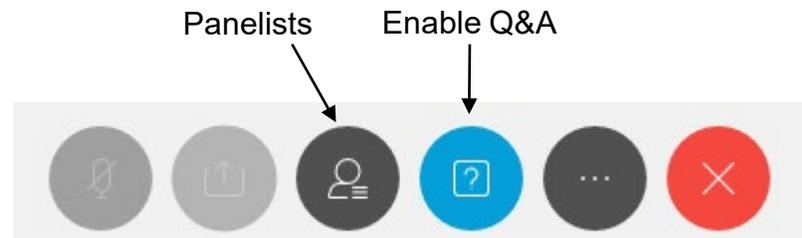


Housekeeping

- On joining the session your microphone will be muted and your video will be turned off
- You will not be able to enable your video or un-mute your microphone during the session
- To activate the Q&A function click  the Q&A box will appear on the right hand panel
- To submit a question use the Q&A function, send your question to **“All Panellists”**
- If you experience any technical issues and cannot submit these via Q&A please call +44 203 088 7196 or +44 203 088 7450



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Fog in Channel: the sunlit uplands edition

Bob Penn, Damian Carolan, Emma Dwyer and Kirsty Taylor

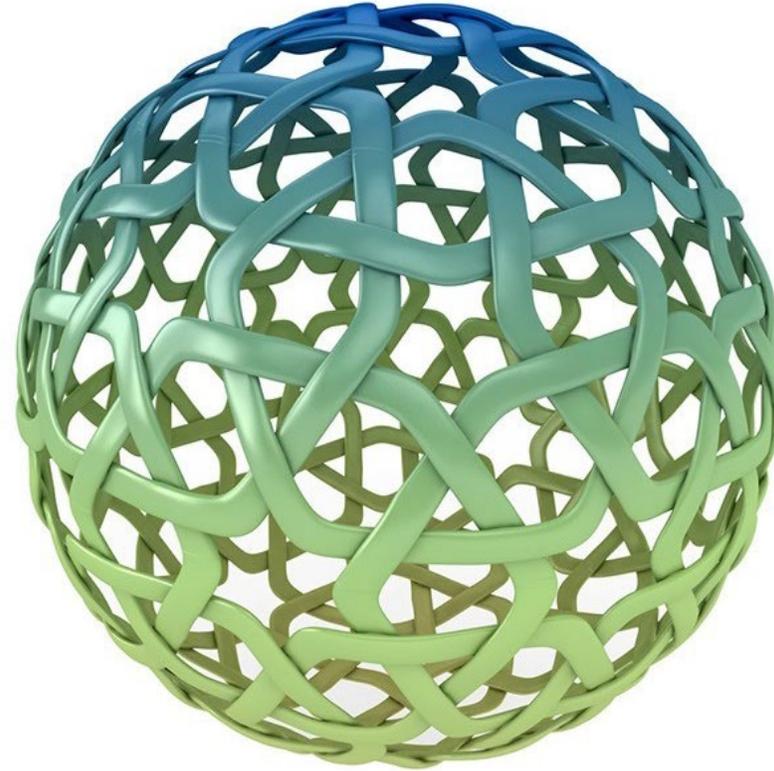
3 December 2020

What we are going to discuss today

1. General Update

2. What do I need to do before year end?

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General update

Yves Mersch, ECB

“

EU products and transactions with EU clients should be booked in the EU, and risk management capabilities related to these products should also be located in the EU.

”

FT interview, 23 November 2020

ESMA Statement: EU DTO



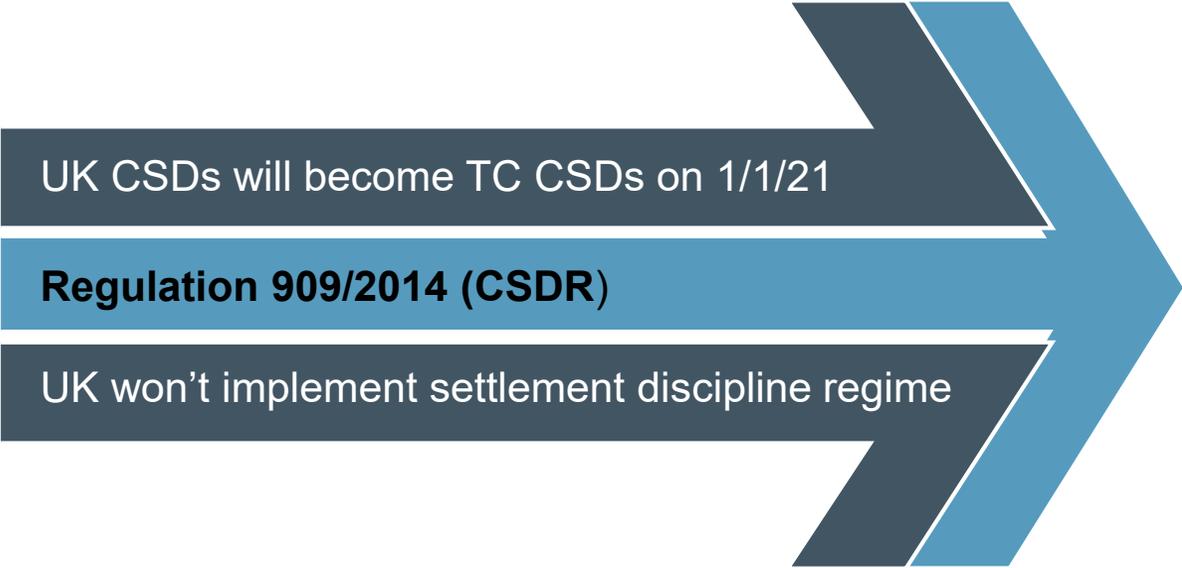
Impact of the end of the transition period on the trading obligation for derivatives

- RMs, MTFs, OTFs or TCTVs in jurisdictions for which EC has adopted an equivalence decision
- Commission Delegated Regulation 2017/24172

UK firms and UK branches of EU firms face conflicting DTOs.

- US / Singapore

Temporary equivalence of UK CSDs



UK CSDs will become TC CSDs on 1/1/21

Regulation 909/2014 (CSDR)

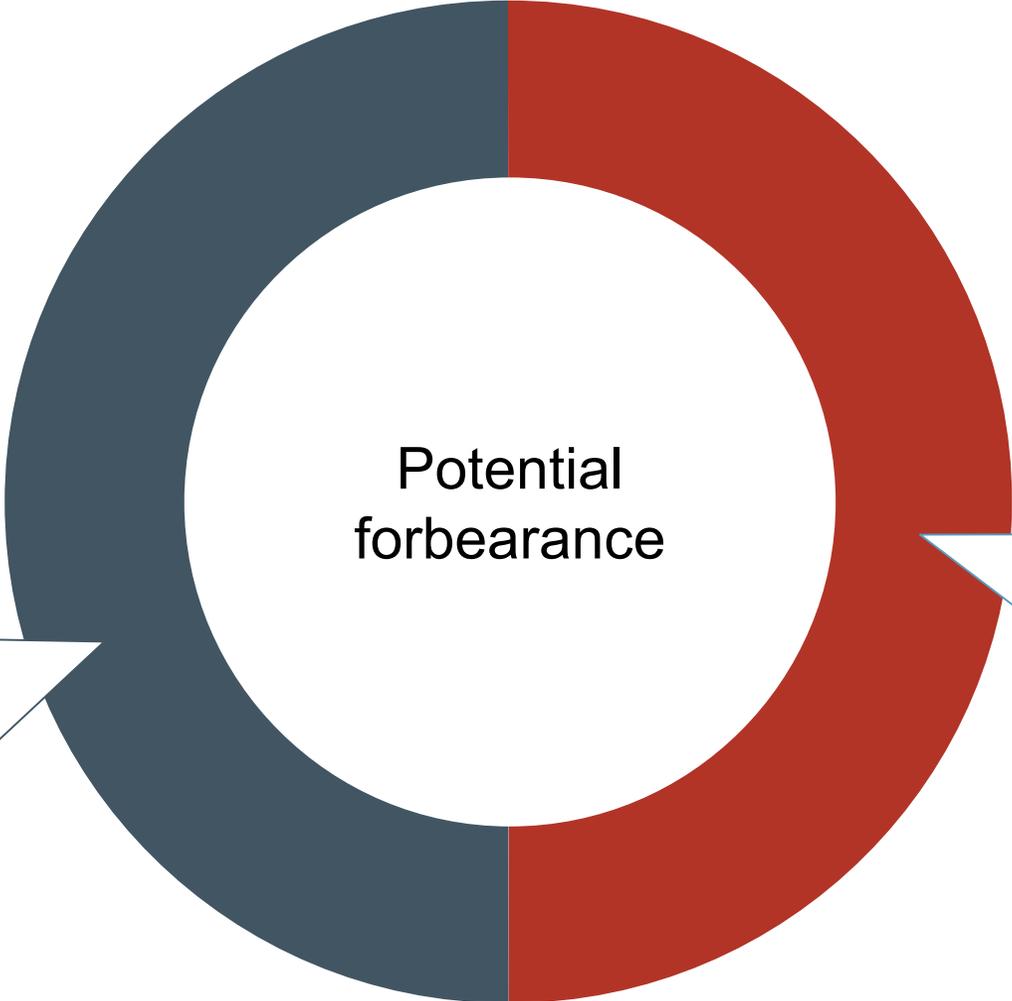
UK won't implement settlement discipline regime

- **Commission Implementing Decision 2020/1766**
- **Temporary equivalence of UK regulatory framework for CSDs**
- **Expires 30 June 2021**

ESAs Draft RTS on risk mitigation techniques for uncleared OTC derivatives

Margin

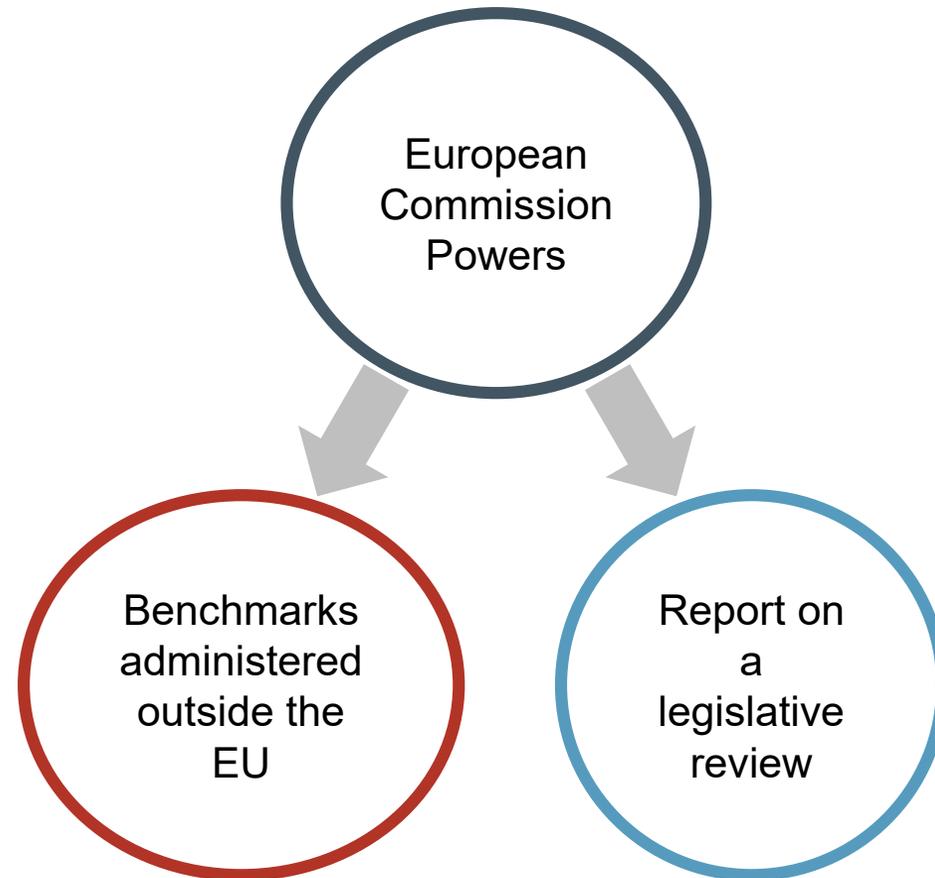
- Equity options derogation extended to 4 Jan 2024
- Intragroup derogation extended to 30 June 2022
- Relief for trades novated from UK-established counterparties to EU-established counterparties until 1 January 2022



Clearing

- Intragroup derogation extended to 30 June 2022
- Relief for trades novated from UK-established counterparties to EU-established counterparties until 1 January 2022

EU BMR Review



UK Treasury Committee: Future of Financial Services Inquiry

How can the sector take advantage of its new trading environment with the rest of the world?

What changes should be made to the UK's financial services regulations and regulatory framework?

How can Government policy and the UK regulators facilitate the emergence of FinTech and new competition?

Through what legislative mechanism should new financial regulations be made?

Should the UK seek to replicate the EU's model for drafting and scrutinising financial services regulation?

Should the mandate and statutory objectives of the regulators change to include wider public policy issues?

How can the balance between lighter touch regulation and prudential safeguards be best secured?

How should financial services regulators be funded?

What progress has been made in facilitating key equivalence agreements with third countries; would an alternative mechanism serve the UK market better?

EU Scrutiny Committee Report: EU Financial Services Reform Agenda

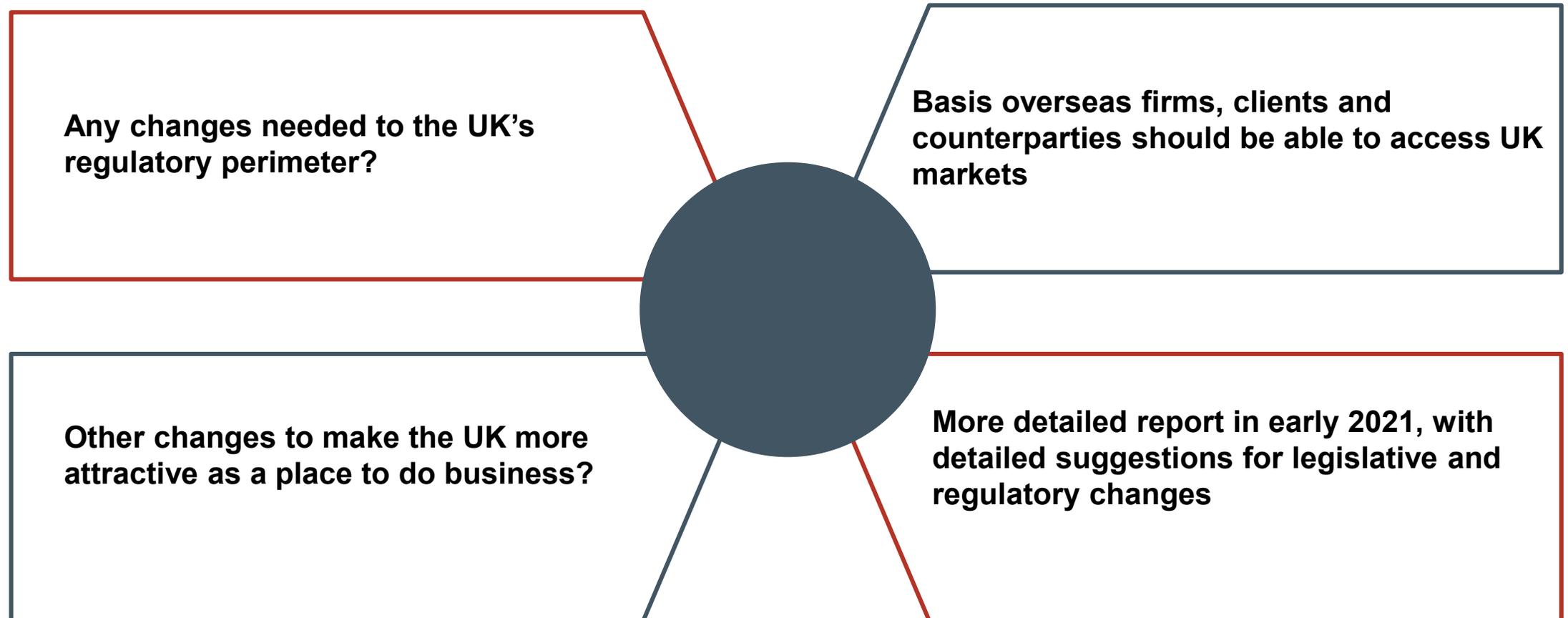
The EU's legislative efforts to revise its financial services rulebook could still have regulatory, economic and fiscal implications for the UK.

The Committee will continue to monitor EU legislative developments, in the context of the government's own review of UK financial services regulation.

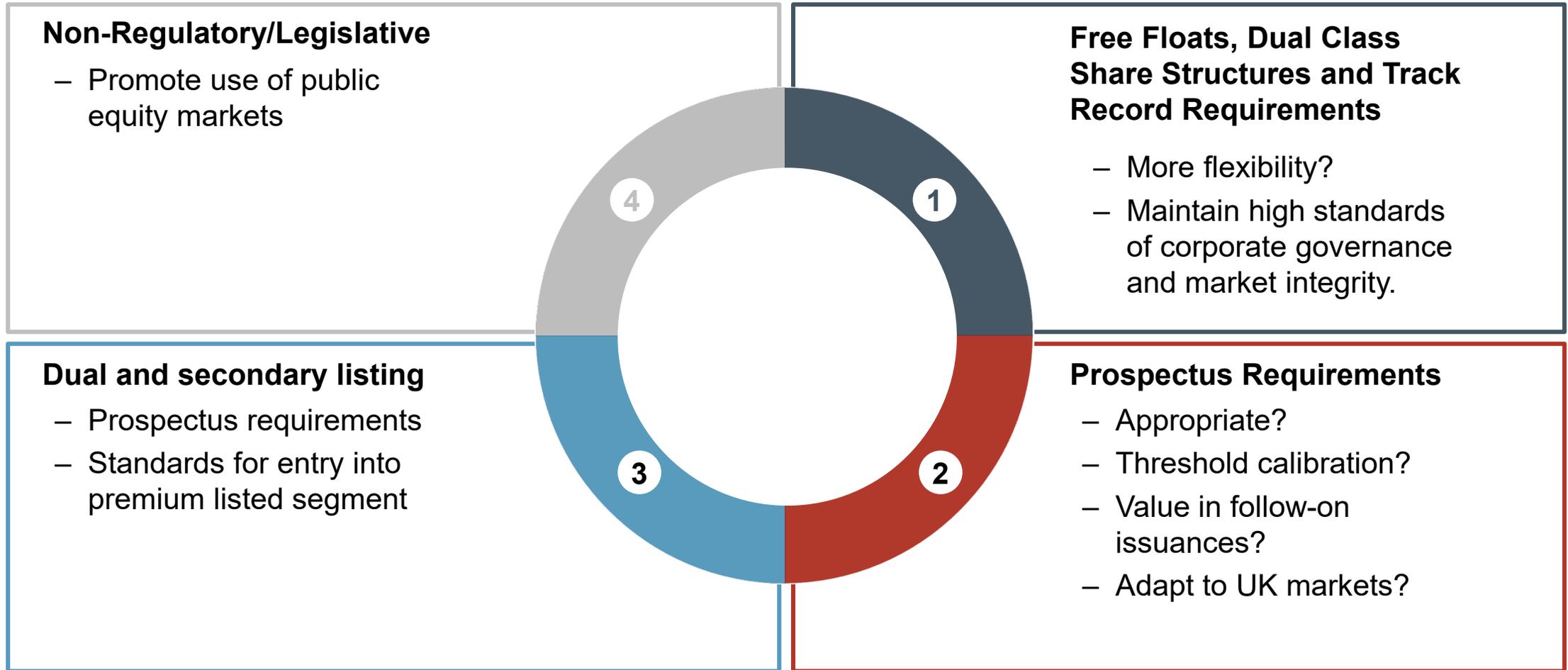
The fact that EC's policy papers do not, "refer directly to impacts" on non-EU countries markets is no reason to presume that no such impacts will occur

Scrutiny efforts should be targeted at the EU proposals with the greatest continued relevance to the UK.

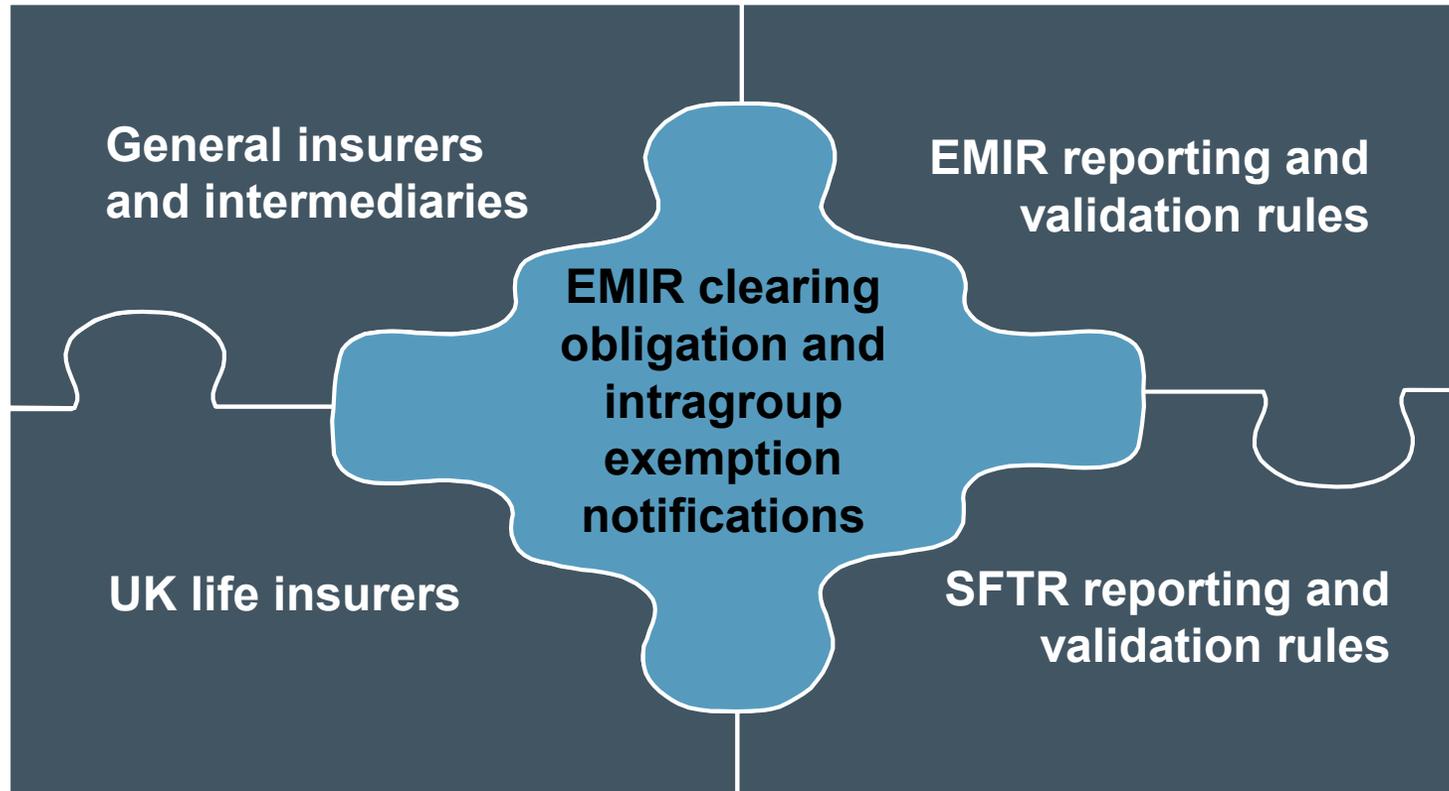
IRSG interim report on UK regime for overseas firms



UK Listing Regime: HMT call for evidence



FCA Updates



FCA Updates (2)

UK STS Notification Templates

Public Securitisations
Private Full Securitisations
Private Anonymised Securitisations

UK Benchmarks Register

Available from 11pm on 31 December
The Benchmark Administrator Register
The Third Country Benchmarks Register

STO Transitional Relief

Draft Transitional Direction
Draft Explanatory Note

FCA MiFID cutover planning

FCA FIRDS and FITRS publication websites and API will be unavailable between **16 Dec and 02 Jan.**

8:30pm GMT - ESMA FIRDS maintenance window starts. Any FIRDS files submitted after this point will not be passed on to ESMA.

11pm GMT - FCA and ESMA will cut infrastructure connections. No files submitted after this time will be passed through to ESMA. MDP will close for ingestion for a few hours while systems are repointed to FCA FIRDS and FCA FITRS. Firms that need to submit T+1 by Thursday should aim to get reports before 11pm to avoid this MDP outage. As 01 January is a public holiday, firms not needing to submit T+1 by Thursday will be able to submit at the latest on Monday 04 January.

31 December 2020

Afternoon - around 2pm FCA aim to publish full and delta files for both FITRS and FIRDS containing all relevant instruments from the ESMA history at 31 December 2020. At this point the API will be running on the FCA publisher.

01 January 2021

Morning - FCA expect the MDP to re-open for ingestion at some point in the early hours of 01 January. Firms may wish to plan for restarting file submissions from around 6am onwards. Firms will not receive feedback files at this point as the FCA will still be loading the full history of instruments from ESMA. Firms should start receiving feedback from the afternoon of the 01 January.

02 January 2021

Normal, non-trading day. A contingency day should FCA encounter implementation problems.

Normal trading day. FCA aim to produce a FIRDS delta file by 8am. FCA will also be making a CRA deployment, which may slightly delay the delta file. The API will remain available. A FITRS delta file will be produced after business hours. Both these deltas will reference changes from the publication of the deltas on 02 January.

03 January 2021

04 January 2021

BoE / PRA Updates

Non-UK CSDs

- Treasury equivalence decisions
- BoE Letter to EEA CSDs
- BoE Letter to non-EEA CSDs
- Recognition fee
- Interim list of CSDs that intend to provide services in the UK using transitional provisions

UK Settlement Finality Protection

- Temporary designation regime (TDR)
- BoE Letter to systems in the TDR
- Interim list of EEA systems whose operators have notified the BoE under the TDR

Outstanding Policy Statements

- CRD V
- BRRD II

New SIs

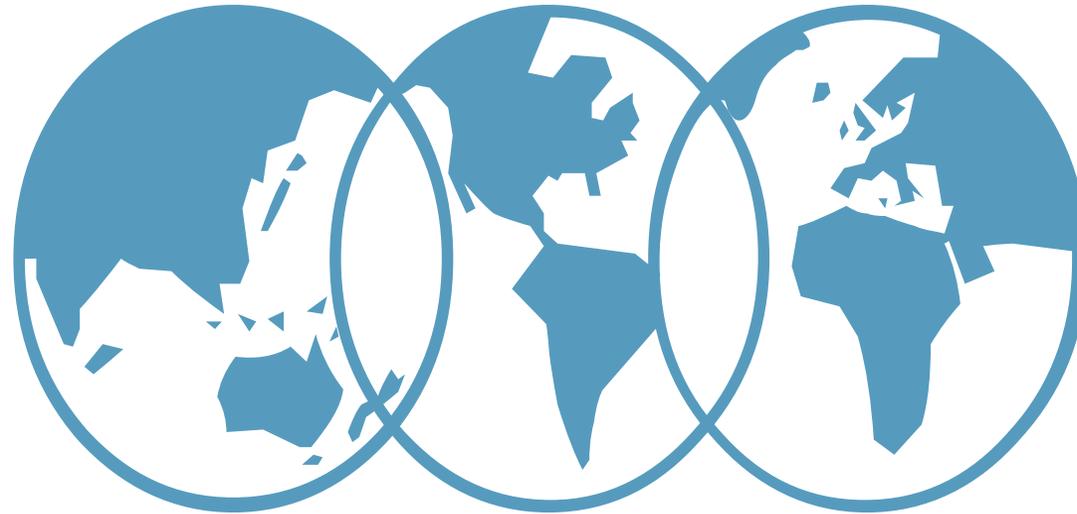
Financial Services and Economic and Monetary Policy (Consequential Amendment) (EU Exit) Regulations 2020

Amend references to "exit day" in the substantive provisions of 48 financial services-related statutory instruments made under the European Union (Withdrawal) Act 2018 so that they instead refer to "IP completion day"

”

Rest of the world?

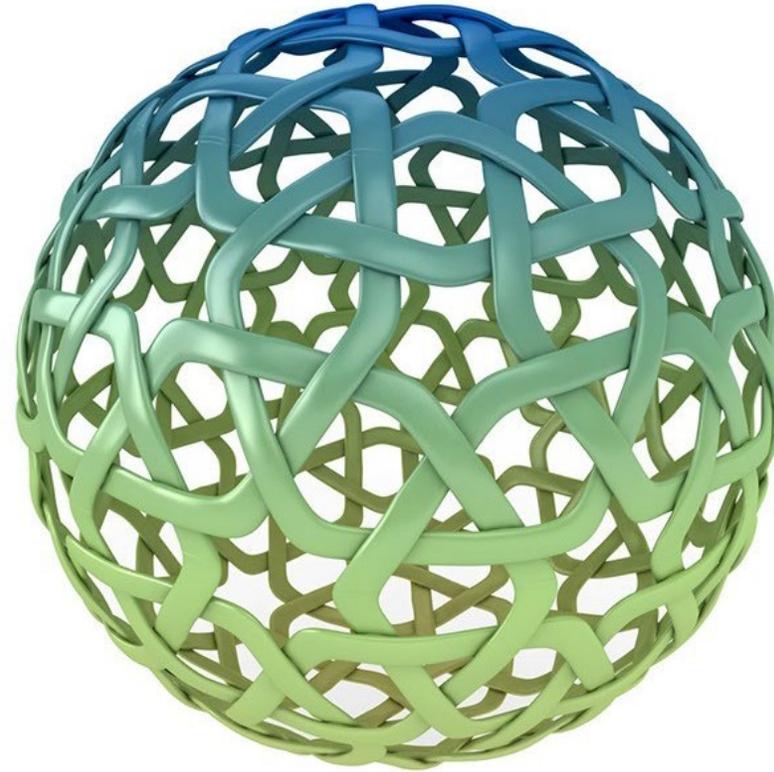
Rollover trade deal with Canada



CFTC no action letters

**UK-Japan Comprehensive
Economic Partnership
Agreement**

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What do I need to do before year end?

Outbound Business from the UK - Making your mind up

Which new business will have to be done from an EUCo?

Which new business might still be done from UKCo?

- Jurisdiction-specific: possible branch or cross-border licences, registrations, exemptions, other?
- Some potentially helpful local regimes for some business with some counterparties
- Still potential for further movement – e.g. Norway
- Remember venue/CCP participation as well as client/counterparty location

Other implications of this choice

- Consequences of migration – triggering new regulatory obligations (or not)
- Servicing legacy business from the UK - licensing issues and lifecycle events
- Other issues with cross-border business – DTO, SSR, other

Outbound Business from the UK - Making the UK/EU operational model work in practice



Governance and oversight



Outsourcing



Compliance complexity – AML, transparency, regulatory reporting



Regulatory engagement



Tracking practical impact of future regulatory divergence

Year-end ‘must do’ items – UK regime

Workstream / Topic	UK Firm	EEA Firm
Regulatory liaison		TPR filing Notice of closure of business lines
Repapering		Client disclosures
Changes to PRA obligations (banks only)	Article 55; stays FSCS (overseas branches)	FSCS SMCR Fees Governance Remuneration
Changes to FCA obligations	CASS (overseas branches)	FSCS FOS Complaints handling
MiFID/MiFIR	Transaction reporting DTO	Transaction reporting Transparency DTO

Year-end ‘must do’ items – UK regime

Workstream / Topic	UK Firm	EEA Firm
SFTR	Reporting	Branch reporting (if relevant)
SSR		Exemptions Reporting
Prospectus Regulation etc		Issuer disclosures PDMRs
MAR		STORs
Securitisation	Notification of UK STS	
Mortgage lending	Lending against EEA property	Lending against EEA property

Year-end 'must do' items – UK EMIR and EU EMIR

Workstream / Topic	UK Firm	EEA Firm
UK EMIR	Reporting Intra-group exemptions	Reporting
EU EMIR	Reporting	Reporting OTC derivative definition Exemptions Uncleared margin

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