EVIA European Venues & Intermediaries Association

LEBA London Energy Brokers' Association

EVIA & LEBA Compliance Advisory; Regulatory Activities & Initiatives Grid;

EVIA & LEBA Monthly Compliance Meeting; 0830 Wednesday 04th August 2021

Full Grid and Outlook Below

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Regulatory activity has continued apace throughout the months of June and July as this FT article points out[1]], particularly in the areas of AML Regulation, Brexit related onshoring reform, Libor transition and stress testing. In the UK, the PRA published the key elements of its 2021 Biennial Exploratory Scenario for banks and insurers, looking at financial risks from climate change. Importantly, the PRA noted that this will be an exploratory exercise and will not be used to set capital requirements.

Later in the month, the PRA published a discussion paper on supervisory stress testing for central counterparties, an important step towards the finalisation and publication of the central counterparty supervisory stress-testing regime. Stress testing continues to be a regulatory priority at the European level as well. ESMA also published guidelines on stress test scenarios under the Money Market Fund regulation.

The EBA consulted on common procedures and methodologies for the supervisory review and evaluation process (SREP), covering a range of issues including proportionality, AML/CTF risks, Interest Rate Risk in the Banking Book, and stress testing. Meanwhile, in the insurance industry, the UK and EU concurrent reviews of Solvency II continue. In the UK, the PRA announced the launch of a Quantitative Impact Study (QIS) through which the PRA will gather data to assess the impact of a number of different possible Solvency II designs, focusing on areas of potential policy change which are the easiest to quantify and have most obvious balance sheet effects

Digital and sustainable finance: the new policy pillars:

- *Regulators continue to monitor risks arising from pandemic impacts, and the approach to cross-border issues is changing and developing — see Balancing risks and open markets.*
- *However, regulatory focus is increasingly shifting to digital innovation and sustainable finance.*
- *Central banks are experimenting with and investigating central bank digital currencies (CBDCs), while regulators are sceptical of the value of crypto-assets — see More on CBDCs and crypto-assets.*

[1] [City of London grapples with wave of post-Brexit regulation _ Financial Times.pdf

- *Regulators are trying to keep pace with technological innovation in the financial sector, adapting frameworks to ensure new risks are managed, including those brought by large technology firms — see Responding to digital innovation.*
- *Regulation of retail financial services is under review to encourage a greater volume of retail investment to aid economic recovery, while still retaining and bringing consistency to investor protection rules across sectors — see Reviewing retail markets.*
- *The last quarter has seen a plethora of developments in the regulation of sustainable finance, as regulators respond to public policy pressures — see Sustainability regulation spreads.*

Balancing risks and open markets; *Regulators continue to monitor risks arising from pandemic impacts, and the approach to cross-border issues is changing and developing*

- Regulators continue to assess pandemic impacts and risks, and approaches to cross-border issues are changing and developing.
- ESMA's latest risk assessment remains at very high, across its remit. Valuations in EU financial markets remain sensitive to events and volatility, as shown by the market movements related to Gamestop and the impact that a potentially slow roll-out of vaccines had on equity prices. Increasing corporate and public debt levels are likely to heighten credit risk. ESMA expects a prolonged period of risk to institutional and retail investors of further — possibly significant — market corrections.
- The EBA's quarterly risk assessment showed that profitability of EU banks improved strongly in Q1 2021. Return on equity increased, driven by declining cost of risk and rising fees, commission and trading income. CET1 ratios increased slightly, and the leverage ratio contracted quarter-on-quarter. Non-performing loan (NPL) ratios declined, despite a slight rise in NPL volumes, but many banks expect the asset quality of most portfolios to deteriorate and foresee an increase in operational risk.
- EIOPA emphasises that the pandemic crisis is still not over. Many uncertainties remain and some negative effects might become visible only when pandemic measures are phased out. Some lessons learnt have already been reflected in the Solvency II review, but it is essential to keep the focus on new emerging risks, such as cyber and climate risk. EIOPA is currently running an EU-wide insurance stress test exercise assessing the impact of an adverse COVID-19 scenario in a "lower for longer" interest rate environment on insurers' capital and liquidity positions.
- Shifting cross-border developments
- In the April edition, we noted that the EU and the UK had agreed the text of the Memorandum of Understanding (MoU) that creates a framework for voluntary regulatory co-operation on financial services. The EU Financial Services Commissioner, Mairead McGuinness made it clear in a speech in London in June that "Once the MoU is formally concluded, we will have to consider whether we can resume our financial services equivalence assessments….and on a case-by-case basis, taking into account the UK's regulatory intentions and of course the EU's interest." She also emphasised that the EU's strategy was towards "Open Strategic Autonomy", which was demonstrated by ESMA's announcement that its fourth annual stress test of central counterparties (CCPs) will include the two UK CCPs (which are Tier 2 CCPs under EMIR).

- The Commission continues to undertake equivalence assessments of the CCP regulatory regimes in third countries such as the US, China, Israel and Malaysia. Therefore, it has extended for a further year the transitional regime under the Capital Requirements Regulation (CRR), allowing EU banks and investment firms to have lower capital requirements for exposures to "qualifying" CCPs recognised by ESMA.
- There was a 31% increase in the value of assets held by incoming third-country branches in the EU between 2019 and 2020. The EBA found divergent regulatory and supervisory approaches to such branches across member states and recommends that further harmonisation is needed. It proposes quantitative thresholds and qualitative criteria that, if exceeded, would require the branch to convert to a subsidiary.
- The UK is looking further afield. It has agreed a financial partnership with Singapore, backed by an MOU that aims to reduce frictions for firms serving UK and Singapore markets by recognising that each other's financial services regulatory regimes achieve similar outcomes.

More on CBDCs and crypto-assets; *Central banks are experimenting with and investigating central bank digital currencies (CBDCs)*

- The landscape for digital currencies and assets continues to evolve.
- Central bank digital currencies (CBDCs) are moving from conceptual analysis to practical design, and regulators are concerned about the potential impacts of crypto-assets.
- CBDCs — from theory to practice
- In June 2021, the Bank for International Settlements (BIS) revealed (PDF 2.5 MB) that approximately two thirds of the 50 central banks it surveyed were conducting CBDC experiments or pilots. Global standard setters and regulators agree that there are potential benefits to the deployment of CBDCs. The establishment of trusted digital currencies, backed by central banks, can improve the efficiency of cross-border payments and lower barriers to entry for new firms in the payments sector, while embracing the digital world. A joint report (PDF 1.3 MB) to the G20 by the Committee on Payments and Market Infrastructure (CPMI), the BIS Innovation Hub, the International Monetary Fund (IMF) and the World Bank agrees that CBDCs have the potential to enhance the efficiency of cross-border payments, if countries work together.
- According to Benoît Cœuré, head of the BIS Innovation Hub, "*CBDCs could form the backbone of a new digital payment system by enabling broad access and providing strong data governance and privacy standards. They are the best way to promote the public interest case for digital money.*"
- Implementation of CBDCs will not be without challenges, the greatest being the threat of identity fraud and privacy concerns. An ECB study found that privacy was the greatest concern among EU citizens and suggested that there might be resistance to digital IDs. The BIS has a possible system of anonymity vouchers for small value transactions but notes that "*identification at some level is … central in the design of CBDCs*".
- There is agreement that the specific design of any CBDC will be critical in delivering benefits. The BIS recommends that CBDCs would function best as part of a two-tier system, with the bulk of customer-facing activities taken on by banks and other payment

service providers. The most promising design for general use, it says, is a CBDC built on a digital identity scheme as this can safeguard data privacy while offering protection against illicit activity - this may also assist in streamlining cross-border payments. And, critically, digital money should be designed with the public interest in mind.

- Responses to the Bank of England's 2020 discussion paper on CBDC and a further discussion paper on new forms of digital money result in five core principles, which largely echo the BIS position:
- Financial inclusion should be a prominent design consideration. CBDCs should have a high degree of accessibility to people, regardless of their geographic location, age, socioeconomic status, digital skills or disability.
- A competitive CBDC ecosystem with a diverse set of participants will support innovation and offer the best chance to deliver the benefits of CBDC. The central bank should provide the minimum level of infrastructure for the system to be reliable, resilient, fast and efficient. The private sector should take a leading role in responding to the needs of end-users.
- The central bank should assess whether non-CBDC payment innovations could deliver the same benefits, for example to what extent the net benefits of a CBDC could be delivered by private sector proposals.
- A CBDC should offer a strong level of privacy to users and meet important legal and compliance arrangements, such as anti-money laundering, countering the financing of terrorism and sanctions.
- A CBDC should "do no harm" to the central bank's ability to meet monetary and financial stability — possible benefits for monetary and financial stability should be considered alongside those for payments.
- The ECB has launched a 24 month investigation phase into a digital euro. Earlier research found that a CBDC matters for international currency status and would have the potential to widen access to payment services, promote financial inclusion and reduce the mark-ups of traditional intermediaries. Additionally, the specific design features of a CBDC would influence "the ability and incentives of residents and non-residents to use the CBDC as a means of payment, unit of account and/or store of value". The latest announcement confirms that no technical obstacles were identified during the preliminary experimentation phase and that any design will be based on users' needs and technical advice from merchants and intermediaries. The project will also consider changes which might be needed to the EU legislative framework.
- For some though, the pace of change is too slow. France and Germany are pressing for more urgent action to avoid Europe becoming dependent on other countries or private companies for digital payment systems.
- Choppier waters for crypto-assets
- Whereas CBDCs appear broadly to have the support of regulatory authorities, the wider universe of crypto-assets is attracting less welcome attention.
- In May 2021, China banned financial institutions and payment companies from providing services related to cryptocurrency transactions and warned investors against speculative crypto-trading (although it stopped short of prohibiting individuals from holding cryptocurrencies). This action was widely viewed as an attempt to damp down the growing digital trading market. Firms are not permitted to offer any service involving cryptocurrency, including registration, trading, clearing and settlement.

- Also in May, the Governor of the Bank of England, Andrew Bailey, made his feelings on cryptocurrencies very clear, saying that they "have no intrinsic value" and that those who invest in them should be prepared to lose all their money.
- The Basel Committee for Banking Supervision (BCBS) seems to agree on the point of value. Preliminary proposals (PDF 390 KB) for the prudential treatment of banks' crypto-asset exposures consider the different types of digital assets and suggest a two tier system:
- Group 1 — crypto-assets fulfilling a set of classification conditions, which would be eligible for treatment under the existing Basel framework with some modifications and additional guidance. This group would include certain tokenised traditional assets and stablecoins.
- Group 2 — crypto-assets, such as Bitcoin, which do not fulfil the classification conditions. Since these pose additional and higher risks, they would be subject to a new, conservative prudential treatment. This treatment would effectively require banks to hold capital equivalent to the full amount of the exposure.
- The message is clear — not all digital assets are equal in the eyes of governments and financial services regulators. Around the globe, authorities are doing everything they can to separate the potentially beneficial and innovative from the purely speculative and, in so doing, to protect both the financial integrity of markets and limit potential harm to customers.

Responding to digital innovation; *Regulators are trying to keep pace with technological innovation in the financial sector to ensure new risks are managed*

- Technological innovation is bringing change at an unprecedented pace.
- New business models are emerging and different types of firms are delivering financial services.
- Regulators are supportive of digital innovation but are examining whether existing regulatory and supervisory frameworks are sufficient to manage the risks that could arise. Firms need to consider the impact of new regulation, both FS-specific and broader (such as the EU Digital Services and Markets Acts), as governments look to manage the risks of digital innovation across all sectors.
- Encouraging innovation
- Regulatory sandboxes allow FinTech start-ups and other innovators to conduct live experiments in a controlled environment under a regulator's supervision. There are established sandboxes in several EU member states. The UK government is implementing recommendations from the Kalifa review of UK Fintech, including:
    - An FCA digital sandbox focused on sustainability challenges
    - An FCA scalebox — an enhanced sandbox to support FinTech firms looking to scale up
    - A regulatory "nursery" for enhanced oversight of new authorised firms
    - The UK regulators will also work on a sandbox for financial market infrastructure (FMI) firms that are exploring how to use technologies, such as distributed ledger technology (DLT), to innovate in the settlement of financial securities.
- Managing risks

- Regulators are concerned about forays by large global technology companies ("**BigTech**") into financial services. These companies already have a large and captive user base, so can rapidly build up market share in financial services. BigTech or large mixed activity groups (**MAGs**) could present risks due to their interconnectedness with incumbent financial services groups as third-party service providers, e.g. of cloud data storage and data analytics.
- The Financial Stability Institute (FSI) of the BIS has noted the need for regulators to balance the efficiency and financial inclusion BigTech could bring, alongside possible risks to financial stability and consumer protection, including concerns around competition and data privacy. The FSI proposes that regulatory authorities should consider whether to recalibrate the mix of entity-based and activity-based rules in regulatory approaches or introduce a bespoke policy approach, including enhanced disclosures. Given the cross-border nature of these groups, global regulatory cooperation is key.
- Within its call for evidence (PDF 301 KB) on digital finance, which is part of its work to inform the Commission's Digital Finance package (see the October 2020 issue for more detail), ESMA is considering whether BigTech and MAGs should be subject to specific supervision. It is also trying to gauge whether the reliance of financial firms on third parties, particularly technology firms, for the delivery of services is fragmenting value chains, introducing new risks not caught by the regulatory framework and creating cross-border supervisory challenges.
- **A focus on customers**
- ESMA is considering whether a more holistic approach is needed for the regulation and supervision of **platforms**. Platforms can market and provide access to multiple financial services from different financial and technology firms, across EU Member States or third countries. Elizabeth McCaul, Member of the ECB's Supervisory Board echoed some of these concerns: "Introducing more technology into the delivery of financial services cannot be allowed to become an unregulated back door or lead to an unlevel playing field. Activities conducted by large online platforms go beyond Europe's borders, meaning that a global perspective is needed to identify and manage risks in order to safeguard the interests of individuals and firms."
- Financial services firms providing or using **Artificial Intelligence (AI)** tools within the EU will be subject to the proposed "AI Act", which will establish harmonised rules for a proportionate, risk-based approach to AI. The proposed rules include:
- Strict and mandatory requirements for "high-risk" AI, such as that used to evaluate creditworthiness or establish credit scores
- Limited requirements for specific types of AI, such as chatbots
- A ban on certain uses of AI, such as systems that deploy subliminal techniques beyond a person's consciousness
- EIOPA's AI Governance Principles (PDF 1.2 MB) include proportionality, fairness and non-discrimination, transparency and explain-ability, and adequate human oversight throughout the AI system's life cycle. There are case studies to help insurers with implementation.
- EIOPA is also seeking stakeholders' feedback on the risks and benefits of the use of **blockchain and smart contracts in insurance**. These technologies could increase process automation and efficiency, enhance customer experience and improve data quality. However, challenges could be the complexity and energy consumption of the

technology, privacy and data protection, and integration and interoperability with legacy infrastructures and different blockchains.

- The Commission is consulting on the introduction of a **European Digital Identity Wallet**, which would be available to both individuals and businesses. The personal information stored in the digital ID would help firms to carry out customer checks as part of their anti-money laundering duties. Consumers would have control over their own personal data and firms would not be able to require customers to use the digital ID.
- Meanwhile regulators are reviewing the rules around financial services' **advertising and marketing**, and whether they should be updated for the digital age. The Commission has launched a consultation on the rules around distance marketing of consumer financial services as the current ones are nearly 20 years old. In the UK, a change in the law at the end of the transition period means that social media firms need to ensure that advertisements or marketing for investment activity are issued or approved by FCA-authorised firms i.e. are not scams. The FCA has been encouraged by firms' initial engagement but has warned that it will act if it does not see effective compliance.

Regulatory Outlook and Diary

H2 2021	Singapore	Expected MAS consultation on market risk (Basel III). Expected MAS consultation on implementing the UTI, UPI and CDE for reporting
2H 2021	India	Basel III: Expected SA-CCR implementation.
2H 2021	India	Basel III: Expected implementation of standards for the capitalization of banks' exposures to CCPs.
Q3 2021	EU	The European Commission adopted the EU regulatory technical standards on the contractual recognition of stays under the 2nd Bank Recovery and Resolution Directive (BRRD 2) in April 2021. The final OJ publication following the end of the scrutiny period before EU Member States and the European Parliament is expected in Q3
Q3 2021	EU	The European Commission shall publish and adopt an Implementing Act (IA) to designate statutory replacements rates for EONIA.
Q3 2021	Australia	Expected publication of the updated ASIC reporting regime, with a 1-year implementation period.
July 1, 2021	Singapore	Implementation date for revised reporting standards for banks to reduce duplicate data submissions under MAS Notices 610 and 1003.
Q3/Q4 2021	EU	As a result of the COVID-19 crisis, the European Commission will is now planning to publish its next banking legislative proposal (CRR III) in Q3/Q4 2021. The CRR III will transpose the market risk standards (FRTB) as a binding capital constraint, the output floor, the revised credit valuation adjustment framework, alongside

		operational and credit risk framework, amongst others. The proposal will also take into consideration the impact of the COVID-19 crisis on the EU banking sector.
August 6, 2021	US	Counting date for thresholds in SBS entity definitions per SEC Security Based Swap final rules (See 84 Fed. Reg. 6270-6354 (February 4, 2020) and 84 Fed. Reg. 6359-6417 (February 4, 2020)).
August 6, 2021	South Africa	Effective date of the joint standard on margin requirements for non-centrally cleared over-thecounter derivative transactions issued by the Financial Sector Conduct Authority and the Prudential Authority. Initial margin requirements apply to a provider with aggregate month-end average notional amount exceeding ZAR 30 trillion.
August 31, 2021	Korea	Expiry of exemption from margin requirements for single stock equity options.
September 2021	EU	As a result of the COVID-19 crisis, the European Commission will is now planning to publish its next banking legislative proposal (CRR III) in Q3/Q4 2021. The CRR III will transpose the market risk standards (FRTB) as a binding capital constraint, the output floor, the revised credit valuation adjustment framework, alongside operational and credit risk framework, amongst others. The proposal will also take into consideration the impact of the COVID-19 crisis on the EU banking sector
September 1, 2021	Australia Singapore Hong Kong Korea Japan Canada Switzerland US EU	Initial margin requirements apply to Phase 5 APRA covered entities with an aggregate notional amount exceeding AUD 75 billion. Singapore Initial margin requirements apply to Phase 5 MAS covered entities with an aggregate notional amount exceeding SGD 80 billion. Initial margin and risk mitigation requirements apply to Phase 5 HKMA AIs and SFC LCs with an aggregate notional amount exceeding HKD 375 billion. Initial margin requirements apply to financial institutions with derivatives exceeding more than KRW 70 trillion. Initial margin requirements apply to Phase 5 JFSA covered entities with an aggregated notional amount exceeding JPY 7 trillion. Initial margin requirements apply to Phase 5 OSFI covered entities with aggregate month-end average notional amount exceeding CAD 75 billion. Initial margin requirements apply to counterparties whose aggregate month-end average position exceeds CHF 50 billion. Initial margin requirements apply to counterparties with an aggregate average aggregate notional amount exceeding EUR 50 billion (per draft EMIR RTS).

	South Africa	Initial margin requirements apply to covered swap entities with average aggregate daily notional amount exceeding USD 50 billion. South Africa Initial margin requirements apply to a provider with aggregate month-end average notional amount exceeding ZAR 23 trillion.
September 14, 2021	US	Compliance date for CFTC Rules for Cross-Border Application of the Registration Thresholds and Certain Requirements Applicable to Swap Dealers and Major Swap Participants
September 30, 2021	EU	As a result of COVID-19, both the European Banking Authority and the European Commission have now acknowledged there will be operational challenges to maintain the original Q1 2021 start date for the Standardised Approach (SA) reporting requirements under the CRR II market risk standard. The delegated act operationalizing theses reporting standards for SA have a start date from September 30, 2021 onwards. The reporting templates should be applicable from October 5.
September 30, 2021	Malaysia	Basel III: Phase 2 of NSFR implementation commences (100% minimum).
September 30, 2021	India	Basel III: Exemption of non-centrally cleared derivatives from large exposures calculation framework expires.
September 30, 2021	Korea	Basel III: Expiration of revised foreign currency LCR of 70% and total LCR of 85% requirements.
September 30, 2021	Japan	The net stable funding ratio (NSFR) will be implemented.
September 30, 2021	Singapore	Deadline to cease issuance of SOR derivatives and SIBOR-linked financial products.
Q4 2021	EU	The European Commission shall adopt an Implementing Act (IA) to designate replacements rates for critical benchmark rates.
By Oct 01 2021	EU	The European Commission (EC) shall adopt delegated acts, in accordance with BMR Article 49, to specify the rules of procedure for the exercise of the power to impose fines or periodic penalty payments, including provisions on rights of defence, temporal provisions and the collection of fines or periodic penalty payments, and the limitation periods for the imposition and enforcement of fines and periodic penalty payments. In addition, the EC shall adopt delegated acts in accordance with Article 49 in order to supplement this Regulation by specifying the type of fees, the matters for which fees are due, the amount of the fees and the manner in which they are to be paid.
Oct 01 2021	Singapore	Commencement of reporting of equity, commodity and FX derivative contracts booked or traded in Singapore by finance companies, subsidiaries of banks incorporated in Singapore, insurers and holders of CMS licenses with annual aggregate gross notional amount of specified derivatives contracts of more than S$5 billion, and all significant derivatives holders.

Oct 01 2021	India	Basel III: NSFR implementation.
Oct 01 2021	India	Basel III: Capital Conservation Buffer (2.5%) phased in from March 2016.
October 06, 2021	US	Registration compliance date: This the earliest compliance date for several rules applicable to SBS entities per SEC Security Based Swap final rules (See 84 Fed. Reg. 6270-6354 (February 4, 2020) and 84 Fed. Reg. 6359-6417 (February 4, 2020)).
October 06, 2021	US	Compliance date: CFTC Capital Requirements for Swap Dealers and Major Swap Participants
October 08, 2021	Singapore	Commencement of risk mitigation requirements for non-centrally derivative contracts under Regulation 54B of the Securities and Futures (Licensing and Conduct of Business) Regulations
November 01, 2021	US	Registration applications due from SBS dealers that incur a registration obligation on the counting date per SEC Security Based Swap final rules (See 84 Fed. Reg. 6270-6354 (February 4, 2020) and 84 Fed. Reg. 6359-6417 (February 4, 2020)).
November 08, 2021	US	Projected Compliance Date 1 for SEC Security-Based Swap Reporting (SBSR): With respect to newly executed SBS in a particular asset class, SBSR Compliance Date 1 for an asset class is the first Monday that is the later of: (1) six months after the date on which the first SDR that can accept transaction reports in that asset class registers with the Commission; or (2) one month after the SBS entities registration compliance date.
December 01 2021	US	Registration applications due from major-SBS participants that incur a registration obligation as a result of SBS activities in their quarter ending September 30, 2021 per SEC Security Based Swap final rules (See 84 Fed. Reg. 6270-6354 (February 4, 2020) and 84 Fed. Reg. 6359-6417 (February 4, 2020)).
December 01 2021	Malaysia	Expected deadline for banks to elect to apply the transitional arrangements for regulatory capital treatment of accounting provisions.
December 30 2021	EU	The European Supervisory Authorities (ESMA, EBA, EIOPA) shall submit a RTS to specify website disclosures of adverse social sustainability impacts at entity level (Article 4) under the sustainability-related disclosures in financial sector regulation (SFDR).
December 31, 2021	UK	LIBOR phase out deadline.
December 31 2021	EU	All benchmark administrators in scope of the European Benchmarks Regulation (BMR), with the exception of currency and interest rate benchmarks, have to explain in their benchmark statement how their methodology aligns with carbon emission reductions.
December 31 2021	EU	The European Commission shall publish a report describing the provisions that would be required to extend the scope of the EU Taxonomy regulation beyond environmentally sustainable economic activities and describing the provisions that would be required to cover economic activities that do not have a significant impact on environmental sustainability and economic activities that significantly harm environmental sustainability ('Brown Taxonomy') and whether other

		sustainability objectives such as social objectives should be added to the framework.
December 31 2021	EU	CCP R&R (Article 96): The European Commission (EC) shall review the application of Article 27(7) (Requirement to for the resolution authority to write down and convert any instruments of ownership and debt instruments or other unsecured liabilities immediately before or together the use of a government stabilization tool). The EC shall submit a report thereon to the European Parliament and to the Council accompanied where appropriate by proposals for revision of this Regulation.
December 31 2021	EU	The transitional provisions for 'critical benchmarks' (EURIBOR, EONIA, NIBOR, STIBOR AND WIBOR) under the EU BMR expires.
December 31 2021	Hong Kong	Date by which Ais should cease to issue new LIBOR-linked products that will mature after 2021.
H1 2022	EU	The European Commission shall adopt Delegated Acts (DAs) to specify the technical screening criteria with respect to 'the sustainable use and protection of water and marine resources', 'the transition to a circular economy', 'pollution prevention and control' and 'the protection and restoration of biodiversity and ecosystem' (Article 9 (c) -(f)), with a view to ensuring its application from January 1, 2023.
January 1, 2022	EU	Administrators of significant benchmarks, as defined under the European Benchmarks Regulation (BMR), have to endeavour to market at least one EU climate-transition benchmark.
January 1, 2022	EU	From 2022, the disclosure requirement under Regulation EU 2020/852 on the establishment of a framework to facilitate sustainable investment ('EU Taxonomy') with respect to the environmental objectives 'climate change mitigation' and 'climate change adaptation' (Article 9 (a) and (b)) have to be applied.
January 1, 2022	EU	Article 11 requirements with respect to periodic reports under the sustainability-related disclosures in financial sector regulation (SFDR) shall apply.
January 1, 2022	EU	ESAs Review: Start date of the application of the provisions relating to the BMR. ESMA will become the competent authority for administrators of critical benchmarks, as defined in Article 20(1)(a) and (c), i.e. large interest rate benchmarks such as Euribor, EONIA, WIBOR and STIBOR. ESMA will also become the competent authority under the recognition process (BMR Article 32) for administrators located in third country jurisdictions. This notably removes the requirement for third country benchmark administrators to identify the 'member state of reference'.
January 1, 2022	UK	Date by which outstanding elements on the UK-onshored version of the 2nd Capital Requirements Regulation (CRR 2) will apply including the net stable funding ratio, leverage ratio and the standardized approach for counterparty credit risk and the FRTB SA reporting requirements
January 1, 2022	US	Compliance date for advanced approaches banking organizations of standardized approach for counterparty credit risk (SA-CCR) for calculating the exposure amount

		of derivative contracts under US prudential regulators' regulatory capital rule (See 85 Fed. Reg. 4362-4444 (January 24, 2020))
January 1, 2022	Thailand	Date after which the fallback THBFIX is permitted to be referenced only in new derivative contracts.
January 2, 2022	EU	CCP R&R (Article 9 (5)): ESMA in cooperation with ESRB shall specify the minimum list of qualitative and quantitative indicators triggering recovery actions.
February 12, 2022	EU	CCP R&R (Article 9 (12)): ESMA in cooperation with ESRB shall issue guidelines on scenarios for recovery plans, taking account of supervisory stress tests where appropriate.
February 12, 2022	EU	CCP R&R (Article 9 (15)): ESMA in cooperation with EBA and after consulting the ESCB shall develop draft regulatory technical standards specifying the methodology for calculation and maintenance of the additional amount of pre-funded dedicated own resources (SSITG)
February 12, 2022	EU	CCP R&R (Article 10 (12)): ESMA, in cooperation with the ESCB and the ESRB shall develop criteria to assess CCP's recovery plan
February 12, 2022	EU	CCP R&R (Article 12 (9)): ESMA, after consulting with the ESRB shall develop draft regulatory technical standards further specifying the contents of the Resolution Plan in accordance with paragraph 7.
February 12, 2022	EU	CCP R&R (Article 15 (5)): ESMA, in close cooperation with the ESRB shall issue guidelines to promote the convergence of resolution practices regarding the application of section C of the Annex
February 12, 2022	EU	CCP R&R (Article 18 (8)): ESMA shall issue guidelines in accordance with Article 16 of Regulation (EU) No. 1095/2010 to promote the consistent application of the triggers for the use of the early intervention measures.
February 12, 2022	EU	CCP R&R (Article 20 (2)): ESMA shall develop draft regulatory technical standards to specify the order in which recompense must be paid, the appropriate maximum number of years and the appropriate maximum share of the CCP's annual profits.
February 12, 2022	EU	CCP R&R (Article 22 (6)): ESMA shall adopt guidelines to promote the convergence of supervisory and resolution practices regarding the application of the circumstances under which a CCP is deemed to be failing or likely to fail
February 12, 2022	EU	CCP R&R (Article 25 (6)): ESMA shall develop draft regulatory technical standards to specify: • Independence of validator • Methodology for assessing the value of assets and liabilities of the CCP • Separation of valuations under art 24 and art 61.
February 12, 2022	EU	CCP R&R (Article 26 (4)): ESMA shall develop draft regulatory technical standards to specify the methodology for calculating the buffer for additional losses to be included in provisional valuations.
February 12, 2022	EU	CCP R&R (Article 29 (7)): ESMA shall issue guidelines further specifying the methodology to be used by the resolution authority for determining the valuation of contracts to be torn up.
February 12, 2022	EU	CCP R&R (Article 61 (5)): ESMA shall develop draft regulatory technical standards specifying the methodology for carrying out the NCWO valuation including the calculation of the losses following liquidation if the CCP had been wound up under normal insolvency proceedings, following the full application of the applicable contractual obligations and other arrangements in its operating rules.

February 12, 2022	EU	CCP R&R (Article 63 (2)): ESMA shall develop draft regulatory technical standards in order to specify, in a transparent manner, to the extent allowed by confidentiality of contractual arrangements, the conditions under which the passing on of compensation, cash equivalent of such compensation or any proceeds that the clearing member receives from the CCP, and the conditions under which it is to be considered proportionate.
February 12, 2022	EU	CCP R&R (Article 83 (4)): ESMA shall ubmit a report to the Commission on the publication of administrative penalties and other administrative measures by Member States on an anonymous basis and in particular whether there have been significant divergences between Member States in that respect. That report shall also address any significant divergences in the duration of publication of administrative penalties or other administrative measures under national law for Member States for publication of administrative penalties and other administrative measures.
February 12, 2022	EU	CCP R&R (Article 87 - EMIR art 45a (3)): ESMA shall draft guidelines further specifying the circumstances in which the competent authority may request the CCP to refrain from undertaking dividends, bonuses and buy-backs.
March 1, 2022	EU Switzerland Japan Canada Singapore Hong Kong Australia South Africa US	Three-month calculation period begins to determine whether the average aggregate notional amount of derivatives for an entity and its affiliates exceeds relevant threshold for initial margin requirements as of September 1, 2022. In the US, this calculation period only applies under CFTC regulations.
March 3, 2022	Singapore	MAS Notice SFA 04-N16 on Execution of Customers' Orders and the related Guidelines to the Notice take effect.
March 31, 2022	UK	Following the use a temporary transitional power (TTP) by the bank of England, UK firms can continue to follow, until March 31, 2022, the procedures and arrangements for risk management in non-cleared derivatives business that were required under EU EMIR.
April 2, 2022	Australia	Expiry of ASIC Corporations (Amendment) Instrument 2020/149, providing relief from mandatory clearing requirements for AUD-denominated FRAs.
April 13, 2022	US	Compliance date: CFTC Bankruptcy Regulations (See 86 Fed. Reg.19324-19477 (April 13, 2021)).

May 25, 2022	US	Swap data repositories (SDRs), swap execution facilities (SEFs), designated contract markets (DCMs), and reporting counterparties must comply with the amendments to the CFTC swap data reporting regulations found in Part 43, Part 45 and Part 49 by the compliance date of May 25, 2022; provided, however that SDRs, SEFs, DCMs, and reporting counterparties must comply with the amendments to §§43.4(h) and 43.6 by May 25, 2023
June 1, 2022	US	Three-month calculation period begins under US prudential regulations to determine whether the material swaps exposure, or daily average aggregate notional amount, of swaps, security-based swaps, FX swaps and FX forwards for an entity and its affiliates that trade with a prudentiallyregulated swap dealer exceeds $8 billion for the application of initial margin requirements as of January 1, 2023.
June 1, 2022	EU	The European Supervisory Authorities (ESMA, EBA, EIOPA) shall submit draft Regulatory Technical Standard (RTS) on the presentation and content for the environmental objectives 'the sustainable use and protection of water and marine resources', 'the transition to a circular economy', 'pollution prevention and control' and 'the protection and restoration of biodiversity and ecosystem' under the EU Taxonomy Regulation.
June 30, 2022	EU	The temporary recognition of UK CCPs (LME, ICE and LCH) under the EMIR 2.2. framework expires. Unless further addressed, following this date, EU firms could not have access to the UK CCPs and would need to relocate their clearing activities to EU CCPs. Please note that under EMIR 2.2, ESMA has also performed its tiering assessment, with LME becoming a Tier 1 CCP whereas ICE and LCH are considered Tier 2 CCPs.
June 30, 2022	EU	On November 23, 2020, the three ESAs (EBA, ESMA, EIOPA) published a revision of the EMIR Margin RTS that would extend the period of availability of the intragroup derogation to June 30, 2022 (date of expiry of UK CCP equivalence). On December 21, 2020, the European Commission(EC) published these RTS. The EC hopes for early non-objection from the European Parliament and Council, The ESAs have indicated support for forbearance by National Competent Authorities pending entry into force of the RTS (the intragroup derogation expired on December 20, 2019 and NCAs are already applying forbearance; forbearance is already in effect regarding FX forwards, and is now also in effect regarding FX swaps (which the draft RTS also provide an exemption from for some counterparty pairs); forbearance will apply from January 4, 2021 for equity options if the RTS re not in effect by then; forbearance from IM requirements is in effect since September 1, 2020 for firms with AANA of €8 billion or over).
June 30, 2022	EU	On April 29, 2019, Commission Delegated Regulation 2019/667, amending Delegated Regulation 2015/2205 was published in the Official Journal of the European Union, extending the derogation from the clearing obligation for intragroup transactions concerning third country affiliates until December 21, 2020. Following December 21, 2020, in the absence of another extension, intragroup transactions in G4 currency interest rate swaps or credit derivatives (where relevant) subject to the clearing obligation, between EU entities and entities located in non-equivalent third-countries, would need to be cleared through a CCP, in compliance with the relevant Clearing RTS. On November 23, 2020, the three ESAs (EBA, ESMA, EIOPA) published a revision of the EMIR Clearing Obligation RTS that

		would extend period of availability of the intragroup derogation to June 30, 2022 (date of expiry of UK CCP equivalence). On December 21, 2020, the European Commission (EC) published these RTS. The EC hopes for an early non-objection from the European Parliament and the Council. The ESAs have indicated support for forbearance by National Competent Authorities pending entry into force of the RTS.
June 30, 2022	Korea	Basel III: Expiry of FSS no-action relief for NSFR for special banks.
Q3 2022	Global	The Financial Stability Board (FSB) recommends that regulators implement the CPMI-IOSCO Unique Product Identifier (UPI) Technical Guidance to take effect no later than in the third quarter of 2022
July 31, 2022	US	Expiration of an extension of relief to Shanghai Clearing House permitting it to clear swaps subject to mandatory clearing in the People's Republic of China for the proprietary trades of clearing members that are US persons or affiliates of US persons (CFTC Letter No. 20-46).
September 1, 2022	US EU Australia Canada Hong Kong Korea Switzerland Singapore Japan South Africa	Initial margin requirements apply to covered swap entities with material swaps exposure (average aggregate daily notional amount exceeding USD 8 billion). Initial margin requirements apply to counterparties with an aggregate average notional amount exceeding EUR 8 billion. Initial margin requirements apply to Phase 6 APRA covered entities with an aggregate notional amount exceeding AUD 12 billion. Initial margin requirements apply to Phase 6 covered entities with aggregate month-end average notional amount exceeding CAD 12 billion. Initial margin and risk mitigation requirements apply to Phase 6 HKMA AIs and SFC LCs with an aggregate notional amount exceeding HKD 60 billion. Initial margin requirements apply to financial institutions with derivatives exceeding more than KRW 10 trillion. Initial margin requirements apply to counterparties whose aggregate month-end average position exceeds CHF 8 billion. Initial margin requirements apply to Phase 6 MAS covered entities with an aggregate notional amount exceeding SGD 13 billion. Initial margin requirements apply to Phase 6 JFSA covered entities with an aggregate notional amount exceeding JPY 1.1 billion. Initial margin requirements apply to a provider with aggregate month-end average notional amount exceeding ZAR 15 trillion

September 30, 2022	Australia	Expiry of ASIC Corporations (Amendment) Instrument 2020/242, providing relief from reporting certain unique transaction identifiers (UTIs) and from NZ banks reporting entity information. Expiry of ASIC Corporations (Amendment) Instrument 2020/827, providing relief from reporting exchange-traded derivatives, name information and FX securities conversion transactions.
Q4 2022 / Q1 2023	Australia	Expected coming into force of the updated ASIC reporting regime.
October 9, 2022	Global	The Financial Stability Board (FSB) recommends that jurisdiction-level regulators implement the CPMI-IOSCO Unique Product Identifier (UPI) Technical Guidance to take effect no later than third quarter 2022.
October 9, 2022	Global	Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) recommend that jurisdiction-level regulators implement the CPMI-IOSCO Critical Data Elements (CDE) Technical Guidance to take effect no later than October 9, 2022.
December 30, 2022	EU	Requirements under EU Regulation 2019/2088 on sustainability-related disclosures in the financial sector (SFDR) with respect to the comply or explain product-level adverse impacts (Article 7) shall apply
December 31, 2022	EU	The European Commission shall review the minimum standards of carbon benchmarks (climatetransition and Paris-aligned benchmarks) in order to ensure that the selection of the underlying assets is coherent with environmentally sustainable investment as defined by the EU taxonomy.
December 31, 2022	EU	Before December 31, 2022, the European Commission shall present a report to the co-legislators on the impact of an 'ESG benchmark', taking into account the evolving nature of sustainability indicators and the methods used to measure them. The report shall be accompanied, where appropriate by a legislative proposal
December 31, 2022	EU	Before December 31, 2022, the European Commission shall propose minimum sustainability criteria, or a combination of criteria for financial products that fall under Art. 8 of the SFDR, in order to guarantee minimum sustainability performance of such products.
December 31, 2022	UK	As established by the Policy Statement PS14/21 published by the UK FCA and the UK PRA in June 2021 (https://www.bankofengland.co.uk/policy-statement/ps1421.pdf), UK firms are able to continue to use EEA UCITS as eligible collateral under the UK non-cleared margin rules.
January 1, 2023	Global	FRTB: Banks are required to report under the new market risk standards by January 1, 2023.
January 1, 2023	Global	Leverage Ratio: Banks are required to calculate leverage using the revised exposure definitions, including the G-SIB buffer from January 2023
January 1, 2023	Global	CVA: Banks are required to implement the revised CVA framework from January 2023.
January 1, 2023	EU	New application date for the leverage ratio surcharge for G-SIIs in the EU as agreed in the CRR quick fix legislation finalised in June 2020.
January 1, 2023	EU	From 2023, the disclosure requirement under Regulation EU 2020/852 on the establishment of a framework to facilitate sustainable investment ('EU Taxonomy')

		with respect to the environmental objectives 'the sustainable use and protection of water and marine resources', 'the transition to a circular economy', 'pollution prevention and control' and 'the protection and restoration of biodiversity and ecosystem' (Article 9 (c) -(f)) have to be applied
January 1, 2023	US	Initial post phase-in compliance date for US prudential initial margin requirements for an entity that trades with a prudentially-regulated swap dealer and for which the material swaps exposure of the entity and its affiliates exceeds $8 billion.
January 1, 2023	HK	Basel III: Locally incorporated AIs required to report under revised FRTB and CVA frameworks.
January 1, 2023	HK	Basel III: Expected implementation of revised credit risk, operational risk, output floor, and leverage ratio frameworks.
January 1, 2023	Australia	Expected implementation of revised capital framework for ADIs.
January 1, 2023	Australia	Basel III: Expected implementation of revised leverage ratio requirements, including revised treatment for client clearing.
January 1, 2023	Singapore	Basel III: Expected implementation of FRTB framework for supervisory reporting purposes.
January 1, 2023	Singapore	Basel III: Expected implementation of revised credit risk, operational risk, output floor and leverage ratio frameworks.
January 2, 2023	EU	In the context of EMIR 2.2, the European Commission shall produce a report assessing the effectiveness of: • ESMA's tasks, in particular the CCP Supervisory Committee's, in fostering the convergence and coherence of the application of EMIR2.2 among the competent authorities; • the framework for the recognition and supervision of third-country CCPs; • the framework for guaranteeing a level playing field among CCPs authorized in the EU and third-country CCPs; and • the division of responsibilities between ESMA, the competent authorities and the central banks of issue (EMIR article 85 (7)).
February 12, 2023	EU	CCP R&R (Article 37 (4)): ESMA shall develop draft regulatory technical standards to specify further the minimum elements that should be included in a business reorganisation plan. Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph.
February 12, 2023	EU	CCP R&R (Article 38 (4)): ESMA shall develop draft regulatory technical standards to specify further the minimum criteria that a business reorganisation plan is to fulfil for approval by the resolution authority.
March 31, 2023	Japan	Basel III: Expected implementation of revised credit risk, CVA, operational risk, leverage ratio and FRTB frameworks.
May 25, 2023	US	Swap data repositories (SDRs), swap execution facilities (SEFs), designated contract markets (DCMs), and reporting counterparties must comply with the

		amendments to the CFTC swap data reporting regulations §§43.4(h) and 43.6 by the compliance date of May 25, 2023.
June 15, 2023	EU	The European Commission shall adopt a Delegated Acts (DA) to designate exempted FX spot rates from the scope of the EU BMR.
June 15, 2023	EU	The European Commission (EC) shall submit a report to the European Parliament and to the Council on the scope of the BMR, in particular with respect to the use of third country benchmarks. If appropriate, the EC shall accompany the report with a legislative proposal.
July 1, 2023	Hong Kong	Basel III: Locally incorporated AIs required to report under revised FRTB and CVA frameworks.
July 1, 2023	Hong Kong	Basel III: Expected implementation of revised credit risk, operational risk, output floor, and leverage ratio frameworks
Q3/ Q4 2023	EU	Earliest expected start date for the Internal Model Approach (IM) reporting requirements under the CRR II market risk standard.
September 1, 2023	South Africa	Initial margin requirements apply to a provider with aggregate month-end average notional amount exceeding ZAR 8 trillion.
December 31, 2023	EU	The amended Benchmarks Regulation that entered into force on February 13, 2021 extends the BMR transition period for non-EU benchmark administrators until December 31, 2023 and empowers the European Commission (EC) to adopt a delegated act by June 15, 2023 to prolong this extension by maximum two years until December 31, 2025. It also enables the EC to adopt delegated acts by June 15, 2023 in order to create a list of spot foreign exchange benchmarks that will be excluded from the scope of Regulation (EU) 2016/1011. The transition period for benchmarks administered in non-EU jurisdictions ('3rd country benchmarks') expires. By June 15, 2023, the European Commission can adopt Delegated Acts to extend the transitional period for non-EU benchmarks until December 31, 2025.
January 1, 2024	Australia	Basel III: Expected implementation of FRTB framework.
January 4, 2024	EU	The three-year derogation from margin rules in respect of non-centrally cleared over-the-counter derivatives, which are single-stock equity options or index option where no EMIR Article 13(2) equivalence determination is in place, was due to expire on January 4, 2021. The revised EMIR margin RTS, published in the official journal of the EU on February 17, 2021 and applicable since February 18, 2021, extended the period of availability of the equity options derogation to January 4, 2024.
January 4, 2024	Hong Kong	Expiry of the SFC exemption from margin requirements for non-centrally cleared single stock options, equity basket options and equity index options.
February 12, 2024	EU	CCP R&R (Article 96): ESMA shall assess the staffing and resources needs arising from the assumption of its powers and duties in accordance with this Regulation and submit a report to the European Parliament, the Council and the Commission.

September 1, 2024	South Africa	Initial margin requirements apply to a provider with aggregate month-end average notional amount exceeding ZAR 100 billion.
February 12, 2026	EU	CCP R&R (Article 96): The European Commission (EC) shall review the implementation of this Regulation and shall assess at least the following: • the appropriateness and sufficiency of financial resources available to the resolution authority to cover losses arising from a non-default event • the amount of own resources of the CCP to be used in recovery and in resolution and the means for its use • whether the resolution tools available to the resolution authority are adequate. Where appropriate, that report shall be accompanied by proposals for revision of this Regulation.
June 2026	EU	Commodity dealers as defined under CCR and which have been licensed as investment firms under MiFID 2/ MIFIR have to comply with real capital/large exposures/liquidity regime under Investment Firms Regulation (IFR) provisions on liquidity and IFR disclosure provisions.
August 12, 2027	EU	CCP R&R (Article 96): The Commission shall review this Regulation and its implementation and shall assess the effectiveness of the governance arrangements for the recovery and resolution of CCPs in the Union and submit a report thereon to the European Parliament and to the Council, accompanied where appropriate by proposals for revision of this Regulation.

2. Regulatory Activities and Initiatives Inventory

key regulatory milestones in June.

International regulatory bodies
EU legislation and guidelines entering into force

- 26 June 2021: EU Investment Firm Prudential Regime comes into force. Please see our IFR/IFD transition hub on the NRF Institute.
- 26 June 2021: EBA guidelines on internal governance under IFD expected to apply
- 1 June and 28 June 2021: Commission Implementing Regulation laying down ITS for the application of the CRR with regard to the supervisory reporting and public disclosure of the minimum requirement for own funds and eligible liabilities
- 28 June 2021: EBA publishes final guidelines on the conditions for the alternative treatment of "tri-party repurchase agreements" for large exposure purposes
- 28 June 2021: Commission Implementing Regulation on ITS on public disclosures under CRR published in OJ
- 28 June 2021: Majority of the provisions of the CRR II Regulation come into force
- 30 June 2021: Expiry of ESMA's decision recognising Euroclear UK & Ireland Limited after Brexit transition period
- 30 June 2021: ESMA publishes guidelines on periodic information for trade repositories

EU consultations closing
•
UK legislation and regulatory rules coming into force
•
UK consultations closing
•
Webinars
•
Regulatory initiatives grid
The latest version of the regulatory initiatives grid notes a number of new publications in June including:

COVID-19		
UK	BoE & PRA	• ECB extends leverage ratio relief for banks until March 2022. • Statement on the regulatory treatment of the UK Recovery Loan Scheme. • Article on how COVID-19 has affected firms' costs and prices. • Statement on the disclosure of exposures subject to measures applied in response to COVID-19 • Speech by Christina Segal-Knowles, Executive Director for Financial Markets Infrastructure, on how the post-2008 financial reforms held up during the pandemic, and next steps for policy makers. • Speech by Andrew Bailey, Governor of the Bank of England, on the future for business investment in the age of COVID-19 and the role of financial services • November 2020 Monetary Policy Report • Report on how COVID-19 has affected household savings • Statement by the PRA on COVID-19 guidance for firms
	FCA	• Approach to regulating firms in relation to the UK Government's Recovery Loan Scheme (RLS) • Finalised Guidance on helping consumers with rights and routes to refund in light of COVID-19 • COVID-19 guidance for employers in relation to automatic enrolment and DC pension contributions. • Final Guidance on the business interruption insurance test case and proving the presence of COVID-19. • Key findings from review on COVID-19 linked forbearance. • Further updated tailored support guidance for firms with regards to mortgages in light of COVID-19. • Feedback Statement on the Bounce Back Loan Scheme and guidance for firms on use of Pay as You Grow options. • Updated guidance on mortgages and consumer credit repossessions

		• Banks asked to reconsider branch closures during COVID-19 lockdown • Updated expectations on Approved Persons Regime (APR) and coronavirus. • Updated expectations on SM&CR and coronavirus for solo-regulated firms. • Updated joint FCA and PRA statement on the SM&CR and COVID-19: expectations of dual-regulated firms. • Final guidance for firms on mortgages and COVID-19 • Final guidance for firms in relation to consumer credit and COVID-19 • Written cases for the Supreme Court appeal of business interruption insurance
	HMT	• COVID-19 business loan scheme statistics.
EU	EBA	• Speech by José Manuel Campa, EBA Chairperson, on the measures taken by banks in relation to COVID-19. • Thematic note comparing provisioning in the United States and the EU during the peak of COVID-19. • Second annual report monitoring the implementation of the Liquidity Coverage Ratio (LCR) during the COVID-19 period, in the EU. • Additional clarifications on the application of the prudential framework in response to issues raised as a consequence of the COVID-19 pandemic. • Additional clarity on the implementation of select COVID-19 policies, including on moratoria, COVID-19 reporting, operational risk, downturn LGD, and credit risk mitigation. • Report on the use of COVID-19 moratoria and public guarantee schemes by EU banks
	ESMA	• Announcement stating that ESMA anticipates a prolonged period of risk from market corrections.
	ECB Central Bank	• Speech by Fabio Panetta, Member of the Executive Board of ECB, on monetary-fiscal interactions on the way out of the crisis. • Speech by Luis de Guindos, Vice President of the ECB, on euro area banks' pandemic recovery. • Interview with Christine Lagarde, President of the ECB, on the recovery of the European economy from COVID-19. • Publication on the suspension of redemptions during COVID-19, discussing the case for pre-emptive liquidity measures. • Speech by Christine Lagarde, President of the ECB on the COVID-19 crisis and SMEs. • Speech by Luis de Guindos, Vice-President of the ECB, on macroprudential policy through COVID-19 and beyond.

		• Interview with Luis de Guindos, Vice-President of the ECB, on Euro area economic recovery from COVID-19. • Interview with Isabel Schnabel, Member of the Executive Board of the ECB, on the effect of delayed vaccines on the EU's recovery. • Article on Euro area capital stock since the beginning of the pandemic. • Interview with Philip R. Lane, Member of the Executive Board of the ECB, on COVID-19 and monetary policy. • Announcement on extension of pandemic emergency longer-term refinancing operations. • Speech by Philip Lane, Member of the Executive Board of the ECB, on the role of monetary policy in the pandemic, focussing on the ECB and the Euro area. • Report on consumption patterns and inflation measurement issues during COVID-19 • Speech Luis de Guindos, Vice-President of the ECB, on the Banking Union and Capital Markets Union after COVID-19 • Speech by Isabel Schnabel, Member of the Executive Board of the ECB, on lessons learned from COVID-19 and the non-bank liquidity crisis • November 2020 Financial Stability Review • Speech by Isabel Schnabel, Member of the Executive Board of the ECB, on the monetary policy challenges facing central banks

	ECB - SSM	• Interviews with Andrea Enria, Chair of the Supervisory Board of the ECB, on topics including: the risks banks face in relation to asset quality and profitability as a result of COVID-19; rising NPLs; and climate risk.
		  o Annex 1
		  o Annex 2
		• Speech by Andrea Enria, Chair of the ECB, on European banks in the post-COVID-19 world.
		• Recommendation on dividend distributions during the COVID-19.
		• Dear CEO letter on remuneration policies in the context of the COVID-19.
		• Dear CEO letter on identification and measurement of credit risk in the context of the coronavirus (COVID-19) pandemic.
		• Speech by Kerstin af Jochnick, Member of the Supervisory Board of the ECB, on the recovery from COVID-19 and the regulatory response

	SRB	• Speech by Elke König, SRB Chair, on the impact of COVID19 on digital banking, and relevant challenges and opportunities • Speech by Elke Konig, Chair of SRB on post pandemic recovery and new growth models.

		• Speech by Elke König, Chair, on the next steps for banks in coping with COVID-19. • Speech by Sebastiano Laviola, Member of the Board at the SRB, on bank resolution in times of uncertainty • Speech by Elke König, Chair of the SRB, on bank resolvability and COVID-19
	European Commission	• Speech by Valdis Dombrovskis, Executive Vice-President of the European Commission, on EU economic recovery from COVID-19.
	EP - ECON	• European Council and Parliament agreement on Credit Servicers and Purchasers Directive for non-performing loans.
	ECOFIN	• Technical note on the sectoral impact of COVID-19.
	EIOPA	• Consultation on ORSA in the context of COVID-19.
International	BIS	• Annual Economic Report on securing a durable recovery after COVID-19. • Speech by Agustín Carstens, General Manager of the BIS, on challenges faced by central banks exiting the pandemic. • Speech by Fernando Restoy, Chair of the BIS Financial Stability Institute, on potential changes to prudential policy post COVID-19 and key challenges for prudential authorities. • Statement by Randal Quarles, Vice Chair for Supervision of the Board of Governors of the Federal Reserve System, on supervision and regulation through COVID-19. • Speech by Klaas Knot, President of the Central Bank of the Netherlands, on rebuilding resilience in the financial system after COVID-19. • Written brief on redefining insurance supervision in the 'new normal' era post COVID-19. • Speech by Pablo Hernandez de Cos on the evaluation of the effectiveness of Basel III during COVID-19 and beyond. Link • Speech by Pablo Hernández de Cos on how to help the recovery of viable firms affected by COVID-19 • Speech by Andrew Bailey, Governor of the Bank of England, on the impact of (and recovery from) COVID-19. • Working paper on macroeconomic consequences of “pandexit” (exit from the pandemic). • Pablo Hernández de Cos, Governor of the Bank of Spain and Chairman of the BCBS, on the challenges to the banking sector a year after the outbreak of the COVID-19 pandemic. • Speech by Isabel Schnabel, Member of the Executive Board of the ECB, on the importance of favourable financing conditions to the COVID-19 recovery.

		• Working paper for a global database on central banks' monetary policy responses to COVID-19. • Opening remarks by Sharon Donnery, Deputy Governor of the Central Bank of Ireland on macroprudential policy and lessons in the pandemic era. • Opening remarks by Gabriel Makhlouf, Governor of the Central Bank of Ireland on lessons from COVID-19 and a macroprudential framework for the market-based finance sector. • Bulletin on recovery from an "uneven recession" following COVID-19. • Speech by Agustin Carstens, General Manager of the BIS, on how the challenges and priorities in a global pandemic represent a delicate moment for supervisors. • Speech by Benoit Coeure, Head of the BIS Innovation Hub, on the financial system after COVID-19. • Speech by Jens Weidmann, President of Deutsche Bundesbank, on the potential long-term effects of the COVID-19 crisis on the economy and on monetary policy. • Speech by Ed Sibley, Deputy Governor of Prudential Regulation at the Central Bank of Ireland, on the unprecedented challenges facing SMEs • Speech by Mr Luis de Guindos, Vice-President of the ECB, on the Euro area financial sector during COVID-19 • Speech by Margarita Delgado, Deputy Governor of the Bank of Spain, on consumers and the post-COVID-19 mortgage market • Speech by Pablo Hernández de Cos, Chair of the BCBS, on the European response to COVID-19
	FSB	• FSB Chair's letter to G20 Finance Ministers and Central Bank Governors, updating the G20 on the unwinding of COVID-19 support measures and a roadmap for climate risk. • Report on the unwinding of COVID-19 support measures. • Letter from Randal Quarles, Chair of the FSB, on the vulnerabilities in the financial system exposed by COVID-19 and new and emerging risks. • Report on the financial stability impact of COVID-19 and policy responses • Discussion on responses to COVID-19 and non-bank financial intermediation
	IOSCO	• Report on the impact of COIVD-19 on retail market conduct.
	IMF	• Global Financial Stability Report, April 2021: pre-empting a legacy of vulnerabilities. • Speech by Gita Gopinath, Chief Economist, on Women's Economic Empowerment and Inclusive Global Economic Growth, during COVID-19 and Beyond.

		• Remarks by Kristalina Georgieva, IMF Managing Director on financing for development in the era of COVID-19 and beyond initiative. • Report on corporate liquidity and solvency in Europe during COVID-19, and the potential impact on the banking system. • Blog on how digitisation can help support the global recovery from COVID-19 • Blog on addressing urgent financing needs arising fromCOVID-19 • Speech by Kristalina Georgieva, Managing Director of the IMF, on lessons from the Global Financial Crisis in the age of COVID-19
	IAIS	• Press Release announcing the IAIS conclusion of mid-year committee and stakeholder meetings, noting solid progress in delivering on the IAIS Strategy 2020-2024 and sharing key learnings from COVID-19.
Brexit		

UK	HMT	• Conclusion of technical negotiations on the UK–EU Memorandum of Understanding on Financial Services Regulatory Cooperation
		• Consolidated guidance for financial services providers in light of the end of the transition period.
		• UK-EU Trade and Cooperation Agreement published, including a joint declaration to establish a framework for regulatory cooperation for FS
		    ○ Annex
		• The Securities Financing Transactions, Securitisation and Miscellaneous Amendments (EU Exit) Regulations 2020 have been made, including an explanatory memorandum.
		    ○ Annex
		• The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macroprudential Measures) (Amendment) (EU Exit) Regulations 2020 have been made, including an explanatory memorandum.
		    ○ Annex
		• Call for evidence on the overseas framework for cross border FS.
		• Guidance on the open access regime for exchange traded derivatives.

	Parliament	• UK and Switzerland plan to deepen financial services cooperation, moving ahead with negotiations to deliver a comprehensive mutual recognition agreement. • House of Lords EU Services Sub-Committee invites written contributions to its inquiry into the future of UK-EU relations on trade in services, including financial services.

		• Treasury Committee launches inquiry into the future of financial services after the end of the transition period • House of Lords EU Services Sub-Committee invites contributions to its ongoing enquiry into financial services after the end of the transition period
	BOE	• Amendments under the European Union (Withdrawal) Act 2018, including the final PRA Rulebook (EU Exit) Instrument, PRA transitional direction, and related guidance documents. • Joint BoE/PRA statement of policy detailing their approach to interpreting EU guidelines and recommendations following the UK's withdrawal from the EU and the end of the transition period. • Bank of England statement acknowledging HMT equivalence decisions
	ECPB	• Opinions on the Commission's draft UK data adequacy decisions published, including one opinion on adequacy under the GDPR, and another on adequacy under the Law Enforcement Directive. ○ Annex
	FCA	• Confirmation that the FCA will continue to use the Temporary Transitional Power to modify the application of the derivatives trading obligation. • Pre-agreed Memoranda of Understanding with EU authorities in the areas of securities, insurance and pensions, and banking came into force at the end of the transition period. • Statement and explanatory note on use of the Temporary Transitional Power (TTP) to modify the UK's derivatives trading obligation. ○ Annex • Draft transitional direction for the share trading obligation. • Supervisory statement on the MiFID Markets Regime after the end of the transition period. • Final Brexit onshoring instruments and TTP directions. • Approach to interpreting reporting and disclosure requirements under Capital Requirements Directive and Capital Requirements Regulation after the end of the transition period. • Instructions on the Financial Instruments Transparency System.
	PRA	• Update on the PRA's approach to firm authorisation under the Temporary Permissions Regime. • Final policies on the Capital Requirements Directive (CRD) V and Bank Recovery and Resolution Directive (BRRD) II. ○ Annex • Supervisory statement on how firms should interpret existing non-binding PRA regulatory and supervisory materials in light of the UK's exit from the EU.

		• Supervisory statement on the approach it expects firms to take when interpreting EU-based references found in reporting and disclosure requirements and regulatory transactions forms following the UK's exit from the EU. • Supervisory statement on setting out its expectations on deposit-takers in regard to depositor protection rules following the end of the transition period.

EU	EU	• Adequacy decisions for the UK under the GDPR and Law Enforcement Directive adopted. The UK government issued a statement welcoming the decisions.
		  o Annex 1
		  o Annex 2
		• Opinions on the Commission's draft UK data adequacy decisions published, including one opinion on adequacy under the GDPR, and another on adequacy under the Law Enforcement Directive.
		• Communication on the EU's economic and financial system, proposing a list of actions to reinforce its "open strategic autonomy".
		• UK-EU Trade and Cooperation Agreement published, including a joint declaration to establish a framework for regulatory cooperation.
		  o Annex
		• Time-limited equivalence decision for UK Central Securities Depositories adopted and published in the Official Journal. It will enter into force on 1 January and lapse on 30 June 2021

	ECB	• Occasional paper on economic analyses on the potential impact of Brexit.
	ESMA	• Updated statement on the impact of Brexit on the Benchmark Regulation. • Registration of six UK-based credit rating agencies and four trade repositories withdrawn at the end of the transition period. • ESMA-BoE Memorandum of Understanding on ESMA's monitoring of ongoing compliance with recognition conditions by UK central securities depositories. • Reminder to firms on MiFID II rules on reverse solicitation in light of practices observed since the end of the transition period. • Euroclear UK & Ireland Limited recognised as third-country central securities depositories after the end of the transition period.

	EBA	• Change in the status of Simple, Transparent and Standardised securitisation transactions at the end of the transition period.
		  o Annex
		  o Annex

		• Proposal to amend EMIR implementation timelines for intragroup transactions, equity options and novations to EU counterparties
		  ○ Annex 1
		  ○ Annex 2
		• Endorsement of credit ratings elaborated in the United Kingdom after end of transition period.

Banking		
Prudential		

UK	BOE	• Consultation paper on the fees regime for financial market infrastructure supervision 2021/22.
		• Updates to the Bank of England's approach to assessing resolvability.
		• Monetary Policy Report for May 2021, maintaining the Bank Rate at 0.1%.
		• Speech by Sam Woods, CEO of the PRA, on the PRA's plans for the future regulation of building societies.
		• Working paper on evidence on the relative performance of regulatory requirements for small and large banks.
		• Quarterly bulletin on the BoE's plans to deliver data standards and transform data collection in financial services.
		• MPC Remit statement and letter and FPC Remit letter.
		• Statement on maintaining the Bank Rate at 0.1%.
		• Consultation paper and draft supervisory statement on the PRA's approach to supervision of branch and subsidiaries, and speech by David Bailey, Executive Director Financial Markets Infrastructure.
		  ○ Annex I
		  ○ Annex II
		• Speech by Silvana Tenreyro, External Member of the Monetary Policy Committee, on negative interest rates.
		• Key elements of the 2021 solvency stress test for major UK banks and building societies.
		• Update on the Bank's approach to the Climate Biennial Exploratory Scenario in selected areas.
		• Statistical release of the external business of Monetary Financial Institutions operating in the UK in 2020 Q3.
		• Mortgage lenders and administrators' statistics - Q3 2020.
		• December 2020 Financial Stability Report and Financial Policy Summary.
		• Treasury Select Committee hearing on Financial Stability Report.
		• Statement on MREL and resolvability deadlines, and Discussion paper on the approach to setting MREL.
		• Paper on capital flows during COVID-19, and lessons for a more resilient international financial architecture.

		• Speech by Sam Woods, Chief Executive Officer of the PRA, on a more proportionate prudential regime for small banks and building societies
	PRA	• Policy statement on credit risk: approach to overseas IRB models. • PRA Annual Report 2021. • Consultation paper on proposed rules for the application of existing consolidated prudential requirements to financial holding companies and mixed financial holding companies. • CP14/21 - Consultations by the Financial Policy Committee (FPC) and PRA on changes to the UK leverage ratio framework. • 2021/22 Business Plan, setting out the PRA's strategy, workplan and budget for the year ahead. • Statement on the progress of the Working Group on Productive Finance, including the development of the Long-Term Asset Fund (LTAF) and the Group's next phase of work. • Statement on the 2022 and 2023 supervisory benchmarking exercise relating to capital internal models. • Approach to updating requirements on the identification of material risk takers. • Final policy on ensuring OCIR and updated supervisory statement on resolution assessment and public disclosure by firms. o Annex • Discussion paper on a 'strong and simple' prudential framework for non-systemic banks and building societies. • Speech by Victoria Saporta, Executive Director for Prudential Policy, on a 'strong and simple' prudential framework for non-systemic banks and building societies • Dear CEO letter from the PRA and FCA on obtaining deposits via deposit aggregators. • Policy statement (PS8/21) and finalised supervisory statement (SS3/21) on the PRA's approach to supervising new and growing banks. • The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP) (updated following publication of PS8/21). • The PRA's methodologies for setting Pillar 2 capital (updated following publication of PS8/21). • Consultation on the identification of the nature, severity, and duration of an economic downturn for the purposes of Internal Ratings Based (IRB) models. • Results of the Q1 2021 credit conditions survey • Results of the Q1 2021 bank liabilities survey

		• Statement on the regulatory treatment of retail residential mortgage loans under the Mortgage Guarantee Scheme (MGS). • Consultation on renumeration and correction to the definition of 'higher paid material risk taker'. • Letter from Melanie Beaman, Director of UK Deposit Takers Supervision, on the thematic findings of the internal audit review of collections of non-systemic UK Deposit Takers • Policy statement on PRA fees and levies (holding company regulatory transaction fees). • Policy statement CP3/21 on Depositor Protection: Identity verification. • Consultation on supervising branches and subsidiaries of international banks. • Consultation paper on the 2021/22 Management Expenses Levy Limit for the Financial Services Compensation Scheme. • Consultation paper on holding company regulatory transaction fees. • Policy statement on simplified obligations for recovery planning. • Decision regarding Systemic Risk Buffer Rates. • Statement on capital distributions by large UK banks. • Letter from Sarah Breeden, Executive Director of the PRA and Melanie Beaman, Director, on 2021 supervisory priorities for UK Deposit Takers. • Letter from David Bailey, Executive Director and Rebecca Jackson, Director, on 2021 priorities for International Banks Supervision. • Final policy on the Bank Recovery and Resolution Directive II. • Updated supervisory statement on buffers and thresholds in relation to minimum requirements for own funds and eligible liabilities (MREL). • Updated supervisory statement on implementing capital buffers. • Updated supervisory statement on Groups and methods of consolidation. • Updated supervisory statement on the ICAAP and the SREP. • Updated policy statement on methodologies for setting Pillar 2 capital. • Supervisory statement on remuneration. • Guidelines for completing regulatory reports. • Updated supervisory statement on the PRA's approach to branch supervision for liquidity reporting. • Updated supervisory statement on internal governance of third country branches.
	HMT	• Paper announcing and outlining the mortgage guarantee scheme. • Revised special resolution regime code of practice. • Joint statement on the planned timings for CRR2 and IFPR implementation

		○ Annex 1
	FCA	• Mortgage and re-mortgage product sales data from 1 January 2016 to 31 December 2020.
	EU	• Interim study on the development of tools and mechanisms for the integration of ESG factors into the EU banking prudential framework and into banks' business strategies and investment policies. • Q&A on tackling non-performing loans.
	EBA	• EBA's 2020 Annual Report. • Implementing technical standards on 2022 benchmarking of internal model approaches. • Study of cost of compliance of supervisory reporting requirements. • Updated EBA Methodological Guide, including an updated list of risk indicators and analysis tools. • Opinion on measures to address macroprudential risk in France, through large exposure limit for highly indebted Non-Financial Corporations. • Report on the treatment of incoming third-country branches under national law of EU Member States. • Consultation on amendments to reporting on securitisation, asset encumbrance and Global Systematically Important Institutions (GSIIs). • Consultation on review of guidelines on common procedures and methodologies for the SREP. • Statement on timing for publication of 2021 EU-wide stress test results. • Report on RegTech use in the EU, including recommendations for steps to be taken to support the adoption and scale-up of RegTech solutions. • Revised list of ITS validation rules. • Regulatory technical standards on risk retention requirements under the Securitisation Regulation. • Results of the EU-wide pilot exercise on climate risk. • Consultation on Pillar 3 disclosure of interest rate risk exposures. • Plans for the 2021 EU-wide transparency exercise and EBA risk assessment report. • Discussion paper on NPL data templates. • Updated data on deposit guarantee schemes across the EEA covering available financial means, and covered deposits. • Phase one of the EBA's 3.1 reporting framework published, including new reporting requirements for investment firms. • Report on convergence of supervisory practices in 2020. • Report on Member States' reliance on external credit ratings.

		• Report on the application of the BRRD early intervention framework.
		• Report on the reduction of MREL shortfall for the largest EU banks as of December 2019.
		• Consultation on draft RTS on the list of countries with an advanced economy for calculating equity risk under the alternative standardised approach (FRTB-SA).
		• Updated lists of regional governments and local authorities and regional governments and local authorities for the calculation of capital requirements.
		  o Annex Link
		• Report on window dressing systemic importance, using evidence from EU banks and the G-SIB framework.
		• Final draft RTS specifying the methods of prudential consolidation.
		• Updated list of Other Systemically Important Institutions (O-SIIs).
		• Erratum of the taxonomy package on reporting framework 3.0 phase 2.
		• Consultation on draft ITS on supervisory reporting for Additional Liquidity Monitoring Metrics (ALMM).
		• Consultation on draft Guidelines on the delineation and reporting of available financial means of Deposit Guarantee Schemes (DGS).
		• Consultation on RTS on how to identify appropriate risk weights and conditions when assessing minimum LGD values for exposures secured by immovable property.
		• Consultation paper on Guidelines on a common assessment methodology for granting authorisation as a credit institution.
		• Revised list of ITS validation rules included in its Implementing Technical Standards (ITS) on supervisory reporting.
		• Consultation on draft revised Guidelines on stress tests of Deposit Guarantee Schemes (DGSs).
		• Report on the consistency of internal model outcomes for 2020.
		  o Annex
		• Statement on making the Basel III monitoring exercise mandatory for EU banks.
		• Consultation paper on Guidelines for institutions and resolution authorities on improving resolvability.
		• Consultation paper on revised Guidelines on recovery plan indicators.
		• Speech by Isabelle Vaillant, Director of the Prudential Regulation and Supervisory Policy Department at the EBA, on a regulatory perspective on reforms to complete the banking union.
		• Launch of 2021 EU-wide stress test exercise.
		• Q3 2020 risk dashboard.
		• Consultation paper on revised guidelines on monitoring the threshold for establishing an intermediate EU parent undertaking.

		• Guidelines on legislative and non-legislative moratoria. • Final draft RTS on the treatment of non-trading book positions subject to foreign-exchange risk or commodity risk under the FRTB framework. • Basel III monitoring report. • Opinion to the European Commission on proposed amendments to the EBA final draft RTS on IRB assessment methodology. • Updated Basel III impact assessment. • Final technical standards on the contractual recognition of stay powers under BRRD2. • Consultation paper on RTS to calculate risk weights of collective investment undertakings. • Consultation paper on amending standards on benchmarking of internal models. • Final draft technical standards on capital requirements of non-modellable risks under the FRTB. • Report on the application of simplified obligations and waivers under BRRD2. • Proposal on appropriate methodology to calibrate O-SII buffer rates.
	ESMA	• ESAs first joint Risk Assessment Report, warning of an expected deterioration in asset quality. • Published its annual Public European Common Enforcement Priorities for 2020.
	ECB - SSM	• Statement on the ECB's decision to supervise securitisation requirements for significant banks. • Supervisory newsletter published, covering topics including the impact of COVID-19 on banks' credit risk management and the new regulatory regime for large investment firms. • Contribution to the European Commission's targeted consultation on the review of the crisis management and deposit insurance framework. • Speech by Andrea Enria, Chair of the Supervisory Board of the ECB, on Basel III implementation in the EU. • Interview with Frank Elderson, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, on monitoring credit risks during COVID-19, addressing climate change risks and the diversity of banks' boards. • Results of the ECB's Targeted Review of Internal Models (TRIM) exercise. • List of supervised entities (as of 1 March 2021). • Supervisory banking statistics for the Q4 2020. • Presentation on the benchmarking of Recovery Plans (cycle 2019/20).

		• Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, regarding the health of European banks in light of COVID-19. • Guide on the supervisory approach to consolidation in the banking sector. • Supervisory Banking Statistics for Q3 2020 • Speech by Andrea Enria, Chair of the Supervisory Board of the ECB, on a consistent European crisis management framework for medium-sized banks. • Results of the ECB's annual SREP exercise, including disclosure of bank-by-bank Pillar 2 Requirements. • Report on key risks and vulnerabilities expected to affect supervised firms in 2021. • Blog post by Elizabeth McCaul, Member of the Supervisory Board of the ECB, on the need for, and benefit of, strong credit risk management. • 2020 significance assessment review, stating the ECB will directly supervise 115 banks from 1 January 2021. • Interview with Andrea Enria, Chair of the Supervisory Board of the ECB, on dividend payments. • Speech by Elizabeth McCaul, Member of the Supervisory Board of the ECB, on bank boards and supervisory expectations. • Speech by Elizabeth McCaul, member of the Supervisory Board of the ECB, on transatlantic views on the next stage for European banking supervision
	ECB Central Bank	• Survey on the Access to Finance of Enterprises in the euro area. • Changes to the Eurosystem's loan-level data requirements. • Macroprudential bulletin on the factors what make banks adjust dividend payouts. • Macroprudential bulletin evaluating the impact of dividend restrictions on euro area bank valuations. • Financial Stability Review - May 2021. • Updated treatment of leverage ratio in the Eurosystem monetary policy counterparty framework. • EU banking sector structural indicators for the end of 2020. • TARGET2 2020 annual report, providing information on TARGET2 traffic, performance, and developments in 2020. • Speech by Luis de Guindos, Vice-President of the ECB, on climate change and financial integration. Link • Euro area securities issues statistics for March 2021. • April 2021 euro area bank lending survey. • Working paper on foreign banks and the sovereign doom loop. • Christine Lagarde, President of the ECB, and Luis de Guindos, Vice-President of the ECB, on the ECB's monetary policy decisions. • Occasional paper on liquidity in resolution, comparing frameworks for liquidity provision across jurisdictions.

		• Statement that Denmark will join Eurosystem's TARGET services. • Frank Elderson nominated as Vice-Chair of the Supervisory Board. • Report giving an overview of the Eurosystem Integrated Reporting Framework • Cost-benefit assessment questionnaire on the Integrated Reporting Framework for the banking industry • September 2020 euro area bank interest rate statistics
	ECOFIN	• Statement of the Eurogroup on the ESM reform and the early introduction of the backstop to the Single Resolution Fund
	ESRB	• Report on macroprudential policy issues arising from the low interest rate environment. • Working paper on the importance of technology in banking during a crisis. • Working paper on the retrenchment of euro area banks and international banking models

	SRB	• Blueprint for the crisis management and deposit insurance framework review.
		• Updated MREL policy and MREL dashboard for Q4 2020.
		    o Annex
		• Publication of an overview of Banking Union resolution and access to FMIs.
		• Consultation on 2021 Single Resolution Fund contributions.
		• Checklist for banks under the SRB's remit to use when preparing the Additional Liability Report to provide additional assurance on liabilities reported as eligible for MREL.
		• Article by Elke Konig, Chair of the SRB, on the SRB's priorities to promote financial stability in 2021.
		• Expectations for ensuring the resolvability of banks engaging in mergers, acquisitions and other corporate transactions.
		• Publication of MREL dashboard, setting out an overview of MREL requirements for banks under the SRB's remit.
		• Article by Jan Reinder De Carpentier, Vice-Chair of the SRB, on the common backstop to the Single Resolution Fund.
		• Final SRB valuation data set and explanatory note.
		    o Annex

International	BIS	• Insight paper on institutional arrangements for bank resolution. • Speech by Fernando Restoy, Chair of the BIS Financial Stability Institute, on the role of deposit insurance in improving funding of bank resolution in the banking union. • Speech by Carolyn Rogers, Secretary General of the BCBS, on the outlook for banking, covering topics including COVID-19 risks

		• and vulnerabilities in the banking system, Basel III and innovation. • Speech by Sir David Ramsden, Deputy Governor for Markets and Banking of the Bank of England, on the UK's progress on resolvability. • Announcement of Governors and Heads of Supervision meeting to endorse strategic priorities and work programme of Basel Committee and discuss global initiatives on non-bank financial intermediation. • Guidelines on supplemental note to external audits of banks - audit of expected credit loss. • Basel III monitoring results based on end-December 2019 data. • Report to G20 Leaders on Basel III implementation • Working paper on the macro-financial effects of international bank lending on emerging markets • Working paper on whether commercial property markets affect bank equity prices
	FSB	• Work Programme for 2021. • 2020 list of global systemically important banks (G-SIBs) • 2020 Annual report on the implementation and effects of the G20's financial regulatory reforms
Conduct		
UK	HMT	• Letter from the Chancellor of the Exchequer to the Chief Executive of the FCA providing recommendations for the FCA. • Second annual financial inclusion report • Guidance on disguised remuneration following the outcome of the independent loan charge review

	FCA	• Dear CEO Letter for retail banks regarding common control failings identified in AML frameworks.
		• Access to cash:
		    ○ a) joint statement with the PSR on access to cash; and
		    ○ b) speech by Sheldon Mills, Executive Director of Consumers and Competition, on protecting access to cash and banking services.
		• Speech by Georgina Philippou, Senior Adviser to the FCA on the Public Sector Equality Duty, on why diversity and inclusion are key issues for the FCA.
		• Letter to the Boards of Directors of Debt Purchasers, Debt Collectors and Debt Administrators.
		• Portfolio letter to Mainstream Consumer Credit Lenders (MCCLs).
		• Mortgage lending statistics - December 2020.

	BOE	• Speech by Andy Haldane, Chief Economist at BoE "Thirty years of hurt, never stopped me dreaming", summarising his time at the BoE. • Minutes of the Wholesale Distribution Steering Group 4th May 2021 meeting on access to cash. • Updated roadmap of priorities for ending the new use of GBP LIBOR-linked derivatives.
	PRA	• Letter from the PRA and FCA on 'Pre-settlement counterparty credit exposure management and controls for Delivery versus Payments (DvP) Clients'. ○ Annex • Results of annual firm feedback survey 2020. • Consultation paper on the identification verification requirements for depositor protection. • Policy statement on strengthening Accountability and SM&CR forms update. • Consultation paper on joint PRA and FCA Chapter clarifying expectations for temporary, long-term absences of Senior Managers. • Report on the evaluation of the SM&CR.
	CMA	• Consultation paper on future oversight of the CMA's open banking remedies.
EU	EBA	• Consultation to amend technical standards on credit risk adjustments. • Report on mystery shopping activities of national authorities. • Opinion document highlighting key money laundering and terrorist financing risks across the EU. • Discussion paper on a new integrated reporting system across supervisory, resolution and central banks statistical data. • Consultation on changes to Guidelines on Risk-based AML/CFT supervision. • Regulatory instruments to address 'de-risking' practices. • Opinion on strengthening the connection between the EU legal frameworks on anti-money laundering, terrorist financing, and deposit protection.
	ESMA	• Statement promoting transparency for Targeted Longer-Term Refinancing Operations (TLTRO III) transactions.
	ECB as a Central Bank	• Blog post by Isabel Schnabel, Member of the Executive Board of the ECB, titled "Don't take it for granted: the value of high-quality data and statistics for the ECB's policymaking".

	ECB - SSM	• ECB launches consultation on updates to options and discretions policies. • Blog by Edouard Fernandez-Bollo, Member of the Supervisory Board at the ECB, on fostering a compliance culture in the European banking system. • Speech by Andrea Enria, Chair of the Supervisory Board of the ECB, on the effectiveness of European banks' boards. • Guide on method of determining penalties for regulatory breaches. • Opinion piece by Yves Mersch,, regarding the ECB "raising the bar on bank governance".
	SRB	• Publication of approach to notifying impracticability to include bail-in recognition clauses in contracts. • Eurofi article by Elke König, Chair of the SRB, on a European solution to deal with failures of medium-sized banks in the Banking Union. • Resolution Planning Cycle (RPC) Booklet. • SRB responses to the European Commission targeted consultation on the review of the crisis management and deposit insurance framework. • Article by Elke König, Chair of the SRB, on how Single Point of Entry resolution strategies can address the home-host issue in the Banking Union. • New guidance on liquidity and funding in resolution. • Speech by Elke Konig, Chair of the Single Resolution Board, to the European Parliament at the ECON Committee on 27 October 2020.
	ECOFIN	• NPLs: provisional agreement on selling credit to third parties
	European Commission	• Consultation on improving transparency and efficiency in secondary markets for NPLs. ○ Annex
	European Parliament	• Briefing on the gender balance on the boards of significant banks in the banking union.
International	FSB	• Statement on reprioritisation of the FSB work programme
	BIS	• Speech by François Villeroy de Galhau, Governor of the Bank of France, on how to revisit central banking and financial stability. • Speech by Pablo Hernandez de Cos, Chair of the BCBS, on crossing the Basel III implementation line. • Speech by Mr Gareth Ramsay, Executive Director for Data and Analytics & Chief Data Officer of the Bank of England, on how data standards can transform reporting.

		• Working paper assessing the impact of Basel III using evidence from macroeconomic models. • International banking statistics and global liquidity indicators at end-December 2020. o Annex • Announcement regarding Jens Weidmann being re-elected as Chair of the BIS Board of Directors. • Proposed technical amendments to rules on haircut floors for securities financing transactions. • Speech by Isabel Schnabel, Member of the Executive Board of the EBC, on the importance of trust for the ECB's monetary policy.
Capital Markets		
Prudential		
UK	PRA	• Discussion paper on supervisory stress testing of central counterparties (CCPs) • Consultation on modifications to the derivatives clearing obligation to reflect interest rate benchmark reform. • Statement on remuneration benchmarking and remuneration high earners reporting templates. • Speech by Anil Kashyap, External member of the Financial Policy Committee, on the "dash for cash" and the liquidity multiplier

	BOE	• LIBOR:
		    o a) speech by Andrew Bailey, Governor, on LIBOR transition;
		    o b) minutes of the Working Group on Sterling Risk-Free Reference Rates 30 March 2021 meeting (published May 2021);
		    o c) the Working Group on Sterling Risk-Free Reference Rates recommend the use of overnight SONIA, compounded in arrears, as the successor rate to GBP LIBOR for the operation of fallbacks in bond documentation that envisage the selection of a recommended successor rate;
		    o d) joint statement with the FCA encouraging market participants to switch to SONIA in the sterling exchange traded derivatives market from 17 June 2021; and
		    o e) speech by John C Williams, President and CEO of the Federal Reserve Bank of New York, on LIBOR transition.
		• Annual report on the supervision of financial market infrastructures in 2020.

	FCA	• Joint letter with the PRA on pre-settlement counterparty credit exposure management and controls for delivery versus payment clients.

		• Consultation on a policy framework for exercising the FCA's new powers under the BMR, relating to the use of critical benchmarks that are being wound down. • Speech by Nausicaa Delfas, Executive Director of International and Interim Chief Operating Officer, on the FCA's approach to regulating the UK as a global financial centre. • Letter of concerns in relation to Provident's proposed scheme of arrangement. • Consultation paper on bilateral margin requirements for uncleared derivatives.
EU	ECOFIN	• Conclusions on the European Commission's action plan for the CMU.
	ECB Central Bank	• Recommendations of the private sector working group on euro risk-free rates on EURIBOR fallbacks. • Report on the interconnectedness of derivatives markets and money market funds through insurance corporations and pension funds
	EU	• Consultation paper on establishing a European Single Access Point (ESAP) for financial and non-financial information publicly disclosed by companies.
	EBA	• Report on significant risk transfer (SRT) in securitisation transactions, and detailed recommendations to the European Commission on the harmonisation of practices and processes applicable to the SRT assessment
	ESMA	• ESMA's 2020 Annual Report. • Announcement of the appointment of James von Moltke as Chairman of the Euro Risk-Free Rates Working Group • Report on the implementation and functioning of the EU Securitisation Regulation. • Consultation on commodity derivatives technical standards as part of MiFID II Recovery Package. • Consultation on guidelines for disclosure requirements for initial reviews and preliminary ratings under the Credit Rating Agencies Regulation. • Consultation on guidelines for data transfer between trade repositories under EMIR and SFTR. • Consultation on draft synthetic securitisations RTS and amendments to simple, transparent and standardised templates. • Final guidelines on the calculation of positions under SFTR. • Latest double volume cap data. • Letter to the European Commission on the review of the Central Securities Depositories Regulation.

		• Guidance to NCAs on supervising benchmark administrators to mitigate the risk of 'letter box' entities and ensure oversight of outsourcing. • Results of the annual transparency calculations for non-equity instruments. • Quarterly liquidity assessment for bonds available for trading on EU trading venues published. • Results of the annual transparency calculations for equity and equity-like instruments. • Latest double volume cap data under MiFID II. • Final guidelines on stress test scenarios under the MMF regulation. • Final guidance to address leverage risks in the Alternative Investment Fund sector. • Updated Q&A on OTC requirements and reporting issues under EMIR. • Updated Q&A on the implementation of investor protection topics under MiFID II / MiFIR, including information on costs and charges. • Updated guidance on waivers from pre-trade transparency for equity and non-equity instruments.
International	FSB	• Updated Global Transition Roadmap for LIBOR. • Survey on the common template for collecting information on continuity of access to financial market infrastructures for firms in resolution. • FAQs on Global Securities Financing Data Collection and Aggregation. • Announcement regarding FSB continuity of access to FMIs for firms in resolution, including an informal summary of outreach and Q&As.
	BIS	• Statistical release on OTC derivatives at end-June 2020
	IOSCO	• Thematic review on business continuity plans for trading venues and market intermediaries. • Review of Money Market Funds recommendations and events arising from the March 2020 market turmoil

Conduct

UK	BOE	• Updated Money Markets Code published. • Announcements on the end of LIBOR. o Annex • Statement on the need for firms to secure a smooth completion of the sterling LIBOR transition by end-2021. • Speech by Andrew Hauser, Executive Director for Markets at the Bank of England, on why central banks need new tools for dealing with market dysfunction. • Speech by Andrew Hauser, Executive Director for Markets at the Bank of England, on the retirement of LIBOR • Announcement regarding BoE signing up to ISDA's IBOR Fallbacks Protocol.
	FCA	• Policy statement on bilateral margin requirements for uncleared derivatives. • Announcement that the FCA and BoE are encouraging market participants in their switch to the Secured Overnight Financing Rate (SOFR) in US dollar interest rate swap markets from 26 July. • Speech by Nikhil Rathi, CEO, on topics including regulation and competition in UK markets, international cooperation and consistency, and the FCA's transformation. • Speech by Mark Steward, Executive Director of Enforcement and Market Oversight, on the rise in investment scams. • Consultation on changes to UK MiFID's conduct and organisational requirements. • Speech by Edwin Schooling Latte, Director of Markets and Wholesale Policy, on a forward-look at regulation of the UK's wholesale financial markets. • The FCA and the Bank of England encourage market participants to switch to SONIA in the sterling non-linear derivatives market from 11 May. • Statement on MiFID trade reporting and position limit obligations. • Speech by Julia Hoggett, Director of Market Oversight at the FCA, on market abuse during COVID-19. • Requirements and directions under the FSMA 2000 (Over the Counter Derivatives etc.) Regulations 2013 regarding the information to be contained in an application for, or a notification of, an exemption under paragraph 8 or 9 of EMIR.
	HMT	• Policy statement paper on amendments to the Benchmarks Regulation to support LIBOR transition.
	PRA	• Consultation paper on the approach to recognition of overseas Internal Ratings Based (IRB) credit risk models.

EU	EC	• Publication of a list of indicators to monitor progress towards the CMU objectives. • Report on the settlement and CSDR. • Study by the European Parliament on robo-advisors covering how they fit in the existing EU regulatory framework, in particular with regard to investor protection. • Targeted consultation on the designation of a statutory replacement rate for CHF LIBOR. • Adoption of an equivalence decision for US central counterparties. • Consultation on the review of CSDR. • Adoption of CSDR RTS, further postponing settlement discipline measures until 1 February 2022.
	ECOFIN	• Proposed amendments to the benchmark's regulation on exemptions of certain third country foreign exchange benchmarks and the designation of replacement benchmarks for certain benchmarks in cessation • Capital Markets Recovery Package: Council endorsement of targeted amendments to EU capital market rules. • Announcement on Council agreeing its position on the Capital Markets Recovery Package.

	EBA & ESMA	• Final report on the MIFID II/MIFIR obligations on market data.
		• Publication of framework for ESMA's fourth stress test for CCPs.
		• The European Commission, ECB Banking Supervision, EBA and ESMA encourage market participants to cease all LIBOR settings.
		    o Annex 2
		    o Annex 3
		    o Annex 4
		• 2020 report on enforcement of corporate disclosure in the EEA.
		• Guidelines on certain aspects of the MiFID II compliance function requirements.
		• Draft RTS on changes to CCP's activities and models not covered by initial authorisation.
		• Annual Peer Review of CCP supervision.
		• Final report on the functioning of the regime for smaller and medium-sized enterprise growth markets under MiFID II.
		• Recommendations for Organised Trading Facilities under MiFID II/MiFIR.
		• Final report on EMIR and SFTR data quality.
		• Advice by the Securities and Markets Stakeholder Group to ESMA on its CP on Guidelines on certain aspects of appropriateness and execution-only
		• Table setting out a list of competent authorities that comply or intend on complying with ESMA's CPP guidelines on conflicts of interest management.

		• ESMA updates EMIR validation rules. • Technical advice sent to the Commission on the application of sanctions under MiFID II/MiFIR. • Call for experts on commodity derivatives to join a consultative industry group. • Draft technical standards under EMIR REFIT. • Consultation paper on MIFID II/MIFIR review report on algorithmic trading. • Response to IASB's discussion paper 'Business combinations - disclosures, goodwill and impairment'. • Annual report on the application of accepted market practices under MAR. • Consultation report on procedural rules for penalties imposed on Benchmark Administrators. • Report on CSDR implementation covering central securities depositories' (CSDs) cross border services and handling of applications as well as internalised settlement • Results of ESMA's fast track peer review identifying the deficiencies in supervision of Wirecard's financial reporting • Updated list of Competent Authorities responsible for the authorisation and supervision of Central Securities Depositories (CSDs)
	ECB - SSM	• Consultation paper on a revised Guide to fit and proper assessments. ○ Annex
International	BIS	• Speech by Klaas Knot, President of De Nederlandsche Bank (DNB) on the importance of the Capital Markets Union • Report submitted by a study group chaired by Andréa M Maechler on FX execution algorithms and market functioning.
	FSB	• FSB issues statements to support a smooth transition away from LIBOR by end-2021. • FSB issues statements to support a smooth transition away from LIBOR by end-2021. • Announcement regarding FSB publishing a global transition roadmap for LIBOR.
	IOSCO	• Report on suitability requirements with regards to the distribution of complex financial products.
Investment Management		
Prudential		
UK	HMT	• Amendments to Financial Services Markets Act 2000

		• Statutory instrument to ensure that the Capital Requirements Regulation (CRR) continues to operate for investment firms until the implementation of the Investment Firms Prudential Regime. • Consultation on updating the UK's Prudential Regime before the end of the Transition Period.
	BOE	• Speech by Andrew Bailey, Governor, on improving the resilience and functioning of money market funds to protect the stability of the financial system.
	FCA	• PS21/6: Policy Statement on implementation of Investment Firms Prudential Regime. • Feedback to consultation on liquidity mismatch in authorised open-ended property funds and update on next steps. • Consultation on proposals for a new authorised fund regime to support investment in long-term, illiquid assets. • Consultation paper on the new prudential regime for UK investment firms.
EU	ECB Central Bank	• Q1 2021 euro area investment fund statistics. • Q1 2021 euro area financial vehicle corporation statistics. • Macroprudential bulletin on a theoretical model analysing investment funds' liquidity management and policy measures
	EBA	• Consultation paper on RTS on the calculation of the EUR 30bn threshold for investment firms. • Final draft RTS on the criteria to identify categories of staff whose professional activities have a material impact on an investment firms' risk profile or assets it manages under the Investment Firm Directive. • Consultation on EBA's new guidelines on internal governance for investment firms under the IFD/IFR
	ESMA	• Proposal to lower the reporting threshold for net short positions to 0.1% on a permanent basis. • Consultation on MiFID II/MiFIR RTS annual report, considering changes thresholds for the liquidity criterion 'average daily number of trades' for bonds as well as trade percentiles used to determine the size specific to the financial instruments for non-equity instruments. • Updated opinion on reporting information under the AIFMD. • Final report on guidelines on funds' marketing communications. • New Q&As on a range of topics covering AIFMD, UCITs and EMIR implementation. • Updated Q&As on the Prospectus Regulation. • Natasha Cazenave appointed as Executive Director.

		• Updated list of administrative measures and sanctions applicable in Member States for infringements of regulations on short selling and credit default swaps. • Launch of a common supervisory action with NCAs on the supervision of the costs and fees of UCITS. • Opinions on position limits regarding commodity derivatives under MiFID II/MIFIR. • Consultation on the application of certain aspects of appropriateness and execution-only requirements under MiFID II.
International	IOSCO	• Industry survey on exchange-traded funds.
	BIS	• Report on how exchange-traded funds can allow market participants to pursue strategies that may lead to unusual price movements for commodities with costly storage. • Working paper on the constraining role of banking regulation on asset managers' market making activities.
Conduct		
UK	FCA	• FCA multi-firm review findings on 'host' AFM firms' governance and operations. o Annex • FCA urges victims to come forward after Court orders compensation for victims of illegal investment scheme • Second consultation on the new UK Investment Firms Prudential Regime. • Discussion paper on strengthening financial promotion rules for high-risk investments. • Consultation on strengthening investor protections in SPACs. o Annex • FCA published equity transparency calculations. • Research findings on understanding the behaviour of investors who engage in high-risk investments like cryptocurrencies and foreign exchange. o Annex • Findings from survey undertaken as part of joint BoE-FCA review of liquidity in open ended funds. • Future consultation on strengthening investor protections in Special Purpose Acquisition Companies (SPACs). • Speech by Mark Steward, Executive Director of Enforcement and Oversight, on preventing market abuse. • Portfolio Letter for SIPP operators. • Treasury, Bank of England and FCA convene working group to facilitate investment in productive finance. • Report on the evaluation of the Retail Distribution Review (RDR) and the Financial Advice Market Review (FAMR).

		• Update of position limits for certain commodity derivative contracts. • Confirmation that the temporary ban on speculative mini-bond mass-marketing is to be made permanent. • Announcement regarding the commencement of High Court proceedings over unauthorised collective investment schemes
EU	ESMA	• Opinion on Product Intervention Measures on Turbos (high-risk, speculative leveraged products) • ESMA recommends changes to supervisory fees for credit rating agencies (CRAs). • Guidelines on stress test scenarios under the Money Market Funds (MMF) Regulation. • Guidelines on periodic information for trade repositories. o Annex o Annex • Report highlighting liquidity concerns for Alternative Investment Funds. • Latest double volume cap data. • Report on cost and performance of EU retail investment products (such as UCITS and retail AIFs), finding that costs remain high and diminish returns for retail investors. • Guidelines on disclosure requirements under the Prospectus Regulation. • Guidelines on certain aspects of the MiFID II compliance function requirements. • Draft RTS on changes to CCP's activities and models not covered by initial authorisation. • Annual Peer Review of CCP supervision. • Final report on the functioning of the regime for smaller and medium-sized enterprise growth markets under MiFID II. • Recommendations for Organised Trading Facilities under MiFID II/MiFIR. • Final report on EMIR and SFTR data quality. • Advice by the Securities and Markets Stakeholder Group to ESMA on its CP on Guidelines on certain aspects of appropriateness and execution-only • ESMA budget 2021. • Announcement confirming that the amendment to the short selling reporting threshold will expire on 19 March 2021. • Statement providing clarification on position limits pending MiFID II change. • Results of CSA on compliance with UCITS liquidity rules. • ESMA appoints new chair of Market Integrity Standing Committee. • Consultation on the framework for EU Money Market Funds (MMFs).

		• ESMA proposes amendments to MiFIR transactions and reference data reporting regimes. • ESMA promotes coordinated action on the suspension of best execution reports. • ESMA clarifies corporate disclosures obligations for UK issuers after Brexit. • ESMA updates its Q&As relating to the Prospectus Regulation. • ESMA updates Q&As on the BMR Transitional Provision. • Public consultation on simplified supervisory fees for Trade Repositories. • Final guidance to address leverage risk in the AIF sector. • Translations for Guidelines on performance fees in UCITS and certain types of AIFs • Consultation on the Guidelines on the MiFID II/ MiFIR obligations on market data • Consultation on Guidelines on marketing communications under the Regulation on cross-border distribution of funds
	ECB Central Bank	• Euro money market study 2020. • Survey on credit terms and conditions in euro-denominated securities financing and over-the-counter derivatives markets (SESFOD)
	EBA	• EBA launched public consultation on regulatory technical standards on disclosure of investment policy by investment firms. • Final revised Guidelines on money laundering and terrorist financing (ML/TF) risk factors
	ESRB	• Working paper on procyclical asset management and bond risk premia.
	ECON	• Consultation on a review of the ELTIF to evaluate the effectiveness of the ELTIF framework and to determine why the ELTIF market has not developed as expected. • Consultation on the review of AIFMD seeking views on how the AIFMD can be amended to ensure a more efficient EU AIF market.
International	IOSCO	• Consultation on issues and concerns regarding market data in secondary equity markets.
	BIS	• A BIS bulletin on liquidity management and asset sales by bond funds in the face of investor redemptions in March 2020.

	FSB	• Consultation with proposals to enhance MMF resilience. o Annex • Peer Review on the implementation of financial sector compensation reforms in the UK
Fintech & Cyber		
UK	BOE	• Discussion paper on new forms of digital money, including systemic stablecoins and a UK central bank digital currency. • BIS and BoE launch BIS Innovation Hub London centre. o Annex • Speech by Andrew Bailey, Governor, on how public interest must be at the heart of innovation in payments. • Speech by Victoria Cleland, Executive Director for Banking, Payments and Innovation, on the evolution of UK payment systems, the role of the UK RTGS system and the vision for the future. • Access Policy establishing a new "omnibus" Real Time Gross Settlement (RTGS) account for FMI providers. • Statement on the establishment of a BoE/HMT Central Bank Digital Currency (CBDC) Taskforce • Speech by Dave Ramsden, Deputy Governor for Markets and Banking, on how to support the safe development of FinTech services in the UK. • Speech by Andy Haldane, Chief Economist of the Bank of England and Member of the Monetary Policy Committee, on seizing the opportunities from digital finance • Minutes from the first meeting of the joint BoE/FCA Artificial Intelligence Public-Private Forum.
	HMT	• Rishi Sunak, UK Chancellor, announces seven FinTech policy and regulatory initiatives.
	FCA	• Temporary Registration Regime extended for existing crypto-asset businesses from 9 July 2021 to 31 March 2022. • Research shows increase in crypto-asset ownership. • Dear CEO letter to e-money firms asking them to write to their customers to make it clear how their money is protected. • Extension of deadline for implementing Strong Customer Authentication for e-commerce transactions to 14 March 2022 • Speech by Nikhil Rathi, CEO, on levelling the playing field and innovation in the service of consumers and the market. • Report evaluating the digital sandbox pilot • Feedback statement on Open Finance call for input. • Annual financial crime reporting requirements for cryptoasset businesses registered under the Money Laundering Regulations. • Statement on the benefits of the FCA's new data collection platform, RegData

		• Application windows for two regulatory sandboxes opened. o Annex • Statement on the FCA participating in GFIN cross-border testing of financial products and services.
	PRA	• Speech by Victoria Cleland, Executive Director for Banking, Payments and Innovation at BoE, on cross-border payments and innovating in a changing world
	TPR	• Statement urging the industry to make a pledge to combat pension scams
	PSR	• Consultation on new five-year strategy. • Consultation on next steps for all banks to deliver Confirmation of Payee.
	CMA	• First annual work plan of the Digital Regulation Cooperation Forum published, aimed at ensuring regulatory coordination across digital and online services.
EU	EC	• Artificial intelligence (AI) Act legislative proposal. • Targeted consultation on instant payments.
	ECB Central Bank	• Speech by Fabio Panetta, Member of the Executive Board of the ECB, on innovation in retail payments. • Interview with Fabio Panetta on topics including the ECB's work on a digital euro. • Report on the use of distributed ledger technology in post-trade processes. • Report on the consultation on a digital euro. • Report on the Eurosystem's retail payments strategy. • Opinion on the proposal for regulation on a pilot regime for market infrastructure based on distributed ledger technology. • Article by Christine Lagarde, President of the ECB, on the future of money • Speech by Fabio Panetta, Member of the Executive Board of the ECB, on stablecoins and their implications for the payments market, financial sector and overall economy • Working paper on the open-economy implications of introducing a central bank digital currency • Speech by Fabio Panetta, Member of the Executive Board of the ECB, on delivering efficient, inclusive and secure payments in the digital age
	ECB - SSM	• Speech by Pentti Hakkarainen, Member of the Supervisory Board of the ECB, on digitalising banking supervision

		• Speech by Pentti Hakkarainen, Member of the Supervisory Board of the ECB, on banks' cyber resilience in the digital world.
	ESMA	• Call for evidence on digital finance, gathering information on topics including value chains, platforms and groups providing financial and non-financial services.
	EBA	• Final revised guidelines on major incident reporting under PSD2. • Report on payment service providers' readiness to apply strong customer authentication for e-commerce card-based payments.
	EIOPA	• Discussion paper on blockchain and smart contracts in insurance. • Reminders to consumers about crypto-assets risks. • Guidelines on information and communication technology security and governance, including cyber security capabilities.
	ECOFIN	• Retail payments: Council supports action to promote instant payments and EU-wide payment solutions.
International	BIS	• Monthly Global FinTech regulatory updater • Working paper on minimally invasive technology in relation to central bank digital currencies. • Consultation on the prudential treatment of banks' crypto-asset exposures. • Speech by Hyun Song Shin, Head of Research of the BIS, on the opportunities central bank digital currencies offer for the monetary system. • Speech by Per Callesen, Governor of the National Bank of Denmark on whether the EU should launch a digital Euro. • Speech by Lael Brainard, Member of the Board of Governors of the Federal Reserve System, providing an update on CBDC work in the USA. • Report on the supervision of crypto-assets for anti-money laundering. • Working paper on big data and machine learning in central banking. • Working paper on the gender gap in relation to the use of FinTech products and services. • Speech by Margarita Delgado, Deputy Governor of the Bank of Spain, on the proliferation of digital technologies used by banks. • FSI Brief on regulatory approaches and policy options in relation to BigTechs in financial services. • Report on the interoperability of central bank digital currency arrangements and the future of cross-border payments. • Article on the digitisation of the payments landscape

		• Working paper on how entering the UK's regulatory sandbox affects Fintechs' ability to raise funding • Working paper on the risks and potential of stablecoins and what this implies for their regulation • Speech by Frank Elderson, Executive Director of Supervision at the Dutch Central Bank, on a digitalisation boost due to COVID-19 and the supervisory response.
	FSB	• Discussion paper on regulatory and supervisory issues relating to outsourcing and third-party relationships • Virtual workshop on assessing the financial stability implications for BigTech firms in finance in emerging market and developing economies • Note on responses to the public consultation on effective practices for cyber incident response and recovery. • Publication of the toolkit of effective practices for financial institutions' cyber incident response and recovery. • Report on the use of supervisory and regulatory technology by authorities and regulated firms. • Final report and recommendations on the regulation, supervision and oversight of global stablecoin (GSC) arrangements.
	IMF	• Policy paper on potential macro-financial effects of the use of central bank digital currencies and global stablecoins across borders.
	BdF	• Speech by Denis Beau, First Deputy Governor of the Bank of France, on tackling challenges posed by the digitisation of payment systems.
	SNB	• Speech by Andréa M Maechler, Member of the Governing Board of the Swiss National Bank, on digital transformation in financial markets
Sustainable Finance		

UK	HMT	• Accompanying notes to the Structured Data Templates and the Qualitative Questionnaire for the 2021 Climate Biennial Exploratory Scenario. • Climate policy and transition risk in the housing market. • UK Government and UK regulators' TCFD Taskforce interim report and roadmap • UK Government and UK regulators' joint statement of support for IFRS Foundation consultation on sustainability reporting • Speech by Andrew Bailey, Governor of the Bank of England, on pushing ahead on tackling climate change • Statement on the resumption of the Climate Biennial Exploratory Scenario (CBES)
	TPR	• Statement on the TPR's new climate change strategy, calling on scheme trustees to act now to protect savers from climate risk. • Blog on a changing climate for pension trustees.
	PRA / BOE	• The BoE's climate-related financial disclosure 2020/21. • Speech by Andrew Bailey, Governor of BoE, on the role of central banks in tackling climate change. • BoE publishes the key elements of the 2021 Climate Biennial Exploratory Scenario (CBES). • Discussion paper on options for greening the Bank's corporate bond purchase scheme. • Speech by Sarah Breeden, Executive Director of UK Deposit Takers Supervision, on climate change and the role of the financial sector in the move to net zero. • Accompanying notes to the Structured Data Templates and the Qualitative Questionnaire for the 2021 Climate Biennial Exploratory Scenario. • Climate policy and transition risk in the housing market • Seminar with Professor Sir Partha Dasgupta to discuss the UK government's global independent review on the economics of biodiversity. • Speech by Andrew Hauser, Executive Director for Markets at the BoE, on "how financial markets are finally getting a grip on how to price climate risk and return".

	FCA	• Consultation paper on enhancing climate-related disclosures by standard listed companies.
		    o Annex
		• TCFD consultation on enhancing climate-related disclosures by asset managers, life insurers and FCA-regulated pension providers.
		    o Annex
		• Consultation on regulating bidding for emissions allowances under the UK Emissions Trading Scheme.

		• Reminder for firms to review regularly their regulatory permissions. • Policy statement on proposals to enhance climate related disclosures by listed issuers and clarification of existing disclosure obligations. • Speech by Nikhil Rathi, Chief Executive Officer of the FCA, on rising to the climate challenge • Speech by Richard Monks, Director of Strategy at the FCA, on building trust in sustainable investments
EU	EBA	• Report on management and supervision of ESG risks for credit institutions and investment firms. • EBA launches call for papers for its 2021 Policy Research Workshop, covering the transition of the economy to netzero. • Consultation paper on draft implementing technical standards (ITS) on Pillar 3 disclosures of ESG risks. • Response to the European Commission's call for advice on KPIs related to institutions' environmentally sustainable activities, including a Green Asset Ratio. • Final draft Implementing Technical Standards on reporting templates under the Financial Conglomerates Directive. • Consultation on incorporating ESG risks into the governance, risk management and supervision of credit institutions and investment firms
	ECB as a Central Bank	• Speech by Christine Lagarde, President of the ECB, on financing a green and digital recovery. • Speech by Christine Lagarde, President of the ECB, on the opportunity to build a green capital markets union for Europe. • Statement on the appointment of Irene Heemskerk as Head of the ECB's climate change centre. • Speech by Isabel Schnabel, Member of the Executive Board of the ECB, on the need for central bank action on climate change. • Letter from Christine Lagarde, ECB President, to several MEPs, on the ECB's approach to managing risks associated with climate change. • Decision to set up a climate change centre to bring together the work on climate issues in different parts of the ECB. • Keynote speech by Christine Lagarde, President of the ECB, on climate change and central banking. • Working paper on green asset pricing.
	ECOFIN	• Announcement on provisional agreement being reached for public sector loan facility to support just climate transition.
	ECB – SSM	• Speech by Frank Elderson, Vice-Chair of the Supervisory Board of the ECB, on guiding banks towards a carbon-neutral Europe.

		• Final guide on climate-related and environmental risks • Report on institutions' climate-related and environmental risk disclosures

	EC	• EU Sustainable Finance legislative package relating to the EU Taxonomy Climate Delegated Acts, the Corporate Sustainability Reporting Directive and various Delegated Acts on fiduciary duties, investment and insurance advice.
		    o Annex 1
		    o Annex 2
		• Speech by Commissioner McGuinness on the Sustainable Finance Package.
		• Speech by Valdis Dombrovskis, Executive Vice President of the European Commission, on the EU's Sustainable Finance Package.

	ESMA	• Letter to EU Commission on priority issues relating to SFDR application. • Call for legislative action on ESG ratings and assessment tools. • Speech by Steven Maijoor, Chair, on the paradoxes of sustainability reporting • Consultation on its draft advice to the EC under Article 8 of the Taxonomy Regulation

	EIOPA	• Opinion on the supervision of the use of climate change risk scenarios in ORSA.
		• Consultation on Taxonomy-related product disclosures
		    o Annex 1
		    o Annex 2
		• Technical advice on key performance indicators under Article 8 of the Taxonomy, to assist insurance and re-insurance firms with complying with the Non-Financial Reporting Directive (NFRD).
		    o Annex
		• Announcement of a Sustainable Finance Roundtable on the 16th of December.

International	BIS	• Report on measurement methodologies for climate-related financial risks. • Report on climate-related risk drivers and their transmission channels. • Speech by Ravi Menon, Managing Director of the Monetary Authority of Singapore on the future of capital being green. • Speech by Lael Brainard, Member of the Board of Governors of the Federal Reserve System, on the financial stability implications of climate change.

		• Speech by Pablo Hernández de Cos, Governor of the Bank of Spain and Chair of the BCBS, on the role of central banks and banking supervisors in climate action. • Haruhiko Kuroda, Governor of the Bank of Japan, on addressing climate-related financial risks. • Launch of a second green bond fund for central banks • Speech by Denis Beau, First Deputy Governor of the Bank of France, on how controlling the risks posed by climate change to financial stability implies developing and standardising non-financial information. • Speech by Lael Brainard, Member of the Board of Governors on strengthening the financial system to meet the challenge of climate change.
	FSB	• FSB encourages use of TCFD's recommendations as the basis for climate-related financial risk disclosures. • Annual status report on TCFD-aligned disclosures by firms
	IOSCO	• FR04/2021 Report on Sustainability-related Issuer Disclosures. • IOSCO consults on sustainability-related regulatory and supervisory expectations in asset management. o Annex • New Technical Expert Group established, which has been given the task of assessing the technical recommendations to be developed as part of the IFRS Foundation's sustainability project.
	IMF	• Launch of Climate Change Indicators Dashboard. • Speech by Tao Zhang, Deputy Managing Director of the IMF, on green finance and a sustainable recovery
Other / Resilience		
UK	FCA	• Speech by Nikhil Rathi, FCA CEO, on building a regulatory environment for the future. • Consultation on plans for a new Consumer Duty • Consultation on preventing individuals connected with a wound-up FS firm reappearing in connection with a claims management company ('claims management phoenixing'). • Market Watch newsletter, covering how the FCA uses orderbook data to help conduct surveillance to identifymarket manipulation. • Speech by Charles Randell, FCA and PSR Chair, on the future of outcomes-focussed regulation. • Finalised guidance for insolvency practitioners on how to approach regulated firms. • Speech by Mark Steward, Executive Director of Enforcement and Market Oversight, on the importance of purposeful anti-money laundering controls.

		• Speech by Charles Randell, Chair of the FCA and PSR, on the FCA's cautious optimism for the post-pandemic world. • Aggregate complaints data reported by financial services firms during H2 2020. • Financial promotions quarterly data for Q1 2021 • Statement on the appointment of Nausicaa Delfas as Interim Chief Executive and Chief Ombudsman of the Financial Ombudsman Service. • Statement on the appointment of Sacha Sadan as Director of Environment, Social & Governance (ESG), Ian Alderton as permanent CIO and Ian Phoenix as Director of Intelligence and Digital. • Statement in response to Complaints Commissioner's report, accepting the Commissioner's recommendations. • Number of skilled persons reports commissioned in Q1 2021. • Policy statement on building operational resilience: feedback to CP19/32 and final rules. • Consultation on plans to regulate the pre-paid funeral plans sector. • FCA confirms the increase in thresholds for contactless payments. • Speech by Nikhil Rathi, FCA CEO, on why diversity and inclusion are regulatory issues. • Speech by Georgina Philippou, Senior Advisor to the FCA, on Public Sector Equality Duty. From regulator to firm to consumer: a virtuous chain of events. • Campaign launched to encourage individuals working in financial services to report wrong-doing. • Warning to consumers about the risks of investments advertising high returns based on crypto-assets. • Consultation paper on changes to the technical standards on strong customer authentication and common and secure methods of communication, and guidance on prudential risk management and safeguarding, for payment and e-money firms. • Report of the Independent Investigation into the FCA's Regulation of London Capital & Finance plc. • Andrew Bailey's (former CEO of the FCA) statement on the FCA's supervision of London Capital and Finance. • Quarterly consultation paper on miscellaneous amendments to the Handbook.
	BOE/ PRA	• Policy statement on temporary, long-term absences for Senior Management Functions • Third edition of regulatory initiatives grid published. • Speeches by Lyndon Nelson, Deputy CEO, on: ○ a) the PRA's recent final policy on operational resilience and the merits of outcome-based regulation of operational resilience; and

		○ b) steps to counter cyber risk, including simulation exercises, penetration testing and international collaboration. • PRA and FCA joint statement welcoming the Financial Stability Board's Peer Review of the remuneration regime. ○ Annex • Working paper on slow recoveries, endogenous growth and macroprudential policy. • Article on how the Bank monitors UK financial conditions • Statement on the appointment of Carolyn Wilkins to the Financial Policy Committee. • Minutes of the Wholesale Distribution Steering Group – March 2021. • Statement on changes to the provision of U.S. dollar repo operations from 1 July 2021. • Statement regarding supervisory cooperation on operational resilience • Working Paper on whether regulatory and supervisory independence affect financial stability • Speech by Nick Strange, Director of the Supervisory Risk Specialists directorate at BoE, on resilience in a time of uncertainty.
	HMT	• Queen's speech, setting out the Government's programme for the upcoming parliamentary session. • Recommendations from Lord Hill's UK Listings Review. ○ Annex • HMT monetary policy remit - letter from Chancellor to BoE on how price stability should be defined and what the government's economic policy consists of. • Consultation and call for evidence on the UK regulatory approach to cryptoassets and stablecoins. • Consultation on insolvency changes for payment and electronic money institutions. • Guidance on notifications threshold under the Short Selling Regulation. • Publication of the Green Book containing international guidance on how to appraise and evaluate policies, projects and programmes • Consultation on the Reform to Retail Prices Index (RPI) Methodology
	CMA	• Call for input on competition and consumer harm arising from the use of algorithms. • Research paper on loyalty price discrimination.
EU	ECB as a Central Bank	• Eurosystem oversight report 2020.

		• Interview with Isabel Schnabel, Member of the Executive Board of the ECB, covering Archegos and cryptocurrencies. • Feedback on the input provided by the European Parliament as part of its resolution on the ECB Annual Report 2019. • TARGET2-Securities Annual Report 2020. • Interview on Twitter with Frank Elderson, Member of the Executive Board of the ECB, on several topics including climate risk and the economy. • Occasional paper on fiscal transfers and economic convergence. • Study on the payment attitudes of consumers in the euro area.
	EC	• Joint Statement on the 2nd Meeting of the EU-Japan Joint Financial Regulatory Forum • Statement on the agreement reached between the European Parliament and the European Council on financial benchmarks
	ECOFIN	• Leaders' Declaration at the G20 Riyadh Summit
	ECON	• European Parliament briefing on strengthening the framework of the anti-money laundering package 2021.
	ESRB	• ESRB risk dashboard for March 2021. • Report on preventing and managing a large number of corporate insolvencies. o Annex 1
	EBA	• Consultation on RTS on crowdfunding service providers offering individual portfolio management of loans. • Consultation on proposals for a central database on anti-money laundering and countering the financing of terrorism (AML/CFT) in the EU. • Consultation on new guidelines on cooperation and information exchange between supervisors in relation to AML and CFT.

	ESMA	• Joint Annual Report for 2020.
		    o Annex 1
		    o Annex 2
		• ESMA supports increasing corporate transparency through the creation of a European Single Access Point (ESAP) for financial and non-financial information publicly disclosed by companies.
		    o Annex
		• The European Supervisory Authorities issue a report on the application of their Guidelines on complaints-handling.
		    o Annex 1
		    o Annex 2

		• Appointment of Vojtech Belling (Czech National Bank) and Vasiliki Lazarakou (Hellenic Capital Markets Commission) to the Management Board. • Guidelines on cloud outsourcing • SMSG advice on 2021 Annual Work Programme.

	EIOPA	• Discussion paper on open insurance: accessing and sharing insurance-related data.
		• Decision on legal case against EIOPA on alleged non-application of Union law
		  o Annex 1
		  o Annex 2

International	BIS	• FSI Brief on banking supervisors' oversight and accountability regimes. • Speech by Christine Lagarde, President of the ECB on investing in our climate, social and economic resilience and the main policy priorities. • Speech by François Villeroy de Galhau, Governor of the Bank of France, on the "tale of the three stabilities" - price stability, financial stability and economic stability. • Speech by Michelle W Bowman, Member of the Board of Governors of the Federal Reserve System, on the economic outlook and prospects for small business. • Address by Mr. Shaktikanta Das, Governor of the Reserve Bank of India, on the financial sector in the new decade. • Principles for operational resilience and operational risk. • Innovation Hub annual work programme. • Results of third BIS survey on central bank digital currency. • Speech by Jens Weidmann, President of the Deutsche Bundesbank and Chair of the Board of Directors of the BIS, on challenges in the European payments market. • Speech by Fabio Panetta, Member of the Executive Board of the European Central Bank, on keeping cyber risk at bay. • Report on enabling open finance through APIs. • Speech by Pablo Hernández de Cos, Chair of the BCBS, on statistical production and economic policymaking
	G7	• Guide on Fundamental Elements of Cyber Exercise Programmes.
	FSB	• Report on the use of overnight risk-free rates and term rates. • Thematic peer review on corporate debt workouts. o Annex • FSB Chair's letter to G20 Finance Ministers and Central Bank Governors in October 2020.

		• Peer Review on the implementation of financial sector compensation reforms in the UK.
	IMF	• A staff discussion note on the post-pandemic assessment of Sustainable Development Goals • Webinar on negative interest rates - taking stock of the experience so far. • IMF Blog: "The Evidence is in on Negative Interest Rate Policies". • Article on the threat posed by cyber risk to financial stability. • Speech by Kristalina Georgieva, IMF Managing Director, on financial inclusion and cybersecurity in the digital age.
	IOSCO	• Report on the education of retail investors regarding risks posed by crypto-assets.

July Libor Transition Regulation and Conduct

LIBOR Transition; Market update: June 16 - July 15, 2021

Highlights

Credit sensitivity: A sensitive topic What happened? Edwin Schooling Latter, Director of Markets and Wholesale Policy at the UK's Financial Conduct Authority (FCA), spoke about the transition away from LIBOR at a recent industry event. He joined the growing chorus of regulators to caution against the use of credit-sensitive rates (CSR), noting that "We don't want to see transition to new so-called 'credit-sensitive' rates, such as Bloomberg's Short Term Bank Yield Index - known as BSBY." Schooling Latter also noted that "Any regulated UK market participants looking to use these so-called 'credit-sensitive' rates in UK-based business [should] consider the risks carefully and raise with their FCA supervisors before doing so."

In its latest Financial Stability Report, the Bank of England's (BOE's) Financial Policy Committee also emphasized that banks should use "the most robust alternative benchmarks available." The BOE specifically criticized BSBY for the relatively low volumes in underlying commercial paper (CP) and commercial deposit (CD) markets, especially in times of market stress.

In the US, the Federal Housing Finance Agency (FHFA) issued a "Dear CEO" letter to the Federal Home Loan Banks (FHLBanks) that it supervises, which included a request similar to that of Schooling Latter. The FHFA also advocated for SOFR as a robust replacement to USD LIBOR, cautioning FHLBanks to "avoid rates that contain shortcomings that exist in LIBOR and other recently discontinued or soon-to-be-discontinued reference rates." The ARRC welcomed the agency's supervisory letter.

In response to recent criticism of BSBY, specifically with respect to its alleged similarities to LIBOR, Bloomberg itself published a report containing additional commentary and analysis of BSBY. The report discusses the demand for a CSR, BSBY's differences from LIBOR, its alleged resistance to manipulation and the expected impacts of money market reforms. Acknowledging that SOFR will likely become the primary reference rate for derivatives and most lending products other than commercial loans, Bloomberg asserts that BSBY's use is bound to be limited to a smaller set of transactions. That observation appears intended to alleviate some of the fears of an inverted pyramid, i.e., a situation in which a large number of contracts utilize a rate based on relatively few underlying transactions.

Bloomberg further suggests that BSBY's vulnerability to manipulation is limited, as its underlying markets are composed of participants with competing objectives. Given the rate's reliance on actual transactions, any manipulation attempt would also carry significant financial risk. Lastly, Bloomberg notes that the impacts of potential money market reforms on BSBY may be muted, as a substantial majority of commercial paper — which BSBY is based on — is not held in funds expected to be impacted by those reforms.

Additional developments

- The Loan Syndications and Trading Association (LSTA) published a blog post summarizing the key points of Bloomberg's report.
- The Bank Policy Institute (BPI) released a statement questioning the validity of a number of concerns raised by regulators.
- According to an SEC filing, Bank of America extended a $1.3 billion, one-year unsecured term loan facility based on BSBY to transportation company Knight-Swift.

Reasonable people can disagree on whether the various rebuttals and defenses of CSRs address the official sector's concerns in their totality. Hence, we don't expect regulators to change their tone anytime soon, if at all. Regulatory criticism alone appears unlikely to deter those banks that have been outspoken proponents of CSRs. We have already seen a number of smaller CSR-based issuances from such banks, even though the official sector's antipathy toward CSRs has been apparent for quite some time now. A number of other institutions, however, appear to be taking note of regulators' increasingly direct warnings and do not intend to offer CSR-based loans, unless specifically requested by the borrower — either directly or through the lead agent for syndicated loans.

Exactly how strong that demand will be is still not entirely clear, especially when customers are presented 2 with the option of either SOFR or BSBY. The market has already seen several larger transactions indexed to SOFR. And with quite a bit of consistency, polls and industry surveys also indicate that a majority of borrowers might look at SOFR as the primary alternative. One fundamental question remains: Should corporate borrowers take on management of their lenders' funding risks?

In any financial transaction, parties get compensated for the risk they are taking on. From a conduct risk perspective, lenders need to ensure that each party understands the risks it is taking on — such as wrong-way funding risk — and how they are compensated accordingly. Regardless of whether it's the bank or the borrower taking on risk, appropriate consideration should be provided.

The devil is in the (term) details

Although these phrases are well-understood by many involved in the transition from LIBOR, we continue to see instances of "term structure" and "term rate" being used interchangeably — even though they actually refer to two different concepts. Generally speaking, term rates are needed to determine interest payments, while a term structure is required for valuation.

Term rate/term fixing

A term rate typically refers to a rate whose fixing is set at the start of a given period, such as one month or three months. The period, or tenor, is commonly linked to the coupon reset of a loan. For instance, a five-year loan paying interest quarterly typically accrues interest based on the three-months fixing. The term fixing allows the interest rate to be set at the start of a period (i.e., the fixing date), before resetting to a new rate at the start of the next period. Its calculation depends on active markets in the underlying (overnight indexed) instruments used to derive the fixing, ideally with maturities that extend beyond the tenor being calculated.

Term structure

A term structure refers to an implied expectation of future levels of forward-looking interest rates, used to determine the value of an instrument over its full life. For example, in order to price a five-year loan paying interest quarterly, one would need to know the expectations for future three-months fixings (regardless of whether using a rate in term, daily simple or compounded in arrears form) over the full term of the loan. The calculation of a term structure depends on active markets in instruments indexed to the term fixing over the full tenor of the curve.

Why it matters

Market participants often bemoan the lack of a "Term SOFR" — but it exists today, published by the CME, derived from the prices of traded market instruments indexed to SOFR. At this time, there is also an observable term structure to SOFR for the next 30+ years, albeit with limited volume in longer-dated transactions. We have observed other rate alternatives being referred to as having a term structure, when what is referred to is actually the term fixing. For most, if not all, of the CSRs under consideration, a reliable term structure does not currently exist. It is dependent on the development of active markets in instruments indexed to these rates that could be used to construct such a term structure.

FCA consultation on synthetic LIBOR

What happened?

The FCA issued its next consultation on the use of its powers to compel the publication of a synthetic LIBOR. The consultation details the agency's proposal to require the continued publication of the 1M, 3M and 6M tenors of GBP and JPY LIBOR once panel bank submissions are scheduled to end on December 31, 2021. Rather than relying on submissions, synthetic LIBOR would be calculation-based, derived from forward-looking RFR term rates plus ISDA's spread adjustment values for the respective settings. The consultation will remain open until August 27, 2021. The FCA has selected ICE Benchmarks Administration (IBA) as the provider of SONIA term reference rates, and QUICK Benchmarks Inc. as the provider of the Tokyo Term Risk-Free Rate. The provider selection is not in scope for the consultation.

Consistent with previous statements, the FCA proposes to limit the publication of synthetic JPY LIBOR to a period of one year. Synthetic GBP LIBOR could be published for up to ten years, subject to an annual review process during that period. Use of synthetic LIBOR is expected to be restricted to tough legacy contracts, i.e., LIBOR-based contracts that have no reasonable mechanism for remediation prior to the benchmark's cessation. The FCA intends to consult on the specific limitations and other remaining issues later on in Q3 2021.

Other than the announcement of selected RFR term rate providers, the FCA's consultation doesn't include much new information. The greatest source of uncertainty for market participants stems from yet-to-be-resolved questions on exactly what contracts would be permitted to reference synthetic LIBOR and how any restrictions would be enforced. The current consultation reiterates many of the FCA's previous talking points, suggesting that the permitted use of synthetic LIBOR would be limited to a narrow set of exposures, primarily in cash products. There have, however, been suggestions that the scope could eventually include some uncleared derivative products as well.

There are, without doubt, some market participants that are hoping for a somewhat broader set of permitted use cases. In that scenario, synthetic LIBOR might not only serve as a solution for genuinely tough legacy exposures, but for inconvenient legacy exposures as well. Relying on that outcome appears fraught with risks, especially since final details on the permitted use of synthetic LIBOR aren't expected until Q4 of this year. 3 In other words, market participants won't have final clarity on which of their legacy contracts may be allowed to reference synthetic LIBOR until after the WG on Sterling RFRs' target date to complete the remediation of legacy LIBOR contracts. At this time, firms should make every effort to remediate legacy contracts to the greatest extent possible.

LIBOR transition in China

What happened?

At a conference on the self-regulatory mechanism of interest rate pricing, major lending institutions were asked to proactively advance the transition for USD loans from USD LIBOR to SOFR. To support the transition, the People's Bank of China (PBC) issued a series of templates, including recommended fallback language for LIBOR-based loans, provisions to transition existing loans to SOFR and a template for new SOFR-based loans (in Chinese). The templates largely align to the ARRC's recommendations on fallback language and RFR conventions for bilateral loans.

Key takeaways from the meeting include:

- Financial institutions should cease to enter or renew LIBOR-linked contracts prior to the corresponding setting's cessation or loss of representativeness.
- Financial institutions should amend legacy LIBOR loan contracts no later than the first repricing day after the cessation or loss of representativeness of the corresponding setting.
- For non-USD loans, institutions could refer to recommendations from the respective regulators.
- A template to amend domestic LIBOR-linked derivatives is currently under consultation.

The PBC's guidance follows up on a white paper on LIBOR transition released in August 2020, which described China's commitment to participating in global interest rate benchmark reforms.

China has generally followed international consensus and best practices, promoting the application of new benchmark interest rates in its domestic market. Chinese banks have made significant progress in the transition away from LIBOR, with several institutions acting as early adopters of alternative reference rates. In October 2019, Bank of China issued Asia's first floating rate bond linked to SOFR. And since April 2020, the China Foreign Exchange Trade System (CFETS) has included RFRs as the foreign currency leg in interest rate swaps used in the domestic interbank funding market. With additional templates now available, we expect China's leading banks to further advance their transition progress. It appears likely that we'll see the launch of additional SOFR cash products in the near future, as well.

SOFR First: Cleared for take-off?

What happened?

At its last meeting, the CFTC's Market Risk Advisory Committee (MRAC) formally adopted the SOFR First recommendation made by its subcommittee on Interest Rate Benchmark Reform. The ARRC promptly welcomed the adoption of the subcommittee's recommendation.

The first three phases of the initiative contain recommendations for interdealer market participants to prioritize trading in SOFR, rather than USD LIBOR, for various derivatives. As part of phase one, the change in trading convention to base the default rate curve on SOFR for linear derivatives is targeted for July 26, 2021, as had previously been communicated. Interdealer screens to trade LIBOR-based swaps will be turned off in October 2021. The change in convention for cross-currency swaps, i.e., phase two, is recommended for September 21, 2021 — with a target date for the switch in convention for non-linear derivatives yet to be determined. Also yet to be confirmed is a target date for the final phase of the initiative, which would include a broader recommendation for a switch in convention for exchange traded derivatives.

In his opening remarks Acting Chairman Behnam further noted that the commission would draft a rule proposal addressing mandatory clearing of SOFR swaps, expected to be finalized in 2022.

- Regulators in Europe and the UK issued related proposals in the past week. The FCA issued a consultation on amendments to derivatives trading obligations (DTO), which require standardized and liquid over-the-counter (OTC) derivatives to trade on regulated trading venues. Based on an analysis of liquidity in RFR swaps trading, the UK regulator plans to remove derivatives referencing GBP LIBOR from the DTO, replacing them with swaps referencing SONIA. The Bank of England recently concluded a related consultation on derivatives clearing obligations (DCO), also proposing to replace GBP LIBOR instruments with contracts referencing SONIA, among other changes.
- ESMA is proposing similar changes to both derivatives trading and clearing obligations. With respect to clearing obligations, contracts referencing EONIA, GBP LIBOR and JPY LIBOR would be removed, while €STR-based contracts would be added. GBP LIBOR contracts would also be removed from derivative trading obligations.
- Both the FCA and ESMA are — for now — holding off on a decision regarding SOFR-based transactions. In their supporting liquidity analyses, both regulators pointed to the continued dominance of LIBOR in the USD derivatives market. The inclusion of SOFR derivatives for the purposes of DCO and DTO remains dependent on increased liquidity, which the SOFR First initiative is expected to catalyze.
- ***Much has been made about the potential challenges of a multi-rate environment, especially in the loan markets***. In the derivative markets, where RFRs are expected to replace LIBOR in the vast majority of contracts, different types of challenges might be on the horizon. Here, the complexities might originate from transacting in a multi-convention environment.
- The base case, as championed by the various national working groups and regulators, remains rather straightforward: Both lending and derivative markets switch to using RFRs compounded in arrears. Standard SOFR OIS contracts, for instance, would then be available to hedge-matching loans based on compounded SOFR. With SOFR First expected to further boost liquidity in SOFR derivatives trading, it seems almost certain that standard SOFR OIS contracts will eventually fall within clearing and trading obligations in Europe and the UK, and mandatory clearing and make-available-to-trade (MAT) regulations in the US. Once we deviate from that base case, however, things can get complicated — and potentially more costly — in a hurry.
- Loan markets are bound to employ RFRs using any number of different conventions to calculate interest, set payment dates and other parameters. Some parts of the loan market will look to RFR term rates, while others continue to explore different alternative reference rates, such as CSRs, altogether. In the end, institutions might find themselves with a diverse portfolio of swaps that look and function very differently. Further, customized swaps to match specific loan terms might not be clearable. One could reasonably expect those swaps to incur additional costs, as the capital and netting benefits of cleared instruments are lost. In anticipation of market participants looking to hedge such customized contracts, ISDA recently issued a supplement to its 2006 definitions that would allow parties to a swaps trade based on RFRs to specify

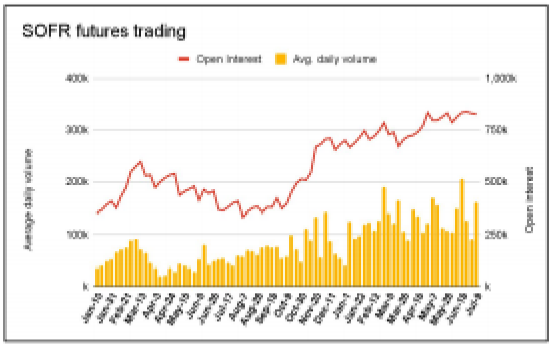
any number of different calculation and payment conventions. These options continue to exist under the recently published 2021 definitions as well. Those that can achieve their hedging needs under one of these conventions may also benefit from certain of these non-standard swaps becoming eligible for clearing over time.

Given the expected impacts on liquidity, hedging of SOFR exposures will likely become cheaper as a result of the SOFR First initiative — that is, as long as one stays close to standard market conventions. Increases in costs likely won't be confined to transactions in customized SOFR swaps. Even new LIBOR swaps initiated for the purpose of risk managing an existing exposure — one of the exceptions outlined in the US regulators' interagency guidance on ending the use of LIBOR — will almost certainly become costlier. One reason is the potential decline in liquidity in USD LIBOR derivatives after year-end. Second, the FCA and ESMA consultations remind us that, one day, even USD LIBOR swaps might no longer be clearable.

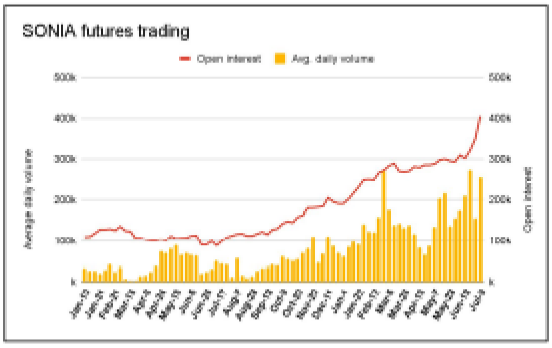
ISDA IBOR Fallbacks Protocol adherence (July 15, 2021 vs. June 15, 2021) - 14,361 total entities (up from 14,203) - 2,147 sign-ups on or after the effective date - 29 out of 30 G-SIBs (unchanged)

RFR adoption: Derivatives

Futures and options



Source: CME, ICE (accessed July 12, 2021)

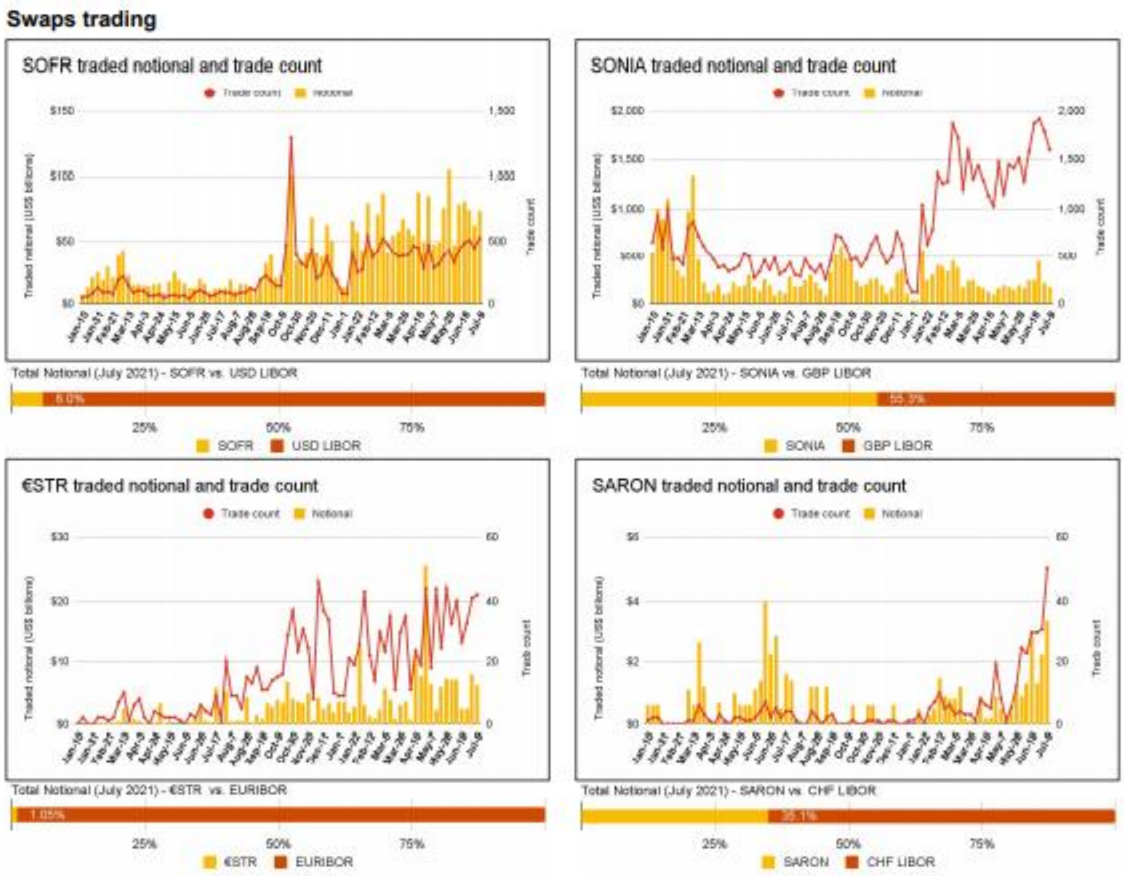


Source: CME, LCH, ICE (accessed July 12, 2021)

The upward trend in trading volume of SOFR futures continues. The week ending June 18 saw a record high of an average of 231k contracts traded daily, fuelled by a single-day record of over 340k contracts traded on June 18 alone. A corresponding increase in open interest followed in the week thereafter, reaching a record high of more than 840k contracts.

In its latest Rates Recap, the CME reminded market participants that the market for SOFR derivatives is even deeper. With the inclusion of SOFR-based fallbacks in Eurodollar derivative contracts, a daily volume of 900k long-dated Eurodollar contracts are now really a combination of short-dated LIBOR and forward-starting, long-dated SOFR contracts.

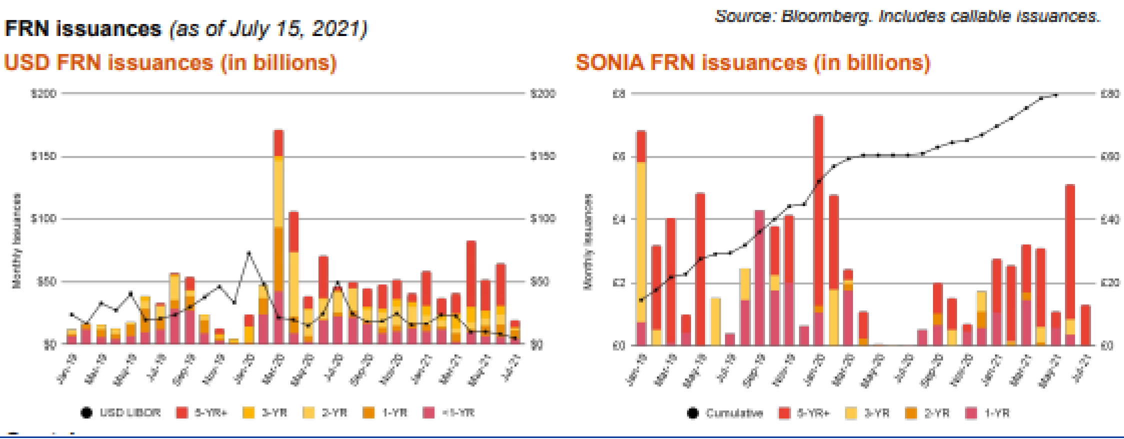
Records were broken elsewhere, too. Average daily trading volume in SONIA futures reached an all-time high of over 272k contracts in the last full week of June. An increase in open interest followed, with last week's ending total eclipsing 400k contracts for the first time since trading in SONIA futures began.



With less than six months to go until December 31, 2021, the overall RFR swaps-trading picture remains the same. SONIA derivative markets are the most mature of the bunch. Liquidity in SOFR derivative markets continues to increase steadily, but USD LIBOR continues to dominate the landscape — although that is expected to change following phase 1 of the SOFR First initiative later this month. Trading in other RFR swaps remains comparably limited, although the first weeks of July saw sharp increases in daily trading volumes for both SARON and TONA swaps.

As part of their consultations on proposed changes to Derivative Trading Obligations (DTOs), both the FCA and ESMA analyzed liquidity in RFR derivatives. The results align to what the naked eye would suspect, declaring markets in SONIA derivatives as at least as liquid as those in GBP LIBOR, while reserving judgment on SOFR markets until the SOFR First initiative has had a chance to make its mark.

RFR adoption: Cash products



FRN issuances in USD LIBOR continue to dwindle. There are still a number of market participants, mostly from outside the US, that continue to issue LIBOR-based FRNs that are either callable or have maturity dates earlier than June 30, 2023. However, long-dated LIBOR issuances with maturity dates beyond June 2023 are becoming increasingly rare. There were only $150 million of such issuances in the first two weeks of July.

It didn't happen immediately, but today — a full six months after the ARRC's recommended target date for the end of USD LIBOR-based FRN issuances — it seems that the switch from LIBOR to SOFR as the market standard for USD FRN issuances is almost complete.

For additional details on employed conventions and other parameters of recent RFR-based loans, see the Loan Market Association's (LMA's) regularly updated list of RFR referencing syndicated and bilateral loans. *Given the private nature of the loan market, neither the LMA's list nor our highlights should be considered an accurate representation of activity in loan markets. Especially with the WG on Sterling RFR's target date for an end of GBP LIBOR use in new products now behind us, publicly available data likely doesn't tell the whole story with respect to SONIA-based lending. The same will increasingly become true for SOFR-based lending, as expectations for lenders to shift away from USD LIBOR continue to increase. 1 Please note: This information has been obtained from publicly available sources.*

Notable cash product issuances and other RFR adoption

SOFR

- Ford Motor Co. JPMorgan, as administrative agent, announced Ford's plan to refinance its existing $15.4 billion in credit facilities in September, with SOFR as the new reference rate. The transaction would represent the first broadly syndicated loan based on SOFR. Press coverage
- BankDhofar Secured a trade finance facility from Wells Fargo, intended to help the bank provide trade finance facilities to its own corporate customers. Press release
- DBS Executed Singapore's first export financing transaction based on SOFR. Press release

- World Bank Group IFC issued a $1 billion SOFR bond, its first issuance tied to the USD LIBOR alternative. Press release
- Corporación Andina de Fomento (CAF) The development bank issued a $400 million FRN linked to SOFR, reportedly the first Latin American issuance tied to SOFR. Press release

SONIA

- United Overseas Bank Received bondholder approval to convert a £350 million in floating rate covered bonds from GBP LIBOR to SONIA. Press release
- Crédit Agricole Bondholders exchanged close to £400 million in GBP LIBOR notes for equivalent notes based on SONIA. Press releases: Initial offer Results
- Nationwide Obtained consent from shareholders to switch the reference rate on £10 million in permanent interest-bearing shares from GBP LIBOR to SONIA. Reg filing

Publications at a glance

National working groups

Alternative Reference Rates Committee (ARRC)

- Announced its fourth SOFR symposium for July 21. The event is expected to provide an update on the SOFR First initiative, as well as continued progress toward a formal endorsement of CME's SOFR term rate.
- Published minutes from its May 19 meeting.

WG on Sterling RFRs

- Published a paper to support borrowers in understanding and meeting the WG's Q3 target date for the remediation of legacy GBP LIBOR loans. The WG also updated a number of previous publications: The best practice guide for GBP loans received a new appendix on compounded SONIA-based indices, the summary of publicly available RFR calculators was updated, as was the summary of attributes of currently available SONIA term rates.
- Published its newsletter for June 2021 and minutes from the WG's May 11 and June 9 meetings.

WG on Euro RFRs

- James von Moltke, CFO and board member of Deutsche Bank, has been announced as the new chair of the WG on Euro RFRs.

NWG on CHF Reference Rates

- Published an executive summary of its July 1 meeting.

Canadian Alternative Reference Rate Working Group (CARR)

- Published results from its consultation on CORRA-in-arrears conventions and recommended fallback language for CDOR-based FRNs.
- Published minutes from the working group's April 26 meeting.

Regulators

Financial Stability Board: Issued a progress report on LIBOR transition to the G20, encouraging regulators to set consistent expectations that firms end the use of LIBOR in new products as soon as practicable, irrespective of currency or geographic location.

European Central Bank (et al.): In a joint statement, the European Commission (EC), the European Central Bank (ECB), the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA) called on institutions to cease the use of any LIBOR setting, including USD LIBOR, as soon as practicable but no later than December 31, 2021, limit the use of synthetic LIBOR and actively reduce their LIBOR exposures prior to LIBOR's cessation.

Fed: President and CEO John Williams addressed the transition from LIBOR in a speech at a recent industry conference, echoing many of the sentiments voiced at the most recent FSOC meeting: pick a robust replacement, and accelerate your preparations.

SEC: In remarks at a recent industry event, Chair Gensler reiterated his concerns about the similarities between LIBOR and the Bloomberg Short-Term Bank Yield Index (BSBY).

Federal Housing Finance Agency: In a "Dear CEO" letter to the Federal Home Loan Banks (FHLBanks), the FHFA advocates for SOFR as a robust replacement to USD LIBOR, cautioning FHLBanks to "avoid rates that contain shortcomings that exist in LIBOR and other recently discontinued or soon to be discontinued reference rates." The ARRC welcomed the agency's supervisory letter.

Bank for International Settlements: The BIS published a brief executive summary on the key aspects of financial benchmarks reform.

CFTC: The commission's Market Risk Advisory Committee (MRAC) formally adopted the SOFR First recommendation made by its subcommittee on Interest Rate Benchmark Reform. Acting Chairman Behnam also noted that the Commission would draft a rule proposal addressing mandatory clearing of SOFR swaps. The ARRC welcomed the adoption of the SOFR First recommendation. Issued a statement to remind market participants and swap execution facilities (SEF) of the importance of building additional liquidity in RFR derivatives markets, strongly encouraging adherence to the SOFR First recommendation issued by the CFTC's MRAC.

Bank of England / Financial Conduct Authority: UK banking regulators encouraged UK participants in the interdealer US dollar IR swaps market to support the SOFR First initiative and change conventions from LIBOR to SOFR on July 26, 2021.

Bank of England: Following the bank's Financial Policy Committee meeting in late June, the committee's latest Financial Stability Report emphasized that banks should use "the most robust alternative benchmarks available." The report went on to specifically criticize BSBY for relatively low volumes in CP and CD markets upon which the rate is based, especially in times of market stress.

UK Infrastructure and Projects Authority: Updated its guidance to procuring authorities on LIBOR transition impacts on PFI projects.

Financial Conduct Authority: Issued its second consultation on the use of its powers to compel the publication of a synthetic LIBOR. Launched an updated and redesigned LIBOR transition landing page. Edwin Schooling Latter, Director of Markets and Wholesale Policy spoke on the transition away from LIBOR at a recent industry event. Published a brief set of FAQs to clarify MiFIR data reporting requirements related to transactions or financial instrument reference data impacted by reference rate reform. Issued a consultation on proposed changes to derivative trading obligations, which would see GBP LIBOR swaps be replaced by OIS referencing SONIA. Decisions on instruments tied to other RFRs are expected at a later point in time.

ESMA: Published a consultation on proposed amendments related to the transition from EONIA and LIBOR to regulatory and technical standards on clearing and derivative trading obligations.

FINMA: The Swiss financial markets regulator clarified its previous guidance related to the treatment of derivative contracts that are amended as part of the transition away from LIBOR, providing additional details on the type of amendments that would not be considered a new transaction and would not trigger clearing or margin obligations.

European Commission: Published responses it received on its consultation on designating a statutory replacement for CHF LIBOR.

Autorité des Marchés Financiers: Robert Ophele, President of the French financial markets regulator, called for faster adoption of RFRs in derivative markets.

Dutch Authority for Financial Markets: The AFM published a set of recommendations on the mitigation of conduct risks for banks, insurers and pension funds. In a joint statement with the Dutch central bank, the regulators echo the FSB's recommendation to cease issuances of new LIBOR-linked products as soon as practicable.

Office of the Superintendent of Financial Institutions: The Canadian banking regulator sent an industry letter to financial institutions, suggesting it could take supervisory actions in cases where firms' transition efforts or processes showed "significant deficiencies."

National Bank of Poland: Addressed the implications of LIBOR transition on the Polish market in its latest Financial Stability Report.

South African Reserve Bank: The Prudential Authority communicated their expectations for banks as they transition away from LIBOR.

HKMA: Asked institutions to distribute to its commercial customers a fact sheet summarizing key considerations for corporate treasurers.

Reserve Bank of India: The RBI issued a roadmap for the transition from LIBOR, encouraging institutions to end the issuance of LIBOR-based contracts as soon as practicable, but in any event, by the end of the year. Banks are also asked to end the use of MIFOR, a rate that relies on the overnight setting of USD LIBOR as an input. Transactions for risk management purposes of existing positions may continue after December 31, 2021.

Bank of Bangladesh: Issued a circular setting a revised interest rate for short-term trade financing, dictating a spread to be applied to LIBOR's respective replacement in various currencies

Industry groups, infrastructure providers and other items

- Bloomberg: Published a report containing additional commentary and analyses of BSBY. The report discusses the need and demand for CSRs, BSBY's differences from LIBOR, its resistance to manipulation and the expected impacts of money market reforms.

EMMI: In an interview with EFAMA, Jean-Louis Schirmann, CEO of EMMI, offered a somewhat revised timeline for publication of an €STR term rate, currently under development in collaboration with IBA. EMMI now expects to publish a beta version in the fall of 2021, with final rates expected "towards the beginning of 2022." Initially, January 3, 2022 had been communicated as planned publication date. Addressed EURIBOR and the transition from EONIA to €STR in the inaugural issue of its new newsletter.

BAFT: The Bankers Association for Foreign Trade has released a set of FAQs on the impact of LIBOR transition on trade finance.

Bank Policy Institute: The BPI published a blog post in defense of credit-sensitive rates, suggesting that recent regulatory criticism related to their perceived similarities to LIBOR might be somewhat unwarranted.

ISDA (w/ Bloomberg): Published updated versions of its fact sheet and FAQs on IBOR fallbacks.

ISDA: Published an informational matrix describing the various outcomes for a swaption, depending on whether or not it is subject to the ISDA IBOR Fallbacks. The ISDA-Clarus RFR Adoption Indicator increased to 11.7% for the month of June, up from 10.8% in May. CEO Scott O'Malia summarized recent regulatory statements on LIBOR transition: "hurry up." He reiterated that firms need to be ready to transact in alternative rates in all currencies by the end of the year. While he noted that ISDA would support trading in alternative benchmarks where appropriate, e.g., to allow hedging of a loan product tied to a specific benchmark, he expects the majority of derivatives markets to move to RFRs compounded in arrears. In the latest ISDA Quarterly, OCBC's head of global treasury business management comments on the state of LIBOR transition in APAC. Published Supplement 77 to the 2006 ISDA Definitions, updating self-compounding RFR rate options (member access only). Published a summary of the key changes in its 2021 definitions. Published an updated FAQ document on its supplement enabling different approaches to compounding or averaging for RFR derivatives under the 2006 ISDA Definitions. Updated its memorandum on different approaches to compounding for RFR derivatives under the 2006 ISDA Definitions. Hosted a webinar on its consultation on fallbacks for GBP and USD LIBOR swap rates. Presentation slides are available HERE. Published its response to the FCA's initial consultation on the use of its augmented powers related to critical benchmarks.

CME: In its latest Rates Recap, the CME reminds participants that the inclusion of SOFR-based fallbacks in Eurodollar derivative contracts, which began earlier this year, created a significant amount of additional SOFR exposure.

LCH: Announced that LCH SwapAgent had processed its first SARON/SOFR cross-currency basis swap.

SIX: Published a maintenance note describing its approach to calculating accrued interest for SARON-based FRNs.

American Financial Exchange: The AFX launched a forward-looking AMERIBOR term structure of interest rates.

SOFR Academy: Sent a letter to the ARRC, providing a progress update on the Across-the-Curve Credit Spread Index (AXI).

UK Finance: Hosted a series of webinars on LIBOR transition, including panel discussions on the transition in commercial lending and market progress, term rates and data sets as part of the final steps in the transition. Reported that a recently conducted survey showed that a quarter of respondents did not know whether they had a product linked to LIBOR. 48% of businesses that had heard of LIBOR were not aware that it was coming to an end. Launched a new microsite containing information on LIBOR transition for small and medium enterprises (SME) and consumers. • European Fund and Asset Management Association: Christophe Binet, chair of EFAMA's benchmarks task force, addressed the impact of LIBOR transition on investment managers.

Association for Financial Professionals: Reported that a larger number of respondents to its annual liquidity survey indicated they were prepared — or were in the process of preparing — for LIBOR transition as compared to last year's survey. (registration required)

LSTA: Published a blog post summarizing the current debate surrounding credit-sensitive rates (CSRs), suggesting they are likely to play a part in commercial lending transactions going forward. At a recent industry event, the LSTA discussed potential LIBOR replacements and hedging implications. The key takeaways have been summarized in a blog post. Characterized the recent FSOC meeting as a "full-throated support to Term SOFR."

The Investment Association: Released a report suggesting that broader market participants must increase their efforts to meet the year-end deadline to transition LIBOR-based bonds.

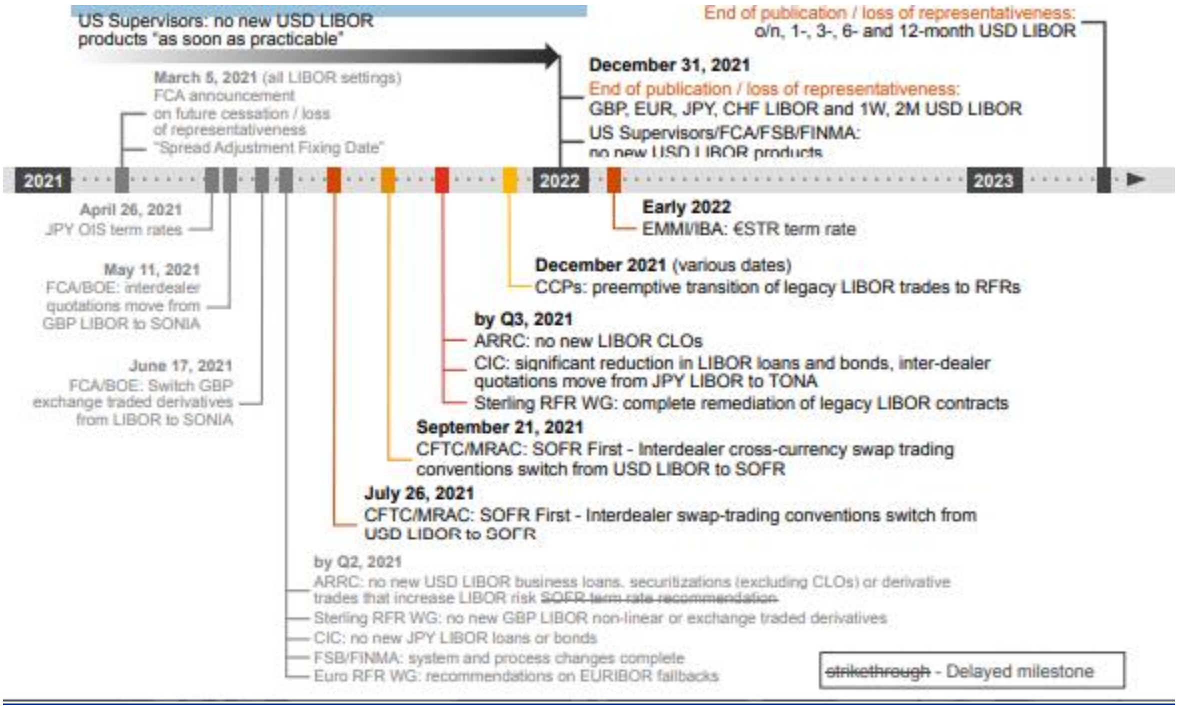
ICMA: Published its response to the FCA's consultation on the use of its new powers to mandate the publication of synthetic LIBOR.

LMA: Published its response to the FCA's initial consultation on the use of its augmented powers related to critical benchmarks. Published an updated list of syndicated and bilateral loans referencing RFRs. Discussed the LIBOR transition approach of borrowers in the Swiss market in an interview with the treasurer of a large Swiss corporate.

International Trade and Forfaiting Association (ITFA)/Trade Finance Global Trade (TFG): Announced the launch of the ITFA-TFG LIBOR for the Trade Finance hub, a central repository of resources for the trade financing community.

Structured Finance Association: The SFA has renewed its call for federal legislation to address tough legacy exposures.

LIBOR transition target dates



Commodities Regulation and Conduct

A UK based trader formerly of Deutsche Bank has been sentenced to a year and a day in US prison for spoofing on the Comex exchange in precious metals futures. The announcement from the Department of Justice can be found here and an article about the topic on Reuters here and on the FT website here. The original indictment occurred in 2018 (see here) with the activity occurring between 2008 and 2013. Civil penalties were also levied in the past.

The last weeks have seen a continuation of anti abuse activity and fines from regulators, exchanges and others since our last post here. The activity includes:

A market participant in Denmark was found by the Danish Utility Regulator to have breached REMIT Articles 3 and 4 by failing to publish Urgent Market Messages relating to an outage at an asset and then carrying out trading activity relating to the asset. The activity occurred in November 2019. The notice in Danish can be found here. The market participant failed to publish the information due to process error, and also argued that nevertheless, the information is not considered "inside information" under the criteria of "precise" and "significant". The regulator disagrees with this assessment and refer to the REMIT Guidance updated by ACER last year (see here). As a result the market participant has received a reprimand.

A trader was fined £100,000 and suspended for two years for pre arranged trades on ICE Futures Europe in SOFR Index Futures here. This fine of £44,500 issued by Ice Futures Europe relates to a position limits breach. Fines issued by CME include one for $25,000 for a position limits breach on NYMEX in crude oil futures here and another for $40,000 here.

Ofgem, Great Britain's National Regulatory Authority, has opened a consultation on their Enforcement Guidelines and Sectoral Penalty Statement which can be found here. Ofgem has closed the investigation into National Grid regarding the provision of incorrect demand forecasts. The case has been settled for 1.5 million GBP and can be accessed here.

A trader has pled guilty to charges of conspiracy to manipulate a key oil benchmark, by submitting misleading bids and offers to a benchmark provider during the pricing window. The DoJ press release, which can be found here, further describes the case. ICE Futures Europe has fined a firm £75,000 after the early settlement discount for inadequate standards with with regard to record keeping, recorded media and timestamping requirements. The notice can be found here. The FCA has fined a trader £52,500 for executing wash trades. The notice can be found here. The activity occurred in equities, where the wash trades were entered into in order to meet minimum volume requirements.

This paper by Latham & Watkins titled "Insider Trading in Commodities Markets: An Evolving Enforcement Priority" looks at how the CFTC and DoJ are increasing enforcement against inside information rule breaches in the commodities markets.

This article on the S&P Global Platts web site reports that Shell has agreed with FERC to pay $1m in fines for an index manipulation in natural gas. The fine includes an "inadequate supervision" element. FERC has proposed that a trading firm be fined $240m for market manipulation in Financial Transmission Rights in the PJM market. The press release can be found here. The activity including sending misleading price signals and making false statements.

A fine of $500k levied by the CFTC on an asset manager in the US, for executing wash trades in various commodities. The press release can be found here and the order here. The company used pre arranged trades to transfer positions from one FCM to another, leading to the transfers via wash trade. The activity was approved by compliance and senior management. The offences listed include the placing of wash trades and also inadequate supervision and systems.

This story on the news.com.au site reports on intervention by Chinese regulators on Iron Ore prices. This article on the Australian Financial Review site also reports on the topic.

In the financial markets, Danske Bank has been charged with a breach of MAR in terms of monitoring. The press release from Danske Bank can be found here. Three banks were fined a total of 371 million Euros, as reported here on the Reuters site. The banks were fined for engaging in anti competitive behaviour in the bond markets, by inappropriately sharing information relating to prices and volumes in the run up to auctions. The UK's Financial Conduct Authority published the 67th edition of the MarketWatch newsletter here. While the newsletter focuses on Equity manipulation, it also covers algorithms and a case where potential spoofing was identified leading to the responsible firm introducing further training and appropriate procedures. The FCA have opened their first criminal case against a bank under the Money Laundering Regulations 2007. The press release can be found here. No individuals have been charged.

Regulators and supervisors have begun to set out their forward-looking priorities,

Emphasis on managing the immediate impact of COVID-19 starts to reduce. Key areas of focus highlighted by European regulators are the implementation of all aspects of the Basel III framework, tackling the expected rise in NPLs and action to address climate change related risk. In the UK, the FCA is looking to set "clearer and higher expectations for firms' standards of care towards consumers" through the introduction of a new Consumer Duty.

Broadly, regulatory efforts remain firmly trained on climate risk, FinTech developments, and the impacts of economic and geopolitical uncertainties. The government has announced the creation of an independent expert group to help the government monitor "greenwashing" and develop a UK taxonomy. Diversity and inclusion is also an important theme, both across the financial sector and within the regulators. A joint discussion paper is planned for summer 2021. As part of the UK economic recovery plan, and with a nod to the UK's competitiveness as a fund domicile, the FCA is consulting on changes to the Qualified Investor Scheme regime to facilitate investment in "long-term" (infrastructure) assets by a wider range of investors.

The EU-UK regulatory border continues to evolve and widen. HMT intends to extend for five years to end-2026 the current exemption for UCITS from producing the Key Investor Document (KID), while it undertakes a review of the UK retail disclosure regime. In practice, the FCA will introduce rule changes within that timeframe, but there is likely to be a disconnect with both the revised EU rules for the KID and the EU's mid-2022 deadline.

With the cessation dates for all panel bank LIBOR settings now confirmed, work on the transition from LIBOR to Risk Free Rates (RFR) also continues apace. The FCA is seeking views on how it proposes to use new powers (introduced as amendments to the BMR under the Financial Services Act 2021) to support the orderly winddown of critical benchmarks. The BoE and the FCA issued a joint statement encouraging market participants to switch to SONIA in the sterling exchange traded derivatives market from 17 June, following the recommendations of the Working Group on Sterling Risk-Free Reference Rate

There have been yet further announcements from the FCA regarding consumer protection. The most significant, given its potential breadth and depth of impact, is the FCA's consultation on a new Consumer Duty, which is designed to increase the current level of consumer protection in the retail financial services market. The FCA has used the publication to signal a "paradigm shift in its expectations" of firms.

The PRA published its 2021/22 business plan at the end of May. The eight strategic goals are unchanged and, unsurprisingly, mitigation of the impacts of the pandemic on regulated firms and the wider economy remains high on the agenda. There is continuing focus on issues such as asset and credit quality, stress testing, operational resilience, and robust recovery and resolution planning, together with major reviews or policies to deliver.

The PRA published a Discussion Paper on its future approach to the prudential regulation of non-systemic UK firms. The paper did not identify the PRA's proposed approach (which will be consulted on once the PRA has received feedback on the DP). Rather, it sets out a range of options for simplifying capital and liquidity requirements, as well as other key requirements (such as those related to governance, remuneration, risk management, resolvability, reporting and disclosure). The PRA is considering starting by developing a simplified regime for the smallest firms, as they face proportionately higher compliance costs due to the complexity of the existing regime.

The FCA released a Consultation Paper on the listing rules for Special Purpose Acquisition Companies (SPACs). Currently, a SPAC listing is typically suspended when it identifies an acquisition target. This potentially imposes a disproportionate barrier to listing for larger SPACs that build specific investor protections into their structures, while also preventing investors from selling their shares. The FCA proposed to remove the presumption of suspension for SPACs that comply with higher levels of investor protection. It also proposed a set of disclosure and investor protection features that SPACs should include to avoid suspension.

In the EU, the European Commission adopted a package of sustainable finance-related legislative measures. These included an EU climate taxonomy Delegated Act, which aims to support sustainable investment by making clear which economic activities most contribute to the EU's environmental objectives; and a Corporate Sustainability Reporting Directive, which aims to improve the flow of sustainable information in the corporate world. Six further Delegated Acts were also adopted to ensure that financial firms include sustainability in their procedures and their investment advice to clients.

The BCBS published a pair of reports on climate risk – one on climate-related risk drivers and their transmission channels, and another on measurement methodologies for climate-related financial risks. The first explores how climate-related risk drivers, including physical risks and transition risks, can arise and affect both banks and the banking system via micro- and macro-economic transmission channels. The report on methodologies provides an overview of conceptual issues relevant to climate-related financial risk measurement, as well as observations on practical implementation challenges seen from banks and banking supervisors.

Encouraging innovation and managing risks

UK regulation is being adapted to the new opportunities and challenges arising from digital innovation and the UK's position outside the EU. Regulators used UK FinTech week to make a number of important announcements to encourage innovation but also to ensure risks are well-managed. The latest edition of the Regulatory Initiatives Grid contains many new entries, although due to the delay in the grid's publication, several have already begun. The Financial Services Bill has become law, enabling progress on several regulatory initiatives including:

implementation of the remaining Basel III standards; a new prudential regime for investment firms; giving the FCA the powers it needs to oversee an orderly transition away from the LIBOR benchmark; and bringing interest-free buy-now-pay-later products into regulation.

There have been various other developments on the prudential side, including a proposed new regime for smaller deposit-takers and more details released about the 2021 Climate Biennial Exploratory Scenario. For insurers, a speech by Charlotte Gerken, PRA Executive Director, focused on risks inherent in the matching adjustment (MA), especially on risks from less liquid assets stemming from uncertainty about credit ratings, valuations and the amount of MA benefit that should be taken as a credit to balance sheets. Boards and senior management need to be across these risks and understand the vulnerabilities in assumptions that have to be made. Firms should also expect to be challenged when investing in asset classes that are new to them.

The Financial Stability Board's (FSB's) review of UK financial sector remuneration reforms notes the effectiveness of the UK regulatory framework. Following the FSB's recommendations, the regulators will review the interaction of the remuneration regimes and the Senior Manager Regime and issue additional guidance for the insurance sector. Meanwhile, various regulatory initiatives seek to improve and extend appropriate protection for retail consumers.

HMT and the regulators used UK Fintech Week to make a number of announcements encouraging the growth of digital finance. The Chancellor announced that the FCA will launch a 'scale box' – an enhanced version of its regulatory sandbox – which will support fintech firms looking to scale up. Having reported on phase one, the FCA is launching phase two of its digital sandbox to enable firms to test concepts that tackle sustainability and climate change–related challenges. By the autumn, the FCA plans to create a 'regulatory nursery', a period of enhanced oversight for newly authorised firms to develop and become used to their regulatory status. Financial market infrastructure will also have access to a new sandbox run jointly by HMT, the Bank of England (BoE) and the FCA to allow firms to explore innovations such as distributed ledger technology (DLT).

The BoE and HMT announced the creation of a Central Bank Digital Currency (CBDC) Taskforce to explore a potential UK CBDC to exist alongside cash and bank deposits. An Engagement Forum (EF) for senior stakeholders will be created to gather strategic input on all non-technology aspects of a CBDC. The EF will have an important role in helping policymakers understand the practical challenges of designing, implementing and operating a CBDC. A Technology Forum (TF) will also be formed to gather input on all technology aspects of CBDC from a diverse cross-section of stakeholders.

The BoE is offering a new type of account as part of the Real Time Gross Settlement (RTGS) service. The omnibus accounts, in which an operator of a payment system can hold funds to fund their participants' balances with central bank money, will allow RTGS to interface with a wider range of payment systems, including those using DLT.

However, a Dear CEO letter from the PRA and FCA on the risks associated with deposits that are placed with banks and building societies via deposit aggregators, highlights that the regulators are also monitoring the risks that may arise from changing business models encouraged by fintech developments. In this case, firms should ensure consumers are aware that their protections may be different from where they have a direct-depositor relationship, and firms may need to alter their risk management and funding models when a significant proportion of their balance sheet comes from a deposit aggregator.

The FCA is increasing the number of firms that will need to submit an annual financial crime report (REP-CRIM) from approximately 2,500 to 7,000 to help manage emerging money laundering risks. The obligation will now apply to all crypto-asset exchange providers and custodian wallet providers, as well as to electronic money institutions.

The FCA published insights and good practice from its 2020 Cyber Coordination Groups (CCGs). The CCGs aim to help firms and government agencies share knowledge and discuss good practices to protect themselves from cyber threats across the financial sector. The publication highlights the additional strain remote working has put on cyber-security teams and systems, and the need to re-evaluate existing cyber risks and controls. It also identifies Zero Trust Security models and Artificial Intelligence as some of the emerging fields within cyber-security.

Many new regulatory initiatives; *Publication of the latest edition of the Regulatory Initiatives grid was delayed, so several of the entries marked as "new" have already begun and have been reported in previous months or are reported below.*	
1	Proposals to extend the scope of listed issuers covered by the Taskforce on Climate-related Financial Disclosures (TCFD) aligned disclosure rule.
2	Proposals to require climate-related disclosures by asset managers, life insurers, and FCA regulated pension providers, aligned with the TCFD recommendations.
3	Guiding principles for the design, delivery and disclosure of ESG/sustainable fund products to help ensure firms are clear about, and understand, their existing obligations, including their responsibility to provide information to consumers that is fair, clear and not misleading.
4	Technical Screening Criteria to define what economic activities are environmentally sustainable (UK Taxonomy).
5	A joint PRA/FCA Discussion Paper on Diversity and Inclusion, and a data request.
6	New rules and guidance to mitigate the risk of "phoenixing" by claims management companies (CMCs) – the practice of firms closing themselves down to avoid their redress liabilities and then re-emerging as an authorised CMC to bring claims against their own misconduct.
7	Bringing unregulated, interest-free Buy-Now-Pay-Later products into FCA regulation.
8	Detailed proposals for an online portal that all PRA-regulated firms would need to populate with certain information on their (material) outsourcing and third-party arrangements.
9	Aspects of the Bank of England's approach to executing a bail-in resolution.
10	Revisions to PRA109 templates – Operational Continuity in Resolution Reporting.
11	Proposals to amend the capital treatment applicable to securitisations of non-performing loans.
12	Review of how to provide appropriate, ongoing support to borrowers in financial difficulty.
13	Ex-post impact evaluation of the effect of the new overdraft pricing rules that came into effect in April 2020.

14	Creation of Long-Term Asset Funds to facilitate long-term productive finance investment, which will include updating permitted rules to facilitate investment via unit-linked pension funds.
15	Reforms to improve the effectiveness of UK primary markets, in response to Lord Hill's final UK Listings Review Report and recommendations published in March 2021.
16	Review of the scope of, and proposed changes to, the UK MiFIR derivatives trading obligation.

The FCA has published its second consultation on the Investment Firms Prudential Regime (IFPR), which will apply from January 2022. The FCA proposes to simplify a number of requirements in the equivalent EU regime in areas such as governance, liquidity, remuneration and reporting. The most significant change will be the transformation of the ICAAP to the ICARA (Internal Capital and Risk Assessment process). This will bring additional obligations for many firms, particularly around wind-down planning and the greater accountability of senior management for risk management.

The FCA has published its first consultation on the review of UK MiFID, proposing changes similar but not identical to some of those enacted in the EU as part of the Capital Markets Recovery Package:

- **Inducements rules relating to investment research:** broaden the list of what are considered minor non-monetary benefits to include research on SMEs with a market cap below £200 million and exempt FICC research, and changes how the rules apply to openly available research and research provided by independent research providers.
- **Best execution reports:** remove the obligations to produce RTS 27 (execution venues execution quality metrics) and RTS 28 reports (investment Firms' annual reports on top five venues used for executing client orders and a summary of the execution outcomes achieved).

These compare with the EU changes allowing re-bundling of research for firms with market cap below €1 billion and suspension of RTS 27 reports for at least two years. This consultation also gives more detail on the **capital markets review** that the FCA is conducting with HMT. Priority areas will include:

- Market structure
- Pre-and post-trade transparency for shares, bonds and derivatives
- The cost and distribution of market data
- Commodity derivatives market

The overall objective is a regime that supports high standards, economic growth and open and competitive markets, and is fair and proportionate. HMT will consult in the summer on broad themes of capital market reform, which may involve changes to both primary and secondary legislation.

Following the UK Listing Review, the FCA is consulting on changing the conditions around suspension of listing of **Special Purpose Acquisition Companies (SPACs)** to align its rules more closely with other major jurisdictions. The FCA is proposing that a SPAC that complies with a higher level of investor protection should no longer have its listing suspended at the point it identifies an acquisition target. The SPAC's features would need to include a minimum amount of £200 million to be raised when shares are initially listed (to encourage institutional investors) and ensuring funds raised from public shareholders are ring-fenced, either to fund an acquisition or be returned to shareholders.

The BoE's Money Market Committee has updated the **UK Money Markets Code**, which sets out best practice in the unsecured, repo and securities lending markets. Given the increasing electronification and use of platforms, the Code now includes more detail on best practice for trading. It highlights the importance of diverse and inclusive money markets teams and ESG, and recognises that participants may be working from outside the office.

The FCA has published a discussion paper on strengthening its financial promotion rules for high-risk investments, which focuses on three key areas:

- Whether more types of investments should be subject to restriction around who they can be marketed to.
- Further differentiation of high-risk investments from other investments – for example, making risk warnings (more) effective or requiring customers to pass an online test to demonstrate knowledge.
- Whether there should be further requirements for firms approving financial promotions on behalf of an unregulated firm, to monitor promotions on an ongoing basis, after approval, to ensure they remain clear, fair and are not misleading.

FCA MiFID II "quick fix" consultation signposts issues for further consultation as the onshored regime evolves post-Brexit. At the same time, the paper alerts industry to further consultations. *— at least two more from the FCA this year — including one contemplating the consequences of Libor transition for the Derivatives Trading Obligation (DTO). It also indicates work to be done on market data pricing. Both the DTO and market data pricing are part of the MiFID II regime.*

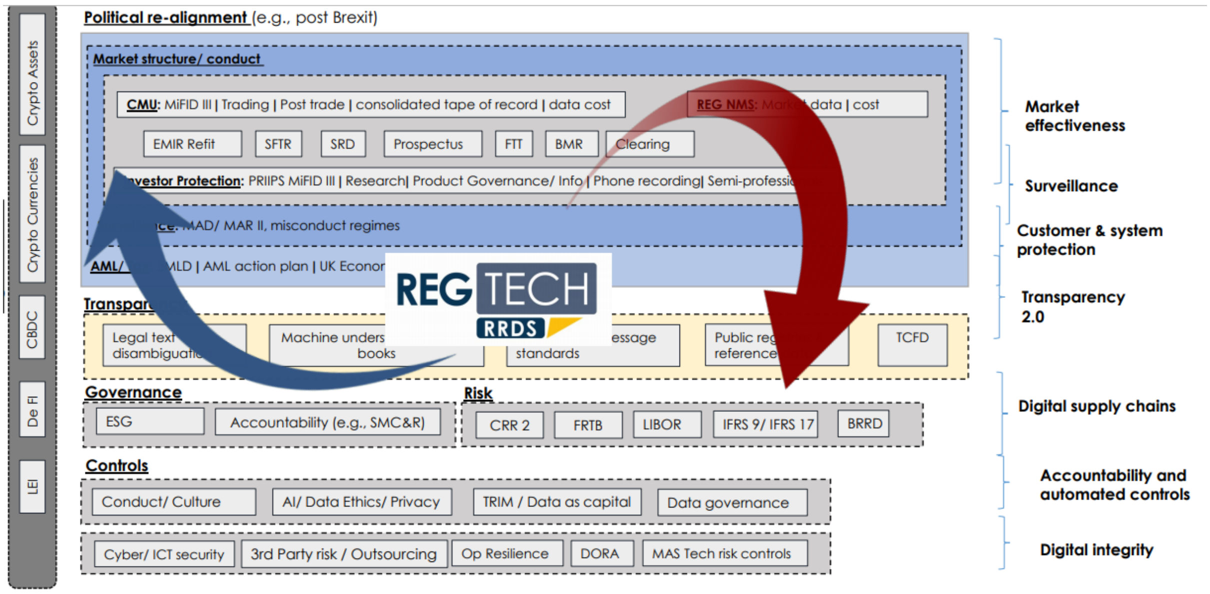
- The FCA's Changes to UK MiFID's conduct and organisational requirements (CP21/9) consultation, published Wednesday, proposes changes to research rules and eliminating best execution reporting requirements. These changes mirror some, but not all, executed by the European Parliament in its MiFID quick fix package published in the Official Journal on March 1.
- "This marks the start of wider work by HM Treasury and the FCA to reform capital markets regulation in a post-Brexit world. We expect to see changes to costs and charges disclosure for wholesale clients and the transparency regime, among other areas, shortly. But the proposals are also another example of UK and EU divergence. The FCA has gone further to address the compliance burden on best execution, while setting a lower exemption threshold for SME research. The difference in approach may create additional operational and compliance challenges for firms with a presence in both the UK and EU," said David Croker, partner at PwC.
- **Libor and the DTO;** In the European Union, the DTO as envisioned by MiFID II requires firms to trade certain classes of derivatives only on EU-authorised trading venues, or third-country trading venues certified by the European Commission as equivalent. The Commission has declined to deem equivalent any UK trading venues and the FCA's

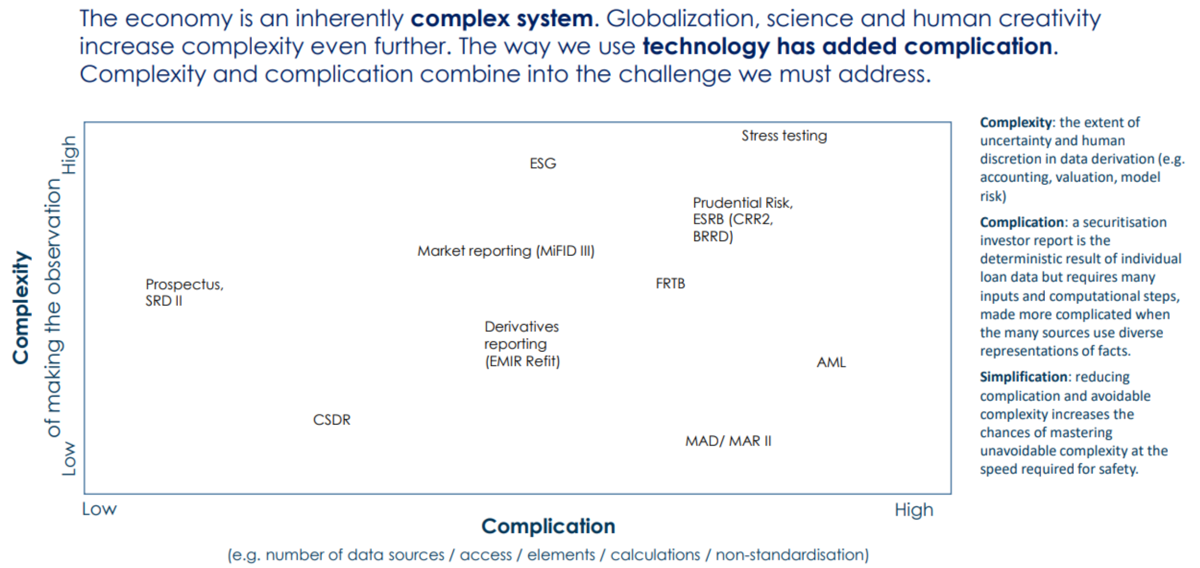
approach has been to use its temporary transition powers to allow firms subject to the UK DTO to trade with, or on behalf of, EU clients that are subject to the EU DTO, on EU venues provided certain criteria is met.

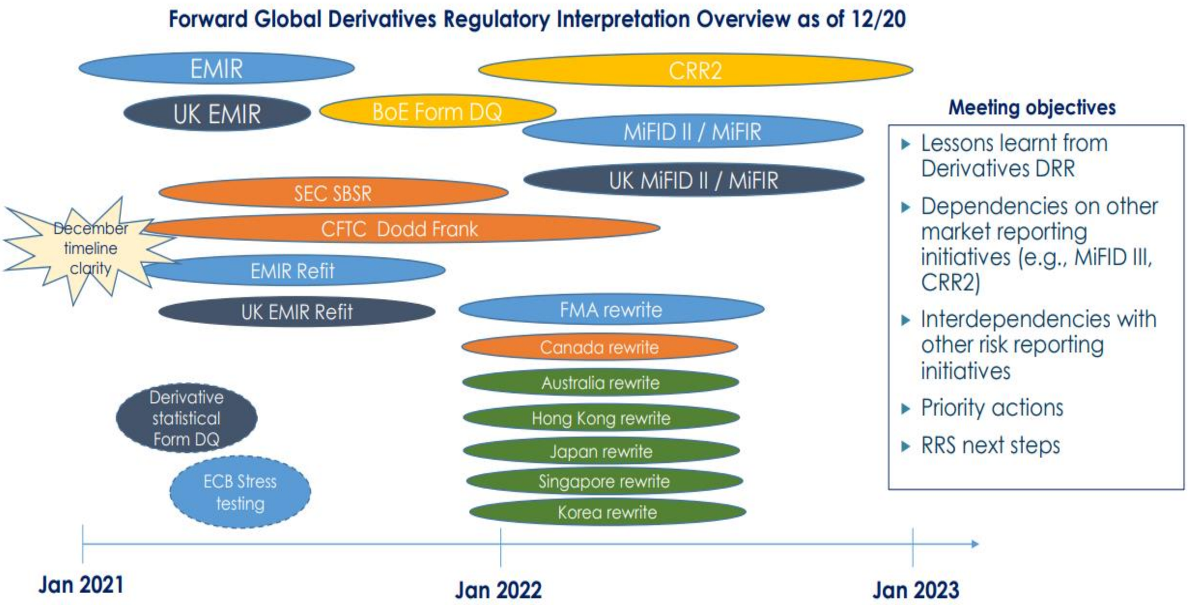
- Libor will cease to be published in most rates and tenors on December 31. The obligation in the DTO, which requires counterparties to trade certain derivatives on a UK trading venue, refers to legacy benchmarks such as Libor and Euribor, the relevance of that obligation will decrease as these legacy benchmarks get phased out. The upcoming consultation will therefore consider what derivative products should the DTO obligation apply to in future, for the DTO to remain relevant.
- Market data access; The FCA also announced further work forthcoming on market data access. High data costs have been a problem for firms since MiFID II was applied in January 2018. Firms have complained, for example, about post-trade transparency data not being freely available after 15 minutes as required and that pricing was not in line with MiFID's reasonable commercial basis principles.
- "We recognise that access to market data has remained a key concern among many market participants since MiFID II was introduced. Issues around it are much broader than RTS 27 and RTS 28 [best execution reporting obligations], which market participants do not find usable. We have recently consulted on market participants' access to wholesale market data and are currently considering the feedback received. The Treasury intends to propose changes to those provisions of the delegated regulation. Our proposed Handbook changes take into account possible changes to the delegated regulation. We might need to revise these depending on the exact changes the Treasury may propose in due course and whether or not those changes become legislation," the FCA said in the quick fix consultation.
- The European Securities and Markets Authority (ESMA) has investigated market data costs since 2018. MiFID II called upon the market to produce a consolidated tape, but it never materialised. Accordingly, the Commission has begun to explore options for a consolidated tape. The FCA's 2020 call for input on wholesale market data did not rule out a UK consolidated tape.
- "We continue to support the objective of MiFID II for consolidated high quality market data to be available to market participants. Our CFI will help us to assess the appropriate regulatory actions we should take. We want to understand from stakeholders if there are any features or factors that makes market dynamics or accessing or using data in the UK different to the EU," it said.
- FICC research; The EU's MiFID quick fix package set out some changes to research requirements specifically, allowing firms to bundle costs for research and execution with respect to small and mid-cap issuers, whose market capitalisation does not exceed 1 billion euros. The FCA made a narrower change for research for SMEs with market capitialisation of £200 million and below, but added exemptions for fixed income, currencies, and commodities (FICC) research and independent research firms.
- "We propose creating an exemption from the inducements rules for third party research that is received by a firm providing investment services or ancillary services to clients, where it is received in connection with an investment strategy primarily relating to FICC instruments. We propose to allow FICC research to be rebundled," it said.
- The FICC changes have been deemed to be one of the most attention-grabbing proposals in the FCA's package.
- "The ability to re-bundle certain SME and FICC research should result in enhanced buy-side access to important information on those asset classes, but is unlikely to prompt a

fundamental reverse to the downsizing of sell-side research functions that followed the original MiFID II unbundling reforms," Croker said.

Month	Meeting Topic	Agenda	Leading Guests
11 March	**BoE data collection** findings and 2021 action plan	▸ UK regulatory data collection findings (Jan paper) ▸ Forward plans, priorities and interdependencies ▸ Next steps for RRDS in 2021	▸ BoE
13 May	**Do top down and bottom up meet?**	▸ CRR II CP and 430C feasibly study ▸ Interdependencies ▸ Roadmap conclusions	▸ ECB
17 June/	**Transaction and risk DRR landscape** rollout and interdependencies	▸ CPMI/IOSCO implementation plans, progress (CFTC, SEC SBSR, UK, Asia, etc.) ▸ EU MRER EMIR Refit and SFTR lessons learnt and update of SFTR ▸ Implementation synergies: MiFID III, CRR2, etc	▸ DRR ▸ EC/ ESMA ▸ EBA/ ECB
22 July	**International, UK & EU Digital Finance** reporting strategies	▸ EU Digital Finance and DLT / Blockchain reporting feasibility (BIS here) ▸ UK digital strategy (pending regulatory framework review) ▸ UK operational resilience and DORA's impact on global FS data management practices (digital integrity summary here	▸ HMT ▸ EC
Aug	**MIFID/R 22** what is likely to change for EU trade & transaction reporting and is the UK likely to follow?	▸ MiFIR CP responses consultation by 20 November 2020 ▸ Final review report to the European Commission in Q1 2021 ▸ EC report MiFID/R review by 31 July 21 ▸ Potential changes, UK/EU deltas, opportunities and implementation strategies ▸ New investment report with 109 data fields for 3rd country firms	▸ ESMA ▸ FCA ▸ FTC
Sept	**Post Brexit 'services deal'** transparency	▸ Pitfalls, shifts and implications of new reference data and reporting infrastructure in the event of a services deal	▸ FCA
Oct	**FRTB** implementation synergies	▸ Q123 implementation progress, calibration, metrics and governance	▸ TBD
Nov	**CRR II NSFR** implementation	▸ Progress, data gaps and likely challenges	▸ TBD
16 Nov	Annual **RegTech Conference**	▸ YEAR SIX	▸ ALL







Equivalence and divergence in capital markets regulation

The FCA has started to set out its plans for wholesale markets regulation both in a speech by Edwin Schooling Latter and one on UK-US deferential agreements by Nausicaa Delfas.

- The FCA gave its first indications that it will match MiFID II changes made by the EU as part of the Capital Markets Recovery Package, with an FCA consultation shortly to be released proposing "*a similar set of changes – not absolutely identical*" to the EU changes. These include removal of the requirement to provide prescribed costs and charges information to professional clients and eligible counterparties, and a two-year suspension on the need to provide eligible counterparties with best execution reports (RTS 27 reports), with professional clients being able to opt out. The FCA has announced that it will not act against firms that do not produce RTS 27 reports for the rest of 2021. The FCA expects that by end-2021, it will have concluded its policy consideration of the future of these reports.

- The EU will allow the "re-bundling" of equity research on firms with a market capitalisation below EUR 1 billion or and for that research to be offered free of charge to a firm's trading clients. It will be interesting to see whether the FCA adopts these changes, given they were key proponents of MiFID II's original unbundling measures.
- On the MiFID II transparency regime, the FCA has already made it clear that it will not apply the double volume cap to dark trading of all equities traded in the UK, expanding from its originally scope of just UK equities, unless it sees harms to price formation or execution outcomes for investors. The European Commission is expected to present its proposals to amend the MiFID II transparency regime in the summer and it is clear from the speech that the FCA will also be presenting proposals to refine the framework.
- On the **Securities Financing Transaction Regulation (SFTR)**, the FCA will allow the regime to mature before it proposes any further divergence from the regime (non-financial companies are not in scope of UK SFTR unlike the EU SFTR). But the FCA recognises that "*divergence between two regimes could add additional complication of cost to groups who would then have to adhere to two different set of reporting requirements*".
- However, the proposed expanded **Central Counterparties (CCPs) resolution regime**, being consulted upon by HM Treasury, is similar to the EU regime apart from in a few technical areas. The proposal is also in line with Financial Stability Board guidance. The new proposals would give the Bank of England addition powers to mitigate the risk and impact of CCP failure, and the proposals are designed to balance the incentives of clearing members and CCP shareholders to encourage appropriate risk management and behaviour ahead of, and during, a resolution.
- The joint PRA/FCA consultation on **margin requirements for non-centrally cleared derivatives** aims to bring the on-shored UK rules in line with pending EU amendments and BSB and IOSCO standards. Specifically, the regulators are consulting on amending UK bilateral margining requirements by:
    - Changing the implementation dates and thresholds for the phase-in of IM requirements.
    - Requiring the exchange of variation margin for physically-settled foreign exchange forwards and swaps, to specified counterparties only.
    - Extending the temporary exemption for single-stock equity options and index options until 4 January 2024.
- The UK is not currently implementing regulation equivalent to the EU's suite of sustainable finance regulation. However, the FCA published a Primary Market Technical Note that helps listed issuers consider what they should be disclosing on **ESG matters** given existing requirements under the UK Listing Rules, Prospectus Regulation, Disclosure Guidance and Transparency Rules (DTR), and the Market Abuse Regulation (MAR).
- The UK Government is creating a **UK emissions trading scheme (UK ETS)** to replace the UK's participation in the EU scheme. The FCA is consulting on the UK ETS Instrument 2021, which contains amendments to a number of Handbook modules to reinstate provisions and definitions previously deleted as a consequence of the UK's departure from the EU ETS

at the end of the transition period. The consultation is open only for a short period as the government would like auctions for the UK ETS to commence as soon as possible and no later than Q2 2021.

FCA's final operational resilience policy

The Bank of England and FCA have published a joint paper on their final policy approach to operational resilience, together with a supporting package of Policy and Supervisory Statements.

- The combined requirements and expectations embed the approach set out in the December 2019 consultations.

- Final policy is not overly prescriptive, and the regulators have said they expect best practice to emerge over time. However, they encourage firms and FMIs to view the policy as a minimum standard and look to implement it in a manner that is proportionate to their size, scale, and complexity. The package includes policy relating to Impact Tolerances for Important Business Services, Outsourcing and Third-Party Risk Management and Operational Resilience of FMIs.
- Policy will take effect from 31 March 2022, with the expectation that all important business services will have been identified and impact tolerances defined by that date and that firms will have set out how they will comply with supervisory requirements and expectations. By 31 March 2025, firms and FMIs must show that they are able to remain within the impact tolerances they have set.

FCA makes senior appointments to drive its transformation to a data-led regulator

On 25 February, the FCA announced four further appointments to its executive team as part of its transformation programme to build a data-led regulator, which brought together 2 supervision divisions with the FCA's policy and competition functions:

(i) Stephanie Cohen will be the FCA's COO;
(ii) Jessica Rusu will join the FCA's as its first Chief Data, Information and Intelligence Officer;
(iii) Sarah Pritchard will become Executive Director, Markets; and
(iv) Emily Shepperd will take up the newly created role of Executive Director, Authorisations.
