sent in the light of the COVID-19 pandemic relating to the increase in levels of client money held by firms providing non-discretionary investment services.

The EBA published a consultation paper (EBA/CP/2020/21) on guidelines on criteria for the use of data inputs in the risk-measurement model referred to in Article 325bc under Article 325bh(3) of the Capital Requirements Regulation (EU/575/2013) ("**CRR**").

The EBA launched an industry survey on RegTech, publishing the following:

- RegTech industrial survey: financial institutions.
- RegTech industrial survey: financial institutions: areas of focus. (This is section C of the financial institutions survey.)
- RegTech industrial survey: information and communication technology (ICT) third-party providers.
- RegTech Industrial survey: ICT third-party providers: areas of focus. (This is section II of the ICT third-party providers survey.)

The Wolfsberg Group published a statement on developing an effective anti-money laundering and counter-terrorist financing programme and a document on how financial institutions can identify, mitigate and manage money laundering risks by undertaking source of wealth and source of funds checks.

11 August

The European Commission sets deadline for comments on draft Regulation amending BMR.

The FCA published a feedback statement on updating guidance to help customers who hold insurance and premium finance products and who are in temporary financial difficulty because of the COVID-19 pandemic (FS20/13).

The European Central Bank published a report on banks' internal capital adequacy assessment process ("**ICAAP**") practices.

The PRA published a Dear CEO letter (dated 31 July 2020) sent from Mel Beaman, PRA Director, UK Deposit Takers, to the CEOs of non-systemic building societies.

The Financial Markets Law Committee published a letter sent from Joanna Perkins, FMLC Chief Executive, to HM Treasury, responding to the June 2020 consultation on transposing the BRRD II Directive ((EU) 2019/879).

HM Treasury published a letter to Parliamentary Committee on EU crowdfunding service provider proposals.

The International Organization of Securities Commissions published a final report (FR07/2020) on liquidity provision in the secondary markets for equity securities.

10 August

The EBA published the following documents, which relate to COVID-19 related amendments to CRR made by Regulation (EU) 2020/873 ("**Quick Fix Regulation**"):

- Final report on draft implementing technical standards ("**ITS**") on supervisory reporting (EBA/ITS/2020/07). Links to the revised annexes on solvency and leverage are available on the EBA website.
- Guidelines on supervisory reporting and disclosure requirements (EBA/GL/2020/11).
- Amended guidelines on uniform disclosure of IFRS 9 transitional arrangements under CRR (EBA/GL/2020/12).

7 August

The FCA updated its policy development update webpage the FCA updated webpage, which sets out information on recent and future FCA publications.

The EBA updates report (EBA/REP/2020/23) on implementation of selected COVID-19 policies to include FAQs.

The European Parliament published on its website an answer from the European Commission confirms no right to refuse access to basic bank accounts based on location of consumer within the EU.

6 August

The BoE published the Financial Stability Report and FPC financial policy summary and record for August 2020.

The Competition and Markets Authority announced that it has revoked directions that it gave to HSBC in April 2019 to ensure compliance with certain provisions of the Retail Banking Market Investigation Order 2017.

The Basel Committee on Banking Supervision ("**BCBS**") launched consultations proposing new principles for operational resilience (BCBS509) and revisions to its principles for the sound management of operational risk ("**PMSOR**") (BCBS508).

HM Treasury published the "Anti-money laundering and counter-terrorist financing: Supervision report, 2018-2019".

The Payment Systems Regulator ("**PSR**") published a document in which Genevieve Marjoribanks, PSR Head of Policy, sets out how the PSR wants to see improvements relating to reimbursing the victims of authorised push payment scams.

The FCA published concerns when lenders allow repeat borrowing.

5 August

The Lending Standards Board published an update on how its Standards of Lending Practice for Business Customers and the related Information for Practitioners apply to products offered under the government's Bounce Bank Loan Scheme and the Coronavirus Business Interruption Loans Scheme.

4 August

The PRA published a policy statement on Financial Services Compensation Scheme ("FSCS") temporary high balances coverage extension.

The FCA published a statement about data provision under the Civil Liability Act 2018.

The PSR published a document in which Genevieve Marjoribanks, PSR Head of Policy, sets out the PSR's views on driving innovation and competition in real-time payments.

3 August

The EBA published its final report on final draft ITS on disclosure and reporting of the minimum requirement for own funds and eligible liabilities ("**MREL**") and the total loss absorbency requirement ("**TLAC**") (EBA/ITS/2020/06). The Annexes to the ITS are available on the press release accompanying the report.

The FCA published a consultation paper on updating its Dual-regulated firms Remuneration Code to reflect the CRD V Directive (CP20/14).

The FCA published a consultation paper on liquidity mismatch in authorised open-ended property funds (CP20/15).

The FCA published a speech given by Edwin Schooling Latter, FCA Director of Markets and Wholesale Policy, on 15 July 2020, on the critical tasks ahead in the second half of 2020 relating to LIBOR transition.

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