

Risk and Regulation Monthly Cover Note

January 2017

So what were some of the highlights this month?

In January, the UK Supreme Court ruled that the UK Government could only give notice of its intention to leave the European Union (EU) if it was given the power to do so by an Act of Parliament. The Government set out its priorities for the exit negotiations, confirming that the UK would not seek membership of the Single Market. Post-Brexit access to the EU market clearly stood up as one of the top priorities for the insurance industry at the TSC's hearing of evidence on EU insurance regulation.

Meanwhile, the FCA opened its doors to applications for authorisation, or variation of permission, from firms under the Markets in Financial Instruments Directive (MiFID) II. One of the biggest remaining questions around future market structure is how quick will be the take-up in applications for permissions (in particular the newly introduced Organised Trading Facilities for non-equity business) or for firms moving to the Systematic Internaliser regime, as defined in the Directive.

The FSB released its final recommendations for the asset management sector, aiming to address concerns around liquidity mismatches, leverage within funds, operational risk and challenges in transferring investment mandates or client accounts, and securities lending activities of asset managers and funds. The range of measures proposed in the publication signalled a continued increase in focus on the systemic effects of asset management activities. However, many the proposed measures have already been on UK regulators' agendas. In particular, in 2015 the Bank of England announced its intention to extend its system-wide stress tests to include asset management activities.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.co.uk/about for a detailed description of the legal structure of DTTL and its member firms.

Deloitte LLP is the United Kingdom member firm of DTTL.

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Deloitte LLP would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Deloitte LLP accepts no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

© 2017 Deloitte LLP. All rights reserved.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 2 New Street Square, London EC4A 3BZ, United Kingdom. Tel: +44 (0) 20 7936 3000
Fax: +44 (0) 20 7583 1198.

Designed and produced by The Creative Studio at Deloitte, London. J11255