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February saw a number of important regulatory developments.

Brexit negotiations between the UK and the EU continued, with the European Commission publishing a draft withdrawal agreement and a position paper on a **transitional arrangement** that would run from March 2019 to 31 December 2020, during which time the UK would continue to have to follow the rules of the Single Market. Meanwhile, European Central Bank (ECB) Executive Board Member Sabine Lautenschalger warned banks that, given such a transition arrangement is not guaranteed, they would have until the end of Q2 2018 to submit new licence applications to support their relocation to the Eurozone after the UK leaves the EU.

The European Supervisory Authorities (ESAs) issued a warning to EU consumers regarding the risks of buying **virtual currencies** (VCs), citing the lack of a regulatory framework and consumer protection as reasons for VCs being unsuitable as investment or savings products.

Finally, the Financial Conduct Authority (FCA) called for greater cross-border regulatory cooperation in encouraging the development of **FinTech innovation** by creating a 'global sandbox' that would support firms operating in different jurisdictions. The FCA also signed an agreement with the US Commodity Futures Trading Commission (CFTC) to enhance collaboration on encouraging innovative financial firms through information sharing and facilitating referrals of FinTech firms entering each other's markets.

Brexit

Andrew Bailey, Chief Executive of the FCA, spoke on how the FCA is treating Brexit as a high priority. He discussed the **operational issues arising from Brexit**, including the continuity of financial contracts between UK and EU counterparts; UK and EU central counterparties providing clearing services in each other's jurisdiction; and holding and sharing data between Member States.

John Glen MP, Economic Secretary to the Treasury, wrote to Nicky Morgan, Chair of the House of Commons Treasury Committee (TSC), on the publication of a **position paper on financial services and Brexit**. He didn't commit the UK government to publishing a paper on financial services, and explained that doing so would risk undermining the UK's negotiating position.

Morgan instead urged the government to publish its position paper "immediately", and wrote back "nothing undermines a negotiating position more than not having one", adding that "financial services firms will be seriously concerned at the chronic state of uncertainty".

The European Commission published its **position paper on transitional arrangements** in the withdrawal agreement, which translates into legal terms the guidelines adopted by the European Council. The transition period is proposed to run from March 2019 to 31 December 2020. The proposal also stipulates that the UK will have to follow the rules of the Single Market and the customs union, including those regulating financial services firms, but will lose its voting rights. The EU believes that all of its rules and regulations – as well as changes adopted post-March 2019 – should continue to apply to the UK during the transition phase.

Sabine Lautenschläger, Executive Board member of the ECB and vice-chair of the Supervisory Board, spoke on **Brexit relocation plans**. Banks wanting to relocate to the EU27 should have submitted their license applications already, and have until the end of Q2 2018 to do so at the very latest. She cautioned that a transition agreement is not guaranteed, so "banks must continue to prepare for any outcome, including a hard Brexit". Eight banks have already taken formal steps to acquire a new euro area licence, with a further four "planning to significantly extend their activities".

Capital (including stress testing and macro prudential)

The Prudential Regulation Authority (PRA) published a consultation paper on the **eligibility of guarantees as unfunded credit protection for credit risk mitigation** under the CRR. The changes clarify the PRA's interpretation of the existing requirements in the CRR and, among others, reinforce the requirements that guarantees must be incontrovertible, legally effective and enforceable, and must pay out in a timely manner.

The PRA published its response to the **TSC's inquiry into Solvency II**, responding to the specific policy recommendations made in the Committee's report, such as reducing the reporting burden of firms and assessing the feasibility of simplifying the recalculation of transitionals, and providing an update on further developments on other policy issues raised by the Association of British Insurers.

The PRA published a speech by Sam Woods, where he commented on the **TSC's report on Solvency II**, welcoming that the TSC has "rightly highlighted aspects of Solvency II which are not working well" and describing how the PRA has been putting a lot of effort into addressing those issues, such as through proposals on the Matching Adjustment. He added that the PRA will continue with its forward-looking, judgement-based approach to supervision, and that the existence of some technical flaws did not make the case for lighter-touch regulation.

Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB, spoke on **macro prudential policy**. She explained the institutional backdrop to macro prudential policy, and also outlined the four major risks identified by the ECB. These include the risk of a sudden reversal of risk premia; the low profitability of banks; the risk that markets might again doubt the ability of public and private borrowers to service their debt; and liquidity risks in the non-bank sector which might spill over into the entire financial system.

Adam Farkas, Executive Director of the EBA, delivered a speech on **bank business models** at the Deutsche Bundesbank Conference where he highlighted the significantly strengthened capital positions of EU banks and noted that they are now perceived by market participants as more stable and resilient. He noted the challenges posed by remaining asset quality issues and said these would continue to have implications on profitability. The speech argued that banks will continue to change their business models, propelled by factors such as technology, Basel III, and initiatives such as the Capital Markets Union (CMU) and that this would likely lead ultimately to a reduction in the number of banks – but a more efficient, stable and competitive banking sector.

The European Banking Authority (EBA) issued an Opinion following notification from the National Bank of Belgium (NBB) of its intention to **modify capital requirements** in order to address an increase in macro prudential risk related to the Belgian residential real estate market. The EBA acknowledged the NBB's warnings of vulnerability and did not object to the deployment of the macro prudential measure.

EIOPA published a paper on systemic risk and **macro prudential policy in insurance**. This paper aims to identify and analyse the sources of systemic risk in insurance from a conceptual point of view.

It identified direct sources of macro prudential risks (entity-based sources) and indirect sources, linked to reactions to market events, through activity-based and behaviour-based sources.

The European Insurance and Occupational Pensions Authority (EIOPA) published its **advice to the European Commission on specific items in the Solvency II Delegated Regulation**, recommending a mixture of revised calibrations, simplifications, and proposals to achieve greater supervisory convergence. Examples include simplifying calculations for natural, man-made and health catastrophes, and new calibrations for interest rate risk that take into account recent evidence such as low and negative interest rates.

EIOPA consulted on draft Regulatory Technical Standards (RTS) adapting the **base euro amounts for professional indemnity insurance (PII)** and financial capacity of intermediaries under the Insurance Distribution Directive. In its review of PII, EIOPA did not find any barriers to enter the insurance intermediary market in the EEA, nor any market failure arising from PII, and concludes its review by suggesting changing the base amounts of PII and minimum financial capacity by the same amount the European Index for Consumer Prices increased during the review period (4.03%).

The European Securities and Markets Authority (ESMA) published the results of its second EU-wide **CCP stress test exercise**. The stress test expanded upon the 2016 exercise and introduced liquidity risk in addition to counterparty credit risk. The stress test found that EU CCPs are overall resilient to common shocks and multiple defaults, and did not find any systemic risk related to liquidity.

The European Systemic Risk Board (ESRB) published a report on **macro prudential structural buffers** and revised Handbook on Operationalising Macro-prudential Policy in the Banking Sector. The publications included additional guidance for national authorities on Other Systemically Important Institution buffer calibration; the categories of long-term non-cyclical risks that the Single Rulebook can address; and the potential to use the leverage ratio to complement structural buffers.

The IAIS released its 2017 **Global Insurance market report**, finding that the (re)insurance sector remained stable with clear signs of growth, evidenced by high capital levels, positive profitability, and a persistent inflow of additional reinsurance capital.

However, weak global demand, low inflation rates, very low and partially negative yields, and occasional bursts of financial market volatility are a challenge to the business model of some insurance companies, mainly life insurers.

Conduct of business (including MiFID)

The FCA released a statement on the proposed **delay to the Insurance Distribution Directive (IDD)**, proposing to amend the effective dates of PRA rules related to the IDD following a proposal by the European Commission to postpone the application date of the IDD to Monday 1 October.

The FCA wrote a letter to all firms holding the **pension transfer and opt out permission**, to remind firms of FCA requirements. The FCA found that firms offering a commoditised approach to pension transfer advice are more likely to give unsuitable advice or fail to recommend a suitable destination fund. The FCA will collect data later this year from all firms that hold the pension transfer permission with the intention of assessing practices across the market to build a national picture, and warns firms it could, in the future, review any pension transfer advice they have given.

The FCA Published a Policy Statement on what amounts to a **personal recommendation on retail investments**, within the Perimeter Guidance Manual (PERG). Notably, the FCA retired FG15/1, which gave guidance on the FCA's view of whether a service amounts to a personal recommendation, and integrated FG15/1 content within the PERG. The FCA also gave examples of how firms can: support execution-only clients who might not have considered all the relevant options, make personalised communications to customers regarding product options, and help customers determine pension contribution rates.

The FCA and the PRA both published papers relating to regulated firms' use of **algorithmic trading**. The FCA published a report on algorithmic trading compliance in wholesale markets, setting out five areas of focus and a number of examples of good and poor practices. The PRA, through a formal consultation on a Supervisory Statement, proposed a number of expectations regarding a firm's governance and risk management of algorithmic trading relating to all the algorithmic trading activities of a PRA-supervised firm.

Mary Stacks, Director of Competition and Chief Economist at the FCA, spoke on **price regulation**. She stated that the use of price controls can have unintended consequences, such as restricted supply, and can create "winners and losers", noting that the final call on price controls is sometimes the preserve of elected politicians rather than regulators.

The FCA warned of increased risk of **online investment fraud**, noting that online scams are taking over phone scams as the most common contact method for investment fraudsters. It further noted that under 25s are more likely to trust an investment offer made via social media and highlighted an online tool, the Warning List, which allows users to find out more about the risks associated with an investment.

The FCA published a Policy Statement requiring firms to take further measures to identify customers at risk. This is part of a package of measures introduced to implement the findings of the **FCA's credit card market study**. The final rules come into force on 1 March and firms have until 1 September 2018 to be fully compliant.

The FCA published a letter about the **Authorised Push Payment (APP) fraud**, which reminds firms of the APP Best Practice Standards and factors for them to consider, including: (i) knowing which Senior Management Functions have responsibility for countering financial crime; (ii) whether these people are ensuring that adequate measures are being taken to address APP fraud; and (iii) how firms that have decided to adopt UK Finance Standards intend to incorporate these into their policies.

The FCA published an **update on its supervision of rent-to-own firms**. The regulator's work since 2014 has resulted in: (i) the unbundling of compulsory warranties and insurance; (ii) certain firms changing their business models to assess affordability and their action to help consumers; and (iii) nearly £16m of compensation being paid to 308,000 consumers by two firms, BrightHouse and Buy-As-You-View.

The PRA published a Policy Statement and a Supervisory Statement on Strengthening individual accountability in banking and insurance, setting expectations for the **Senior Insurance Managers Regime**, the application of conduct standards and associated notifications, and assessing fitness and propriety.

It clarified its expectations on the implementation of the new Chief Operations function (SIMF24) and the new prescribed responsibility for the oversight of outsourced operational functions and activities, and clarified the criteria for the definition of a Group Entity Senior Insurance Manager, which is likely to encompass the Chair of the Group Board.

ESMA issued final guidelines on the **management of conflict of interest for central counterparties** (CCPs) under the European Market Infrastructure Regulation (EMIR). The guidelines set out areas of potential conflicts of interest that CCPs should consider, organisational arrangements for CCPs to follow and additional measures for CCPs belonging to a group.

Verena Ross, Executive Director of ESMA, spoke to the Economic and Monetary Affairs Committee of the European Parliament on the **Short Selling Regulation** (SSR). She explained the three areas of focus in ESMA's technical advice: the exemption for market making activities from the SSR, the procedure for imposing short-term restrictions on short-selling and the method of notification and disclosure of net shore positions.

The European Council agreed to delay the transposition deadline and application of the **IDD**. It agreed to postpone the transposition deadline to 1 July 2018 and the application date to 1 October 2018. Given that the European Parliament and the Council are not expected to adopt the amending directive before March 2018, the delay will apply retroactively from 23 February.

The International Association of Insurance Supervisors (IAIS) launched a public consultation on Draft Application Paper on the **Use of Digital Technology in Inclusive Insurance**. It described inclusive insurance markets and customers, gave detailed descriptions of the use and implications of digital technology in inclusive insurance markets, and gave guidance on the application of specific Insurance Core Principles (ICPs) applied to the use of technology in inclusive insurance, with some examples of current practices.

The International Organisation of Securities Commissions (IOSCO) consulted on proposed policy measures to protect investors in **over-the-counter (OTC) leveraged products**. The report identified regulatory approaches aimed at enhancing the protection of retail investors who are offered OTC leveraged products (often on a cross-border basis), and proposed policy measures relating to licensing requirements, leverage limits, risk mitigation, disclosures and other measures to restrict the sale, distribution and marketing of the products.

IOSCO consulted on conflicts of interest and related conduct risks during the **equity capital raising process**. IOSCO proposed a package of eight measures addressing areas such as connected analysis in the pre-offering phase of a capital raising, security allocation policy, pricing and personal transactions by staff informed by confidential information.

Crisis Management (including special resolution, systemically important firms, and business continuity)

Following the decision by the ECB to declare ABLV Bank, AS and its subsidiary ABLV Bank Luxembourg S.A. as 'failing or likely to fail', the Single Resolution Board (SRB) determined that **resolution action** was not necessary as it was not in the public interest. As a consequence, the winding up of the banks will take place under the law of Latvia and Luxembourg, respectively.

The SRB published the non-confidential version of documents related to the **resolution of Banco Popular**. These documents can now be publically disclosed, given the time that has lapsed since the resolution action and careful consideration of financial stability concerns. The available documents include the 2016 Resolution Plan, the Marketing Decision, and the Sale Process Letter.

The Financial Stability Board (FSB) published its peer review of Hong Kong, examining **over-the-counter (OTC) derivative market reforms**, and also published its peer review of Singapore, examining the **macro prudential policy framework**. Both reviews examined the framework for resolution of financial institutions. Singapore's review showed that the active use of macro prudential policies by the Monetary Authority of Singapore (MAS) has helped to mitigate housing price appreciation and moderate household leverage. However, additional work remains on several areas, including extending the scope of liabilities subject to bail-in to senior debt.

Disclosure, valuation and accounting

Andrew Bailey, Chief Executive of the FCA, wrote a Dear CEO letter on the **quality of prudential regulatory reporting submissions**. He highlighted that a significant number of firms had submitted returns which contained inaccurate or incomplete data, and strongly requested that firms review their regulatory reporting practices by 1 October 2018 at the latest, when the FCA plans to again assess a sample of firms' returns.

The FCA launched a call for input (CfI) on the **use of technology to achieve smarter regulatory reporting**. In November 2017, the regulator organised a TechSprint with the Bank of England, where a proof of concept was developed which could make regulatory reporting requirements machine-readable and executable. The CfI outlines how this proof of concept was developed, asks for views on how the FCA can improve this process, and seeks feedback on some of the broader issues surrounding the role technology can play in regulatory reporting.

The PRA consulted on a new rule for **CCPs** relating to **incident reporting**. The rule proposed aims to formalise the requirement for CCPs to notify the Bank of England of operational incidents affecting their information technology systems by 9 May 2018. The Bank of England also encouraged other financial market infrastructures, which are out of scope of the rule, to follow the rule on a voluntary basis.

Alex Brazier, Executive Director for Financial Stability Strategy and Risk at the Bank of England spoke on **market finance and financial stability**. He indicated that in the UK corporate bond and commercial property prices have become stretched, but that UK corporate debt is not too reliant on those stretched valuations.

The ECB published a Feedback Statement on the draft ECB regulation on **statistical reporting requirements for pension funds**. The regulation aims to remedy shortcomings of the current un-harmonised and incomplete quarterly statistics on pension funds published since June 2011. The most important changes were (i) a postponement of the first reporting deadline, beginning with quarterly data for the third quarter of 2019; (ii) an increase of the reporting threshold from €10 million to €25 million (in assets), which follows a transitional approach to reach 80% coverage of total assets by 2022; (iii) a phasing-in period to align with EIOPA's supervisory reporting requirements; and (iv) a clarification of the term "pensions fund managers", which is changed to "pension manager".

The Basel Committee on Banking Supervision (BCBS) consulted on revisions to the **Pillar 3 disclosure framework**. Proposed changes include new or revised requirements for credit risk, operational risk, the leverage ratio and CVA; benchmarking of Risk Weighted Assets (RWAs) calculated by internal models; and an overview of risk management, key prudential metrics and RWAs.

Financial Crime

ESMA published a final report on draft technical standards and procedures for **supervisory cooperation** regarding the application of the **Market Abuse Regulation** (MAR). The report set out how national competent authorities, ESMA and other relevant EU authorities should exchange information and facilitate assistance in the field of market abuse.

Governance and risk management (including remuneration)

The PRA published a "Dear Chief Actuary" letter, commenting on the **Actuarial Function Reports** (AFRs), especially with regards to areas where the PRA thinks Solvency II requirements are not being met. Overall, the PRA believes actuarial functions can enhance their contribution within a firm by engaging more with the board, producing AFRs that are effective at getting the key message across, and supporting opinions with clear rationales.

The EBA updated its methodological guide on **risk indicators** and detailed risk analysis tools, providing guidance for EBA compilers of risk indicators and internal users on methodology; transparency on the EBA's computation methodology; and enabling other competent authorities to compute and compare indicators for different samples of banks.

Information security and data privacy

The FCA and the Information Commissioners Office (ICO) published an **update on the EU General Data Protection Regulation (GDPR)**. The FCA highlighted that there are common requirements included in GDPR and the Handbook. It confirmed that compliance with the new EU regulation is a Board level responsibility, and firms will have to produce evidence to demonstrate that they have taken steps to comply. While the ICO will regulate GDPR, the FCA will also consider compliance with the regulation under its rules.

Yves Mersch, Member of the Executive Board of the ECB, delivered a speech at the European Banking Federation's Executive Committee, in which he encouraged **payment service providers not to wait to apply the Regulatory Technical Standards under the second EU Payment Services Directive (PSD2)**. He also highlighted the need for third-party providers to be authorised or registered as soon as possible, and for banks to contribute actively to European initiatives for the standardisation of Application Programming Interfaces.

Steven Maijoor, the Chairman of ESMA, delivered a keynote speech at a Fintech and Digital Innovation Conference, in which he presented the **two strands to developing a "measured approach to FinTech"**, the first being to monitor innovations diligently and intelligently, and the second to take action in a measured way. On this basis, the Commission's plan to extend the mandate of the European Supervisory Authorities will enable them to: (i) pursue convergence on licensing requirements for FinTech firms; (ii) clarify and update the supervisory outsourcing framework; (iii) coordinate national technological innovation hubs; and (iv) develop cyber stress testing modalities.

Liquidity

The PRA published a policy statement on **Pillar 2 liquidity** alongside an updated supervisory statement and final statement of policy. The statements detail the PRA's approach to assessing a number of liquidity risks including cash flow mismatch risk, intraday liquidity risks, and franchise viability risks, along with updating liquidity reporting templates and instructions. The updated reporting templates are due to take effect on 1 July 2019.

The ESRB recommended that the European Commission propose a common legal framework governing the inclusion of additional **liquidity management tools for EU funds** to be used in stressed market conditions, which will likely lead to increased scrutiny of liquidity management processes and tools, and new and potentially extensive liquidity and leverage reporting requirements for UCITS funds.

IOSCO published final recommendations for **liquidity risk management for Collective Investment Schemes**, which deal with the design process of Collective Investment Schemes, day-to-day liquidity management and contingency planning. IOSCO also published a final report on **good practices and issues for consideration for open-ended fund liquidity** and risk management, which set out a number of techniques and tools for the management of liquidity needs. It also considered the importance of deploying various stress testing scenarios to strengthen the ability of responsible entities to manage liquidity risk.

Regulatory perimeter

The FCA announced that it will work with The Pensions Regulator on a **pensions regulatory strategy** to tackle the risks facing the pensions sector in the next 5 to 10 years, organising a number of stakeholder meetings in Q1 – Q2 2018 to discuss the current landscape and possible future areas of focus as a first step.

Jon Cunliffe, Deputy Governor for Financial Stability of the Bank of England, spoke on the growth and development of **market-based finance from a financial stability perspective**. He outlined the benefits of such developments from a macro prudential perspective and commented on some of the risks associated with Brexit. In particular, he examined the implications of a hard Brexit outcome and the potential for it to give rise to fragmentation in European financial services and the ring-fencing of business activities between jurisdictions.

The Bank of England launched an annual report on the **supervision of financial market infrastructures** (FMIs). The report covers the BoE's supervisory approach of FMIs over the past year, and sets out developments and priorities for 2018, including retail payment scheme consolidation, operational resilience, cyber security and IT resilience, financial resilience, and recovery and resolution.

The European Commission published a press release on the High-Level Expert Group (HLEG) on Sustainable Finance's **roadmap for a greener and cleaner economy**, which sets out strategic recommendations for a financial system that supports sustainable investments, such as a classification system, or 'taxonomy', to provide market clarity on what is 'sustainable', an EU-wide label for green investment funds, and a European standard for green bonds.

The ESAs issued a pan-EU warning to consumers regarding the **risks of buying Virtual Currencies** (VCs) with the view that VCs are "unsuitable as investment, savings or retirement planning products". Because VCs and the exchanges where consumers can trade them are not regulated under EU law, consumers buying VCs do not receive any protection associated with regulated financial services.

Agustín Carstens General Manager of the BIS, delivered a speech at Goethe's University's House of Finance, in which he encouraged authorities to be prepared to **protect consumers and investors amid the rise of crypto currencies around the world**. Mr Carstens insisted on the need for regulators and supervisors to ensure that crypto currencies are not used to conduct illegal activities and that they do not pose a threat to financial stability.

The BCBS published its Sound Practices on the **implications of Fintech developments for banks and bank supervisors**. The document highlights the potential impact of new technologies on banks' future business models, and lists the main risks and opportunities that they could represent for the banking sector, along with options for regulators to tackle these risks.

The Bank for International Settlements' (BIS) Committee on Payments and Market Infrastructures (CPMI) launched a report on issues and challenges in the **cross-border retail payments market**, informed by a detailed analysis of the market. The CPMI's view is that safe alternative clearing and settlement arrangements could improve the efficiency of the cross-border retail payment market, including better links between national payment infrastructures and companies that require both payers and receivers to hold accounts.

Rethinking the domestic and international architecture for regulation

The FCA suggested the **creation of a 'global sandbox'**, which would allow innovative firms to conduct tests in different jurisdictions at the same time, and would enable regulators to cooperate on identifying and solving common cross-border regulatory problems. The global sandbox would also support specific firms with cross border ambitions in any sector, and address policy and regulatory challenges, through the publication of joint papers on emerging trends.

The FCA signed an arrangement with the US Commodity Futures Trading Commission to collaborate and support innovative firms through each other's **FinTech initiatives**, i.e. FCA Innovate and LabCFTC, respectively. The FinTech arrangement focuses on information sharing regarding FinTech market trends and developments, and facilitates referrals of FinTech companies interested in entering the other's market. Information will also be shared on each authority's relevant sandbox, proof of concept, or innovation competitions. So far, the FCA's Innovation Hub has supported 500 businesses and the authorization of 43 businesses, while LabCFTC has engaged with over 150 entities since its creation in May 2017. The Arrangement will support both regulators' efforts to facilitate responsible FinTech innovation and ensure international collaboration on emerging regulatory best practices.

Other

The TSC published a report on the **appointment of Charles Randell as Chair of the FCA** and the Payment Systems Regulator, finding that Mr Randell has the professional competence and personal independence to be the Chair of the FCA and the PSR. His appointment will be effective from 1 April 2018 for a period of five years.

The FCA and PRA announced the appointment of **Marshall Bailey as the new Chair of the Financial Services Compensation Scheme (FSCS)**, taking effect from 1 April 2018. Bailey has over two decades of experience in financial services, and worked on issues around financial reform and conduct, most recently on the board of UK Financial Investments. Additionally, Bailey is currently a Non-Executive Director at Chubb European Group and CIBC World Markets in the UK. Bailey succeeds Lawrence Churchill who is stepping down after two terms as Chair.

EIOPA published its updated **work programme for 2018**. The major themes include: (i) InsurTech, with the launch of a thematic review on the insurance industry's use of Big Data, and the supervisory approaches and new business opportunities linked to cyber risks; (ii) a number of initiatives linked to the implementation of the IDD and PRIIPs, such as the finalisation of the Luxemburg Protocol by Q2 2018; (iii) the development of a risk-based framework for conduct of business supervision, with the further development of the retail risk indicators' methodology; (iv) and continued activity in the development of the prudential regulatory framework, with the development of a specific regulatory treatment of long term assets that back certain long term liabilities and a review of long-term guarantees.

ESMA published its 2018 **Supervisory Convergence Work Programme**. The priorities identified by ESMA include the consistent implementation of MiFID II/MiFIR across the EU, enhancement of data quality under different EU regulations, supervisory convergence in the context of Brexit, investor protection in the cross-border provision of services, financial innovation and the supervision of CCPs.

ESMA published its **Risk Assessment Work Programme for 2018**. The report provides an overview of the analytical, research, data and statistical activities by ESMA scheduled to be undertaken in the year ahead, including further development of ESMA's proprietary data sources from market data collected under the AIFMD, MiFID and EMIR.

ESMA published the 2017 Annual Report and 2018 Work Programme for the **supervision of credit rating agencies (CRAs), trade repositories (TRs) and monitoring of third country CCPs**. ESMA's priorities for TRs aim to enhance data quality, information technology, internal control and strategy, and governance. ESMA will focus on the quality of the credit rating process, cyber security and governance for CRAs. The report also outlined that ESMA will assess the 15 pending applications for recognition as third-country CCPs, and monitor the potential effect of Brexit on the third-country CCP regime.

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