



Risk and Regulation Monthly

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CENTRE *for*
**REGULATORY
STRATEGY**
EMEA

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Highlights

The COVID-19 pandemic has, unsurprisingly, continued to dominate the regulatory agenda throughout August, with regulators issuing further guidance on COVID-19 related relief for customers and firms as well as publishing research on the effects of the pandemic and related policy interventions.

In the UK, the FCA issued updated guidance in relation to insurance and premium finance customers and mortgage borrowers in financial difficulty amid the COVID-19 pandemic. The PRA issued further clarification around its approach to IFRS 9 and capital requirements in response to the FCA's updated guidance.

In the EU, the EBA issued a report on the implementation of selected COVID-19 policies and EIOPA concluded in its Risk Dashboard that European insurers remain exposed to high risks, in particular macro-economic, market, credit, profitability and solvency risks, arising from the outbreak of COVID-19.

There have also been some significant regulatory developments not directly related to the COVID-19 pandemic. Notably, EIOPA issued its regulation of the pan-European Personal Pension Product (PEPP), publishing a set of draft regulatory and implementing technical standards and its technical advice on Delegated Acts to implement the framework for the design and delivery of the PEPP.

COVID-19	
UK	
FCA	
<ul style="list-style-type: none"> Feedback on draft updated guidance for insurance and premium finance firms regarding 'Coronavirus and customers in temporary financial difficulty' 	Link
<ul style="list-style-type: none"> Draft guidance on support to mortgage borrowers in financial difficulty amid COVID-19 	Link
BoE	
<ul style="list-style-type: none"> A 'Bank Overground' post on the effect of COVID-19 on UK household spending 	Link
PRA	
<ul style="list-style-type: none"> Statement on IFRS 9 and capital requirements in the context of COVID-19 	Link
TPR	
<ul style="list-style-type: none"> Blog by Mel Charles, Director of Automatic Enrolment, on COVID-19 and firms' automatic enrolment pension duties 	Link
EU	
EBA	
<ul style="list-style-type: none"> ITS final reports on supervisory reporting, disclosure and guidance on the impact of CRR adjustments in response to the COVID-19 pandemic 	Link Link Link
<ul style="list-style-type: none"> Updated work programme for 2020 in light of the COVID-19 pandemic 	Link
Int'l	
BIS	
<ul style="list-style-type: none"> Speech by Luis de Guindos, Vice-President of the ECB, on the challenges for the banking and non-financial sector amid the recovery from the COVID-19 pandemic 	Link
<ul style="list-style-type: none"> Financial Stability Institute brief on the prudential response to debt under COVID-19: supervisory challenges 	Link
<ul style="list-style-type: none"> Speech by Daleep Singh, Executive Vice-President of the US Federal Reserve, on the use of the Federal Reserve's credit and liquidity facilities during the COVID-19 pandemic 	Link
<ul style="list-style-type: none"> Speech by Gabriel Makhoul, Governor of the Central Bank of Ireland, on the macroeconomic impacts of COVID-19 and the monetary and fiscal policy response 	Link

<ul style="list-style-type: none"> Speech by Luigi Federico Signorini, Deputy Governor of the Bank of Italy, on the role of central banks and sustainability in the post-COVID-19 recovery 	Link
IMF	
<ul style="list-style-type: none"> Blog on global imbalances and the COVID-19 crisis 	Link

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Brexit	
UK	
FCA	
<ul style="list-style-type: none"> Update on the temporary permissions regime (TPR), indicating the notification window will re-open at the end of September 	Link

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Banking	
Prudential	
UK	
BoE	
<ul style="list-style-type: none"> Statistical release on banking sector regulatory capital in Q1 2020 	Link
<ul style="list-style-type: none"> Speech by Sarah Breeden, Executive Director of UK Deposit Takers Supervision, on the PRA's consultation on a new guide for start-up banks 	Link
<ul style="list-style-type: none"> Speech by Andrew Bailey, Governor of the Bank of England, on the past, present and future of the central bank balance sheet as a policy tool 	Link
PRA	
<ul style="list-style-type: none"> Financial Stability Report and Monetary Policy Report 	Link Link Link
<ul style="list-style-type: none"> Update to the temporary approach to VAR back-testing exceptions to mitigate the possibility of excessively pro-cyclical market risk capital requirements 	Link
EU	

EBA	
<ul style="list-style-type: none"> Final draft ITS on disclosure and reporting on MREL and TLAC 	Link
<ul style="list-style-type: none"> Report on the implementation of selected COVID-19 policies, including the treatment of debt moratoria 	Link
<ul style="list-style-type: none"> Consultation paper on the guidelines on criteria for the use of data inputs in the expected shortfall risk measure under the Internal Model Approach for market risk 	Link
<ul style="list-style-type: none"> Updated data used for the identification of global systemically important institutions (G-SIIs) 	Link
<ul style="list-style-type: none"> Opinion on the Commission's intention to amend the EBA's final draft RTS on economic downturn 	Link
ECB - SSM	
<ul style="list-style-type: none"> Letter from Andrea Enria, Chair of the Supervisory Board, to Mr Schirdewan, MEP, on the supervision of Wirecard Bank AG 	Link
<ul style="list-style-type: none"> Report on banks' ICAAP practices, covering the ECB's concerns on data, economic perspective, and stress testing 	Link
<ul style="list-style-type: none"> Blog by Edouard Fernandez-Bollo, Member of the Supervisory Board of the ECB, clarifying the ECB's supervisory approach to consolidation 	Link
<ul style="list-style-type: none"> Letter from Andrea Enria, Chair of the Supervisory Board, to Mr Schäffler, Member of the German Bundestag, on banking supervision in a low-interest rate environment 	Link
SRB	
<ul style="list-style-type: none"> Operational guidance on bail-in, covering guidance for bail-in playbooks and instructions for bail-in data sets 	Link
Int'l	
BIS	
<ul style="list-style-type: none"> Research paper on central banks and financial stability: A reflection after the COVID-19 outbreak 	Link
<ul style="list-style-type: none"> Speech by Claudia Buch, Vice-President of the Deutsche Bundesbank, on implications of the too-big-to-fail reforms for global banking 	Link
<ul style="list-style-type: none"> Consultation paper on principles for operational resilience, covering the BIS's 7 operational resilience principles 	Link
<ul style="list-style-type: none"> Speech by Michelle W Bowman, Member of the Board of Governors of the Federal Reserve System, on the effect of COVID-19 on the economy and banking 	Link
<ul style="list-style-type: none"> Consultation paper on revisions to the principles for the sound management of operational risk 	Link
Conduct	

UK	
FCA	
<ul style="list-style-type: none"> • Consultation paper on proposals to update the dual-regulated firms remuneration code 	Link
<ul style="list-style-type: none"> • Multi-firm review on relending by high-cost lenders 	Link
PRA	
<ul style="list-style-type: none"> • Policy Statement on the Financial Services Compensation Scheme – Temporary High Balance Coverage Extension 	Link
Other	
UK	
PRA	
<ul style="list-style-type: none"> • Working paper on whether quantitative easing boosts bank lending to the real economy or causes other bank asset reallocation 	Link

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Capital Markets	
Prudential	
EU	
ESMA	
<ul style="list-style-type: none"> • Consultation on draft guidelines for the calculation of positions in Securities Financing Transactions by Trade Repositories 	Link
<ul style="list-style-type: none"> • Opinions supporting position limits for a range of commodity derivative types under MiFID II/MIFIR 	Link
<ul style="list-style-type: none"> • Public statement on ESMA’s guidelines on stress test scenarios under the Money Market Funds Regulation 	Link
Int'l	
IOSCO	
<ul style="list-style-type: none"> • Final report on liquidity provision in the secondary markets for equity securities 	Link
Conduct	

UK	
FCA	
<ul style="list-style-type: none"> Speech by Edwin Schooling Latter, Director of Markets and Wholesale Policy at the FCA, on LIBOR transition and the critical tasks ahead in the second half of 2020 	Link
<ul style="list-style-type: none"> Speech by Mark Steward, Executive Director of Enforcement and Market Oversight, on capital market regulation and coronavirus 	Link
<ul style="list-style-type: none"> Market Watch newsletter on market conduct, Brexit and MiFID II transaction reporting issues 	Link
EU	
ESMA	
<ul style="list-style-type: none"> Consultation on the functioning of the regime for SME Growth Markets under MiFID and MAR 	Link
<ul style="list-style-type: none"> Press Release on selection of Chair and Independent Members for the CCP Supervisory Committee 	Link
<ul style="list-style-type: none"> Final report on further postponement of the Central Securities Depositories Regulation settlement discipline 	Link
<ul style="list-style-type: none"> Draft on national thresholds for shareholder identification under the Revised Shareholder Rights Directive 	Link

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Insurance	
Prudential	
UK	
TPR	
<ul style="list-style-type: none"> Blog by David Fairs, Executive Director of Regulatory Policy, on the future of regulating Defined Benefit valuations, including proposing a twin track approach and assessing the impact of this on an open scheme's long-term objective (LTO) 	Link
EU	
EIOPA	
<ul style="list-style-type: none"> Draft ITS on the format of supervisory reporting between NCAs and EIOPA 	Link
<ul style="list-style-type: none"> Risk Dashboard: European insurers remain exposed to high risks since the outbreak of COVID-19 	Link

Int'l	
FSB	
<ul style="list-style-type: none"> Methodology for assessing the implementation of the key attributes of effective resolution regimes for financial institutions in the insurance sector 	Link
Conduct	
EU	
EC	
<ul style="list-style-type: none"> Draft RTS on requirements for information documents, on the costs and fees included in the cost cap, and on risk-mitigation techniques for the pan-European Personal Pension Product (PEPP) 	Link
EIOPA	
<ul style="list-style-type: none"> Technical advice on delegated acts under the PEPP Regulation 	Link
<ul style="list-style-type: none"> Technical advice on criteria for EIOPA's product intervention powers 	Link
<ul style="list-style-type: none"> Impact assessment of the RTS, ITS and technical advice to the EC in relation to the PEPP 	Link
<ul style="list-style-type: none"> Report on consumer testing of PEPP information documents 	Link

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Investment Management	
Prudential	
UK	
FCA	
<ul style="list-style-type: none"> Consultation on new rules to address liquidity mismatch in open-ended property funds 	Link
Conduct	
UK	
FCA	
<ul style="list-style-type: none"> Dear CEO letter regarding increased client money balances since COVID-19 	Link

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Other	
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UK	
FCA	
<ul style="list-style-type: none">FCA letter to Senior Partners/ Directors of auditing firms on reporting obligations	Link
FINTECH	
UK	
PSR	
<ul style="list-style-type: none">Statement by Genevieve Marjoribanks, Head of Policy, on consumer protection, driving innovation and competition in real-time payments	Link
EU	
EBA	
<ul style="list-style-type: none">Consultation on the use of RegTech solutions and ways to support the uptake of RegTech across the EU	Link
ECB - SSM	
<ul style="list-style-type: none">ESCB / European banking supervision response to the Commission's initial consultation on a new digital finance strategy for Europe	Link
Int'l	
BIS	
<ul style="list-style-type: none">Speech by Lael Brainard, Member of the Board of Governors of the Federal Reserve System, on the FED's work on cryptocurrencies and central bank digital currencies	Link
<ul style="list-style-type: none">Speech by Benoit Coeure, Head of the BIS Innovation Hub, on the challenges and collaborative solutions to leveraging technology to support supervision	Link
<ul style="list-style-type: none">Working paper on the drivers, approaches and technologies behind the rise of central bank digital currencies	Link
<ul style="list-style-type: none">Paper on regulating FinTech financing: digital banks and FinTech platforms	Link

SUSTAINABLE FINANCE	
UK	
BoE	
<ul style="list-style-type: none"> A note summarising the fourth meeting of the PRA and FCA's joint Climate Financial Risk Forum 	Link
OTHER	
UK	
FCA	
<ul style="list-style-type: none"> Consultation paper on debt advice levy rates in 2020/21 for additional funding 	Link
<ul style="list-style-type: none"> Consultation paper on extension of the annual financial crime reporting obligation 	Link
EU	
EBA	
<ul style="list-style-type: none"> Response to the European Commission's Action Plan for a comprehensive EU policy on preventing money laundering and terrorism financing 	Link
Int'l	
FSB	
<ul style="list-style-type: none"> Questionnaire on the continuity of access to financial market infrastructures for firms in resolution 	Link

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Glossary

AFMs = Authorised Fund Managers
AI = Artificial Intelligence
AIFMD = Alternative Investment Fund Managers Directive
ALMD = Anti Money Laundering Directive
AMF = Autorité des Marchés Financiers
AML = Anti-Money Laundering
APA = Approved Publication Arrangement
AUM = Assets under management
BBLS = Bounce Back Loan Scheme
BCBS = Basel Committee on Banking Supervision
BEAR = Banking Executive Accountability Regime
BEIS = Department for Business, Energy and Industrial Strategy
BIS = Bank for International Settlements
BMR = Benchmarks Regulation
BRRD = Bank Recovery and Resolution Directive
BTS = Binding Technical Standard
BoE = Bank of England
CBI = Central Bank of Ireland
CCP = Central Counterparty
CP= Consultation Paper
CTF = Counter Terrorist Financing
CCFF = Covid Corporate Financing Facility
CBILS = Coronavirus Business Interruption Loan Scheme
CLBILS = Coronavirus Large Business Interruption Loan Scheme
CISO = Chief Information Security Officer
CMA = Competition and Markets Authority
CMU = Capital Markets Union
CNMV = Comisión Nacional del Mercado de Valores
CPMI = Committee on Payments and Market Infrastructures
CQS = Credit Quality Step
CRD = Capital Requirements Directive
CRR = Capital Requirements Regulation
CROE = Cyber Resilience Oversight Expectations
CSSF = Commission de Surveillance du Secteur Financier
CTP = Consolidated Tape Provider
CTRF = Contingent Term Repo Facility
DB = Defined Benefit
DC = Defined Contribution
DP = Discussion Paper
DPA = Data Protection Agency
DRR = Digital Regulatory Reporting
EBA = European Banking Authority
ECB = European Central Bank
ECOFIN = Economic and Financial Affairs Council

EIOPA = European Insurance & Occupational Pensions Authority
EMEA = Europe, Middle East and Africa
EMIR = European Market Infrastructure Regulation
EONIA = Euro Over Night Index Average
ESAs = European Supervisory Authorities
ESG = Environmental, Social, and Governance
ESMA = European Securities & Markets Authority
ESRB = European Systemic Risk Board
ESTER = Euro Short-Term Rate
EU = European Union
Euribor = Euro Interbank Offered Rate
FAMR = Financial Advice Market Review
FCA = Financial Conduct Authority
FinPro = Financial Protection
FGCA = Financial Guidance and Claims Act 2018
FMIs = Financial Market Infrastructures
FOS = Financial Ombudsman Service
FPC = Financial Policy Committee
FRTB = Fundamental Review of the Trading Book
FS = Financial Services
FSB = Financial Stability Board
GBP = British pound sterling
GDP = Gross Domestic Product
GDPR = General Data Protection Regulation
GSIBs = Global Systemically Important Banks
HMT = Her Majesty's Treasury
IAIS = International Association of Insurance Supervisors
IASB = International Accounting Standards Board
IBOR = Interbank Offered Rate
ICAAP = Internal Capital Adequacy Assessment Process
ICO = Information Commissioners Office
ICS = Insurance Capital Standard
IDD = Insurance Distribution Directive
IFD = Investment Firms Directive
IFR = Investment Firms Regulation
IFRS = International Financial Reporting Standards
ILAAP = Internal Liquidity Adequacy Assessment Process
IM = Initial Margin
IOSCO = International Organization of Securities Commissions
IPU = Intermediate Parent Undertaking
IRB = Internal Ratings Based
IRRBB = Interest Rate Risk in the Banking Book
ISAs = Individual Savings Accounts
IT = Information Technology
JST = Joint Supervisory Teams
KID = Key Information Document
LEI = Legal Entity Identifier

LIBOR = London Interbank Offered Rate
LTV = Loan to Value
M&A = Mergers and Acquisitions
MAR = Market Abuse Regulation
MI = Management Information
MiFID = Markets in Financial Instruments Directive
MiFIR = Markets in Financial Instruments Regulation
MLD = Money Laundering Directive
MoU = Memorandum of Understanding
MREL = Minimum requirement for own funds and eligible liabilities
MTF = Multilateral Trading Facility
NCA = National Competent Authority
NED = Non-Executive Director
NGFS = Network for Greening the Financial System
NPLs = Non-performing Loans
NSFR = Net Stable Funding Ratio
OCIR – Operational Continuity in Resolution
ORSA = Own Risk and Solvency Assessment
OTF = Organised Trading Facility
OTC = Over the counter
PPI = Payment Protection Insurance
PRA = Prudential Regulation Authority
PRIIPs = Packaged Retail Investment and Insurance Products
PS = Policy Statement
PSD2 = Revised (second) Payment Services Directive
RDR = Retail Distribution Review
RFRs = Risk-Free Rates
RRM = Risk Reduction Measures
RTGS = Real Time Gross Settlement
RTS = Regulatory Technical Standard
RW = Risk Weight
SA = Standardised Approach
SFTR = Securities Financing Transactions Regulation
SI = Systematic Internaliser
SIPPs = Self Invested Personal Pensions
SM&CR = Senior Managers and Certification Regime
SONIA = Sterling Overnight Index Average
SRB = Single Resolution Board
SRF = Single Resolution Fund
SREP = Supervisory Review and Evaluation Process
SS = Supervisory Statement
SSM = Single Supervisory Mechanism
TCA = Total Capital Adequacy
TCFD = Task Force on Climate-related Financial Disclosures
TIBER = Threat Intelligence-based Ethical Red Teaming
TLAC = Total Loss-Absorbing Capital
TMTP = Transitional Measure on Technical Provisions

TPP = Third-Party Providers

TPR = Temporary Permissions Regime

TRIM = Targeted Review of Internal Models

TRR = Temporary Recognition Regime

UCITS = Undertakings for Collective Investments in Transferable Securities

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