Proskauer

Regulation Round Up

Regulatory & Compliance on **January 2023**

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

Key developments in January 2023:

31 January

The European Supervisory Authorities ("**ESAs**") published a joint consultation paper (JC 2022 76) on the system established by the ESAs for the exchange of information relevant to the assessment of the fitness and propriety of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities.

The International Organization of Securities Commissions ("**IOSCO**") published a final report (FR2/23) containing a revised version its principles for the regulation and supervision of commodity derivatives markets.

The European Banking Authority ("**EBA**") published a press release summarising and linking to three new Q&As to clarify the application of strong customer authentication to digital wallets under the revised Payment Services Directive ((EU) 2015/2366) ("**PSD2**") and Commission Delegated Regulation (EU) 2018/389

The European Securities and Markets Authority ("**ESMA**") published a consultation paper (ESMA34-49-496) reviewing the methodology included in the guidelines on stress test scenarios under the Regulation on money market funds ((EU) 2017/1131) ("**MMF Regulation**").

The Treasury Sub-Committee on Financial Services Regulations published letters from Nikhil Rathi, Chief Executive of the Financial Conduct Authority ("**FCA**"), on (i) the FCA's consultation on broadening access to financial advice for mainstream investments (CP22/24); and (ii) on its consultation on sustainability disclosure requirements (SDR) and investment labels (CP22/20) (here and here).

26 January

The FCA published Handbook Notice 106, which sets out changes to the FCA Handbook made by the FCA board on 26 January 2023.

The FCA published its Regulation round-up January 2023. Among other things, it provides further information relating to its request for information under section 165 of the Financial Services and Markets Act 2000 ("**FSMA**") to principal firms with appointed representatives.

TheCityUK published a report containing proposals to improve the regulatory authorisation processes of the FCA and Prudential Regulation Authority ("**PRA**").

25 January

The FCA published the texts of two memorandums of understanding it entered into (one and two) with ESMA relating to co-operation arrangements in respect of third-country benchmark administrators under the retained version of the Benchmarks Regulation ((EU) 2016/1011) ("**UK BMR**") and the Benchmarks Regulation ((EU) 2016/1011) ("**EU BMR**").

The FCA published feedback on good and poor-quality applications made by cryptoasset business for registration under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692) ("**MLRs 2017**").

The European Parliament's Economic and Monetary Affairs Committee published a document stating they have voted to adopt a draft report on the European Commission's legislative proposal for a Directive amending the Alternative Investment Fund Managers Directive (2011/61/EU) ("**AIFMD**") and the UCITS Directive (2009/65/EC) ("**AIFMD II**").

24 January

The European Parliament's Economic and Monetary Affairs Committee published a press release stating that it voted to adopt draft reports on the European Commission's legislative proposals for the CRR III Regulation and the CRD VI Directive.

The FCA published a speech on current regulatory initiatives relating to artificial intelligence.

The European Commission published a speech given by Mairead McGuinness, European Commissioner for Financial Services, Financial Stability and Capital Markets Union ("**CMU**") on its plans for 2023.

19 January

The Science Based Targets Initiative ("**SBTi**") published new guidance to support investors in identifying the overlaps between the SBTi Financial Institutions Framework and Task Force on Climate-related Financial Disclosures ("**TCFD**") recommendations.

ESMA published a consultation paper (ESMA70-156-6307) on a manual on post-trade transparency under the Markets in Financial Instruments Regulation (600/2014) ("**MiFIR**").

18 January

The Financial Regulators Complaints Commissioner published updated protocol setting out how it deals with the FCA.

The Financial Stability Board ("**FSB**") published a progress report on implementation of the reforms agreed by the G20 following the 2008 global financial crisis to strengthen the oversight and regulation of non-bank financial intermediation.

17 January

The European Commission adopted two draft Delegated Regulations amending Commission Delegated Regulation (EU) 2017/587 and Commission Delegated Regulation (EU) 2017/583 (here and here), which relate to transparency requirements for equity and non-equity instruments under MiFIR.

16 January

ESMA announced the launch of a common supervisory action with national competent authorities on the application of the disclosure rules under the MiFID II Directive (EU/2014/65) ("**MiFID II**") with regard to marketing communications across the EU.

13 January

HM Treasury published a review and call for evidence on the Payment Services Regulations 2017 (SI 2017/752) ("**PSRs 2017**").

12 January

The FCA published a consultation paper (CP23/2) on proposed changes to streamline its existing rules on the electronic format for annual financial reports, and the structured digital reporting of annual financial statements within them.

The European Commission adopted an Implementing Regulation and two Delegated Regulations (C(2023)189 and C(2023)184) supplementing the Investment Firms Directive ((EU) 2019/2034) ("**IFD**") containing technical standards on colleges of supervisors for investment firm groups and information exchange between competent authorities.

A corrigendum to the text of Commission Delegated Regulation (EU) 2021/2268, which amends the regulatory technical standards ("**RTS**") laid down in the PRIIPs KID Delegated Regulation (2017/653), has been published in the Official Journal of the European Union.

The European Parliament updated its procedure file on the proposed Regulation amending the Regulation on European long-term investment funds (ELTIF) ((EU) 2015/760) ("**ELTIF Regulation**").

11 January

UK Finance published a joint statement announcing that it and four other associations have formed a new UK Forum for Digital Currencies.

The Financial Services and Markets Bill 2022-23 had its second reading in the House of Lords.

The FCA published issue 72 of Market Watch.

The European Parliament updated its procedure files on the proposed Regulation on markets in cryptoassets ("MiCA") and on the proposed Regulation on information accompanying transfers of funds and certain cryptoassets (here and here).

The FCA published a portfolio letter on its supervisory strategy for wholesale brokers.

10 January

The PRA published a Dear CEO letter sent to PRA-regulated international banks setting out its 2023 supervisory priorities.

5 January

The FCA published the minutes of the FCA board meeting that was held on 24 November 2022.

The European Commission requested technical advice from the ESAs on delegated acts to be adopted under Articles 31(6) and 43(2) of the Regulation on digital operational resilience for the financial sector ((EU) 2022/2554) ("**DORA**").

3 January

A corrigendum to Commission Delegated Regulation (EU) 2022/1288 supplementing the Sustainable Finance Disclosure Regulation ((EU) 2019/2088) ("**SFDR**") with regard to RTS on the content and presentation of taxonomy-related sustainability disclosures, was published in the Official Journal of the European Union.

The FCA published a statement on delays in processing notifications for changes in control.

Related Professionals

- **Richard Bull**
  Partner
- **John Verwey**
  Partner
- **Andrew Wingfield**
  Partner
- **Sulaiman I. Malik**
  Associate
- **Michael Singh**
  Associate