

EVIA & LEBA Monthly Compliance Meeting

0830 Wednesday 03rd November 2021

[Virtual Meeting via MS Teams - Click here to join the meeting](#)
[+44 20 4526 6312.520155074#](#)

Phone Conference ID: 520 155 074# [\[Find a local number\]](#)

a. Matters arising

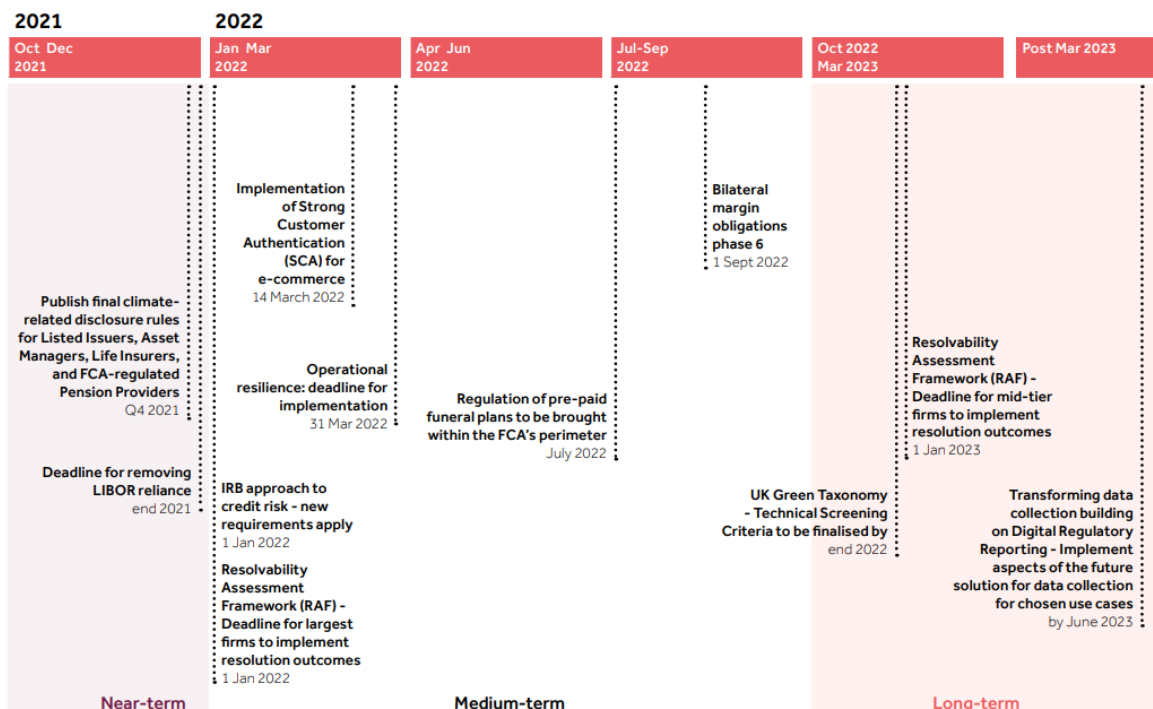
- i. [EVIA & LEBA Compliance Advisory; Regulatory Activities & Initiatives Grid; November 2021](#)
- ii. [EVIA letter to John Glen concerning market structure and supervision topics closely connected to the UK Wholesale Markets Review; 01st November 2021](#)
- iii. **Querying FCA on Transaction Reporting Requirements for an EU MTF/OTF exiting the TPR [branch v subsidiary]: three options on exit:**
 1. open a subsidiary which opens and operates an MTF in the UK; this however fragments the operations in the manner already witnessed, and begs some technological order cancelling solution or direct connectivity between the MTFs in the UK and the EU
 - a. reporting and reference data is straightforward
 2. open a branch in the UK which serves to route orders and matches above LIS to the EU matching engine (or existing facilities in other third countries [US SEF and Sing RMO]); this RTO activity by the branch however becomes complicated for participants
 - a. reporting is not straightforward and was the main use case in the question posed. I understand from your reply that no UK reporting requirements would arise.
 3. open a standalone MTF in the UK directly without any operating firm; reporting and reference data is straightforward
 4. Alex; By virtue of GEN 2.2.22A onshored former EU regulations, such as MiFIR, apply to the business of third-country firms who are authorised by us in respect of the business they do from their UK offices. This includes the transaction reporting obligations in Article 26 of MiFIR. Therefore, an EU MTF/OTF that seeks authorisation here on exit from the TPR will become subject to UK transaction reporting requirements, in addition to their EU transaction reporting obligations. A firm using the OPE is not subject to onshored EU regulations for business done in the UK, but we would expect any firm currently in the TPR considering relying on the OPE rather than apply for authorisation to seek our views before any plans are made. There are limitations on the business that can be done on the basis of the OPE that need to be respected.
- iv. [ESMA To Focus On Supervision, Sustainability, Digitalisation And The Capital Markets Union In 2022](#)
 1. [Verena Ross Appointed ESMA Chair](#)
 2. [ESMA as a data driven regulator and supervisor](#); Natasha Cazenave to AFME
 3. [2022 Commission Work Programme](#); 19 October 2021
- v. [AFM-market-watch-4-](#)

1. Focus not only on suspicious orders and transactions by clients but also by your own personnel.
 2. Trade surveillance should be an agenda item at management meetings.
 3. Regular training of personnel on (surveillance of) market abuse is very important.
 4. Adjust your surveillance systems to your own unique situations and in response to new trends and/or new types of market abuse.
- vi. [EVIA; Call Note; Cryptoassets WG; 02 November 2021](#)

b. Latest FCA Policy Development updates:

- i. [FCA; Remote or hybrid working expectations for firms](#); 11 October 2021.
- ii. [Drivers of change in the financial services industry and how we are responding](#)
- iii. [Financial regulators publish fourth edition of plan for upcoming work](#)
 1. Amongst the initiatives included in [the Grid](#) are new climate related additions around introducing Sustainable Finance Disclosure regime, Net Zero Transition Plans and work on environmental, social and governance (ESG) issues in capital markets.
- iv. [FCA publishes analysis of REP-CRIM data for the period between 2017 – 2020](#); 07 Oct 2021
 1. *This analysis aims to provide Money Laundering Reporting Officers and industry practitioners insights on trends and developments, which should help inform the arrangements and risks of their respective firms.*

The key initiatives in the regulatory landscape



c. UK Government

- i. [Charles Randell to step down as FCA and PSR Chair in Spring 2022](#)
- ii. [Letter from Charles Randell, FCA and PSR Chair, to Rishi Sunak, Chancellor:](#)

d. IFPR – IFR (Op Risk and Resilience)

- i. [IOSCO updates its outsourcing principles to ensure operational resilience](#); Madrid, 27 October 2021
- ii. [UK Investment Firms Prudential Regime final rules published](#); 22 October 2021
- iii. [EU's legislative proposal to implement Basel 3.1](#)

e. Conduct / Enforcement/ PFOF to

- i. [ESMA's statement on investment recommendations on social media](#)
- ii. [Credit Suisse fined £147,190,276 \(US\\$200,664,504\) and undertakes to the FCA to forgive US\\$200 million of Mozambican debt](#)
 1. [Credit Suisse; distinctly fishy business](#); 21Oct2021
- iii. [NatWest Plc pleads guilty in criminal proceedings](#)
- iv. [Deutsche Bank whistleblower paid \\$200m in record reward](#); 22Oct2021
- v. [EU-Whistleblowing-Directive Guide](#)
- vi. [CFTC Awards Nearly \\$200 Million to a Whistleblower](#)
- vii. [Statement of Commissioner Dawn D. Stump Regarding Claim for Award by Claimant 1 in Connection with Whistleblower Award Determination No. 21-WB-07](#)

f. AML / KYC/ Reg Tech

- i. JMLSG Update
- ii. [FCA TADIG Meeting Q3– Operational Resilience theme](#)
- iii. [AFME responses made to HMT call for evidence on AML_CTF supervisory regime and on amendments to AML legislation; On 26 October 2021](#)
- iv. [Transforming 20th Century AML & KYC Culture; The Critical Role of Technology; 29 October 2021](#)
- v. [Cross Border Payments – Survey Results on Implementation of the FATF; 29Oct2021](#)
- vi. [FATF October 2021 Reports; Cross Border Payments; Unintended consequences; & Updated VASP risk-based approach](#)

h. ESG Topics, D&I & Disclosures

- i. [EVIA Compliance Monthly; Nov 2021; Roundup on COP26 and ESG Matters](#)

i. Energy & ACER

- i. REMIT: Thank you for joining the ACER REMIT Forum 2021. **You can access all presentations [here](#).** The conclusions of the Forum will be published shortly on the same webpage.
 - a. [REMIT Forums' Special session; REMIT data and technology](#); 26 October 2021
 - b. Reporting of Orders: Hi Alex, Thank you for the heads-up. Indeed, we confirm your interpretation, clearly reported in section 3.3.3 of TRUM v.4.1 as you indicated. Eleonora Nagali, Policy Officer - REMIT guidance on data reporting
- ii. [EVIA Compliance Monthly; Nov 2021; Roundup on COP26 and ESG Matters](#)
- iii. [LEBA & Trayport Energy volumes September 2021](#)
- iv. [Joint statement by the FCA, PRA, TPR and FRC on the publication of Climate Change Adaptation Reports](#)
- v. [Dieter Helm; The-gas-and-electricity-crisis-04.10.21](#)
 - a. [Helm Talks: Podcast 21;27th October 2021; COP26 –progress or just blah, blah, blah?](#)
- vi. [The EU's electricity market and why soaring gas prices are driving bills higher](#)
- vii. [Gunvor cuts LNG positions amid \\$1bn of margin calls; Commodity trader moves to reduce gas exposure in face of unprecedented price surge](#)
- viii. [20211004 Eurogroup presentation - energy price developments - ACER - FINAL](#)
- ix. [EU energy chief says gas price surge has no quick fixes; FT; 07October2021](#)
- x. [Gas crunch; market and policy causes, and lessons learned; Andrei Belyi at the University of Eastern Finland](#)
- xi. [Energy prices Commission presents a toolbox of measures to tackle exceptional situation and its impacts](#)
- xii. [Chiefs of EU utilities warn against 'short-sighted' interventions; Governments and Brussels told that moves such as Spain's windfall levy imperil green transition](#)

j. MiFID2.2/ MiFIR/ EMIR/ SFTR / CSDR

- i. [AFME Panel says CSDR buy-in rules lack clarity & No progress made on delay to Europe's SDR buy-in rule](#); 22 October 2021
 1. [EU rushes to avert new rules on failed trades; Banks and investors have warned over impact of 'buy-in' regime for trade slip-ups](#)
 2. [AFME says Consolidated Tape must strike right balance](#); 08Oct2021
 3. [211007 AFME statement on CT FINAL-1](#)
 4. [211005-FESE-press-release-Caught-on-Tape](#)
 5. [Plato Partnership and its network of senior academics strongly believe the implementation of a real-time post-trade consolidated tape for European equity and equity-like instruments](#)
- ii. [OSTTRA Blog on various currency swap flows due to LiBOR Reform; Kirston Winters; 14 October 2021](#)

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- iii. [Robert Ophèle at OMFIF; Economic position of Europe, integration, and reforms; 14 October 2021](#)
 - 1. [Welcome speech by Robert Ophèle, President of the AMF, Conference, ~The attractiveness of the Paris financial centre~, as part of the Nuit du Droit, 4 October 2021](#)
 - 2. [More Speeches from Robert Ophèle; OMFIF; Economic position of Europe, integration, and reforms](#)
 - iv. [CEPs; Lannoo; Setting EU CCP policy – much more than meets the eye;](#)
 - v. [Coalition Greenwich - Rethinking How to Work a Bond Order](#)

k. Benchmarks and LIBOR Topics

- i. [EVIA; Note of Fed_ARRC Call regarding November 08th IDB quoting conventions shift for SOFR First for Non-Linear Derivatives; 29Oct2021](#)
- ii. [ClarusFT; SOFR now 78% of Interdealer Market; Chris Barnes October 19, 2021](#)
- iii. [October 2021 LIBOR & Risk-Free Rates \(RFR\) Regulatory Round-up](#)
- iv. [BOEWGRFR-september-2021](#)
- v. [BOE PS; derivatives-clearing-obligation-modifications-to-reflect-interest-rate-benchmark-reform](#)
- vi. [BOE CP; Derivatives clearing obligation – introduction of contracts referencing TONA; Amendment to BTS 2015_2205; Oct 2021](#)

l. FX, Cryptoassets and Money Markets

- i. [EVIA; Call Note; Cryptoassets WG; 02 November 2021](#)
- ii. [Regulators and Stablecoins Update; 21 October 2021](#)
- iii. [USPWG Interagency Report on Stablecoins; 01Nov2021](#)
- iv. [OFAC Issues Compliance Guidance for the Virtual Currency Industry](#)
- v. [US Crypto Framework Begins to Evolve; Report; 28 October 2021](#)
- vi. [Bragg Report; Chapter 3; Reform options for regulation of digital assets; 21 October 2021](#)
- vii. [The Central Bank of Nigeria \(CBN\) has published a design paper on e-Naira, its country's central bank digital currency \(CBDC\)](#)
- viii. [The Cryptocurrency Market – Prepare for an Uptick in Enforcement Activity; 20 October 2021](#)
- ix. [CBDC and stablecoins; Early coexistence on an uncertain road; McKinsey & Co; Oct2021](#)
- x. [Anyone Seen Tether's Billions; Bloomberg Businessweek; 08Oct2021](#)

m. International

- i. [Opening up China's bond market by Dr. Xu Zhong; Oct2021](#)
- ii. [Transaction Reporting Webinar; CFTC & SEC Trade Reporting Changes](#)

- iii. [SEC Report on GameStop Questions Adequacy of Trading Regulations](#); 20 Oct2021
- iv. [CFTC Charges Energy Broker, Its Owners, and Affiliated Firms with Fraud, Unauthorized Trading, and Supervision Violations](#)
- v. [CFTC announced on Wednesday that it had issued an order and simultaneously filed and settled charges against ICEU for violating customer protection regulations](#)
- vi. [September 2021 FIA SEF Tracker](#)
- vii. [The Global Markets Advisory Committee Met on October 25](#); (1) swap data reporting; (2) uncleared margin; and (3) swap dealer capital substituted compliance.
 - a. Panel 1: Treasury Market Structure and Recent Stresses:
 - i. [Treasury Market Resilience](#)
 - ii. [Treasury Market Structure and Recent Stresses](#)
 - b. Panel 2: Clearing in the Treasury Market:
 - i. [Clearing in the Treasury Market](#)
 - ii. [Clearing a Path to a More Resilient Treasury Market](#)
 - c. Panel 3: Dodd-Frank Act Implementation: [Dodd-Frank Act Implementation](#)
- viii. [211004-eu-us-joint-financial-regulatory-forum-joint-statement](#)

n. Regulatory Roadmap, Calendar and Weekly Roundups for June

- i. [EVIA Weekly News; Week 40; 03rd October 2021 to 08th October 2021](#)
- ii. [EVIA Weekly News; Week 41; 11th October 2021 to 15th October 2021](#)
- iii. [EVIA Weekly News; Week 42; 18th October 2021 to 23rd October 2021](#)
- iv. [EVIA Weekly News; Week 43; 25th October 2021 to 31st October 2021](#)

Wholesale financial markets

This section contains 12 initiatives. They are aimed at improving the use of data and reducing the burden on firms whilst maintaining the highest standards of regulation and market efficiency, both with the ultimate aim of promoting competition.

Six of the initiatives in this Grid are new. This includes work to achieve the Chancellor's vision for financial services and wider Government priorities, such as changes to onshored EU legislation, the review of the UK Securitisation Regulation and work to

introduce the FMI Sandbox. The FCA has also included proposals to require greater transparency on the diversity of public company boards. Note that there are also diversity and inclusion initiatives in the multi-sector and pensions sections of the Grid.

One initiative has been completed since the May 2021 Grid: amendments to the Market Abuse Regime (MAR) were introduced in the Financial Services Act 2021 and came into force 29 June 2021.

Lead	Initiative	Expected key milestones	Indicative impact on firms	Oct 2021	Jan 2022	Mar 2022	Apr-Jun 2022	Jul-Sep 2022	Oct 2022	Mar 2023	Post-Mar 2023	Consumer interest	Timing updated	New
BoE	Changes to the EMIR Derivatives Clearing Obligation The BoE is modifying the scope of contracts which are subject to the derivatives clearing obligation to reflect the ongoing reforms to interest rate benchmarks, including Libor.	End-November 2021: Policy statement 6 December 2021: changes to JPY Libor implemented 15 December 2021: changes to GBP IRS implemented H1 2022: BoE will consult on changes to the USD IRS clearing obligation.	L	█		E								●
FCA	Primary Markets Effectiveness - UK Listings Review response The FCA has bought forward consultation and discussion items on reforms to improve the effectiveness of UK primary markets, which follows FCA policy review work and responds to Lord Hill's final UK Listings Review Report and recommendations published on 3 March 2021. Joint objective initiatives: Primary Markets Reform - UK Listings Review response ▶	Consultation Paper on special purpose acquisition companies (SPACs) - published 30 April 2021 (CP21/10), closed 28 May 2021. Policy Statement on SPACs - published 27 July 2021 (PS21/10). Consultation Paper on further Listing Rule changes- published 6 July 2021 (CP21/21), closed 14 September 2021. Policy Statement on Listing Rules changes - October-December 2021. Further engagement into 2022.	L	█										

FCA	<p>Scope of UK MiFIR Derivatives Trading Obligation</p> <p>We consulted on proposed changes to the scope of the UK MiFIR derivatives trading obligation (DTO) in July 2021 as UK liquidity has changed since the last review was carried out in 2017 by ESMA, particularly in light of Brexit and the LIBOR transition. We plan on publishing a statement with our final changes in early Q4.</p>	<p>Consultation paper: published July 2021, consultation period closed 25 August 2021. Next steps TBC.</p>	L		
FCA	<p>Assessing and using wholesale data</p> <p>Assessment of the use and value of data in wholesale financial markets, focusing on changes to business models, competitive dynamics, and how financial markets function.</p>	<p>Q4 2021: Publish Feedback Statement.</p>	L		
FCA	<p>Diversity and inclusion on public company boards and executive committees</p> <p>We are consulting on proposals to require greater transparency on the diversity of public company boards and executive management teams, including comply or explain targets on gender and ethnic diversity and standardised data to be disclosed on an annual basis.</p> <p>Associated initiatives: Future of Trusteeship: Diversity and Inclusion Working Group > Diversity in Financial Services ></p>	<p>Consultation Paper published 28 July 2021 Policy Statement likely in early 2022.</p>	L		
HMT	<p>HMT consultation on power to block listings on national security grounds</p> <p>This initial consultation asks for views on the scope of a proposed new targeted power to allow the Government to block a company's listings, if a listing presents a risk to national security. This power will reinforce that reputation and help us maintain the UK's status as a world-class destination for listings.</p>	<p>This consultation closed on 27 August 2021. The government will respond in due course.</p>	L		
HMT	<p>Review of the Securitisation Regulation</p> <p>HMT is legally obliged to review the Securitisation Regulation and lay a report before Parliament by 1 January 2022. To support this review, HMT has published a Call for Evidence to gather views on what is and isn't working in the Securitisation Regulation.</p>	<p>Call for evidence closed 2nd September. Report to be laid in Parliament by 1 January 2022.</p>	L		
HMT	<p>Primary Markets Reform - UK Listings Review response</p> <p>Consulting on changes to the UK prospectus regime, and establishing a group to consider what more can be done to improve the efficiency of further capital raising by listed companies. This is in response to the recommendations of Lord Hill's Listing Review. This initiative relates to the separate FCA initiative on primary markets effectiveness.</p> <p>Joint objective initiatives: Primary Markets Effectiveness - UK Listings Review response ></p>	<p>The consultation on the UK prospectus regime was published in July 2021 (closed in September). The government will respond in due course. The Secondary Capital Raising Review was established on 12 October 2021 and will report in Spring 2022.</p>	L		
FCA/ HMT	<p>UK MiFID conduct and organisational rules</p> <p>Changes to rules governing research and data to support best execution</p>	<p>Policy statement: Q4 2021</p>	L		

Lead	Initiative	Expected key milestones	Indicative impact on firms	Timeline								Consumer interest	Timing updated	New	
				Oct 2021	Dec 2021	Jan 2022	Mar 2022	Apr 2022	Jun 2022	Jul 2022	Sep 2022				Oct 2022
FCA/ HMT	Wholesale Market Review Consulting on amendments to our regulatory regime that are aimed at reducing costs and burdens for firms while maintaining the highest standards of regulation and market efficiency.	FCA consultation on changes to UK MiFID conduct and organisational requirements published April 2021 and Policy Statement 2021 Q4. HMT consultation on Wholesale Markets Reform published July 2021 (closed in September). The government will respond in due course. Follow up FCA consultations published Q1 and Q2 2022 on changes that require amendments to FCA Handbook or Regulatory Technical Standards.	H												
BoE/ FCA/ HMT	FMI Sandbox The Financial Market Infrastructure (FMI) sandbox will support firms which want to use new technology, such as distributed ledger technology, to provide infrastructure services in financial markets. It will enable a more flexible and tailored approach to meeting requirements in current legislation, whilst appropriately balancing any risks to financial stability, market integrity and consumer protection. HM Treasury will work together with the Bank of England and the FCA to deliver this.	The government will provide further information in due course.	L												
BoE/ FCA/ HMT	EMIR REFIT Complete the implementation of the European Market Infrastructure Regulation (REFIT) to improve trade repository data and ensure that firms are able to access clearing services on fair and reasonable terms. We plan to consult on changes to UK EMIR to harmonise the derivative reporting requirements with international derivative reporting standards.	Q4 2021: Consultation paper of requirements for Trade Repositories and review of the UK EMIR reporting standards. Policy Statement Summer 2022.	L	E											