



Risk and Regulation Monthly

January 2019

CENTRE *for*
**REGULATORY
STRATEGY**
EMEA

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Highlights

Happy New Year and welcome to the new look Risk and Regulation Monthly. For 2019, we have revised the format of this monthly publication to provide you with a list, with hyperlinks for each item, of key developments, publications and statements from UK, EU and International regulators and supervisors. We have organised the entries by sector, to allow you to find the information of greatest relevance to you. We hope you find this new format helpful.

With just three months left before the UK's withdrawal from the EU, policymakers continue to focus on preparatory activities. December saw them issue a range of guidance to firms on how best to prepare, as well as a number of consultations and legislative instruments.

The Bank of England and PRA published a package of consultations on the Resolvability Assessment Framework (RAF) for banks in the UK. The RAF, which was first trailed in June 2018, sets out how firms are expected to conduct assessments of their own resolvability, how the Bank of England will conduct its own resolvability assessments of the largest banks, and how those assessments will be publicly disclosed.

In Europe, EBA published its final guidelines on disclosure of non-performing and forborne exposures. The disclosure will provide market participants and stakeholders with a better picture of the quality of the banks' assets, the main features of their non-performing and forborne exposures, and within the banking sector, the distribution of problematic assets and the value of the collateral backing those assets.

In the retail banking sector, the FCA proposed a number of changes to overdraft pricing and introduced new rules intended to increase competition in the market. It also set out proposals to reduce the harm to consumers – particularly to vulnerable consumers – from the repeat use of overdrafts.

The UK's Competition and Markets Authority released the findings of its investigation into the UK investment consultancy and fiduciary management markets. The CMA found insufficient competition in both markets. It will require pension trustees to carry out competitive tenders when they first purchase fiduciary management services and require fiduciary managers to disclose more detailed information about their fees. The CMA also recommended that the Government extends the FCA's regulatory perimeter to include investment consultants.

A number of EU and International publications on Cyber risk were issued in December, with the BIS publishing a review of Cyber resilience practices and the EBA and ECB issuing papers on Cyber resilience expectations and TIBER testing guidance.

Brexit

UK

FCA

- [Direction on the Temporary Permissions Regime under the Electronic Money, Payment Services and Payment Systems Regulations](#) [Link](#)

- [Update on preparing your firm for Brexit](#) [Link](#)

- [Statement clarifying the application of the Financial Services Contracts Regime in the context of the Temporary Permissions Regime](#) [Link](#)

- [Consultation on strong customer authentication and common and secure open standards of communication in the context of Brexit](#) [Link](#)

- [Statement and draft rules and guidance on the treatment of Gibraltar in the FCA's Handbook after Brexit](#) [Link](#)

ICO

- [Guidance on the steps to follow to prepare for data protection compliance if the UK withdraws from the EU without a deal](#) [Link](#)

HMT

- [Draft Statutory Instruments and guidance for investment funds and their managers](#) [Link](#)

- [Draft Statutory Instrument on Mortgage Credit Regulations](#) [Link](#)

- [Draft Statutory Instrument on Distance Marketing Regulations](#) [Link](#)

- [Draft Statutory Instrument on the creation of a Financial Services Contracts Regime](#) [Link](#)

- [Draft Statutory Instrument on Securitisation Regulations](#) [Link](#)

- [Draft Statutory Instrument and guidance on Transparency of Securities Financing Transactions and of Reuse Regulations](#) [Link](#)

- [Draft Statutory Instrument and guidance on Securities, Prospectus and Transparency Regulations](#) [Link](#)

- [Guidance on Draft Statutory Instrument on the financial services framework between the UK and Gibraltar](#) [Link](#)

- [Guidance on Draft Statutory Instrument on the Financial Services and Markets Act 2000 Regulations 2019](#) [Link](#)

- [List of made financial services statutory instruments as of 21 December 2019](#) [Link](#)

PRA

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- UK withdrawal from the EU: changes to PRA Rulebook and Binding Technical Standards and Resolution Binding Technical Standards [Link](#)
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UK Parliament

- UK withdrawal from the EU: report from the Treasury Committee's session on the Government and Bank of England's withdrawal agreement analyses [Link](#)
 - Mark Carney, Sam Woods, Jon Cunliffe and Ben Broadbent's evidence to the Treasury Committee on the UK's economic relationship with the EU after Brexit [Link](#)
 - Andrew Bailey's evidence to the Treasury Committee on the UK's economic relationship with the EU [Link](#)
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EU Commission

- UK withdrawal from the EU: Commission's contingency action plan [Link](#)
 - Delegated Regulation amending EMIR with regards to on the date until which counterparties may continue to apply their risk management procedures for certain uncleared derivatives contracts [Link](#)
 - Delegated Regulation amending the EMIR with regards the date at which the clearing obligation takes effect for certain types of contracts [Link](#)
 - Decision on providing a 24-month temporary recognition period for UK CSDs [Link](#)
 - Decision on providing a 12-month temporary recognition period for UK CCPs [Link](#)
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ESMA

- Statement on firms' obligations to provide clients with information on the implications of Brexit [Link](#)
 - Statement on readiness to review UK CCPs' and CSDs' recognition applications for a no-deal Brexit scenario [Link](#)
 - Update on assessment of third-country trading venues for the purpose of post-trade transparency and position limits [Link](#)
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ECB

- Speech by Ignazio Angeloni on ECB supervision and the ECB's upcoming work with the PRA on a "comprehensive memorandum of understanding, covering aspects such as information exchange and the reciprocal treatment of cross-border banking groups". [Link](#)
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Banking

UK

BoE

- The Bank's approach to assessing resolvability [Link](#)
 - Consultation on resolution assessment and public disclosure by firms [Link](#)
 - Updated supervisory statement on instructions for Pillar 2 regulatory reporting [Link](#)
-

FCA

- Policy Statement on the implementation of the EU Securitisation Regulation and the amendment to the Capital Requirements Regulation [Link](#)
 - High-cost credit review: overdrafts consultation paper and policy statement [Link](#)
 - High-cost credit review: feedback and consultation on buy now pay later offers [Link](#)
 - Findings of the thematic review of long-term mortgage arrears and forbearance [Link](#)
 - FCA and PRA changes to mortgage reporting requirements [Link](#)
 - Final report on the strategic review of retail banking business models [Link](#)
 - Final guidance on helping tenants find alternatives to high-cost credit and what this means for social housing landlords [Link](#)
 - Evaluation paper on reducing barriers to entry into the UK banking sector [Link](#)
 - Policy Statement on the FCA's approach to final Regulatory Technical Standards and EBA guidelines under the revised Payment Services Directive [Link](#)
 - Approach on the FCA's role under the Payment Services Regulations 2017 and the Electronic Money Regulations 2011 [Link](#)
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PRA

- Approach to the implementation of the systemic risk buffer [Link](#)
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EU

EBA

- Annual report on risks and vulnerabilities in the EU banking sector [Link](#)
 - Final guidelines on disclosure of non-performing and forborne exposures [Link](#)
 - Decision to conduct next EU-wide stress test in 2020 [Link](#)
 - Preliminary assessment on post-implementation impact of IFRS 9 on EU Institutions [Link](#)
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- Consultation to amend the regulation on the benchmarking of internal models [Link](#)
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ECB SSM

- Speech by Sabine Lautenschläger on reforms to banking sector regulation following the financial crisis [Link](#)
 - Speech by Pentti Hakkarainen on the role of quality assurance and audit in European banking supervision [Link](#)
 - ECB will directly supervise 119 banks in 2019 [Link](#)
-

SRB

- Speech by Ekle König, Chair of the SRB, at ECON hearing on the upcoming priorities of the SRB [Link](#)
 - 2018 conference report "10 years after the crisis: are banks now resolvable?" [Link](#)
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International

BIS

- Updated Basel III disclosure requirements [Link](#)
 - Speech by Benoît Cœuré on the role of the European Union in fostering convergence [Link](#)
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Capital Markets

UK

FCA

- Consultation on restricting contract for difference products sold to retail clients and discussion of other retail derivative products [Link](#)
 - Consultation on product intervention measures for retail binary options [Link](#)
 - PRA and FCA joint statement on reporting of private securitisations under the Securitisation Regulation [Link](#)
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EU

EBA

- Guidelines on simple, transparent and standardised criteria for asset-backed commercial paper securitisation [Link](#)
 - ESAs draft standards to provide a specific treatment for simple, transparent and standardised securitisation [Link](#)
 - Report on amendments to the EMIR Clearing Obligation under the Securitisation Regulation [Link](#)
-

ECB

- Consultation on determining an Euro Short-Term Rate (ESTER)-based term structure methodology as a fallback in EURIBOR-linked contracts [Link](#)

- Report on transition from the Euro Overnight Index Average (EONIA) to the Euro Short-Term Rate (ESTER) [Link](#)

ESMA

- MiFID II: final report on the tick size regime [Link](#)

- Renewal of restrictions on the marketing, distribution or sale of contracts for differences (CFDs) to retail clients for further three months [Link](#)

- Guidelines on the requirements for non-significant benchmarks under the Benchmarks Regulation [Link](#)

- Consultation paper on guidelines on settlement fails reporting under CSDR [Link](#)

- Consultation paper on disclosure requirements applicable to credit ratings [Link](#)

- Guidelines on the application of MiFID II to commodity derivatives [Link](#)

- New Securities and Markets Stakeholder Group appointed [Link](#)

BIS

- Speech by Andrew Hauser, Executive Director of Markets Division, on why the buy-side should adopt the FX Global Code [Link](#)

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Insurance

UK

FCA

- Key findings on pension transfer advice work [Link](#)

- Senior Managers and Certification Regime extended to insurers [Link](#)

HMT

- HM Treasury, US Treasury and Office of the US Trade Representative sign agreement on prudential measures regarding insurance and reinsurance [Link](#)

- Insurance Fraud Taskforce Report for the year 2017 [Link](#)

PRA

- Letter from David Rule, Executive Director of insurance supervision, on Solvency II: equity release mortgages [Link](#)

EU

EIOPA

<ul style="list-style-type: none"> • Report on the evaluation of the structure of insurance intermediaries markets in Europe 	Link
<ul style="list-style-type: none"> • EIOPA announces results of the 2018 Insurance Stress Test 	Link
<ul style="list-style-type: none"> • 2018 report on long-term guarantees measures and measures on equity risk 	Link
<ul style="list-style-type: none"> • Report on group supervision and capital management of Insurance and reinsurance undertakings 	Link
<ul style="list-style-type: none"> • Call for input on the Solvency II reporting and disclosure review 2020 	Link
<ul style="list-style-type: none"> • Report on the use of capital add-ons during 2017 	Link
<ul style="list-style-type: none"> • Seventh consumer trends report 	Link
<ul style="list-style-type: none"> • Report on the use of limitations and exemptions from reporting under Solvency II 	Link
<ul style="list-style-type: none"> • Financial stability report 	Link
<ul style="list-style-type: none"> • Opinion on non-life cross-border insurance business of a long-term nature and its supervision 	Link
<ul style="list-style-type: none"> • Call for expression of interest for EIOPA's Technical Expert Network on Catastrophe Risks 	Link
<ul style="list-style-type: none"> • EIOPA updates representative portfolios to calculate volatility adjustments to the Solvency II risk-free interest rate term structures 	Link

International

BIS

<ul style="list-style-type: none"> • Research paper on proportionality in the application of insurance solvency requirements 	Link
<ul style="list-style-type: none"> • Speech by Denis Beau, First Deputy Governor of the Bank of France, on old and new challenges for the insurance sector, its regulators and supervisors 	Link

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Investment Management

UK

CMA

<ul style="list-style-type: none"> • Final report on the investment consultancy and fiduciary management services market investigation 	Link
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FCA

<ul style="list-style-type: none"> • Authorised push payment fraud - extending the jurisdiction of the Financial Ombudsman Service 	Link
<ul style="list-style-type: none"> • Response to the CMA's final report on its investigation of investment consultancy and fiduciary management services 	Link

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- Discussion paper on patient capital and authorised funds [Link](#)
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Other

Prudential

International

BIS

- Speech by Luis de Guindos, Vice-President of the ECB, on redesigning Europe's financial landscape [Link](#)
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Conduct

UK

CMA

- Consultation on draft Annual Plan 2019/20 [Link](#)
 - Research on tackling the "loyalty penalty" whereby existing customers pay more than new customers [Link](#)
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FCA

- Consultation paper on proposed amendment to permitted links rules under COBS [Link](#)
 - Statement on the CMA's response to the Citizens Advice super-complaint on excessive prices for disengaged consumers [Link](#)
 - Speech by Christopher Woolard, Executive Director of Strategy and Competition, on diversity in financial services [Link](#)
 - December Quarterly Consultation [Link](#)
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Sustainable Finance

ESMA

- Consultation on integrating sustainability risks and factors in MiFID II [Link](#)
 - Consultation on integrating sustainability risks and factors in the UCITS Directive and AIFMD [Link](#)
 - Consultation on disclosure requirements applicable to credit ratings agencies [Link](#)
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Cyber

UK

BoE

- Topical article: Could a cyber-attack cause a systemic impact in the financial sector? [Link](#)
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FCA

- Wholesale banks and asset management cyber multi-firm review findings [Link](#)
-

EU

EBA

- Consultation on guidelines on ICT and security risk management [Link](#)
- Cyber resilience oversight expectations for financial market infrastructures [Link](#)

ECB

- TIBER-EU White Team Guidance: the roles and responsibilities of the White Team in a Threat Intelligence-based Ethical Red Teaming test [Link](#)

International

BIS

- Report on the range of bank, regulatory, and supervisory cyber-resilience practices across jurisdictions [Link](#)
- Speech by Richard Dzina, Executive Vice President of the Financial Services Group at the Federal Reserve Bank of New York, on cyber resilience and endpoint security [Link](#)
- Speech by Benoît Cœuré, Member of the Executive Board of the European Central Bank, on the work of Euro Cyber Resilience Board for pan-European Financial Infrastructures [Link](#)
- Speech by Dr Maxwell Opoku-Afari, first deputy governor of the Bank of Ghana, on the launch of the cyber security directive for financial institutions [Link](#)

FSB

- The Regional Consultative Group for Sub-Saharan Africa discussed financial vulnerabilities, the effects of reforms and cyber security [Link](#)

FinTech

EU

EBA

- Guidelines on the exemption from the requirement to implement the contingency mechanism under the Regulatory Technical Standard (RTS) on Strong Customer Authentication (SCA) and Common and Secure Communication (CSC) [Link](#)
- Opinion on the use of eIDAS certificates under the RTS on SCA and CSC [Link](#)

International

BIS

- Insights on regulating and supervising the clouds: emerging prudential approaches for insurance companies [Link](#)
- Speech by Agustín Carstens, General Manager, on [Link](#)

big tech in finance and new challenges for public policy

Other

UK

FCA

- New rules for claims management companies to boost consumer protection and professionalism [Link](#)
 - FCA sets out an impact evaluation framework for its interventions [Link](#)
 - Evaluation of reducing barriers to entry into the UK banking sector [Link](#)
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ECB

- Interview with Sabine Lautenschläger, Chair of the Supervisory Board of the ECB, on the euro 20 years on [Link](#)
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International

BIS

- Speech by Mario Draghi, President of the ECB, on Europe and the euro 20 years on [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
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
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
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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