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## EVIA & LEBA Monthly Compliance Meeting

0830 Wednesday 05<sup>th</sup> May 2021

[Virtual Meeting via MS Teams](#)  
[+44 20 4526 6312,26092064#](#)

Phone Conference ID: 260 920 64#

[Find a local number](#)

### a. Matters arising

- i. [EVIA Summary of the MMC Code Revision Summary](#); 22 April 2021
- ii. [Citibank Brokerage With-holding letter pending uptake of proprietary Atlantis invoicing system.](#)
  1. Draft letter to Citigroup Global Markets Inc. concerning Give-Up Agreements - Manual Processing Service Fee [25Sep2020]
- iii. DCM/ Exchange Blocks:
  1. ICE block rules: FCA outreach to FIA as they are interested in work on blocks as FIA are going to go through ICE's rules and highlight areas of concern.
  2. FRANDT - certain obligations go live on 18 June 2021 yet the text hasn't been formally published in the OJ. Firms are concerned about readiness regarding redocumentation requirements and onboarding requirements.
  3. Increase in Exchange enquiries (mainly from ICE) which are unsubstantiated/lack depth (eg. a possible wash on 1 lot).
- iv. NRF; [Beware the use of WhatsApp at work](#); practical steps for firms with a view to avoiding some common pitfalls; NRF; 12April2021
  1. [BOA; CS; and CA SA were fined about E28.5 mm by EU for colluding in chatrooms on trading of U.S. supra-sovereign](#), sovereign and agency bonds; 28 April 2021
- v.  ICAP Memos Reveal Inner Workings of Now Notorious Dividend.pdf

### b. Latest FCA Policy Development updates:




- i. [FCA Business Plan 2021/22](#); will publish our 2021/22 Business Plan in July, rather than April.
- ii. CP21/8 [FCA consults on its periodic fees for the next financial year \(2021/22\) and further FCA fees policy proposals.](#) (Total fees up 2% & 5.5% / A13 +1.5% / [B] Up 25%)
  1. In real terms we, have maintained a broadly flat base ongoing regulatory activities (ORA) budget with a 2% increase to £559.5m.
  2. However, to continue to deliver on our new ORA responsibilities, including for claims management companies and credit rating agencies, we have rebased our ORA budget.
  3. The rebased ORA budget also reflects the proposed revised consumer credit minimum fees and the introduction of a fee payable by Principal firms for each of their appointed representatives, a total increase of £18.9m to £578.4m, representing a 5.5% increase over the 2020/21 base ORA.

The proposed fee-rates for 2021/22 are set-out in Table 4.2		AFR allocations to fee-blocks			
	Proposed 2021/22 fee (£)	(i)	Proposed 2021/22 £m	Actual 2020/21 £m	Movement over 2020/21
Annual income up to and including £100,000 (minimum fee)	1,151	Solo	82.3	81.1	+1.5%
Annual income over £100,000 (£/£ thousand or part thousand of income)	2.39	Solo	10.2	8.2	+25.2%




- iii. FCA Speeches:
  1. [Compliance, Culture and Evolving Regulatory Expectations](#) [Mark Steward, Executive Director of Enforcement and Market Oversight]
  2. [Regulating the UK as a global financial centre](#) [Nausicaa Delfas, Executive Director of International]
  3. [Levelling the playing field – innovation in the service of consumers and the market](#) [CEO, Nikhil Rathi, to FinTech Week]
  4. [Why black inclusion matters to us](#) [Sheldon Mills, Executive Director, Consumers and Competition]
  5. [Cautious optimism for the post-pandemic world](#) [Charles Randell, Chair of the FCA and PSR]
- iv. FCA; [Extension of REP-CRIM Reporting Obligation; ps21-4](#)
- v. [FCA sets out proposals to strengthen its financial promotion rules for high-risk investments](#)
- vi. [Financial Stability Board publishes Peer Review of UK remuneration regime](#)
- vii. Organisation:
  1. [Nausicaa Delfas’s appointment as Interim Chief Executive and Chief Ombudsman of Financial Ombudsman Service](#)
  2. [FCA makes key sustainability and technology hires](#); appointed Sacha Sadan as Director of Environment Social and Governance & Ian Alderton will permanently take up the role of CIO,
- viii. Enforcement:
  1. [FCA bans and fines financial adviser £68,300 for lacking honesty and integrity](#)
  2. [FCA stops FXVC offering CFDs to UK customers](#)

## c. UK Government



- i. [UK launches new anti corruption regime; 28April2021](#)
- ii. [Note of HMT UK MiFID CTP Roundtable held 4pm on 12th April 2021.pdf](#)
- iii. [Note of HMT UK MiFID2R Fixed Income and Derivatives Roundtable held 1615 on 13th April 2021.pdf](#)
- iv. [LEBA Notes from the HMT & FCA roundtable on Commodities under Brexit. Held on 15 April 1600.pdf](#)
- v. [Draft MoU establishing a framework for FS regulatory cooperation.pdf](#)

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- vi.  [FCA policy indication; Bonds and Derivatives Transparency; 21 April 2021.pdf](#)
  - vii.  [ClarusFT; More Eur Are Trading On-SEF Than Ever Before; Chris Barnes; April 21, 2021.pdf](#)
  - viii.  [BoE accelerates work on CBDC as Sunak announces ambitious plans to boost UK fintech and financial services; 19th April 2021.pdf](#)

#### d. IFPR – IFR (Op Risk and Resilience)


- i. FCA Consultation; [Second consultation on new prudential regime for UK investment firms](#)
- ii. FCA; [Financial Stability Board publishes Peer Review of UK remuneration regime; 15Apr2021](#)
- iii.  [EBA address weight in IFR of 20% for the purpose of calculating the regulatory capital required to be held for exposures to such firms; 16April2021.pdf](#)
- iv. KPMG;  [generating-strategic-value-from-operational-resilience.pdf](#)
- ix.  [European Parliament ECON Committee discusses draft reports on MiCA, DORA and DLT pilot regime; 14 April 2021.pdf](#)
  - 1.  [ECON Rapporteur Report in DLT MTFs; 15April2021.pdf](#)
  - 2.  [Member States discuss proportionality in DORA; 12th April 2021.pdf](#)

#### e. Conduct / PFOF


- i. See MMC and FXCoC
- ii. [StanChart fined in Guernsey over 'systemic and serious' compliance failings;](#) Scathing report highlights shortcomings in the bank's handling of risky clients
  - 1. Section 165
- iii.  [gfxc\\_request\\_feedback\\_april2021\\_att\\_a.pdf](#) &  [Common Templates for FX Platform Disclosures.pdf](#)

#### f. AML / KYC/ Reg Tech





- i. JMLSG Update: MT
- ii. [Anti-money laundering and Market Abuse, STORs, SARs - Monitoring for the crossover;](#) April2021
- iii. [Implementing Technology Change;](#) Multi-firm reviews; Published 05 Feb 2021
- iv. [CoL; 15Apr2021-A-Critical-Year-for-RegTech-final](#)
- v. [FATF Meeting of Private Consultative Forum on Virtual Assets](#)
- vi. Refinitiv Blog on Issues Surrounding Digital Identity Verification; 07April2021
  - 1. [Financial crime and identity fraud: fuelled by the digital revolution](#)
  - 2. [HMG Policy paper; The UK digital identity and attributes trust framework; Published 11 February 2021](#)
- vii. [Cyber security in focus; KPMG UK Blog;](#) 21 April 2021

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- viii. [Turkish authorities have detained more than 60 people and issued an international search warrant](#) for the chief executive of a local cryptocurrency exchange in connection with allegations of fraud.
  - ix.  [GLEIF; Ann Report April 2021.pdf](#)

## g. Covid

- i. Covid, the 'new normal' and practical risks as offices reopen/hybrid working takes effect.
- ii.  [KPMG; Changes to the Coronavirus Job Retention Scheme; 27April2021.pdf](#)





## h. ESG Topics & Disclosures

- i.  [10 business myths on climate change; KPMG; 27April2021.pdf](#)
- ii.  [KPMG & CBI; Greener Commuting Miles Report; 28April2021.pdf](#)
- iii.  [AFME releases ESG Landscape study and recommendations.pdf](#)
- iv.  [ERCC consultation paper on the role of repo in green and sustainable finance; 21Apr2021.pdf](#)

## i. Energy & ACER

- i. LME [proposed](#) changes and [LEBA Response](#)
- ii. [REMIT breach announced – CNMC levies fine for layering in Spain and other Energy Market Abuse cases in April](#)
  1. It has been announced by CNMC, the Spanish National Regulatory Authority, that a fine of 60,000 Euros has been levied on Rock Trading World, S.A for “layering” on the MIBGAS Organised Market Place. The announcement from the CNMC (in Spanish) can be found here. The full ruling can be found here. ☒ This is the first REMIT market manipulation fine levied in 2021, despite many other market abuse cases worldwide(see here). The is also the fourth REMIT fine levied for placing “phantom orders” via spoofing or layering. ACER’s guidance note on the topic can be found here.
- iii. Anti abuse news – more cases and a fight back:
  1. The US Department of Justice has announced here that a man has pleaded guilty to defrauding two companies out of more than \$244 million by charging for the purported costs of purchasing and feeding cattle that did not actually exist. The money was used to cover approximately \$200 million in commodity futures contracts trading losses incurred. The man also defrauded the CME and submitted falsified paperwork to them in the application for position limits exemptions.
  2. This story on Bloomberg reports that a trader who was dismissed for his alleged part in spoofing at JP Morgan (see here) is suing the bank for unfair dismissal. According to the story, other traders staged a walkout in

protest. This report on “The Edge Markets” (sourced from Bloomberg Law) provides more detail on the story.

3. In Great Britain’s electricity market, Ofgem has announced an intention to settle with National Grid for 1.5 million GBP for a breach of the electricity transmission licence condition by providing inaccurate forecasts. The penalty notice, which can be found [here](#), states that the breach was not intentional.
  4. This story on the Reuters web site reports that a man has pleaded not guilty to a charge of insider trading using information obtained from a Bloomberg new reporter. The reporter is not accused of wrongdoing. It is alleged that the man acted on material non-public information about articles the reporter was working on.
- iv. LEBA and [JTAG Letter\[s\] on UK and EU Emissions Trading Systems](#)
  - v.  [LEBA Notes from the HMT & FCA roundtable on Commodities under Brexit. Held on 15 April 1600.pdf](#)
  - vi.  [EFET\\_210409 Response to ESMA - Art. 2a EMIR.pdf](#)
  - vii.  [Trayport Commodities Report - Mar-21.pdf](#)
  - viii.  [LEBA\\_Energy\\_Volume\\_Report\\_March\\_2021.pdf](#)

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

- i.  [Notes from ISDA Derivatives Trading Forum Forum “Fireside Chat” with Tilman Lueder.pdf](#)
- ii.  [Core Feedback and Action Recommendations in the ESMA MiFID II review report on the functioning of the OTF; 08 April 2021.pdf](#)
- iii.  [EVIA Acknowledgement to ESMA Market Structure Team on the OTF Report.pdf](#)
- iv. [Significant changes proposed to MiFIR Transaction Reporting by ESMA](#)
- v.  [Addressing the Unintended Consequences of MiFID II Unbundling Rules - TabbFORUM.pdf](#)
- vi.  [FISMA Report on PTRRS; 12April2021; COM-2021-172-F1-EN-MAIN-PART-1.PDF](#)
- vii.  [ERCC; SFTR- the impact of Brexit on the European repo market; 04May2021.pdf](#)
- viii. [ISDA and FIA response to the European Commissions consultation on the CSDR inception impact assessment](#)

## k. Benchmarks and LiBOR Topics

- i.  [ISDA; Adoption-of-RFRs-Major-Developments-in-2021;08Apr2021.pdf](#)
- ii.  [LIBOR transition in April 2021.pdf](#)
- iii. Deloitte/MarkitSERV Study and  [Clarusft; You Need To See This SEF Liquidity In RFRs Now; Chris Barnes; April 27, 2021.pdf](#)

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## **I. US, No-Action, Interpretative Letters, Other Written Communications, and Advisories**

- i. [CFTC Awards Approximately \\$3 Million to Whistleblower](#); Agency Surpasses \$1 Billion in Total Sanctions Associated with Whistleblower Awards
- ii.  [CFTC; 21-09; Brexit-related time limited no-action position with respect to certain swap dealer transaction-level requirements.pdf](#)
- iii.  [Swap-Dealers-Face-May-31-NFA-Marketing-Material-Compliance-Deadline.pdf](#)
- iv. [FINRA-SEC-March-2021](#)
- v. [CME Group to Permanently Close Most Open Outcry Trading Pits](#); Eurodollar Options Pit will Remain Open
  1. CME Group also announced that, subject to regulatory review, it will delist its full-size, floor-based S&P 500 futures and options contracts following the expiration of the September 2021 contracts on September 17, 2021.
  2. Open interest that remains after the delisting will be migrated into the E-mini S&P 500 futures and options contracts that are available electronically on CME Globex.
  3. All individual trading positions will be converted into the corresponding E-mini S&P 500 contracts with the matching expiration date and strike price for options at the current 1:5 ratio.

## **m. Regulatory Roadmap, Calendar and Weekly Roundups for February**

- i.  [EVIA Consultation Paper Planner.xlsx](#)
  - ii.  [EVIA Compliance Advisory - Regulatory Roundup, Timetable, Activities & Initiatives 05th May 2021.pdf](#)
  - iii.  [Weekly update on Key Regulatory Topics \(Week14; Easter to 10th April 2021\).pdf](#)
  - iv.  [Weekly update on Key Regulatory Topics \(Week 15; 12th April to 17th April 2021\).pdf](#)
  - v.  [Weekly update on Key Regulatory Topics \(Week 16; 19th April to 24th April 2021\).pdf](#)
  - vi.  [Weekly update on Key Regulatory Topics \(Week17; 26th April to 01st May 2021\).pdf](#)
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