



Contents

BREXIT
BANKING
CAPITAL MARKETS
INSURANCE
INVESTMENT MANAGEMENT
OTHER
CONTACTS

Highlights

With the 31 October Brexit deadline fast approaching, regulators stepped up efforts to prepare for a possible no-deal, with the FCA “urging all firms to consider the implications of a no-deal exit and finalise their preparations”, and the European Commission issuing a communication calling on “all actors” to make the “necessary final adjustments to their plans in relation to a withdrawal without an agreement”. The Commission further urged against assuming that a third extension will be requested by the UK and agreed by the European Council ahead of 31 October.

In the UK, the FCA published the findings from its multi-firm review of research unbundling reforms under MiFID II; these included that most firms have chosen to absorb research costs themselves, resulting in around £70 million of savings for investors in UK-managed equity portfolios. The FCA also found no evidence of a material reduction in research coverage, including for listed small and medium enterprises (SMEs).

In Europe, ESMA published the second of its trends, risks and vulnerabilities reports for 2019, which identified a deteriorating outlook for the asset management industry and continued very high market risk due to potentially inflated asset valuations, subdued economic growth prospects, and flattening yield curves. The report found that recent trade tensions have triggered renewed volatility, whilst concerns over a no-deal Brexit remain a key risk driver for the second half of 2019.

Senior EU figures also set out their regulatory, supervisory and policy priorities. Andrea Enria, the new Chair of the ECB Supervisory Board, emphasised the priority being placed on completing the post crisis repair process. He also stressed that the ECB would monitor the sustainability of banks’ business models specifically with a view to profitability and the ongoing digitalisation of financial services. Christine Lagarde, nominee for President of the ECB, set out the principles that would guide her approach to the role including combining a commitment to the ECB’s mandate on monetary policy with the agility to adapt to new challenges such as digitalisation. She also highlighted the importance of inclusiveness in sustaining global co-operation and ensuring that a “range of voices” informed ECB policymaking. At the European Commission, President-elect Ursula von der Leyen presented her new team in the context of her Presidency objectives including the “need to address the changes in climate, technology and demography that are transforming our societies and way of life”.

Brexit	
UK	
CMA	
<ul style="list-style-type: none"> Statement on promoting competition and ensuring markets work well after Brexit 	Link
FCA	
<ul style="list-style-type: none"> Speech by Andrew Bailey, Chief Executive, on the state of play regarding preparing for Brexit in financial services 	Link
<ul style="list-style-type: none"> Statement on stepping up efforts to ensure firms are getting ready for a no-deal Brexit 	Link
<ul style="list-style-type: none"> List of dedicated Brexit websites hosted by financial regulators in EEA Member States 	Link
<ul style="list-style-type: none"> Draft explanatory note: directions giving effect to FCA use of the temporary transitional power should the UK leave the EU with no implementation period 	Link
<ul style="list-style-type: none"> Draft Prudential Transitional Direction on on-shored prudential requirements 	Link
HMT	
<ul style="list-style-type: none"> Speech by John Glen, the Economic Secretary to the Treasury and City Minister, on the future of the UK financial sector 	Link
EU	
EC	
<ul style="list-style-type: none"> Communication on finalising preparations for the UK's withdrawal from the EU on 1 November 2019 	Link
Back to top	
Banking	
Prudential	
UK	
PRA	
<ul style="list-style-type: none"> Consultation on credit risk: Probability of Default and Loss Given Default estimation 	Link
<ul style="list-style-type: none"> Policy statement on the revision of the branch return in supervision of international banks 	Link
EU	
EBA	
<ul style="list-style-type: none"> Statement on intention to clarify the prudential treatment applicable to own funds instruments at the end of the grandfathering period expiring on 31 December 2021 	Link
<ul style="list-style-type: none"> Launch of 2019 EU-wide transparency exercise 	Link
ECB - SSM	
<ul style="list-style-type: none"> Public hearing with Andrea Enria, Chair of the Supervisory Board of the European Central Bank, before the ECON Committee 	Link

<ul style="list-style-type: none"> • Presentation by Andrea Enria on post-crisis repair and EU banks' profitability challenges 	Link
ECB Central Bank	
<ul style="list-style-type: none"> • Speech by Christine Lagarde, nominee for ECB President, on her vision for the role 	Link
<ul style="list-style-type: none"> • Statement on the introduction of a two-tier system for remunerating excess liquidity holdings 	Link
<ul style="list-style-type: none"> • Appointment hearing of Yves Mersch, Vice-Chair of the Supervisory Board 	Link
ESRB	
<ul style="list-style-type: none"> • Speech by Andrea Enria on the future of stress testing 	Link
<ul style="list-style-type: none"> • Remarks by Mario Draghi, President of the ECB and Chair of the ESRB, on the development of macro prudential policy in Europe over the course of the past eight years 	Link
Int'l	
BIS	
<ul style="list-style-type: none"> • Speech by Randal K. Quarles, Vice Chair for Supervision at the Federal Reserve, on refining the stress testing and capital frameworks 	Link
Back to top	
Capital Markets	
Prudential	
EU	
ESMA	
<ul style="list-style-type: none"> • ESMA second report on trends, risks and vulnerabilities for 2019 	Link
Conduct	
UK	
BoE	
<ul style="list-style-type: none"> • Speech by Andrew Hauser, Executive Director for Markets, on FX market fragmentation and what to do about it 	Link
FCA	
<ul style="list-style-type: none"> • Statement on further details on the independent investigation of Interest Rate Hedging Products (IRHP) 	Link
<ul style="list-style-type: none"> • Update to June 2019 joint statement on opportunistic strategies in the credit derivatives market 	Link
EU	
EBA	
<ul style="list-style-type: none"> • Discussion paper on creating an STS framework for synthetic securitisation 	Link
ESMA	
<ul style="list-style-type: none"> • Updated results of annual transparency calculations for equity and equity-like instruments 	Link

<ul style="list-style-type: none"> Introductory remarks by Steven Maijoor, Chair, at the second ECB roundtable on the development of euro risk-free rates 	Link
Int'l	
BIS	
<ul style="list-style-type: none"> Thematic review on the implementation of suitability requirements with respect to the distribution of complex financial products 	Link
<ul style="list-style-type: none"> Triennial central bank survey of foreign exchange and over-the-counter (OTC) derivatives markets in 2019 	Link
IOSCO	
<ul style="list-style-type: none"> Recommendation on synchronising clocks used for timestamping with coordinated universal time (UTC) 	Link
Back to top	
Insurance	
Prudential	
UK	
BoE	
<ul style="list-style-type: none"> Consultation paper on the internal capital modelling of income producing real estate loans, and the use of internal credit assessments for illiquid, unrated assets under Solvency II 	Link
<ul style="list-style-type: none"> Updated supervisory statement on expectations for matching adjustment relating to illiquid unrated assets and equity release mortgages under Solvency II 	Link
<ul style="list-style-type: none"> Speech by Charlotte Gerken, Director of Cross-Cutting and Insurance Policy, on insurance risk management in a changing world 	Link
PRA	
<ul style="list-style-type: none"> Consultation paper on the Prudent Person Principle under Solvency II 	Link
<ul style="list-style-type: none"> Policy statement on liquidity risk management for insurers 	Link
<ul style="list-style-type: none"> Consultation paper on updates to authorisation and supervision of insurance special purpose vehicles 	Link
EU	
EIOPA	
<ul style="list-style-type: none"> Report on challenges and opportunities in cyber risk for insurers 	Link
Conduct	
UK	
PSR	
<ul style="list-style-type: none"> Speech by Carole Begent, Head of Legal, on compliance and the PSR's enforcement work 	Link

<ul style="list-style-type: none"> Speech by Chris Hemsley, Managing Director, on the PSR's priorities 	Link
EU	
EIOPA	
<ul style="list-style-type: none"> Establishment of a Consultative Expert Group on Digital Ethics in Insurance 	Link
Back to top	
Investment Management	
Prudential	
EU	
ESMA	
<ul style="list-style-type: none"> Final guidelines on liquidity stress testing in UCITS and AIFs 	Link
<ul style="list-style-type: none"> Stress simulation framework for investment funds 	Link
<ul style="list-style-type: none"> Study on exposure of the EU fund industry to collateralised loan obligations (CLOs) (as part of ESMA's second 2019 Trends, Risks and Vulnerabilities report) 	Link
Conduct	
UK	
FCA	
<ul style="list-style-type: none"> Speech by Debbie Gupta, Director of Life Insurance and Financial Advice, on improving the suitability of financial advice 	Link
<ul style="list-style-type: none"> Findings from a multi-firm review of research unbundling reforms under MiFID II 	Link
<ul style="list-style-type: none"> Findings from a review of governance of unit-linked mirror funds 	Link
EU	
ESMA	
<ul style="list-style-type: none"> Study on performance of active equity funds (as part of ESMA's second 2019 Trends, Risks and Vulnerabilities report) 	Link
Back to top	
Other	
Prudential	
UK	
BoE	
<ul style="list-style-type: none"> Speech by Alex Brazier, Executive Director for Financial Stability Strategy and Risk, on stability, agility and opportunity in the regulation of the financial system 	Link
EU	
ESAs	

<ul style="list-style-type: none"> Joint Committee report on risk and vulnerabilities in the EU financial system 	Link
Conduct	
UK	
PSR	
<ul style="list-style-type: none"> Statement on CASS's compliance with the Payment Account Regulations 2015 	Link
Sustainable Finance	
UK	
BoE	
<ul style="list-style-type: none"> Remarks by Mark Carney, Governor, at the UN Secretary General's Climate Action Summit 2019, on the role of insurance, reporting, risk management and return 	Link
HMT	
<ul style="list-style-type: none"> Sustainability reporting guidance 2019 to 2020 	Link
EU	
EC	
<ul style="list-style-type: none"> Communication on the 2019 Climate Action Summit hosted by the United Nations Secretary General in New York 	Link
ECB - SSM	
<ul style="list-style-type: none"> Speech by Pentti Hakkarainen, Member of the Supervisory Board, on the greening of the financial sector 	Link
ECOFIN	
<ul style="list-style-type: none"> Statement on agreed position on unified EU taxonomy in sustainable finance 	Link
Int'l	
BIS	
<ul style="list-style-type: none"> Speech by François Villeroy de Galhau, Governor of the Bank of France, on the role of banking in a sustainable global economy 	Link
<ul style="list-style-type: none"> Launch of a green bond fund for central banks 	Link
<ul style="list-style-type: none"> Keynote speech by Frank Elderson, Executive Director of Supervision of the Netherlands Bank, on necessary climate-related changes to the economy 	Link
IMF	
<ul style="list-style-type: none"> Statement on the IMF joining the Network for Greening the Financial System (NGFS) as an observer 	Link
Cyber	
UK	
BoE	
<ul style="list-style-type: none"> SIMEX 2018 Report: outcomes and high level findings following the 2018 cyber simulation exercise 	Link
Fintech	
UK	

BoE	
<ul style="list-style-type: none"> Speech by Victoria Cleland, Executive Director of Banking, Payments & Innovation, on payments as a platform for innovation in the financial system 	Link
EU	
ECB Central Bank	
<ul style="list-style-type: none"> Speech by Benoît Cœuré, Member of the Executive Board, on digital challenges to the international monetary and financial system 	Link
<ul style="list-style-type: none"> Remarks by Benoît Cœuré on digital currencies and Libra 	Link
Other	
UK	
PSR	
<ul style="list-style-type: none"> Statement on response to Which?'s report on cash access 	Link
EU	
EC	
<ul style="list-style-type: none"> Statement on the structure and priorities of the European Commission under Ursula von der Leyen 	Link
<ul style="list-style-type: none"> Remarks by Valdis Dombrovskis, Vice-President, at the press conference following the first session of the informal ECOFIN, covering climate action, cybersecurity, disinformation and the Capital Markets Union 	Link
European Parliament	
<ul style="list-style-type: none"> Introductory statement by Mario Draghi, President, at the ECON committee hearing 	Link
<ul style="list-style-type: none"> In-depth analysis of Mario Draghi's term as ECB President and the challenges ahead 	Link

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 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
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
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
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

Contacts

Andrew Bulley

Partner, Centre for Regulatory Strategy
+44 (0)20 7303 8760

Rod Hardcastle

Director, Centre for Regulatory Strategy
+44 (0)20 7007 1640



This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NWE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ('DTTL'). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NWE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of member firms.