

Regulation Round Up

Regulatory & Compliance on **November 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 November 2023:

30 November

Costs and Charges Disclosure: The Financial Conduct Authority (“**FCA**”) published a [statement](#) in response to concerns about costs and charges disclosure in the PRIIPs key information document, the UCITS key investor information document and MiFID II requirements.

FCA Regulation Round-up: The FCA [published](#) its regulation round-up for November 2023.

29 November

ESG: The House of Commons’ Environmental Audit Committee published its [report](#) on the financial sector and UK’s net zero transition.

CRR: The European Banking Authority (“**EBA**”) published a [consultation paper](#) (EBA/CP/2023/36) on draft regulatory technical standards (“**RTS**”) on the conditions for assessing the materiality of extensions and changes to the use of alternative internal models and changes to the subset of the modellable risk factors under Article 325az(8) of the Capital Requirements Regulation (575/2013) (“**CRR**”), as amended by the CRR II Regulation ((EU) 2019/876).

OTC Derivatives: The European Commission published a [consultation](#) on replacing the public identifier of over-the-counter derivatives in the EU.

ESG: The Basel Committee on Banking Supervision (“**BCBS**”) published a [consultative document](#) (BCBS560) on the disclosure of climate-related financial risks.

Capital Requirements: The FCA published a [consultation paper](#) (CP23/24) on capital deduction for redress requirements for personal investment firms.

Securitisation: HM Treasury published a draft of [the Securitisation Regulations 2023](#).

28 November

ESG: The FCA published a [consultation](#) (GC23/3) on proposed guidance relating to its new anti-greenwashing rule.

EMIR: The European Commission adopted a [Delegated Regulation](#) amending the RTS laid down in Delegated Regulation (EU) 153/2013 relating to temporary emergency measures on collateral requirements under European Market Infrastructure Regulation (648/2012) (“**EMIR**”).

CCPs: The European Parliament’s Economic and Monetary Affairs Committee (“**ECON**”) published a [press release](#) announcing that it has adopted its draft reports on the European Commission’s legislative proposals for a proposed Directive and Regulation on the treatment of concentration risk towards central counterparties (“**CCPs**”) and the counterparty risk on centrally cleared derivative transactions (2022/0404(COD)).

IFPR: The FCA published its [IFPR newsletter](#) for November 2023, which sets out its expectations on the implementation of the Investment Firms Prudential Regime (“**IFPR**”), as set out in the Prudential sourcebook for MiFID Investment Firms (“**MIFIDPRU**”).

ESG: The FCA published a [policy statement](#) (PS23/16) on Sustainability Disclosure Requirements (“**SDR**”) and investment labels. Please refer to our dedicated article on this topic [here](#).

UK Prospectus Regime: A [draft](#) of the Public Offers and Admissions to Trading Regulations 2023 (“**POAT**”) was published, along with a [draft explanatory memorandum](#). The POAT will replace retained EU law relating to the prospectus regime and create a UK framework for public offers and admissions to trading.

Cryptoassets: The Financial Stability Board published a [report](#) on the financial stability implications of multifunction cryptoasset intermediaries.

27 November

ESG: The European Securities and Markets Authority (“**ESMA**”) published a [speech](#) given by Verena Ross, ESMA Chair, at the European Fund and Asset Management Association investment management forum.

ESAP: The Council of the EU [announced](#) that it has formally adopted the proposed European Single Access Point (“**ESAP**”) Regulation, along with the ESAP Omnibus Regulation and ESAP Omnibus Directive which amend existing EU legislation in financial services, capital markets and sustainability to enable the functioning of ESAP – a single point of access to public financial and non-financial information about EU companies and EU investment products.

Short Selling: The [Short Selling \(Notification Threshold\) Regulations 2023 \(SI 2023/1258\)](#) were published, with an accompanying [explanatory memorandum](#) and an [impact assessment](#).

Financial Regulatory Forum: HM Treasury published a [statement](#) following discussions held between the UK and Japan at the Financial Dialogue and Financial Regulatory Forum held in Tokyo on 27 November 2023.

Bank of England Independence: The House of Lords Economic Affairs Committee published a [report](#) (HL Paper 10) following its inquiry into the independence of the Bank of England.

IFPR: The FCA published a webpage setting out its final report on its multi-firm review into firms’ progress in implementing the internal capital adequacy and risk assessment (“**ICARA**”) process and reporting requirements under the IFPR. Please refer to our dedicated article on this topic [here](#).

24 November

Fund Tokenisation: The Investment Association (“**IA**”) published an [interim report](#) on UK fund tokenisation, written by the technology working group of HM Treasury’s asset management taskforce.

Change of Control: The PRA published a joint PRA-FCA [consultation paper](#) (PRA CP25/23 / FCA CP23/23) on prudential assessment of acquisitions and increases in control. The FCA has also published a [webpage](#) on the consultation.

Financial Market Infrastructure: The FCA published a [statement](#) on a review of the operation of its memorandum of understanding with the Bank of England for financial market infrastructure (“**FMI**”).

23 November

AI: UK Finance published a [report](#) on the impact of artificial intelligence (“**AI**”) in financial services.

Alternative Investment Fund Designation Bill: The [Alternative Investment Fund Designation Bill 2023-24](#) has been introduced to Parliament and has had its first reading in the House of Lords. The text of the Bill, as introduced to the House of Lords, has also been published.

22 November

Autumn Statement: The Chancellor, Jeremy Hunt, delivered the [2023 Autumn Statement](#).

Short Selling: HM Treasury published a draft version of the [Short Selling Regulations 2024](#), alongside a [policy note](#).

Digital Securities Sandbox: HM Treasury published a formal [response](#) to its consultation on proposals for its first FMI sandbox, referred to as the Digital Securities Sandbox.

Financial Policy Committee: HM Treasury published a [letter](#) from Jeremy Hunt, Chancellor of the Exchequer, to Andrew Bailey, Bank of England Governor, setting out the remit, recommendations and priorities for the Financial Policy Committee for 2023/24.

ESG: European Securities and Markets Authorities (“**ESMA**”) published three explanatory notes covering key aspects of the EU sustainable finance framework ([here](#), [here](#) and [here](#)). Please refer to our dedicated article on this topic [here](#).

ESG: The BCBS published a [newsletter](#) on the implementation of its principles for the effective management and supervision of climate-related financial risks.

20 November

Sanctions: The Foreign and Commonwealth Development Office and the Office of Financial Sanctions Implementation published [guidance](#) on when public bodies and private businesses are deemed to be controlled by a sanctioned person.

17 November

Cryptoassets: ESMA published a [speech](#) by Verena Ross, ESMA Chair, on the implementation of the Markets in Cryptoassets Regulation ((EU) 2023/1114) (“**MiCA**”).

16 November

DEI: The IA published a [report](#) on equity, diversity and inclusion data in the UK investment management industry.

Corporate Transparency: [The Economic Crime and Corporate Transparency Act 2023 \(Commencement No. 1\) Regulations 2023](#) (SI 2023/1206) have been published.

Cryptoassets: The International Organization of Securities Commissions published a [final report](#) (FR11/2023) setting out its policy recommendations for crypto and digital asset markets.

ESG: The FCA [published](#) the findings of its multi-firm review of how authorised fund managers comply with existing regulatory requirements and expectations on the design, delivery and disclosure of ESG and sustainable investment funds.

15 November

Costs and Charges Disclosure: The House of Commons Treasury Sub-Committee on Financial Services Regulations [published a letter](#) from Harriet Baldwin, Chair, to Jeremy Hunt, Chancellor of the Exchequer, about investment companies and cost disclosures.

Regulatory Oversight: The House of Lords Liaison Committee published its [sixth report](#) of the 2022-23 session, in which it recommends the creation of a new House of Lords Financial Services Regulation Committee.

13 November

UK EMIR: The [Central Counterparties \(Equivalence\) \(Singapore\) \(Monetary Authority of Singapore\) Regulations 2023](#) (SI 2023/1198) have been published on legislation.gov.uk. The Regulations relate to the equivalence regime under UK EMIR (648/2012).

ESG: The UK Transition Plan Taskforce published a [consultation](#) on seven sector deep dives guidance. Please refer to our dedicated article on this topic [here](#).

10 November

CSDR: The European Parliament published the provisional edition of the [text](#) of the legislative resolution adopted by it at first reading on the proposed Regulation amending the Central Securities Depositories Regulation (909/2014) (“**CSDR**”).

AIFMD II: The Council of the EU [published](#) the final compromise text for the proposed Directive amending the Alternative Investment Fund Managers Directive (2011/61/EU) (“**AIFMD**”) and the UCITS Directive (2009/65/EC) relating to delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services, and loan origination by alternative investment funds.

08 November

Securitisation: The European Commission [adopted](#) RTS (C(2023) 7418 final) amending the RTS laid down in Delegated Regulation (EU) 2019/1851 as regards to the homogeneity of the underlying exposures in simple, transparent and standardised securitisations.

Cryptoassets: The European Commission sought [feedback](#) on four draft delegated acts to be adopted under MICA. The delegated acts specify certain criteria for classifying asset-referenced tokens and e-money tokens as significant, product intervention powers, supervisory fines, and fees. The EBA also launched [consultations](#) on RTS, ITS and guidelines under MICA.

07 November

Financial Promotions: A [draft version](#) of the Financial Services and Markets Act 2000 (Financial Promotion) (Amendment) (No 2) Order 2023 has been published, together with an [explanatory memorandum](#).

Financial Promotions: HM Treasury has also published a [response](#) to its consultation paper on the financial promotion exemptions for high net worth individuals, sophisticated investors and self-certified sophisticated investors set out in articles 48, 50 and 50A of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (SI 2005/1529).

06 November

Cryptoassets: The Bank of England published a [discussion paper](#) on the proposed regulatory regime for systemic payment systems using stablecoins and related service providers. This was published alongside the FCA's [discussion paper](#) (DP23/4) on its proposed approach to regulating fiat-backed stablecoins that may be used for payments.

02 November

Cryptoassets: The FCA published finalised [non-handbook guidance](#) (FG23/3) providing information on, and setting out the FCA's expectations of, the communication and approval of financial promotions relating to qualifying cryptoassets.

01 November

Consumer Duty: The FCA published a [speech](#) given by Nisha Arora, FCA Director of Cross Cutting Policy and Strategy, on the consumer duty and what comes next for firms. It has also published two new webpages relating to the implementation of the duty ([here](#) and [here](#)).

AI: The International Regulatory Strategy Group published a [policy paper](#) on a coherent and interoperable international regulatory framework on AI.

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