Quote of the Week

“Banks have transferred significantly fewer activities, critical functions and staff to euro area entities than originally foreseen as part of their plans for Brexit Day 1. The ECB now expects banks to speed up the implementation of their plans.”

- ECB Supervision Report

Articles in This Issue

**US Banking and Consumer:** Fed Real-Time Bank Payments; NIST AI Standards Development; FDIC Chair AML Tech Innovation; NYDFS Excessive Title Insurance; NCUA Charter Process Digital Tool; CAL Bank Payday Loan Transition

**US Investment:** SEC Reg S-K Business Disclosures; FINRA Senior Investors Review; FINRA TRACE Vendor Management; MSRB New Officers And Board; CME Clearing Swaps Margin Model; DoL Defining Employer Under ERISA

**Canada:** OSC Summary Investment Report; CSA Climate Change Risk Reporting; ONT DP Data Privacy Breach; TMX Regulatory Participant Scorecard; BC FIC Deposit Insurance ; MHC Affordable Homeowners

**International:** AST APRA Self-Regulation Speech; AST APRA Royal Commission Update; International Agencies Libra Risks; CHI CSRC Margin Financing Rules; CHI CSRC Risk Control Indicators; JPN FSA Insurance Supervision

**EU:** EBA Basel III Implementation Advice; EBA Global SIFI Identification; EBA Single Rulebook Q&A; EU PEPP Delegated Acts; EC Consumer Protection Ruling; EC Electronic Communication Code

**UK:** UK GVT on Brexit Preparedness; FCA Higher UCITS Liquidity Test; UKP FCA Regulatory Perimeter; FCA SM&CR Banking Stocktake; PRA Asset Purchase Facility; FRC Client Assets Assurance

**AML & Enforcement:** OFAC Russia Chemical Weapons; UK FCA Inside Information/AML; UK CMA Cartel Investigation Process; MLY Goldman Execs Charged 1MDB; AST APRA Westpac Reporting Fine; DoJ Fine Swiss LLB Verwaltung

Regulatory Watch List

**Timely** Fed to create real time payment system following moves by Facebook and fintechs. Banks concerned this will devalue their own network, and delay the take-up until completed.

**Unauthentic** UK uses EU discretion to defer security controls on payments by 18 months. Industry warned lack of readiness would slow retail sales, as alternative methods needed.
US Banking

Fed Real-Time Bank Payments
On Aug. 5, 2019, Fed announced developing new real-time payment and settlement service (PSS).
- Called FedNow, allow banks of any size in US to provide real-time payments to customers.
- On the same day, Fed published FAQs and notice requesting comments on FedNow.
- NACHA released statement on FedNow, urged Fed to address other current payment needs.
- CHIPS issued statement, focused on operating and growing own pay system, RTP Network.
- Fed Governor Brainard spoke on the future of US payment system, implications of FedNow.
- This modern payment infrastructure will allow innovation and competition to flourish.
- On Aug. 9, 2019, Fed published proposed rule in federal register, comments due by Nov. 7.

NIST AI Standards Development
On Aug. 12, 2019, NIST released plan on priority for federal agency engagement in AI standards.
- Outlines the priorities for federal agency engagement in development of AI standards.
- Feb. 2019 executive order to develop plan for standards minimize vulnerability to attacks.
- Recommends government commit to speed up pace of reliable AI technology development.
- Calls for multidisciplinary research, expanding public-private partnerships in advancing AI.
- Stresses need for flexibility to select AI standards for use in regulatory/procurement.
- Highlights various related tools that necessary to support the AI development progress.
- Including benchmarks, evaluations, challenges that could drive creative problem solving.

FDIC Chair AML Tech Innovation
On Aug. 2, FDIC McWilliams spoke to UK FCA global AML tech event, support tech innovation.
- Review privacy enhancing technologies (PET), analytics identify suspicions items.
- Technology to identify ultimate beneficiary owner (UBO) across firms, or registers.
- Chair met fintechs to learn how they team with banks to offer new services, FDIC not regulate.
- Created FDIC Tech Lab, encourage community banks use technology, in search for a CINO.
- Through tech sprints, encourage market to develop technology improve bank operations.
- Sought to purchase reg-tech and sup-tech solutions, in order to encourage innovation.
- FDIC work with developers to pilot products, services with innovative technologies.
- Once pilot complete, results will be published to understand what worked, and did not.

NYDFS Excessive Title Insurance
On Aug. 6, NYDFS issued statement on appellate court decision of Insurance Regulation 208 ruling.
- Lacewell stated Insurance Reg 208 decision fails to follow appellate division ruling.
- Appellate division had ruled to uphold DFS regulatory authority to promulgate Reg 208.
- Regulation 208 to protect New York consumers from excessive title insurance rates.
- Lacewell added that the regulation enforces New York’s anti-inducement statute.
- DFS continues to maintain that cost of high-priced tickets, meals, lavish gifts, strip clubs
- As inducements for title insurance business should not be passed to consumers.

NCUA Charter Process Digital Tool
On Aug. 8, NCUA announced digital tool to help credit unions with charter application process.
- System will help guide credit union organizers as to preparing for a charter application.
- Tool streamline chartering process, allowing NCUA to preview info included in application.
- CU organizers can use new tool to evaluate how they meet requirements for starting CU.
- By reviewing critical application elements, like purpose, core values, membership, subscribers.
- Organizers will address questions specific to critical areas, can submit answers to NCUA.
- NCUA office of credit union resources and expansion will evaluate and score submissions.
- Review how adequately the credit union organizers addressed each critical element.
- NCUA will invite groups with minimum 80 out of 100 to submit formal charter application.
- Advised groups that fall below 80 to provide more data or to consider other alternatives.

CAL Bank Payday Loan Transition
On Aug. 8, CAL Bank issued guidance on payday loan industry, moving towards installment loans.
- TRENDING TOWARDS INSTALLMENT LOANS OVER $300, IN MANY CASES, OVER $2,500.
- REPORTS SHOW TOTAL NUMBER, AGGREGATE DOLLAR AMOUNT OF PAYDAY LOAN CONTINUED LONG DECLINE.
- NON-BANK, UNSECURED CONSUMER LOANS UNDER CAL FINANCING LAW HAD INCREASED MARKEDLY.
- OF SUBSEQUENT PAYDAY LOANS TO SAME BORROWER, 59.2% WERE SAME DAY THE PREVIOUS LOAN ENDED.
- REPEAT CUSTOMERS ACCOUNTED FOR 80.7% OR NEARLY $2.3BN OF THE TOTAL AMOUNT BORROWED.
- ONE OF FOUR PAYDAY LOAN CA CUSTOMERS IN CALIFORNIA TOOK OUT 10 OR MORE PAYDAY LOANS.
- INSTALLMENT CONSUMER LOAN BY NON-BANKS DOWN 8.8%, CONSUMER LOANS MADE ONLINE UP 3.1%.
US Investment Management

**SEC Reg S-K Business Disclosures**
On Aug. 9, SEC proposed modernizing Reg S-K business disclosure, legal proceedings rules.
- Part of comprehensive evaluation of disclosure requirements recommended in SEC S-K study.
- Revise Items 101(a) (description), 101(c) (narrative description), 105 (risk factors).
- To emphasize a more principles-based approach, non-exclusive list of information.
- Require disclosure of topic to extent material to understanding of general firm development.
- In filings after initial filing, to provide only updates, on material developments, hyperlink.
- Include, as disclosure topic, human capital resources, like any human capital measures.
- Item 103 (legal proceedings) keep prescriptive approach, as not depend on characteristics.
- Comments on proposal are due 60 days from pending publication in the federal register.

**FINRA Senior Investors Review**
On Aug. 9, FINRA announced will conduct a retrospective review on the senior investor rule.
- Particular emphasis on protecting vulnerable senior investors on fixed income, budget.
- Often perpetrated by strangers, family, caregiver but B/D key role to prevent, protect.
- Review rule, whether appropriate, if additional tools, guidance, or changes are necessary.
- Evaluate efficacy, efficiency of rule, as currently implement, internal admin process.
- Action phase to follow, may propose amendments to rules based on the findings.
- Create national standards to give firms tools, including to allow firms to place temp holds.
- Collaborate with NASAA and SEC to address measures, issue senior safe act fact sheet.
- Comments on the retrospective rule review should be submitted on or before Oct. 8, 2019.

**FINRA TRACE Vendor Management**
On Aug. 8, FINRA announced the new TRACE vendor management system for usage reporting.
- Allow TRACE vendors to view their profile, agreements, maintain contacts, report usage.
- Vendors must submit their vendor and/or subscriber usage information via new system.
- New vendor management system access will require EWS login id and password.
- Obtained by submitting vendor management account administrator form and agreement.
- As of Oct. 1, 2019, FINRA will not take usage information via email or existing forms.

**MSRB New Officers And Board**
On Aug. 6, MSRB announced new officers and board members for FY 2020, Kelly retirement.
- President and CEO Lynnette Kelly retiring at end of year, CFO Lawson as interim CEO.
- Kelly will serve as a consultant to MSRB board of directors, and help with upcoming transition.
- The 21-member MSRB board of directors consists of 4 classes with staggered terms.
- For the first time, women comprise the entire incoming class and majority of the full board.
- New officers and board of directors members will begin their terms on Oct. 1, 2019.
- On Aug. 7, 2019, SEC Clayton stated Kelly effective leader, overseen important initiatives.
- Added Kelly was particularly cognizant that majority of muni held by Main Street investors.
- SEC director of office of municipal securities Olsen stated Kelly true leader of muni market.

**CME Clearing Swaps Margin Model**
On Aug. 2, CME proposed enhancements to swaps margin model that is used to margin swaps.
- Supported by IRS guaranty fund deposits, for exchange-listed contracts when commingled.
- Swaps margin model for interest rate products leverages filtered historical VaR methodology.
- Revision include additional unscaled scenarios in market risk component of margin model.
- That is, the margin model's final market risk is calculated as the weighted average sum.
- Of the existing filtered historical VaR (H) and the VaR from applying unscaled scenarios.
- Proposed change as additional tool to apply expert judgement in response to unique events.
- Proposed implementation of margin model enhancements on or after Aug. 19, 2019.

**DoL Defining Employer Under ERISA**
On Jul. 31, DoL issued final regulation on expanded definition of employer under ERISA.
- Final regulation has expanded the access to affordable quality retirement saving options.
- Described employer group or association, professional employer organization (PEO).
- Compared to IRA, ERISA retirement plan offer the private-sector higher contribution limit.
- Clarified employer group or association, PEOs can constitute employers under ERISA.
- When establishing or maintaining individual account employee pension benefit plans.
- As an employer, can sponsor contribution retirement plan, multiple-employer plans.
- Final regulation on expansion of employer definition is effective on Sep. 30, 2019.
OSC Summary Investment Report
On Aug. 8, OSC issued summary report for B/D, IA, fund managers on 2018-19 work overview.
- Report contains information to help firms comply with requirements under OSC rules.
- Education, outreach with links, info, resources, opportunities for market registrants.
- Regulatory oversight, guidance, part 2 self-assessment tool to strengthen compliance.
- Insights into new, proposed rules, initiatives that may impact registrant’s operations.
- Enhance understanding of regulatory expectations, interpretations of law.
- OSC Launchpad core team will support fintech development, innovation, regulations.
- Trend for regtech innovation continues despite dip in value of crypto-assets.
- Update on matters impacting registration, info from compliance reviews, policy initiatives.

CSA Climate Change Risk Reporting
On Aug. 1, CSA issued guidance on climate change-related disclosure to assist firms.
- No new requirement, expanded 2010 notice 51-333 environmental reporting guidance.
- Notice motivated by increased investor interest, room for improvement in disclosures.
- Domestic, global developments in voluntary disclosure frameworks by SASB, TCFD.
- For disclosures in areas of governance, strategy, risk management, metrics and targets.
- Guidance based on research, review, consultations on issuers’ disclosure of risks.
- While disclosure key for investors, these present potential burdens for all issuers.
- Notice is intended to help issuers prepare disclosure of material climate change risks.

ONT DP Data Privacy Breach
On Jul. 31, ONT DP issued guidance on data privacy breaches, and retention periods.
- Advised retain only what is needed, for as long as necessary, to reduce impact of breach.
- Issue of retention repeatedly arises as to privacy impact assessments with institutions.
- Holding personal information for long periods increases the risk of a data breach.
- Before collect personal information, consider if collection necessary to fulfill objective.
- Personal info was used to make decision about individual, must be retained for 2 years.
- Legally required retention period gives individual the opportunity to access that info.
- Ensure to secure disposal of personal information at the end of the retention period.

TMX Regulatory Participant Scorecard
On Jul. 31, TMX announced launch of TMX regulatory division participant scorecard.
- Scorecard helps track compliance with certain regulatory requirements of the Bourse.
- Content and frequency are likely to evolve over time based on experience and needs.
- Future versions more customized and tailored to participant business model, activities.
- Participants can access content of their regulatory scorecard via the participant portal.
- Comparison to other participant practices, level of compliance is on anonymous basis.
- Not intended to be interpreted as formal warning or confirmation of compliance.
- However, it invites each participant to pay particular attention to its content.

BC FIC Deposit Insurance
On Jul. 31, BC FIC announced latest version of the deposit insurance determination.
- Released version 1.0 of the deposit insurance data requirements guide in Oct. 2018.
- Version 1.0 sought the feedback of credit unions on the proposed data fields.
- Version 2.0 addresses issues identified during 2018 consultation, reducing data requirements burden while keeping the ability to make insurance determinations.
- Credit unions are being provided with nine months to develop the test extracts.
- Requested credit unions submit completed data extracts on or before Apr. 30, 2020.

MHC Affordable Homeowners
On Jul. 31, MHC issued program to help Canadians with affordable homeownership.
- Canadian government new program will aid providers of shared equity mortgages.
- In order to help eligible Canadians to achieve affordable homeownership.
- Fund is $100mn CAD lending fund that will help support existing SEMP, attract providers.
- It is a 5-year program that launched on Jul. 31, 2019 and is managed by CMHC.
- Fund aims to help finish 1,500 units, help at least 1,500 Canadians buy first home.
- Pre-construction cost loans fund new housing projects providing shared equity mortgages.
- 10-year, $55bn CAD plan, to create 125k new housing units, repair, renew 300k housing units.
- Reduce homelessness 50%, goal to remove 530k families from housing need.
- Separate $1.25bn first time buyer incentive program will directly support first timers.
International

AST APRA Self-Regulation Speech
On Aug. 8, AST APRA chairman Wayne Byres spoke at conference on self-regulation.

- The optimal model of financial regulation requires self-regulation to play its part.
- If self-regulation is not in good shape, then it needs to be revived, not written off.
- Formal regulation and enforcement are not the only answer to issues of community concern.
- This must be accompanied by a healthy degree of self-regulation.
- Industry codes of practice, stronger frameworks of governance and accountability.
- And a commitment by individuals to seek to operate with ethical restraint.
- Governments and regulators can help to restore the foundations for self regulation.
- But only the industry and its participants can return it to full health.

AST APRA Royal Commission Update
On Aug. 7, AST APRA published bi-annual update on royal commission recommendations.

- Updated on implementation of recommendations issued by Commission.
- Into misconduct in banking, superannuation and in the financial services industry.
- 10 recommendations required attention, 9 will be completed by end of 2020.
- Of those, 4 will be completed in 2019, it is on track to meet all deadlines.
- Examination of 12 matters re individual entities referred is in an advanced stage.
- APRA will liaise with ASIC and other relevant agencies to address matters identified.

International Agencies Libra Risks
On Aug. 5, CAN DP, FTC, UK ICO and others issued statement on Libra.

- Joint international statement on global privacy expectations of crypto libra network.
- Agencies joining together to express shared concerns over privacy risk posed.
- By the libra digital currency and infrastructure, given FB expansive data collection on users.
- FB handling of user data has not met expectations of regulators, or their own users.
- To date, FB has failed to address the information handling practices to be in place.
- For securing and protecting personal information, despite rapid implementation.
- Libra network must ensure participants clearly disclose how PI will be used.
- Allow users to provide specific informed consent; prominent privacy control settings.

CHI CSRC Margin Financing Rules
On Aug. 9, CHI CSRC implemented revisions made to SSE, SZSE's margin financing.

- Main purpose is to remove one-size-fits-all approach to maintenance guarantees.
- Removed uniform restriction on minimum guarantee maintenance ratio of 130%.
- Each company to revaluate own ratio for customers based on individual risk and credit.
- Improved formula for calculating proportion of maintenance guarantees.
- In addition to cash, stocks, bonds, other assets can be used as supplementary collateral to increase margin financing stocks from 960 to 1600, raising market value to 70-80% of total.
- Increasing market value of SME and GEM boards significantly.

CHI CSRC Risk Control Indicators
On Aug. 9, CHI CSRC solicited opinions on risk control indicators for securities companies.

- Revisions encourage the idea of value investment; relax calculation standards of constituent stocks, equity index funds, policy financial bonds as needed.
- Improve index calculation standards for business characteristics such as stock pledge.
- Private equity management and various financial product risk characteristics.
- Combine market development practices, clarify calculation standards for risk control.
- For new businesses and new products, and ensure full coverage of all risks.
- Risk-adjusted capital ratio set to 0.5; different ratio for monitored companies.

JPN FSA Insurance Supervision
On Aug. 7, JPN FSA proposed amended supervisory guidelines.

- Amend points to consider when reviewing insurance products for corporations, etc.
- Clarify position on product content leading to activity deviating from original concept.
- Insurance product review, confirmation of incidental services based on characteristics.
- Whether appropriate measures taken to ensure policyholders are protected.
- From the characteristics of products and services incidental to insurance products.
- New submission document format and items in the product overview are proposed.
EU Basel III Implementation Advice
On Aug. 5, EBA published advice to EC on implementation of final Basel III framework.

- Together with policy recommendations for several areas of Basel III, i.e. credit risk, securities financing transactions (SFTs), operational risk and output floor.
- Follows receipt of additional request from Commission re further aspects of Basel III.
- Welcomed Basel III improvements e.g. higher degree of risk sensitivity in standardized approach to measure credit, operational risks.
- EBA supports full implementation of final Basel III standards, which will contribute to credibility of EU banking sector and ensure a well-functioning global banking market.
- Advises EC consider phase-in period for SA.

EU Global SIFI Identification
On Aug. 9, EBA issued update on identification of global systemically important institution (G-SIFI).

- EBA issued 12 indicators, updated underlying data from 36 largest institutions in EU with leverage ratio exposure over €200bn.
- End-2018 data contributes to internationally agreed basis on which smaller subset of banks will be identified as global SIFIs, post final assessments from BCBS and FSB.
- Data shows aggregate values for level 3 assets increased by more than 25% from end-2017 returning to the level observed in end-2016.
- EBA will update data yearly and provide user-friendly platform to aggregate across EU.
- Current level of disclosure goes beyond minimum standards required by BCBS.

EBA Single Rulebook Q&A
On Aug. 6, EBA published feedback on review of use, implementation of single rulebook Q&A.

- Follows EBA Aug. 2, 2019, issued updated background and guidance on Q&A process.
- The Q&A provide answers to stakeholders questions on EU regulatory framework, even with not binding force, its importance/contribution to single rulebook is considerable.
- Review focused on final Q&A re CRR/CRD.
- Both CAs and institutions widely encourage use of Q&A process/tool, final answers are very largely followed, play considerable role in CRR/CRD application, implementation.
- Where non-application followed further analysis to better understand obstacles/issues.
- EBA will consider stakeholders suggestions.
- Report includes non-prescriptive good practice institutions can adopt when using Q&A.

EC Consumer Protection Ruling
On Aug. 5, EC to examine Jun. 5 ruling on Hungarian case GT v HS on consumer protection.

- Per EU directive 93/13/EEC, art. 3.1, 4.2, 6.1 regarding unfair terms in consumer contracts.
- Concerned the invalidity of a loan agreement concluded by the parties, on account of the fact that it did to not refer to the exchange rate applied when the funds were advanced.
- EU provisions do not preclude member state legislation from finding agreement not invalid.
- Where term in in plain intelligible language and mechanism for calculating amount lent, applicable FX rate is indicated transparently.
- So reasonably well-informed, observant consumer can evaluate the consequences.

EC PEPP Delegated Acts
On Aug. 5, EU CNCL issued EC Jul. 31 request for EIOPA technical advice on PEPP.

- Advice on possible delegated acts on pan-European personal pension product (PEPP).
- Elements specified in delegated acts, including specification of additional requirements to ensure convergence of supervisory reporting.
- Criteria/factors to determine when there is a significant PEPP saver protection concern.
- Including re long-term retirement nature of product, or a threat to orderly functioning and integrity of market, or threat to stability of whole or part of EU financial system.
- Invited EIOPA to provide technical advice, including a cost-benefit analysis.
- To go to EC by 12 months after entry into force of PEPP Regulation, e.g. Aug. 14, 2020.

EC Electronic Communication Code
On Aug. 12, EC consulted on rules regarding phone, internet access contracts for providers.

- Draft legislation creates template to provide summary of contract terms to customers.
- Provided by providers of phone and internet services, as per Directive EU 2018/1972.
- Part of recent reform of EU telecoms rules as per EU electronic communications code.
- Disclosure sets out main terms of the contract in accessible and understandable form.
- Should allow consumers to compare service offered by different providers more easily.
- Should be used by providers of publicly available electronic communication services.
- Does not include transmission services for provision of machine-to-machine services.
- Implementing regulation to take effect Dec. 21, 2020; comments by midnight Sep. 9, 2019.
UK

UK GVT on Brexit Preparedness
On Aug. 8, UK GVT cabinet ministers met with business federations to discuss Brexit readiness.

• Ministers heard about the issues raised by federations’ members, proposed solutions and how they can work together to reach thousands of businesses with crucial advice.
• Ministers outlined how government has stepped up preparations for EU exit, welcomed views from business federations on further steps to help ensure a successful departure.
• On same day, Chancellor announced fast-track one spending round, to be completed by Sep. 2019, to free-up departments to prepare for Brexit, to provide financial certainty.
• It will support commitments made by PM since coming to office including recruitment of police officers, additional schools’ funding, delivering government NHS promises.

FCA Higher UCITS Liquidity Test
On Aug. 6, FCA wrote to Lord Myners, House of Lords, regarding UCITS liquidity standard.

• Responded to question on whether the UK could establish own requirements for liquidity standards for UCITS at higher levels to EU.
• It is possible to tighten UK liquidity standards.
• But FCA could not unilaterally extend any such measures to UCITS established in EEA and marketed in UK under passporting rights.
• UCITS legislation sets overall objective that funds must be liquid but supported by rules that may be not sufficient to ensure liquidity.
• Considering the Woodford case, exchange listing and liquidity are not synonymous.
• Listing does not mean trading, and intention to list in future does not equal liquidity.
• FCA Chief Executive, Andrew Bailey, believes merit in considering new SEC approach in US which creates purposive test of liquid status, supported with governance, controls.

PRA Asset Purchase Facility
On Aug. 1, PRA issued notice on corporate bond purchase scheme reinvestment program.

• Since Aug. 2016 MPC has maintained stock of corporate bond purchases at £10 billion.
• CBPS still designed to create balanced bonds portfolio across 9 eligible sectors so aggregate holdings represent each sector’s share of total outstanding face value of eligible bonds.
• But sector shares of outstanding issuance have changed since last issued in May 2017.
• Reinvestment program aims to return CBPS portfolio towards a balanced portfolio by purchasing bonds in underweight sectors relative to the updated sector shares.
• BoE will purchase proportionally more bonds in sectors that are most underweight.

FCA SM&CR Banking Stocktake
On Aug. 5, FCA issued review into the embedding of SM&CR in the banking sector.

• Found industry made concerted effort to implement, most firms taking action to move away from basic rules-based compliance towards embedding regime in organization.
• FCA to increase supervisory focus on conduct rules, expect all SM&CR firms to ensure that they are embedding conduct rules in their business to meet SM&CR obligations.
• Highlighted main challenges FCA encountered.
• On Aug. 6, 2019, FCA issued updated guidance and a video on banking leaders experience of adopting the SM&CR and their advice.

UKP FCA Regulatory Perimeter
On Aug. 2, UKP issued a unanimously-agreed report on regulatory perimeter for FCA.

• Informal system for FCA requesting changes to perimeter from Treasury is insufficient.
• Currently allows grey area between regulated and non-regulated activities to be exploited.
• FCA needs formal power to recommend to Treasury changes to regulation perimeter.
• With all recommendations publicly disclosed, providing greater transparency and focus.
• Must not be, or feel, constrained from giving warnings on products outside its perimeter.

FRC Client Assets Assurance
On Aug. 1, FRC issued consultation on change to client assets assurance standard (CASS).

• Analysis of call for feedback responses and details of proposed CASS revisions.
• Proposed limited revisions mainly to reflect regulatory changes to scope of CASS regime.
• Standard provides requirements and guidance for auditors who are required to report to FCA on entity’s compliance with CASS Rules.
• Changes improve value of reporting to those charged with governance, and streamline.
• FCA has been consulted, agrees that current priority remains to fully embed standard.
• Quality of CASS audit has improved, market is diverse, and further progress is needed.
• Consultation runs until Sep. 27, 2019.
AML & Enforcement

**OFAC Russia Chemical Weapons**
On Aug. 3, Treasury OFAC sanctioned Russia in response to use of Novichok nerve agent in UK.
- Per chemical and biological weapons control and warfare elimination act 1991 (CBW).
- Also prohibits banks from lending non-ruble denominated funds to Russian sovereign.
- The prohibitions on US banks, do not apply to bonds or loans denominated in rubles.

**UK FCA Inside Information/AML**
On Aug. 1, FCA issued market watch on control of access to inside information, review of AML.
- Follows conviction of Fabiana Abdel-Malek, former compliance officer in major bank.
- When investigating, crucial FCA establish who had access to insider information, and when.
- Widespread access to inside information, by individuals who do not require it, increases the risk of that information being disclosed.
- In June, FCA issued Understanding the money laundering risks in the capital markets.
- Concluded that capital markets firms need to do more to fully understand exposure.

**UK CMA Cartel Investigation Process**
On Aug. 9, UK CMA director blog, video on what happens when reporting business cartel to CMA.
- To encourage informants, CMA has issued an updated campaign page explaining what cartel looks like in practice and an online reporting form to make reporting a cartel quicker, easier.
- Also real life case studies, online quiz, cartel checker to help whistleblowers understand if what they have seen is illegal, a video on what to expect when reporting something to CMA.
- Also discussed identity protection, financial incentives and immunity from fines.
About the Deloitte Center for Regulatory Strategy

The Deloitte Center for Regulatory Strategy provides valuable insight to help organizations in the financial services, health care, life sciences, and energy industries keep abreast of emerging regulatory and compliance requirements, regulatory implementation leading practices, and other regulatory trends.

Home to a team of experienced executives, former regulators, and Deloitte professionals with extensive experience solving complex regulatory issues, the Center exists to bring relevant information and specialized perspectives to our clients through a range of media including thought leadership, research, forums, webcasts, and events.

www.deloitte.com/us/centerregulatorystrategies

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Material contained in this document is based on publically available information or otherwise attainable from public sources.

About Deloitte
As used in this document, “Deloitte” means Deloitte LLP and its subsidiaries. Please see www.deloitte.com/us/about
for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.