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Regulation Round Up

Regulatory & Compliance on **February 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 February 2023:

28 February

The Financial Services Regulatory Initiatives Forum published the Regulatory Initiatives Grid for February 2023.

27 February

The Prudential Regulation Authority ("**PRA**") published a consultation paper (CP4/23) on liquidity and disclosure requirements for simpler-regime firms as part of the strong and simple framework.

The PRA published a consultation paper (CP5/23) on changes to its current rules and expectations to enhance the proportionality of the remuneration requirements that apply to small CRR firms and small third-country CRR firms.

The Financial Conduct Authority ("**FCA**") published a webpage setting out the findings from its multi-firm review of how firms are implementing the Investment Firm Prudential Regime ("**IFPR**") in relation to the internal capital adequacy and risk assessment process and reporting.

24 February

The FCA published Handbook Notice 107, which sets out the latest changes to the FCA Handbook made by the FCA board.

Commission Delegated Regulation (EU) 2023/410, which amends Delegated Regulation (EU) 2016/1675 on the list of high-risk third countries with strategic anti-money laundering and counter-terrorist financing deficiencies under the Fourth Money Laundering Directive ((EU) 2015/849) ("**MLD4**"), was published in the Official Journal of the European Union.

The FCA and The Bank of England ("**BoE**") have published a joint policy statement (CP21/31) on changes to reporting requirements, procedures for data quality and registration of trade repositories under UK EMIR (648/2012).

23 February

The Financial Stability Board ("**FSB**") published a note detailing the action it will be taking to progress its three priority themes for the G20 roadmap for enhancing cross-border payments and to achieve the G20's targets by the 2027 target date.

Decision of the EEA Joint Committee No 43/2020 of 20 March 2020 amending Annex IX (Financial Services) to the EEA Agreement [2023/357], which incorporates implementing regulations relating to EMIR (EU/648/2012) ("**EMIR**"), was published in the Official Journal.

The Council of the EU published the text of the proposed Regulation amending the Regulation on European long-term investment funds ((EU) 2015/760) ("**ELTIF Regulation**").

The Council of the EU published a compromise proposal on the proposed Directive on financial services contracts concluded at a distance (2022/0147(COD)).

22 February

The FCA published a speech given by Sheldon Mills, Executive Director of Competition and Consumers, on the new consumer duty.

21 February

The International Regulatory Strategy Group published its response to the joint BoE, FCA and PRA discussion paper (PRA DP5/22 / FCA DP22/4) on the use of artificial intelligence and machine learning in financial services

20 February

The European Commission published a call for advice to the European Banking Authority ("**EBA**") and the European Securities and Markets Authority ("**ESMA**"), under Article 60 of the Investment Firms Regulation ((EU) 2019/2033) and Article 66 of the Investment Firms Directive ((EU) 2019/2034), to provide an evaluation on the prudential framework for investment firms.

The FCA published a discussion paper (DP23/2) on updating and improving the UK asset management regime.

The FSB published a letter sent to G20 finance leaders and central bank governors, ahead of their February 2023 summit, setting out its work priorities for 2023.

17 February

The European Supervisory Authorities ("**ESAs**") have updated their Q&As (JC 2023 02) on the EU Securitisation Regulation.

Commission Delegated Regulation (EU) 2023/363, incorporating nuclear and gas disclosures into the Sustainable Finance Disclosure Regulation ((EU) 2019/2088) ("**SFDR**") regulatory technical standards ("**RTS**"), was published in the Official Journal.

16 February

The Council of the EU published a further Presidency compromise proposal (2022/0147(COD)) on the proposed Directive on financial services contracts concluded at a distance.

The FSB published a report on its assessment of the financial stability risks of decentralised finance and outlines further work in the light of its findings.

Following consultation, the UK Jurisdiction Taskforce released a legal statement on issuing and transferring equity and debt securities on blockchain and distributed ledger technology systems ("**DLT**").

The European Parliament published the provisional edition of the text of the legislative resolution adopted by it at first reading on the proposed ELTIF Regulation.

15 February

Commission Implementing Regulation (EU) 2023/313 amending Implementing Regulation (EU) 2016/2070, which contains implementing technical standards ("**ITS**") on the benchmarking of internal models, has been published in the Official Journal of the European Union.

The EBA published its final report (EBA/RTS/2023/01) on draft RTS on the homogeneity of the underlying exposures in simple, transparent and standardised securitisations under the EU Securitisation Regulation ((EU) 2017/2402) as amended by Regulation (EU) 2021/557.

13 February

Two Delegated Regulations (here and here) containing RTS that amend existing RTS made under EMIR to extend the temporary exemptions regime for intragroup contracts for three years, have been published in the Official Journal of the European Union.

The European Parliament's Economic and Monetary Affairs Committee ("**ECON**") has published two reports (here and here) relating to the legislative proposals for the CRR II Regulation (EU/2019/876) ("**CRR II**") and the CRD IV Directive (2013/36/EU) ("**CRD IV**").

10 February

The FCA published a discussion paper (DP23/1) on finance for positive sustainable change, which explores how firms' sustainability-related governance arrangements, incentives and competencies can support the role of finance in driving positive sustainable change and delivery in line with firms' sustainability-related objectives.

9 February

ECON published the report (A9-0020/2023) it adopted 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) ("**UCITS Directive**") relating to delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services, and loan origination by alternative investment funds ("**AIFMD II**").

The FCA published a feedback statement (FS23/1) following its call for input on the use of "synthetic data" to support financial services innovation.

ECON published a study (PE 740.067) on recent trends in UK financial sector regulation and possible implications for the EU, including its approach to equivalence.

8 February

The EBA published a consultation paper (CP/2023/02) on draft ITS amending Commission Implementing Regulation (EU) 650/2014, which contains ITS on supervisory disclosure under CRD IV.

The BoE published a policy statement and supporting materials on outsourcing and third party risk management in financial market infrastructures.

ECON adopted its report (A9-0026/2023) on the proposed Regulation establishing a European single access point providing centralised access to publicly available information of relevance to financial services, capital markets and sustainability.

The BoE published a speech, given by Jon Cunliffe, BoE Deputy Governor, Financial Stability, on a retail central bank digital currency ("**CBDC**") (a so-called "digital pound").

7 February

The BoE and HM Treasury published a joint consultation paper (CP 797) setting out their assessment of the case for a "digital pound".

6 February

The FCA published a statement on the new UK financial promotions regime it plans to introduce for cryptoasset firms.

3 February

ESMA updated its Q&As (ESMA31-62-1258) on the Prospectus Regulation ((EU) 2017/1129), adding a new Q&A on Article 1(4)(d) regarding one of the exemptions from the requirement to publish a prospectus.

ESMA published an updated version of its Q&As (ESMA70-460-189) on the implementation of the Regulation on a pilot regime for market infrastructures based on DLT (EU) 2022/858).

ESMA published an updated version of its Q&As (ESMA34-43-392) on the application of the UCITS Directive.

The FCA published a webpage on financial promotions data for 2022.

The FCA published a portfolio letter setting out its supervisory strategy for asset management.

The FCA has published a portfolio letter to firms in the asset management sector (as well as other sectors) on implementing the consumer duty.

2 February

ESMA published a final report (ESMA70-156-6360) providing its opinion on the trading venue perimeter under the MiFID II Directive (2014/65/EU) ("**MiFID II**").

1 February

HM Treasury published a consultation paper on the UK regulatory approach to cryptoassets. The paper includes a call for evidence relating to decentralised finance, certain other cryptoasset activities and sustainability in the context of regulating cryptoassets.

The FCA updated its webpage on the consultation it launched jointly with the BoE and the PRA on a revised scheme for complaints against the UK financial services regulators (FCA CP20/11 / PRA CP8/20).

HM Treasury published a policy statement on introducing a time-limited exemption to enable cryptoasset businesses registered with the FCA for anti-money laundering purposes to issue their own financial promotions.

The European Commission adopted a Delegated Regulation (C(2023) 696) amending Delegated Regulation (EU) 2017/588 (RTS 11) which contains regulatory technical standards on the tick size regime under MIFiD II.

ESMA published its final report (ESMA70-446-772), which sets out proposed RTS on the clearing obligation and the derivative trading obligation in view of the 2022 status of the benchmark transition.

Related Professionals

- **Andrew Wingfield**
  Partner
- **John Verwey**
  Partner
- **Oliver R. Howley**

Partner

- **Richard Bull**
  Partner
- **Michael Singh**
  Associate
- **Sulaiman I. Malik**
  Associate