



Risk and Regulation Monthly

February 2019

CENTRE *for*
**REGULATORY
STRATEGY**
EMEA

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Highlights

The New Year saw a swathe of new publications as we reflect in this month's update.

On Brexit, there were a series of important regulatory developments. In particular, the notification process to enter the Temporary Permissions Regime opened. The FCA published a consultation paper on contractual continuity, which sets out the details of the Financial Services Contracts Regime, introduced by the UK Government's draft legislation. The Regime will enable firms that do not enter the Temporary Permissions Regime, or fail to be authorised by the end of it, to continue to service contracts entered into before Brexit and wind down their business in a smoother way.

In Fintech, cryptoassets were under the spotlight, with papers published by the FCA, EBA, ESMA and BIS. These included the FCA's perimeter guidance which seeks to help market participants with cryptoassets businesses understand whether they need to be authorised, what rules or regulations apply to their business, and how cryptoassets will be caught by the FCA's regulatory perimeter.

Furthermore, value for money continued to be a top regulatory priority. The FCA published a consultation paper on general insurance value measures reporting. The EBA, ESMA and EIOPA also published findings on the performance of structured deposits, retail investment products and insurance-based investment and personal pension products.

Finally, as 2019 began, regulators and supervisors set out some their priorities and areas of focus for the year ahead. The FCA published its sector views, which outlines its analysis of the changing financial landscape and implications for consumers and market effectiveness and, therefore, provides an indication of likely priority areas; and the BCBS set out its work programme for 2019/20.

Brexit

UK

CMA

- Guidance on UK state aid if there is no Brexit deal [Link](#)
 - CP on the effects of a “no deal” exit from the EU on the functions of the CMA [Link](#)
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FCA

- Opening of the notification window for the temporary permissions regime [Link](#)
 - Guide for EEA firms on how to use the FCA’s Connect system to notify the FCA of their intention to enter the Temporary Permissions Regime [Link](#)
 - Guide for EEA investment funds on how to use the FCA’s Connect system to notify the FCA of their intention to enter the Temporary Permissions Regime [Link](#)
 - Draft Direction on notification for Alternative Investment Fund Managers willing to enter the Temporary Marketing Permission Regime [Link](#)
 - Draft Direction on notification for Collective Investment Schemes willing to enter the Temporary Marketing Permission Regime [Link](#)
 - Opening of the advance notification window for credit rating agencies and trade repositories to enter the Temporary Permissions Regime [Link](#)
 - Update on the temporary authorisation regime for data reporting services providers [Link](#)
 - CP on proposals to recover the costs of regulating securitisation repositories after the UK leaves the EU [Link](#)
 - CP on Brexit and contractual continuity [Link](#)
 - CP on aligning the FCA Handbook with the EU Prospectus Regulation [Link](#)
 - Statement listing the EEA market operators applying to become a recognised overseas investment exchange [Link](#)
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HMT

- Guidance for financial services institutions on banking, insurance and other financial services if there is no Brexit deal [Link](#)
 - Guidance for UK residents and businesses on banking, insurance and other financial services if there is no Brexit deal [Link](#)
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- [Guidance for people living in the EEA on banking, insurance and other financial services if there is no Brexit deal](#)

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- [Guidance on the financing of the European Investment Bank Group if there's no Brexit deal](#)

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- [Guidance on the draft Statutory Instrument implementing the Financial Services Contracts Regime](#)

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- [Announcement on the post-Brexit Insurance deal signed with Switzerland](#)

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- [Inquiry on the future of the UK's financial services by the Treasury Committee](#)

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- [Treasury Committee with Sam Woods \(Deputy Governor for Prudential Regulation and CEO of the PRA\), David Rule \(Executive Director, Insurance Supervision at the PRA\) and Sandra Boss \(External Member, Prudential Regulation Committee\) on the future of the UK's financial services](#)

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- [Speech by Philip Hammond, Chancellor of the Exchequer, at TheCityUK's Annual Dinner, discussing Brexit and the UK economy](#)

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- [Guidance on data protection and Brexit](#)

PRA

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- [Note on the PRA's and FCA's proposals for the application of the Senior Managers and Certification Regime to firms in the Temporary Permissions Regime](#)

UK Parliament

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- [House of Lords report on the implications of Brexit on the European Investment Bank](#)

EU

ECB

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- [Speech by Sabine Lautenschläger, Member of the Executive Board of the ECB and Vice-Chair of the Supervisory Board of the ECB on her supervisory expectations for 2019 and beyond](#)

International

BIS

-
- [Interview with Benoît Coeuré, Member of the Executive Board of the European Central Bank, in which he discusses the impact of Brexit on the eurozone's economy](#)

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Banking

UK

BoE

- Speech by Ben Broadbent on debt dynamics, highlighting that prior levels of debt were not a good guide to the scale of the subsequent distress in the mortgage market [Link](#)
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CMA

- Directions issued to 6 banks to ensure they comply with the requirement to release personal and business account data as part of the Open Banking remedy [Link](#)
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FCA

- PS on previously rejected PPI complaints and further mailing requirements [Link](#)
 - Statistics on monthly PPI refunds and compensation [Link](#)
 - New findings about the high-cost short-term credit market, drawing on both the new regulatory return data and the Financial Lives Survey 2017 [Link](#)
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PRA

- Dear CFO letter on disclosures about International Financial Reporting Standard (IFRS) 9 expected credit losses [Link](#)
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PSR

- Final terms of reference of the PSR's market review into the supply of card-acquiring services [Link](#)
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EU

EC

- Targeted consultation on the euro and market liquidity in foreign exchange markets [Link](#)
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EBA

- Updated Risk Dashboard (data as of Q3 2018), summarising the main risks and vulnerabilities in the EU banking sector [Link](#)
 - Results from the 2018 Market Risk Benchmarking Report [Link](#)
 - Report on cost and past performance of structured deposits [Link](#)
 - Final guidance regarding the exposures to be associated with high risk under the CRR [Link](#)
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- Updated list of closely correlated currencies that were originally published in December 2013 [Link](#)
 - Multilateral agreement on the exchange of information on AML/CFT between the ECB and competent authorities [Link](#)
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ECB

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- Working paper on when losses turn into loans: the cost of undercapitalized banks [Link](#)
 - Introductory Statement by Mario Draghi, President of the ECB, at a hearing of the Committee on Economic and Monetary Affairs of the European Parliament, on the euro and the Economic and Monetary Union [Link](#)
 - Update on plans to launch a survey of market participants' expectations of the future course of monetary policy [Link](#)
 - Working paper on a dynamic model of bank behaviour under multiple regulatory constraints [Link](#)
 - Results of the January 2019 euro area bank lending survey [Link](#)
 - Consolidated guide to assessments of licence applications [Link](#)
 - Publication of supervisory banking statistics for Q3 2018 [Link](#)
 - Working paper on macroprudential policy and the financial cycle [Link](#)
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SRB

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- Publication of the second part of SRB's 2018 policy on MREL pertaining to the second wave of resolution plans [Link](#)
 - Speech by Elke König, chair of the SRB, on setting MREL and safeguarding operational continuity, in which she noted that SRB recently published a policy document on MREL and will review its policy for MREL setting in 2019 [Link](#)
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International

BIS

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- Work programme for 2019-2020 [Link](#)
 - Speech by Luis de Guindos, Vice President of the ECB, on fostering resilience and convergence in Economic and Monetary Union [Link](#)
 - Paper on a survey on central bank digital currency [Link](#)
 - BCBS Governors and Heads of Supervision endorse finalised market risk capital framework [Link](#)
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- Article by Mr Carlos da Silva Costa, Governor of the Bank of Portugal, on why the EU must complete the banking union [Link](#)
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- Interview with Sabine Lautenschläger, Member of the Executive Board of the European Central Bank, on the relationship between regulators and banks, which highlighted that a lot of business has moved over into the shadow banking sector and that this sector should be examined from a financial stability perspective [Link](#)
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- Interview with Benoît Cœuré, Member of the Executive Board of the ECB, explaining the role and approaches of the ECB, for example by answering questions about the ECB's programme on quantitative easing and on global economic outlook [Link](#)
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- Paper on international banking statistics at end-September 2018 [Link](#)
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- Statistical release on global liquidity indicators at end-September 2018 [Link](#)
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- Speech by Philip R Lane, Governor of the Central Bank of Ireland, on competition policy and central banking [Link](#)
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Capital Markets

UK

FCA

- Speech by Edwin Schooling Latter, Director of Markets and Wholesale Policy at the FCA, on LIBOR transition and contractual fallbacks [Link](#)
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- FCA/PRA direction under the Securitisation Regulations 2018 on reporting of private securitisations [Link](#)
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- Direction under the Securitisation Regulations 2018 on informing the FCA of STS notifications [Link](#)
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PRA

- CP on credit risk mitigation: eligibility of financial collateral [Link](#)
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EU

ECB

- Guiding principles, from the Working Group on Euro Risk-Free Rates, for fallback provisions in new contracts for euro-denominated cash products [Link](#)
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- Results of the December 2018 survey on credit terms and conditions in euro-denominated securities financing and OTC derivatives markets [Link](#)
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- Speech by Yves Mersch, Member of the Executive Board of the ECB, on frictionless movement of payments, securities and collateral across Europe [Link](#)
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ESMA

- Final Report on Draft Regulatory Technical Standards on cooperation, exchange of information and notification between competent authorities and ESMA, the EBA and EIOPA, under the Securitisation Regulation [Link](#)
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- Update to the MiFID II / MiFIR transitional transparency calculations [Link](#)
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- Opinions on position limits regarding commodity derivatives under MiFID II / MiFIR [Link](#)
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- Updated Questions and Answers on MiFID II / MiFIR transparency topics [Link](#)
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- Statement on EMIR implementation considerations regarding the clearing and trading obligations for small financial counterparties and the backloading requirement with respect to the reporting obligation [Link](#)
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International

BIS

- Statement on BCBS completing its review of the 2018 Principles for sound liquidity risk management and supervision [Link](#)
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Insurance

UK

FCA

- CP on general insurance value measures reporting [Link](#)
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PRA

- Dear CEO letter from Anna Sweeney, Director of Insurance Supervision, on Cyber underwriting risk: follow-up survey results [Link](#)
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EU

EIOPA

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- [Monthly technical information for Solvency II Relevant Risk Free Interest Rate Term Structures](#)
 - [First report on costs and past performance of insurance-based investment and certain personal pension products](#)
 - [Public call for evidence for an opinion on sustainability within Solvency II](#)
 - [Peer review results on propriety of administrative, management or supervisory body members and qualifying shareholders](#)
 - [Statement announcing that Patrick Montagner has been elected as a new member of EIOPA's Management Board](#)
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[Investment Management](#)

EU

ESMA

- [Annual Statistical Report on the cost and performance of retail investment products in the EU](#)
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[Other](#)

Prudential

International

BIS

- [Financial Stability Institute Insights paper on regulation and supervision of financial cooperatives](#)
 - [Speech by Masayoshi Amamiya, Deputy Governor of the Bank of Japan, at the G20 Symposium in Tokyo, which highlighted that one of the medium- to long-term policy issues that will be discussed under Japan's G20 presidency is "aging and its policy implications"](#)
 - [Speech by Ed Sibley, Deputy Governor of the Central Bank of Ireland, on safety and soundness - strategic priorities for the next three years](#)
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Conduct

UK

FCA

- Dear CEO Letter on clarity in financial promotions about regulated and unregulated business [Link](#)
- Sector Views which outlines the FCA's analysis of the changing financial landscape and resulting impacts on consumers and market effectiveness, across sectors [Link](#)
- CP on optimising the Senior Managers & Certification Regime and feedback to a DP on overall responsibility and the legal function [Link](#)
- Notice of changes to FCA Handbook (No. 62) regarding the personal current accounts and overdrafts instruments, high-cost credit consumer protection instrument, revised Payment Services Directive, Securitisation Regulation and the Collective Investment Schemes Sourcebook [Link](#)
- The FCA and Practitioner Panel launch joint 2019 survey on how the FCA regulates the industry [Link](#)
- Retirement Outcomes Review – feedback on CP18/17 and final rules and guidance; and CP on Retirement Outcomes Review – investment pathways and other proposed changes to rules and guidance [Link](#) and [Link](#)
- Joint FRC and FCA DP on building a regulatory framework for effective stewardship [Link](#)
- CP on proposals to improve shareholder engagement [Link](#)
- CP on the Financial Services Compensation Scheme in relation to the Management Expenses Levy Limit for 2019/20 [Link](#)

HMT

- Statement on a new government taskforce to tackle economic crime [Link](#)

UK Parliament

- Letter from the FCA to RT Hon Nicky Morgan, Chair of the Treasury Select Committee, regarding the future funding model for the Financial Ombudsman Service [Link](#)

International

IOSCO

- Report on good practices for audit committees in supporting audit quality [Link](#)
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- [Statement on disclosure of ESG matters by issuers](#) [Link](#)
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Fintech

UK

FCA

- [CP on the proposed Perimeter Guidance for cryptoassets](#) [Link](#)
 - [Formal launch of the Global Financial Innovation Network and opening of the application window to join the pilot cohort of cross-border testing](#) [Link](#)
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ICO

- [DP on the ICO sandbox beta phase](#) [Link](#)
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EU

EBA

- [Report on cryptoassets with advice for the European Commission](#) [Link](#)
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ECB

- [Speech by Benoît Coeuré, Chair of the CPMI and Member of the Executive Board of the ECB, on the impact of FinTech on financial inclusion](#) [Link](#)
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ESAs

- [Joint ESAs report on regulatory sandboxes and innovation hubs](#) [Link](#)
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ESMA

- [Advice on Initial Coin Offerings and cryptoassets](#) [Link](#)
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International

BIS

- [Speech by Luigi Federico Signorini, Deputy Governor of the Bank of Italy, on computing platforms for big data and machine learning](#) [Link](#)
 - [Working Paper on cryptocurrencies, which discusses the economics of how Bitcoin achieves data immutability, and thus payment finality, via costly computations as well as what the future might hold for cryptocurrencies or cryptocurrencies modelled on this type of consensus algorithm](#) [Link](#)
 - [Speech by Denis Beau, First Deputy Governor of the Bank of France, on financial regulation and supervision issues raised by the impact of tech firms on financial services](#) [Link](#)
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Other

UK

BoE

- Speech by Sam Woods, Deputy Governor for Prudential Regulation and Chief Executive Officer of the PRA, entitled "seven awkward questions", in which he examined the question "how do we square the principle of proportionality with the steeper slope of regulatory requirements this inevitably causes for growing firms?" [Link](#)
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International

BIS

- Speech by Mario Draghi, President of the ECB, on the 20th anniversary of the euro [Link](#)
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Glossary

AFMs = Authorised Fund Managers
AI = Artificial Intelligence
AIFMD = Alternative Investment Fund Managers Directive
AMF = Autorité des Marchés Financiers
AML = Anti-Money Laundering
APA = Approved Publication Arrangement
AUM = Assets under management
BCBS = Basel Committee on Banking Supervision
BEAR = Banking Executive Accountability Regime
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
CISO = Chief Information Security Officer
CMA = Competition and Markets Authority
CMU = Capital Markets Union
CNMV = Comisión Nacional del Mercado de Valores
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
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 OverNight 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

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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
FSA = Financial Services Authority
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
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
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
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
NGFS = Network for Greening the Financial System

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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
PRIF = Prudential Regime for Investment Firms
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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