

ALLEN & OVERY

Key Regulatory Topics: Weekly Update

19 July 2019 – 25 July 2019



BREXIT

Draft Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment etc and Transitional Provision) (EU Exit) (No. 2) Regulations 2019 laid before Parliament

On 25 July, the draft Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment etc. and Transitional Provision) (EU Exit) (No. 2) Regulations 2019 were laid before Parliament, together with a draft explanatory memorandum. The Regulations have been made to address deficiencies in retained EU law in EMIR, as amended by the EMIR Refit Regulation, which came into force on 17 June. As the EMIR Refit Regulation has now amended EMIR, this updated version will form part of UK law on exit day. The instrument makes amendments in relation to: (i) transfer of functions; (ii) clearing obligation suspension; (iii) pension fund clearing exemption; and (iv) intragroup transactions. Part 1 and 3 of the Regulations come into force on the day after the day on which the Regulations are made. Parts 2 and 4 come into force on exit day.

[Draft Over the Counter Derivatives, Central Counterparties and Trade Repositories \(Amendment etc and Transitional Provision\) \(EU Exit\) \(No 2\) Regulations 2019](#)
[Draft Explanatory Memorandum](#)

BoE and PRA consultation paper on changes following the extension of Article 50

On 25 July, the PRA and the BoE published a consultation paper (CP18/19) on further amendments to financial services legislation following the extension of the Brexit deadline to 31 October. On 18 April, the BoE and PRA published their amendments to financial services legislation under the European Union (Withdrawal) Act 2018 (EUWA), which included final EU Exit Instruments covering changes to PRA rules, FMI rules and BTS. These EU Exit Instruments have, with limited exceptions, an effective date of 'exit day' as defined in the EUWA. As such, in light of the extension of Article 50, some minor amendments are required to the BoE's and PRA's EU Exit Instruments. CP18/19 is split into two sections. Section A contains an update on how the BoE and PRA intend to use their temporary transitional powers, and Section B contains proposals to fix deficiencies arising from the UK's withdrawal from the EU and for consequential changes in light of the extension of the Article 50 period. Section B comprises of two parts. Part 1 sets out the PRA's proposals relating to the PRA Rulebook and BTS within the PRA's remit that will be onshored in UK law. Part 2 sets out the BoE's proposals in relation to BTS under the CSDR. The deadline for comments is 18 September.

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FCA announces extension to its use of the temporary transitional power

On 25 July, the FCA confirmed its intention to extend the proposed duration of the directions issued under the temporary transitional power to 31 December 2020, to reflect the extension of Article 50. The temporary transitional power is intended to minimise disruption for firms and other regulated entities if the UK leaves the EU without a deal. In February, the FCA announced that it would not be granting transitional relief in certain

specific areas, and confirms that in these areas, it still expects firms and other regulated entities to take reasonable steps to comply with the changes to their regulatory obligations by exit day. The following firms or persons should continue their preparations to comply with the changes: (i) firms subject to the MiFID II transaction reporting regime, and connected persons; (ii) firms subject to reporting obligations under EMIR; (iii) EEA issuers that have securities traded or admitted to trading on UK markets; (iv) investment firms subject to the BRRD and that have liabilities governed by the law of an EEA State; (v) EEA firms intending to use the market-making exemption under the Short Selling Regulation; (vi) firms intending to use credit ratings issued or endorsed by FCA-registered credit ratings agencies after exit day; and (vii) UK originators, sponsors, or securitisation special purpose entities (SSPEs) of securitisations they wish to be considered simple, transparent, and standardised under the Securitisation Regulation. The FCA will publish further information before exit day on how firms should comply with post-exit rules.

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CONSUMER/RETAIL

BSB publishes consumer framework on what good banking outcomes look like to consumers

On 25 July, the Banking Standards Board (BSB) published a consumer framework to help define what good banking outcomes look like to consumers. The BSB consulted on the proposed framework from November 2017 to January 2018. To reflect the feedback received from the consultation, the BSB has consolidated the seven principles that it consulted on into five: (i) access; (ii) clarity and transparency; (iii) safety and security; (iv) responsiveness; and (v) fairness. The BSB will now focus on implementing the framework and looking at how the principles can be used most effectively by firms. This may include addressing issues identified by employees as preventing them from serving customers well and learning from what employees see as helping them provide good customer service, and how firms currently measure or gauge customer outcomes.

[Read more](#)

FCA guidance consultation on fair treatment of vulnerable customers

On 23 July, the FCA published a guidance consultation on the fair treatment of vulnerable consumers (GC19/3). The proposed guidance aims to ensure consistency of outcomes for vulnerable consumers, and applies to all firms involved in the supply of products or services to retail customers, even if they do not have a direct client relationship with the customers. The FCA has adopted a two-staged approach to consulting. In the first stage, the FCA seeks feedback on specific questions set out in GC19/3, including whether the proposed guidance covers the right issues and provides the right degree of clarity, and how the guidance could affect firms' costs and the extent of benefits to vulnerable consumers from changes triggered by the guidance. The deadline for comments is 4 October. In the second stage, the FCA will consult on a further version of the proposed guidance, having made amendments in light of the feedback to GC19/3.

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EC publishes guidance on Unfair Contract Terms Directive

On 22 July, the EC published guidance on the Unfair Contract Terms Directive (UCTD). The guidance follows the EC's fitness check of consumer protection directives, which found that there was lack of clarity on the interpretation of the UCTD and its application across member states. The guidance provides clarity on: (i) the objectives and scope of the UCTD; (ii) the relationship with national law, including minimum harmonisation; (iii) the general unfairness test and transparency requirements; (iv) the non-binding character of unfair contract terms; (v) the remedies and procedural guarantees; and (vi) the injunctions in the collective interest of consumers.

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FCA alternatives to high-cost credit report

On 22 July, the FCA published a report on alternatives to high-cost credit. The report: (i) examines the market for alternatives to high-cost credit by looking at consumer demand and the availability of credit and non-credit alternatives; (ii) sets out the actions that the FCA has taken following the commitments it made in its high-cost credit publications in November and December 2018; and (iii) explains its role in supporting alternatives to high-cost credit. The FCA concludes that organisations that directly interact with consumers are better placed to take the lead by directing consumers to sources of help that best fit their individual needs. The report also sets out the actions that the FCA intends to take relating to the fostering of alternatives, including a review of its Perimeter guidance manual and considering relevant issues as part of its ongoing credit information market study.

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FCA update on RDR and FAMR review

On 22 July, the FCA updated its webpage summarising the findings from its May call for input on evaluating the Retail Distribution Review (RDR) and the Financial Advice Market Review (FAMR). The main themes that have emerged to date include: (i) access to appropriate services – not all consumers have appropriate access to a wide range of services to help them in their financial planning, particularly those with smaller amounts of money to invest; (ii) regulatory perimeters - the boundary between providing guidance services and regulated advice is not clear to all stakeholders, resulting in some firms feeling unable to provide potentially useful information to consumers if they feel there is a risk that it will be perceived as regulated advice; (iii) consumer engagement - consumer education in financial planning issues could be improved to encourage engagement with advice and guidance services; and (iv) innovation – consumers value face-to-face advice and that alternatives (including online services) are less popular. New forms of advice and guidance are reaching more consumers, but more work needs to be done to incorporate technology into the market to help consumers. The FCA will publish further updates as work progresses, and expects to publish its final report in 2020.

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FINANCIAL CRIME

EC publish package of materials assessing EU AML and CTF framework

On 24 July, the EC published the following package of materials assessing the EU's AML and CTF framework: (i) a communication towards better implementation of the EU's AML and CTF framework; (ii) a supranational risk assessment of money laundering and terrorist financing risks affecting the EU; (iii) a report assessing recent alleged money laundering cases involving EU banks; (iv) a report assessing the financial intelligence units' co-operation framework; (v) a report on the interconnection of national central bank account registries; and (vi) related Q&As. The EC has published these materials to support the EU and NCAs to better address money laundering and terrorist financing risks.

[Read more](#)

EBA opinion on communications to supervised entities regarding money laundering and terrorist financing risks in prudential supervision

On 24 July, the EBA published an opinion addressed to prudential supervisors on communicating to supervised firms about money laundering and terrorist financing risks in prudential supervision. The EBA invites prudential supervisors to send a common message to the management of supervised firms that prudential supervisors factor AML and CTF issues into the prudential supervisory process, and co-operate closely with AML and CTF supervisors for this purpose. Consideration will be given to money laundering and terrorist financing risks: (i) as part of ongoing supervision, in the assessment of acquisitions of qualifying holdings and in the proper assessment of the management body; (ii) in the context of the supervisory review and evaluation process, as part of the review of risks, business models, credit operations, governance and internal risk management; and (iii) in the context of taking any administrative measures, imposing penalties or proceeding to a withdrawal of authorisation process, thus ensuring that AML/CFT-related weaknesses with a prudential impact are taken into account in applying prudential supervisory measures and powers to alleviate prudential concerns.

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FUND REGULATION

ESMA guidelines on stress test scenarios under the MMF Regulation

On 19 July, ESMA published a final report on guidelines on stress test scenarios under Article 28 of the Money Market Funds Regulation (MMF Regulation). The guidelines establish common reference parameters of the stress test scenarios that MMFs or MMF managers should include in stress scenarios. MMFs and managers of MMFs are expected to measure the impact of the common reference stress test scenarios specified in the Guidelines. On the basis of these measurements, they are expected to fill in the reporting template referred to in Article 37 of the MMF Regulation and set out in Commission Implementing Regulation (EU) 2018/7082 and send the results to national competent authorities (NCAs) with their first quarterly reports as required by Article 37, scheduled in Q1 2020. The final text of the updated guidelines, including the calibration of the stress test scenario for 2019, is set out in Annex II to the final report. The updated sections of the guidelines will apply from the date two months after the official EU language versions of the guidelines have been published on ESMA's website.

[Read more](#)

ESMA guidelines on reporting to competent authorities under the MMF Regulation

On 19 July, ESMA published a final report on guidelines on reporting to NCAs under Article 37 of the Money Market Funds Regulation (MMF Regulation). The final text of the new guidelines is outlined in Annex III to the final report, which provides guidance on how to fill in the reporting template on MMFs that MMF managers are required to submit to NCAs. The guidelines complement the information in Commission Implementing Regulation (EU) 2018/708, so that managers have all the necessary information to fill in the reporting template. ESMA has confirmed that there is no need to retroactively provide historical data for any period prior to the starting date of reporting.

[Read more](#)

INSURANCE

EIOPA consultation paper on the draft opinion on the supervision remuneration principles in the insurance and reinsurance sector

On 25 July, EIOPA published a consultation paper on its draft opinion on the supervision of remuneration principles in the insurance and reinsurance sector. In the draft opinion, which is addressed to NCAs, EIOPA aims to enhance supervisory convergence in the supervision of remuneration policies of insurance and reinsurance undertakings at European level, without prejudice to the application of the relevant provisions of Solvency II and the Solvency II Delegated Regulation. The draft opinion gives guidance to the supervisory authorities on how to challenge the application of certain principles and focuses on a reduced scope of staff identified as potential higher profile risk-takers to promote a proportionate approach. Risk-based supervision of the remuneration policy means that the supervisory authorities should have a two-dimensional approach when assessing the risk: the first dimension being the undertakings' overall risk profile and the second dimension being the design of the concrete remuneration policy which might be identified as more risky than others. The deadline for comments is 30 September.

[Read more](#)

PRA consultation paper on group availability of subordinated liabilities and preference shares under Solvency II

On 22 July, the PRA published a consultation paper on group availability of subordinated liabilities and preference shares under Solvency II (CP16/19). In CP16/19, the PRA sets out its proposed approach to the determination of the availability of subordinated liabilities and preference shares in group own funds, and its expectations of firms in presenting relevant analysis to the PRA. The PRA assesses group own funds availability based on the criteria set out in Article 330 of the Delegated Regulation which includes the assumption that subordinated liabilities and preference shares are not effectively available to cover the group solvency capital requirement (SCR). However, the Solvency II regime makes provision for firms to demonstrate to the PRA's satisfaction that this assumption is not appropriate and, therefore, exclude such own fund items when calculating the amount of non-available own funds exceeding the contribution to the group SCR. The deadline for comments is 21 October.

[Read more](#)

PRA update on Insurance special purpose vehicles

On 22 July, the PRA updated its webpage on insurance special purpose vehicles (ISPVs). The updated webpage includes links to updated application forms, accompanying notes, and a new set of FAQs. The updated information is relevant to parties wishing to apply for authorisation for an ISPV under Part 4A FSMA, to undertake the regulated activity of 'insurance risk transformation'.

[Read more](#)

EIOPA report on analysing national general good rules under the IDD

On 22 July, EIOPA published a report analysing national general good rules under the Insurance Distribution Directive (IDD). In the report, EIOPA outlines of the types of rules that are published on the websites of NCAs and are applicable to firms carrying on cross-border insurance distribution activities. The report sets out EIOPA's findings from examining the different national general good provisions published by NCAs in terms of their level of accessibility and provides a thematic summary of the different national rules to assess the extent to which they materially impact on the functioning of the IDD of the internal market. The report finds that there is still scope for improving the visibility and accessibility of the webpages on general good rules on some NCAs' websites. Furthermore, EIOPA also found that member states have published general good rules on registration and organisational requirements, where these rules are under the competence of the home member state in the IDD. This approach is detrimental to the proper functioning of the IDD and the single market. EIOPA outlines a number of follow-up actions in the report, including issuing

recommendations to NCAs on how the information on general good rules should be published. Stakeholders are invited to complete an online survey on the report by 22 September.

[Read more](#)

EIOPA discussion paper on methodological principles of insurance stress testing

On 22 July, EIOPA published a discussion paper on methodological principles of insurance stress testing. EIOPA is required to carry out regular EU-wide stress testing exercises for the insurance sector and is tasked with developing common methodologies for assessing the effects of adverse economic and financial scenarios on the sector. EIOPA considers that having a set of common methodological principles and guidelines agreed beforehand will greatly facilitate the stress test process, therefore EIOPA sets out the main methodological principles and guidelines required for conducting and assessing an EU-wide stress test exercise. In developing its methodological stance, EIOPA considers the following key elements: (i) stress test process, objectives, scope and scenario design; (ii) shocks and their application in a stress test; and (iii) data collection and validation. The deadline for comments is 18 October.

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MARKETS AND MARKETS INFRASTRUCTURE

EMMI confirms publication time for recalibrated EONIA

On 24 July, the European Money Markets Institute (EMMI) announced that EONIA will be published at or shortly after 09.15 Central European Time (CET), starting on 2 October. This announcement came after the ECB released the publication time for the euro short-term rate (€STR) at 08.00 CET on every TARGET2 business day with possible re-publication at 09.00 CET to correct any errors. EONIA will be calculated as the €STR plus a spread on every TARGET2 day in which the €STR is published. The reliance on the €STR for EONIA's determination makes it necessary for EONIA to be calculated and published after the €STR publication.

[Read more](#)

BCBS margin requirements for non-centrally cleared derivatives

On 23 July, the BCBS and IOSCO published an updated version of the margin requirements for non-centrally cleared derivatives. The BCBS and IOSCO have agreed a one year extension of the final implementation phase of margin requirements, which will take place on 1 September 2021, at which point covered entities with an aggregate average notional amount (AANA) of non-centrally cleared derivatives greater than EUR8 billion will be subject to the requirements. To facilitate the extension, the BCBS and IOSCO will introduce an additional implementation phase whereby, as of 1 September 2020, covered entities with an AANA of non-centrally cleared derivatives greater than EUR50 billion will be subject to the requirements.

[Read more](#)

ESMA annual peer review of EU CCP supervision

On 22 July, ESMA published its annual peer review report (dated 18 July) for 2018 of EU CCP supervision. ESMA's review aimed to assess the effectiveness of supervisory practice put in place by competent authorities to assess CCP compliance with the provisions on liquidity risk controls and collateral requirements of EMIR. Overall, ESMA found that NCAs' supervisory activities are satisfactory, although their use of quantitative metrics to assess liquidity and low market risk of collateral was fairly limited. With regards to funding arrangements, the degree of convergence on the basic conditions that identify committed credit and repo lines is generally high, but different supervisory practices apply for pre-arranged funding arrangements involving repos and liquidity generation from outright sales of securities. ESMA also identifies a number of best practices and considerations to further enhance supervisory convergence in this area.

[Read more](#)

FSB adjusts implementation timelines for policy recommendations to address financial stability risks in securities financing transactions

On 19 July, the FSB announced that it has updated its regulatory framework for haircuts on non-centrally-cleared SFTs. The FSB has published an amended version of Annex 1 to its November 2015 report. The amendments made reflect adjustments to the implementation timelines for the FSB's recommendations on SFTs in relation to minimum haircut standards for non-centrally cleared SFTs. The FSB has identified significant delays in implementation in some jurisdictions, especially for the recommendations relating to minimum haircut standards for non-centrally cleared SFTs used by banks to provide financing to non-banks. The delays are due to the new January 2022 date for implementing the minimum haircut standards on bank-to-non-bank SFTs into banking regulation as part of the Basel III framework. As such, the FSB has decided

to adjust the implementation timelines for its recommendations related to minimum haircut standards for non-centrally cleared SFTs, including those related to quantitative standards. The implementation timelines for the policy recommendations related to the framework of numerical haircut floors is extended to January 2022 for bank-to-non-bank transactions, and to January 2024 for non-bank-to-non-bank transactions. The implementation timelines for other recommendations have not been changed.

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PAYMENT SERVICES AND PAYMENT SYSTEMS

ECB letter on stablecoin initiatives

On 25 July, the ECB published a letter from Mario Draghi, President of the ECB, to Markus Ferber MEP, in response to his letter dated 27 June regarding stablecoin initiatives. In the letter, Mr Draghi confirms that the European System of Central Banks (ESCB) is closely monitoring innovation in the financial sector, including stablecoin projects such as Libra, and are contributing to the ongoing work of the G7 working group. As part of this working group, the ESCB undertakes a comprehensive assessment of the potential risks of stablecoin initiatives to financial stability, operational and cyber resilience as well as their potential impact on the tasks of central banks. Mr Draghi also states that the ESCB intends to pursue an internationally consistent approach together with the global central bank community and standard-setting bodies.

[Read more](#)

PSR consultation on proposed revisions to its powers and procedures guidance

On 25 July, the PSR published a consultation paper (CP19/7) on proposed revisions to its powers and procedures guidance (PPG). The PSR originally published its guidance in March 2015. The PSR is consulting on an updated version of this guidance, to update and improve its PPG on the Interchange Fee Regulation 2015 (IFR) that describes its powers and procedures to monitor compliance with, and enforce some of, the obligations under the IFR and certain provisions of PSD2. The aim is to make the PPG as clear and accessible as possible. The deadline for comments is 17 October.

[Read more](#)

PSR call for views on insights from research into cash access, use and acceptance

On 24 July, the PSR published a document calling for views on insights from research into cash access, use and acceptance (CP19/6). The PSR commissioned BritainThinks to undertake research into access to cash, how people use it and its acceptance in different small businesses around the UK. In addition to CP19/6, the PSR has published the final report from BritainThinks and the appendices, which should be read in conjunction with CP19/6. Among other things, the research found that: (i) most respondents regularly use cash, with over a quarter preferring to use cash, especially for budgeting and control purposes; (ii) there is a widespread need and desire to access cash (albeit at a 'low level'); and (iii) many small businesses do not fully understand the cost of accepting cash. The PSR welcomes all views on the issues raised by the research, including possible future options for ensuring access to cash and how businesses can learn more about the costs to them of accepting cash. The deadline for comments is 6 September.

[CP19/6](#)

[Final Report](#)

[Appendices](#)

PENSIONS

PEPP Regulation published in the OJ

On 25 July, Regulation (EU) 2019/1238 on pan-European personal pension products (PEPP) (PEPP Regulation) was published in the OJ. The PEPP Regulation harmonises a set of core features for the PEPP, which concern key elements such as distribution, minimum content of contracts, investment policy, provider switching, or cross-border provision and portability. The harmonisation of these core features are intended to improve the level playing field for PEPP providers. The PEPP Regulation will enter into force on 14 August (20 days after its publication in the OJ). It will apply 12 months after publication in the OJ of the delegated acts referred to in Article 28(5) (Content of the PEPP KID), Article 30(2) (Revision of the PEPP KID), Article 33(3) (Provision of the PEPP KID), Articles 36(2) and 37(2) (PEPP benefit statement), Article 45(3) (Costs and Fees for the Basic PEPP) and Article 46(3) (Risk-mitigation techniques).

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PRUDENTIAL REGULATION

Please see the Financial Crime section for the EBA's opinion on communications to supervised entities regarding money laundering and terrorist financing risks in prudential supervision.

PRA policy statement on eligibility of financial collateral for credit risk mitigation

On 23 July, the PRA published a policy statement on credit risk mitigation: eligibility of financial collateral (PS14/19). In PS14/19, the PRA outlines its final policy decisions and provides feedback on responses to its January consultation paper setting out proposed changes to its supervisory statement on credit risk mitigation (SS17/13) relating to the eligibility of financial collateral as funded credit protection under the CRR. Respondents to the January consultation paper generally welcomed the clarifications regarding the eligibility of financial collateral. However, following consideration of responses, the PRA has made a number of minor changes, clarifying: (i) that where the obligor and the collateral issuer share the same country, this does not necessarily imply there is a material positive correlation; (ii) what assets the PRA would consider relevant when it refers to "all of the assets to which the lender has legal recourse"; and (iii) how the PRA's expectations apply when firms have recourse to a financial collateral asset that is an index instrument. The changes to SS17/13 under PS14/19 are effective immediately.

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PRA consultation paper on counterparty credit risk: treatment of model limitations in banks' internal models

On 23 July, the PRA published a consultation paper on counterparty credit risk: treatment of model limitations in banks' internal models (CP17/19). In CP17/19, the PRA outlines proposed changes to its supervisory statement on counterparty credit risk to clarify expectations regarding the treatment of model limitations and assumptions under the CRR. Under Article 286(4) of the CRR, firms using the internal model method (IMM) to calculate the exposure value for derivatives or other transactions are required to have a formal process to ensure senior management is aware of the limitations and assumptions of the model, and their potential impact on the reliability of the model output. The PRA has identified proposes that all model limitations and assumptions that may affect the output of the IMM are included in a single, central inventory with an assessment of their potential impact on the key model outputs of exposure and capital requirements, and proposes that firms estimate the potential impact of limitations and assumptions on model outputs on a periodic basis, and hold capital against them where the potential impact is material. The deadline for comments is 25 October.

[Read more](#)

EBA roadmap for IFRS 9 deliverables

On 23 July, the EBA published a roadmap for deliverables relating to IFRS 9, which provides a comprehensive overview of the EBA's planned monitoring activities on IFRS 9 implementation. The roadmap includes the different phases of this work, covering both qualitative and quantitative perspectives, which will take place over the coming months and years. The EBA is also launching an IFRS benchmarking exercise on a sample of firms (which sample is similar to that used for previous EBA reports on IFRS 9). The exercise is aimed at analysing the different modelling practices firms follow, and how IFRS 9 implementation impacts the amount of expected credit losses in terms of own funds and regulatory ratios. The EBA explains that the benchmarking exercise represents an important step in the context of the ongoing quantitative monitoring activities.

[Read more](#)

EBA report on the monitoring of CET1 instruments issued by EU institutions

On 22 July, the EBA published an updated version of its report on the monitoring of CET1 instruments issued by EU institutions. The EBA has been monitoring the quality of CET1 issuances since 2013 and has regularly maintained, and published, a list of all forms of capital instruments in each member state that qualify as CET1. The report provides: (i) further guidance on the content and objectives of the published CET1 list; (ii) clarity on the consequences of the inclusion (or exclusion) of an instrument in (or from) the list; and (iii) feedback on the outcome of the EBA monitoring work on CET1 issuances across the EU.

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OTHER DEVELOPMENTS

FCA Dear CEO letter on wealth management and stockbroking supervision strategy

On 23 July, the FCA published a Dear CEO letter (dated 13 June) on its wealth management and stockbroking supervision strategy. The FCA's strategy covers a two-year period, which began in April. The strategy is focused on the following areas: (i) fraud, investment scams and market abuse - this remains a

priority area. Client portfolios must be aligned and managed to the client's risk profile; (ii) best execution - the FCA expects firms to have effective day-to-day execution processes, contingent arrangements for periods of market distress, and clear, comprehensive and effective oversight and monitoring arrangements; (iii) costs and charges disclosure - the FCA expects firms to review their costs and charges disclosures to ensure they are satisfying all relevant requirements, including for both ex-ante and ex-post costs and charges disclosures; (iv) the SMCR - the regime will be expanded to all FCA solo regulated firms from 9 December. Enhanced firms must submit details of all approved persons converting to senior manager functions, statements of responsibilities and responsibilities maps; and (v) EU withdrawal – the FCA expects firms to act in their customers' best interests and maintain clear communications throughout the UK's withdrawal from the EU.

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HMT Call for Evidence: Regulatory Co-ordination

On 19 July, HMT published a call for evidence on regulatory co-ordination. This is the first publication in HMT's Future Regulatory Framework Review, which was announced by the Chancellor of the Exchequer announced in his June Mansion House speech. The call for evidence outlines what HMT means by the regulatory framework, how the framework has developed in recent years, the role of the EU, and future challenges. HMT is requesting views on the following two topics, and in particular welcomes views as to what currently works well and where there may be potential for improvement: (i) how UK bodies, including HMT and regulators with jurisdiction over the financial services sector, work together to coordinate regulatory interventions for financial services firms, including: (a) how UK bodies balance the benefits to consumers of financial services (both individual and businesses) of timely regulatory action against the impact on firms of meeting potentially challenging timeframes on requirements; (b) how UK bodies understand and assess the overall impact of simultaneous regulatory interventions on firms, particularly in the way these are sequenced and how they consider the wider regulatory landscape; and (c) whether UK bodies request the right amount of information from firms as part of the policy-making process, and whether these processes provide an adequate opportunity for firms to highlight the impact of proposed changes; (ii) how firms and the regulators can work together to make authorisation, supervision and enforcement more efficient, including: (a) how might firms and the regulators take advantage of new technology to make supervisory reporting more efficient, flexible and less burdensome; (b) how might firms allow or facilitate data sharing between regulators to improve regulatory coordination; and (c) how firms go about making sufficient investment in their systems and controls to ensure these are fit for the future. The deadline for comments is 18 October.

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