

# FINANCIAL REGULATORY DEVELOPMENTS FOCUS

In this week's newsletter, we provide a snapshot of the principal U.S., European and global financial regulatory developments of interest to banks, investment firms, broker-dealers, market infrastructure providers, asset managers and corporates.

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## AML/CTF, Sanctions and Insider Trading

### **Final Draft EU Standards on Cooperation of National Regulators and the European Securities and Markets Authority with Other EU Authorities under Market Abuse Regulation**

On February 6, 2018, the European Securities and Markets Authority published a final report and final draft Implementing Technical Standards on forms and procedures for cooperation of National Regulators and ESMA with other EU Authorities under the Market Abuse Regulation. MAR, which entered into force on July 3, 2016, requires national regulators and ESMA to cooperate and exchange information with certain EU authorities in investigations and on supervision and enforcement matters by exchanging information, taking statements from individuals and conducting on-site inspections or investigations. The other authorities are the European Commission, the Agency for Cooperation of Energy Regulators, national regulatory authorities responsible for related spot markets and, in relation to emission allowances, the auction monitor and relevant auction national regulators. The final draft ITS describe the procedures to be followed for making, acknowledging, processing and replying to requests for assistance and when unsolicited assistance is provided and contain standard forms to be used when doing so. The European Commission has three months to consider whether to adopt the ITS.

The final report and draft ITS are available at: [https://www.esma.europa.eu/press-news/esma-news/esma-provides-standards-supervisory-cooperation-market-abuse-investigations?\\_sm\\_au\\_=iVVt05sJZkpNWMWN](https://www.esma.europa.eu/press-news/esma-news/esma-provides-standards-supervisory-cooperation-market-abuse-investigations?_sm_au_=iVVt05sJZkpNWMWN).

## Bank Prudential Regulation & Regulatory Capital

### **US Federal Financial Regulators Propose Amendments to Swap Margin Rule**

On February 5, 2018, the U.S. Office of the Comptroller of the Currency, the U.S. Board of Governors of the Federal Reserve System, the U.S. Federal Deposit Insurance Corporation, the U.S. Farm Credit Administration and the U.S. Federal Housing Finance Agency issued a joint notice of proposed rulemaking seeking comment regarding the minimum margin requirements for covered swap entities (the “Swap Margin Rule”). The proposed rule would amend swap margin requirements to ensure conformity with rules recently adopted by the Federal Reserve Board, the OCC and the FDIC, which impose restrictions on certain swap and other financial contracts that are deemed to be qualified financial contracts. The proposed rule would amend the definition of “Eligible Master Netting Agreement” to align with the revised definition of “Qualifying Master Netting Agreement” in the recent rules adopted by the Federal Reserve Board, the OCC and the FDIC, and would ensure that a netting agreement for a firm subject to the Swap Margin Rule is not excluded from the definition of “Eligible Master Netting Agreement” solely on the basis of the firm’s compliance with the recently promulgated qualified financial contract rules. The proposed rule would also provide that certain legacy agreements would not become subject to the Swap Margin Rule solely on the basis of their amendment to comply with the qualified financial contract rules recently promulgated by the Federal Reserve Board, the OCC and the FDIC. Comments to the proposed rule are due no later than 60 days following publication in the Federal Register.

The interagency notice of proposed rulemaking is available at: <https://www.occ.treas.gov/news-issuances/news-releases/2018/nr-ia-2018-12a.pdf>.

### **US Board of Governors of the Federal Reserve System Issues Cease-and-Desist Order Against Large US Financial Institution**

On February 2, 2018, the U.S. Board of Governors of the Federal Reserve System issued a cease-and-desist order against a large U.S. financial institution. The order requires the institution to utilize its resources to

ensure compliance with consent orders issued by other U.S. federal financial regulators. The order also requires the institution to submit written plans to its applicable Federal Reserve Bank that are designed to further enhance board-level oversight and governance of the institution and further improve the institution's compliance and operational risk management program. These plans must be approved by the relevant Federal Reserve Bank and are subject to third-party review once implemented. In addition, the institution may not grow until the requirements of the cease-and-desist order are satisfied, absent specific Federal Reserve Board approval. Concurrently with the release of the cease-and-desist order, the Federal Reserve Board sent letters addressed to the institution's board of directors, its former lead independent director, and its former Chair describing governance deficiencies identified by the Federal Reserve Board. The Federal Reserve Board press release accompanying the publication of the order also noted upcoming changes in the composition of the institution's board of directors.

The Federal Reserve Board announcement is available at:

<https://www.federalreserve.gov/newsevents/pressreleases/enforcement20180202a.htm>.

### **US Federal Banking Regulators Release 2018 Comprehensive Capital Analysis and Review and Dodd-Frank Act Stress Test Scenarios and Instructions**

On February 1, 2018, the OCC and the U.S. Board of Governors of the Federal Reserve System released the 2018 scenarios for the Dodd-Frank Act Stress Test (DFAST), and the Federal Reserve Board issued its instructions to the firms participating in the 2018 Comprehensive Capital Analysis and Review (CCAR). The FDIC released the scenarios on February 6. The three agencies coordinated in developing the scenarios. Firms with more than \$10 billion in total assets are required to perform company run stress tests. Firms with \$50 billion or more are also subject to supervisory stress tests. Large bank holding companies and the U.S. operations of non-U.S. banks are subject to CCAR. The Federal Reserve uses the DFAST scenarios for the quantitative portion of CCAR, except that CCAR uses actual planned capital actions while DFAST requires the use of standard assumptions for capital actions.

The DFAST scenarios include baseline, adverse, and severely adverse scenarios, with this year's severely adverse scenario simulating a severe global recession, with a 6% rise in unemployment and steepening of the Treasury yield curve. The adverse scenario will simulate a moderate recession in the United States, coupled with weakening global economic activity. For larger institutions, the Federal Reserve Board's DFAST scenarios also include, as applicable, global market shock and counterparty default components for the adverse and severely adverse scenarios. For 2019, six additional U.S. intermediate holding companies (IHCs) owned by foreign banking organizations will become subject to the global shock requirement due to the size of their trading activities; for 2018, these firms will be subject to a simplified version of the global market shock applicable to the adverse and severely adverse scenarios.

Under the OCC requirements, covered institutions with \$10–\$50 billion in assets will be required to submit their 2018 DFAST reports using the templates provided by the OCC no later than July 31, 2018, and publish these results between October 15, 2018 and October 31, 2018. Covered institutions with \$50 billion in assets or more will be required to submit their 2018 DFAST reports using the templates provided by the OCC no later than April 5, 2018 and publish these results between June 15, 2018 and July 15, 2018 (although not earlier than the Federal Reserve Board publishes the supervisory stress test results for the parent bank holding company of such national bank).

Under the 2018 Federal Reserve Board's CCAR, 18 financial institutions will be subject to both qualitative and quantitative CCAR evaluations, while an additional 20 financial institutions will only be subject to quantitative CCAR evaluation. Six IHCs will be participating in CCAR for the first time in 2018. Capital plan and stress

testing result submissions are due to the Federal Reserve Board no later than April 5, 2018. The results will be announced by the Federal Reserve Board by June 30, 2018. Before the results are announced publicly, the Federal Reserve Board will advise firms of the results of the post-stress capital analysis. Firms will have the opportunity to adjust their planned capital actions. For 2018, such adjustments may include reducing planned capital distributions as well as increasing planned common stock issuances.

The OCC announcement regarding DFAST is available at: <https://www.occ.treas.gov/news-issuances/news-releases/2018/nr-occ-2018-9.html>, the Federal Reserve Board announcement regarding CCAR and DFAST is available at: <https://www.federalreserve.gov/newsevents/pressreleases/bcreg20180201a.htm> and the FDIC announcement regarding DFAST is available at: <https://www.fdic.gov/news/news/press/2018/pr18009.html>.

### **EU Delegated Regulation on Materiality Thresholds for Credit Obligations Past Due**

On February 6, 2018, a Commission Delegated Regulation on Regulatory Technical Standards for the materiality threshold for credit obligations past due was published in the Official Journal of the European Union. The Delegated Regulation supplements the Capital Requirements Regulation with regard to the conditions for use of the internal ratings-based approach. The CRR risk quantification provisions set out that a default occurs when an obligor is past due more than 90 days on any material credit obligation to a firm, its parent or any of its subsidiaries. The materiality of the credit obligation is to be assessed against a threshold set by the national regulator according to its view of a reasonable level of risk. The European Banking Authority was obliged to prepare draft RTS specifying the conditions for setting that threshold by a national regulator.

The Delegated Regulation sets out those conditions for retail exposures and for exposures other than retail exposures as well as providing for notification of materiality thresholds to the EBA, the updating of the thresholds and the applicable date for thresholds.

The Delegated Regulation applies from May 7, 2018.

The Delegated Regulation is available at: [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0171&from=EN&\\_sm\\_au\\_=iVVt05sJZkpNWMWN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0171&from=EN&_sm_au_=iVVt05sJZkpNWMWN).

## **Brexit for Financial Services**

### **Andrew Bailey, Head of the Financial Conduct Authority Discusses Brexit**

On February 5, 2018, the Chief Executive of the Financial Conduct Authority, Andrew Bailey, gave a speech on Brexit at the Future of the City dinner. Mr. Bailey called for a joint commitment by the political authorities to a defined implementation period before the end of March this year and confirmed that the FCA regards Brexit as a top priority. He discussed the operational issues that may arise as a result of Brexit, for example, contractual continuity for derivatives and insurance contracts, U.K. CCP clearing services and the holding and sharing of data. He also highlighted that mutually agreed and enacted provisions in both the U.K. and the EU were needed to properly address these matters. The FCA is working with the U.K. Government to ensure that the U.K. has a functioning regulatory regime on the date of Brexit and during any transitional period. The U.K. Government has confirmed that it will introduce draft legislation, if needed, to ensure an interim regulatory permissions regime and to ensure contractual continuity.

In addition, Mr. Bailey discussed the advantages to both the EU and the U.K. of adopting a mutual recognition regime post-Brexit which continues the existing open financial markets. He noted that during the EU's negotiations with the U.S. on the Transatlantic Trade and Investment Partnership, the EU proposed the inclusion of financial services in the trade agreement, which was based on mutual recognition and close

regulatory cooperation, and suggested that the proposal could be used as a starting point for the EU and U.K. to agree a framework for mutual recognition.

The text of the speech is available at: <https://www.fca.org.uk/news/speeches/future-city>.

## Conduct & Culture

### **Federal Reserve Bank of New York President Dudley Participates in Banking Culture Panel Discussion**

On February 7, 2018, William Dudley, President of the Federal Reserve Bank of New York, participated in a panel discussion entitled “Banking Culture - Still Room for Improvement?” Mr. Dudley commented that there has been significant progress and improvement in bank culture, but noted that there is room for making even further progress. The discussion also highlighted that regulation and compliance are complements, not substitutes, for good institutional culture. Mr. Dudley also noted that while many often think that supervision by regulators and firm profitability are in conflict, in reality these two forces are aligned. The panel discussed that good culture can provide a competitive advantage with respect to recruiting, given changing priorities among the growing millennial workforce, the importance that bank culture plays in the health and maintenance of a financial institution’s reputation, and how a good culture also promotes bottom-line success. The panel did note, however, that changing culture in large and complex financial institutions can be a very difficult task, and stressed that good firm culture needs to be promoted from the top down.

The full transcript of the panel discussion is available at:

<https://www.newyorkfed.org/newsevents/speeches/2018/dud180209>.

### **Bank of England Confirms its Commitment to Wholesale Market Conduct Codes**

The Bank of England has published statements of commitment to the FX Global Code, the U.K. Money Markets Code and the Global Precious Metal Code. By issuing the statements, the BoE is demonstrating that it will abide by the principles of the three market codes, both when acting as a market participant and also when its activities include acting as agent for HM Treasury in managing the U.K.’s official reserves in the Exchange Equalisation Account. HM Treasury has separately confirmed that it is content with the BoE’s ability to adhere to the codes. Six other central banks in the European System of Central Banks have also simultaneously issued their own statements of commitment to the Global FX Code and it is expected all ESCB banks will have done so by May 2018.

The three voluntary market codes have been developed after the Fair and Effective Markets Review identified a need to make the Fixed Income, Currency and Commodities (FICC) markets more robust, fair and transparent and to ensure that they are underpinned by high ethical standards. The FEMR was launched jointly by the BoE, HM Treasury and the FCA in 2014 to undertake a comprehensive review of the FICC markets, following a global spate of serious misconduct in these markets in recent years. Market codes are one of a number of outputs from the FEMR review.

The FX Global Code was published in May 2017. FX Global Code supersedes and substantively updates existing guidance for participants in FX markets previously provided by the Non-investment Products (NIPs) Code. The code comprises a set of global principles of good practice for the foreign exchange market. It covers a broad range of areas, including ethics, governance, execution, information-sharing, risk management and compliance. It also covers trade confirmation and settlement. The FX Global Code is maintained by the Global Foreign Exchange Committee.

The U.K. Money Markets Code was published in April 2017 and sets out standards and best practice expected from participants in the deposit, repo and securities lending markets. The code incorporates revised

relevant sections of the NIPs Code and also a revision and update of the Gilt Repo Code and Securities Borrowing and Lending Code. It will be updated as necessary as markets evolve by a dedicated subcommittee of the BoE's Money Markets Committee.

The Global Precious Metals Code was published in May 2017 by the London Bullion Market Association and replaces the bullion annex of the NIPs Code. Precious metals for the purposes of the code are gold, silver and platinum.

The BoE press release is available at: [https://www.bankofengland.co.uk/news/2018/february/statements-of-commitment-to-markets-code-of-conduct?utm\\_source=Bank+of+England+updates&utm\\_campaign=00faf8afcb-EMAIL\\_CAMPAIGN\\_2018\\_02\\_06&utm\\_medium=email&utm\\_term=0\\_556dbefcdc-00faf8afcb-113447021](https://www.bankofengland.co.uk/news/2018/february/statements-of-commitment-to-markets-code-of-conduct?utm_source=Bank+of+England+updates&utm_campaign=00faf8afcb-EMAIL_CAMPAIGN_2018_02_06&utm_medium=email&utm_term=0_556dbefcdc-00faf8afcb-113447021) and the HM Treasury press release is available at: <https://www.gov.uk/government/news/statements-of-commitment-to-market-codes>.

The FX Global Code is available at: [https://www.globalfx.org/docs/fx\\_global.pdf](https://www.globalfx.org/docs/fx_global.pdf), the U.K. Money Markets Code is available at: <https://www.bankofengland.co.uk/-/media/boe/files/markets/money-markets-committee/uk-money-markets-code.pdf?la=en&hash=C7854B22B681B65244EE35A8CC306288454B4506> and the Global Precious Metals Code is available at: <http://www.lbma.org.uk/assets/downloads/pmc.pdf>.

## Financial Market Infrastructure

### EU Authorities Appoint Industry Working Group on Euro Risk-Free Rates

On February 7, 2018, following the November 2017 call for expressions of interest, the European Commission, the European Central Bank, ESMA and the Belgian Financial Services and Markets Authority announced the composition of a new working group on euro risk-free rates (that is, excluding bank credit risk). The working group will consist of 21 banks, which will be the voting members, and five non-voting industry associations (the European Money Markets Institute, the European Fund and Asset Management Association, the International Capital Market Association, the International Swaps and Derivative Association and the Loan Market Association). The European Investment Bank has also been invited to join the working group. The Commission, ECB, ESMA and FSMA will participate as observers. The working group is charged with identifying and recommending alternatives to the benchmark rates currently used in the EU – the EURIBOR and EONIA. The choice of alternative reference rates for the euro is expected by the end of 2018. The working group must also develop best practices for contract robustness and an adoption plan for the new reference rates, including any transitional plan for legacy contracts referencing the existing benchmarks.

The working group information is available at:

[http://www.ecb.europa.eu/paym/initiatives/interest\\_rate\\_benchmarks/WG\\_euro\\_risk-free\\_rates/html/index.en.html](http://www.ecb.europa.eu/paym/initiatives/interest_rate_benchmarks/WG_euro_risk-free_rates/html/index.en.html) and the working group terms of reference are available at: [http://www.ecb.europa.eu/paym/initiatives/interest\\_rate\\_benchmarks/WG\\_euro\\_risk-free\\_rates/shared/pdf/2017\\_11\\_29\\_terms\\_of\\_reference.pdf](http://www.ecb.europa.eu/paym/initiatives/interest_rate_benchmarks/WG_euro_risk-free_rates/shared/pdf/2017_11_29_terms_of_reference.pdf).

### Bank of England Consults on Incident Reporting Rule for CCPs

On February 9, 2018, the BoE published a consultation paper on a new rule to formalize the supervisory expectation that CCPs will report any incidents relating to their information technology systems to the BoE. The BoE's move from a supervisory expectation to a rule will align its requirements with the U.K.'s approach to implementing the Cyber Security Directive. Under that Directive, CCPs are classed as operators of essential services and must take measures to manage risks to their network and information systems as well

as notify their regulator of incidents which have a significant impact on the continuity of the services they provide.

The consultation paper states that the BoE encourages other financial market infrastructures to follow the rule. However, it will not be a binding requirement for them.

The consultation closes on April 3, 2018. The rule is expected to come into effect by May 9, 2018, which is the date by which Member States must implement the Cyber Security Directive.

The consultation paper is available at: <https://www.bankofengland.co.uk/-/media/boe/files/paper/2018/new-rule-for-central-counterparties-relating-to-incident-reporting.pdf?la=en&hash=7BDD695F203DCDC5D52B1A44463C01D047382EB8>.

### **UK Benchmarks Legislation Published**

On February 5, 2018, the Financial Services and Markets Act 2000 (Benchmarks) Regulations were laid before Parliament and will come into force mainly on February 27, 2018. Certain provisions will come into force on July 1, 2018 and transitional provisions apply until revoked on May 1, 2020.

The U.K. already has a fairly comprehensive regime for benchmark regulation. The new U.K. Regulations make the necessary changes to U.K. primary and secondary legislation to align it with the EU Benchmarks Regulation, which introduces a common framework and consistent approach to benchmark regulation across the EU and which has been directly applicable throughout the EU since January 1, 2018. The U.K. Regulations appoint the FCA as “competent authority” for the purposes of the EU Benchmarks Regulation.

The current U.K. regime under the Financial Services and Markets Act 2000 will fall away after a transitional period ending on May 1, 2020, with the repeal or revocation of essentially all provisions in FSMA and the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 relating to the current U.K. benchmark regulation regime. The U.K. Regulations make provision for dual operation of the current U.K. regime and for continuation of the new regime after that date. During the transitional period, existing U.K. permissions to carry on benchmark-related activity remain valid. However, those wishing to conduct benchmark-related activity after the end of the transitional period must apply for permission to carry on the new regulated activity of administering a benchmark (for EU purposes), as defined in the EU Benchmarks Regulation. The U.K. Regulations insert this new regulated activity into FSMA and the RAO.

The U.K. Regulations make a number of amendments to FSMA to provide the FCA with powers over “Miscellaneous BM persons.” A “Miscellaneous BM person” is defined in the U.K. Regulations as a person conducting various benchmark-related activities that is not authorized by the FCA and that falls within one of six specified categories of person. The amendments to FSMA extend the FCA’s enforcement powers so that they can be applied in respect of Miscellaneous BM persons. The FCA is consulting separately on changes to its rules and guidance in respect of these enforcement powers.

The U.K. Regulations make provision for the FCA to impose requirements on persons requiring them to administer or contribute to a benchmark to ensure continuity. They also make provision for the operation of the FCA’s powers and obligations in relation to recognition of third-country benchmarks and approving endorsements of third-country benchmarks. As well as the amendments to FSMA and to the RAO, the U.K. Regulations make a number of consequential amendments to other secondary U.K. legislation.

The U.K. Regulations (S.I. 2018/135) are available at: [http://www.legislation.gov.uk/ukxi/2018/135/pdfs/ukxi\\_20180135\\_en.pdf](http://www.legislation.gov.uk/ukxi/2018/135/pdfs/ukxi_20180135_en.pdf) and the explanatory memorandum is available at: [http://www.legislation.gov.uk/ukxi/2018/135/pdfs/ukxi\\_20180135\\_en.pdf](http://www.legislation.gov.uk/ukxi/2018/135/pdfs/ukxi_20180135_en.pdf).

### **UK Financial Conduct Authority Consults on Benchmarks Enforcement Powers**

On February 5, 2018, the FCA published a consultation setting out proposed changes to its Decision Procedure and Penalties manual and its Enforcement Guide. The amendments to DEPP and EG reflect changes introduced by the EU Benchmarks Regulation, which took effect on January 1, 2018. The Benchmarks Regulation has been implemented in the U.K. by the Financial Services and Markets Act 2000 (Benchmarks) Regulations 2018, which will make the necessary changes to the U.K. statutory framework when they come into force mainly on February 27, 2018.

The FCA proposes to make changes in DEPP to its decision-making procedures for determining applications for: (i) authorization and registration of EU-based benchmark administrators; and (ii) recognition orders or endorsement orders in relation to third country benchmarks. It will also make changes in DEPP to its decision-making procedures for withdrawing, suspending or varying recognition and endorsement orders. Proposed changes in EG relate to how the FCA will apply its penalty policy and decision-making procedure when exercising powers with respect to “miscellaneous BM persons,” namely, persons conducting various benchmark-related activities that are not authorized by the FCA. The categories of person that constitute “Miscellaneous BM persons” are defined in the Financial Services and Markets Act 2000 (Benchmarks) Regulations 2018.

The FCA considers that the provisions of Benchmarks Regulation do not require it to make any change to its existing policies on the imposition of penalties, censures, suspensions, restrictions and prohibitions under the Financial Services and Markets Act 2000.

The consultation is open for a short four week period. Comments on the proposals are invited by March 5, 2018 and the FCA intends to publish its Policy Statement and final rules for the changes later in March 2018.

The consultation (FCA CP18/05) is available at: <https://www.fca.org.uk/publication/consultation/cp18-05.pdf>.

## **Funds**

### **Review of EU AIFMD Launched**

On February 8, 2018, the European Commission has announced that KPMG has been appointed to carry out a survey on the functioning of the Alternative Investment Fund Managers Directive, calling for all stakeholders to provide their feedback. The online survey seeks stakeholder views on the requirements of the AIFMD, their experience in applying those requirements and the AIFMD’s impact on the market.

The Commission’s announcement is available at: [https://ec.europa.eu/info/law/alternative-investment-fund-managers-aifm-directive-2011-61-eu/contribute\\_en](https://ec.europa.eu/info/law/alternative-investment-fund-managers-aifm-directive-2011-61-eu/contribute_en) and the KPMG survey page is available at: <https://surveys.kpmg.de/fisma-aifmd-open-link/fisma>.

### **UK Legislation Aligned With New EU Venture Capital and Social Entrepreneurship Regulations**

On February 5, 2018, new U.K. secondary legislation was laid before Parliament to make the necessary minor technical changes to align U.K. legislation with recently introduced changes to EU legislation. An EU regulation amending the European Venture Capital Funds Regulation and European Social Entrepreneurship Funds Regulation took effect from November 30, 2017. The amending regulation made various changes to the EuSEF Regulation and EuVECA Regulation to extend the range of eligible managers for EuSEF and EuVECA funds, to extend the range of eligible assets and to prohibit registration fees and simplify the registration process.



This has necessitated new U.K. legislation in the form of the Alternative Investment Fund Managers (Amendment) Regulations 2018. These U.K. amending regulations make minor changes to the Alternative Investment Fund Managers Regulations 2013 in relation to the procedures to be followed when applying to register as a manager of a European social entrepreneurship fund or a European venture capital fund and for the refusal or revocation of such registration. The changes come into force in part on March 1, 2018 and in part on April 2, 2018.

The Alternative Investment Fund Managers (Amendment) Regulations 2018 (S.I. 2018/134) are available at: [http://www.legislation.gov.uk/ukxi/2018/134/pdfs/ukxi\\_20180134\\_en.pdf](http://www.legislation.gov.uk/ukxi/2018/134/pdfs/ukxi_20180134_en.pdf) and the explanatory memorandum is available at: [http://www.legislation.gov.uk/ukxi/2018/134/pdfs/ukxiem\\_20180134\\_en.pdf](http://www.legislation.gov.uk/ukxi/2018/134/pdfs/ukxiem_20180134_en.pdf).

### Upcoming Events

February 19, 2018: PRA and FCA New Bank Start-up Unit Seminar

February 19, 2018: Joint EBA and ESMA public hearing on consultations on draft RTS and ITS under the STS Regulation

March 22, 2018: U.K. Government's second annual International Fintech Conference

### Upcoming Consultation Deadlines

February 15, 2018: Comments due on the Federal Reserve's proposed guidance on supervisory expectations for boards of directors and its proposed new rating system for large financial institutions

February 21, 2018: FCA consultation on transitioning FCA solo-regulated firms and individuals to SM&CR

February 21, 2018: FCA consultation on transitioning insurers and individuals to SM&CR (CP 17/41)

February 21, 2018: FCA consultation on the duty of responsibility for insurers and FCA solo-regulated firms under the SM&CR

February 21, 2018: PRA consultation - extending the SM&CR to insurers (CP 28/17)

February 23, 2018: European Commission proposals to revise the prudential regime for investment firms

February 26, 2018: European Commission consultation on SME listing

February 27, 2018: PRA consultation on authorization and supervision of international banks (CP29/17)

February 27, 2018: PRA consultation on authorization and supervision of international insurers (CP30/17)

February 28, 2018: European Commission consultation on supervisory reporting requirements

February 28, 2018: ESMA consultation on draft guidelines on the requirement for CCPs to adopt anti-procyclicality margin measures

March 5, 2018: Comments to Federal Reserve Board's Proposed Regulation M Revisions due

March 5, 2018: Comments to Federal Reserve Board's Proposed Call Report Revisions due

March 6, 2018: PRA consultation on proposed updates to the Pillar 2 reporting requirements

March 6, 2018: PRA consultation on model risk management principles for stress testing

March 9, 2018: Basel Committee discussion paper on the regulatory treatment of sovereign exposures

March 9, 2018: ESMA consultation on draft RTS under the new Prospectus Regulation (ESMA31-62-802)

March 15, 2018: Comments to Federal Reserve Board's proposed guidance clarifying risk management supervisory expectations for large financial institutions due

March 15, 2018: EBA Discussion Paper on EU implementation of the revised market risk and counterparty credit risk frameworks

March 15, 2018: EBA consultation on draft RTS for risk retention under STS Regulation

March 15, 2018: EBA consultation on draft RTS on homogeneity of underlying exposures in STS securitizations under the STS Regulation

March 19, 2018: ESMA consultation on draft technical standards on the content and format of the "Simple, Transparent and Standardized" notification under the STS Regulation

March 19, 2018: ESMA consultation on draft technical standards on disclosure requirements, operational standards, and access conditions under the STS Regulation

March 19, 2018: ESMA consultation on draft technical standards on third-party firms providing STS verification services under the STS Regulation

March 23, 2018: Basel Committee consultation on revised principles for supervisory and bank stress testing

March 23, 2018: FCA consultation on Handbook changes for implementation of the Money Market Funds Regulation

March 27, 2018: Comments to CFPB's Civil Investigative Demands request for information due

April 3, 2018: BoE consultation on new incident reporting rules for CCPs

April 9, 2018: PRA consultation on MREL reporting requirements

**THIS NEWSLETTER IS INTENDED ONLY AS A GENERAL DISCUSSION OF THESE ISSUES. IT SHOULD NOT BE REGARDED AS LEGAL ADVICE. WE WOULD BE PLEASED TO PROVIDE ADDITIONAL DETAILS OR ADVICE ABOUT SPECIFIC SITUATIONS IF DESIRED. IF YOU WISH TO RECEIVE MORE INFORMATION ON THE TOPICS COVERED IN THIS PUBLICATION, YOU MAY CONTACT YOUR USUAL SHEARMAN & STERLING REPRESENTATIVE OR ANY OF THE FOLLOWING:**

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