SHEARMAN & STERLING

FINANCIAL REGULATORY DEVELOPMENTS FOCUS

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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

Wolfsberg Group Issues Frequently Asked Questions on Country Risk

On March 20, 2018, the Wolfsberg Group published a set of Frequently Asked Questions on financial crime country risk. Country risk is the additional risk created by investing in, or lending cross border to, a foreign country in the context of credit facilities.

The FAQs cover: (i) the meaning of country risk in the context of financial crime compliance; (ii) the data sources that should be considered when developing a methodology to assess country risk; (iii) the frequency with which data sources should be refreshed; (iv) how sanctions should be considered in country risk methodologies; (v) the models or methodologies available to financial institutions to measure country risk, and how (and how frequently) financial institutions should test and validate their effectiveness; (vi) matters to be considered when purchasing and using an off-the-shelf commercial product to determine financial crime country risk ratings; (vii) whether there is standard or conventional methodology to assess country risk; (viii) how missing data points should be dealt with; (ix) whether overrides or discretionary risk rating changes should be allowed; (x) who should maintain ownership of the organization's FCCR Methodology; (xi) who uses the assessment results and how are the ratings disseminated; (xii) how the FCCR rating methodology should drive customer due diligence and enhanced due diligence requirements; and (xiii) whether a financial institution should have a country risk assessment expressed as a country risk rating.

The Wolfsberg Group was established in 2002 with the objective of developing frameworks and guidance for the management of financial crime risks. Its current membership comprises 13 major banks. Financial crime risk includes money laundering, sanctions, bribery and corruption risks, financial secrecy and tax transparency. The Group believes that the new country risk FAQs will contribute to the promotion of effective risk management. This will assist its member banks in protecting their institutions against financial crime risk.

The Frequently Asked Questions are available at: https://www.wolfsberg-principles.com/sites/default/files/wb/Wolfsberg%20FC%20Country%20Risk%20FAQs%20Mar18.pdf.

Financial Action Task Force Report to G20 Finance Ministers and Central Bank Governors

On March 16, 2018, the Financial Action Task Force published its report to G20 Finance Ministers and Central Bank Governors, in advance of their meeting in Buenos Aires scheduled for March 19 – 20, 2018. In the report, the FATF reiterates its commitment to tackle all sources, techniques and channels used in terrorist financing and to continue its work to increase financial transparency and improve the environment for remittances.

The report gives an overview of the FATF's recent work by providing stock-takes on the following workstreams:

- strengthening the FATF's institutional basis, governance and capacity;
- countering the financing of terrorism and proliferation;
- improving transparency and the availability of beneficial ownership information;
- supporting financial inclusion and access to regulated financial services;
- bank de-risking and the impact on remittances;
- FATF engagement with judges and prosecutors to improve the effectiveness of the criminal justice system; and

- the risks and opportunities of FinTech, RegTech and virtual currencies.

The FATF proposes to continue work on these workstreams and provide a progress report to G20 leaders at their Summit in Buenos Aires on November 30 – December 1, 2018.

The report is available at: http://www.fatf-gafi.org/media/fatf/documents/FATF-G20-FM-CBG-March-2018.pdf.

Financial Stability Board Action Plan on Access to Banking Services by Remittance Providers

On March 16, 2018, the Financial Stability Board published two reports relating to its actions to address the decline in correspondent banking. The first report is a progress report addressed to the G20 Finance Ministers and Central Bank Governors on the FSB's four-point action plan to assess and address the decline in correspondent banking relationships. It sets out the actions taken since the FSB's July 2017 progress report and describes the work that remains to be completed at international level and implemented at national level by regulators and banks. That work includes:

- implementing the recommendations and action plan on access to banking services by remittance providers (set out in the second report which is described below);
- national implementation of the new FATF and revised Basel Committee guidance on correspondent banking, which the FSB thinks can mostly be achieved by national regulators issuing statements to clarify their expectations so that they are reflected in supervisory practices as well as banks' risk management practices;
- improving efficiencies in and enhancing standardization of Know Your Customer utilities, including encouraging the use of the Wolfsberg Correspondent Banking Due Diligence Questionnaire; and
- progressing the enhancement and further development of solutions to capture the trade finance components of correspondent banking.

The second report is a stocktake of remittance service providers' access to banking services. The decrease in correspondent banking relationships has impacted the ability of remittance service providers to access banking services. The FSB has identified a number of reasons why banks have stopped providing banking services to remittance service providers, including profitability, perceived AML/CTF risks, divergence across jurisdictions in regulatory oversight of remittance service providers and a low level of compliance with international standards.

The FSB makes 19 recommendations in four areas that it believes will improve access to banking services by remittance service providers. The four areas are:

- promoting dialogue and communication between the banking and remittance sectors and supporting the remittance sector in developing codes of conduct;
- international standards and the oversight of the remittance sector by national regulators;
- the use of innovation in the remittance sector and how technical solutions might be used to enhance access to banking services for remittance service providers; and
- the provision of technical assistance for the remittance sector.

The FSB intends to report to the G20 in July 2019 on the steps and actions taken in relation to the recommendations. The FSB, the FATF, the Global Partnership for Financial Inclusion and the International Monetary Fund/World Bank will coordinate with each other to monitor how the recommendations are implemented and will report back to the G20 in July 2019.

The 2018 Progress Report is available at: http://www.fsb.org/wp-content/uploads/P160318-2.pdf?_sm_au_=iVVZL6nrkQFj7JqR, the stocktake on remittance service providers' access to banking services is available at: http://www.fsb.org/wp-content/uploads/P160318-3.pdf?_sm_au_=iVVZL6nrkQFj7JqR and the updated Wolfsberg Group correspondent banking due diligence questionnaire is available at: http://finreg.shearman.com/wolfsberg-group-updates-correspondent-banking-due.

Bank Prudential Regulation & Regulatory Capital

Federal Reserve Bank of New York President William Dudley Discusses the Role of Incentives in Ensuring a Resilient and Robust Financial System

On March 26, 2018, Federal Reserve Bank of New York President William Dudley spoke at the U.S. Chamber of Commerce regarding the role incentives play in ensuring a resilient and robust financial system. In his remarks, President Dudley noted the considerable progress that has been made since the financial crisis in creating a more robust and resilient financial system, including with respect to the safety and soundness of, and to the resolution process for, systemically important financial institutions. President Dudley, however, echoed the observations of U.S. Board of Governors of the Federal Reserve System Vice Chairman for Supervision Quarles, in highlighting that more work can be done to make the current regulatory landscape more efficient, transparent, simple and appropriately tailored. President Dudley discussed the complementary relationship between regulation, supervision and culture, explaining that while there are tensions that exist between regulators and supervisors and financial institutions, this relationship is not entirely adversarial. President Dudley noted that the promotion of good firm culture is the responsibility of individual firms, but that regulators and supervisors can play an important role by promoting best practices and addressing market failures. President Dudley also suggested tools that can be implemented to assist in this process, such as industry-wide anonymized employee surveys and creating a database of banker misconduct, a suggestion that other regulators have made previously. President Dudley concluded by identifying perceived areas where further work on incentives is needed, including potential changes to the regulatory capital regime to promote quicker action in times of strife, changes to compensation structure and more personal liability and accountability for senior management, and further noted that regulations themselves create incentives, which should be identified, considered and monitored.

The full text of President Dudley's remarks is available at: https://www.newyorkfed.org/newsevents/speeches/2018/dud180326.

US Federal Financial Institutions Examination Council Provides Update on Examination Modernization Project

On March 22, 2018, the U.S. Federal Financial Institutions Examination Council announced an update regarding its Examination Modernization Project. The project initially grew out of the regulatory review process undertaken pursuant to the Economic Growth and Regulatory Paperwork Reduction Act, and is intended to identify potential improvements that can be made in the efficiency and efficacy of the community financial institutions safety and soundness examination processes. The project has focused primarily on leveraging improved technology to streamline and simplify the examination process for community financial institutions. As part of the project, the FFIEC has identified four key areas where the supervisory burden can potentially be reduced, including, better communication throughout the examination process, using

technology to move examination tasks offsite, tailoring examinations based upon risk and improving electronic file transfer systems. While the FFIEC will first focus on these four areas, the Examination Modernization Project is envisioned as a long-term process, and the FFIEC will continue to identify new parts of the examination process that could benefit from further improvement. To facilitate improvements in the first key area regarding transparency, the U.S. federal financial regulatory agencies have committed to issue reinforcing and clarifying guidance to examination staff about the importance of being transparent and communicative throughout the examination process.

The full text of the FFIEC press release is available at: https://www.ffiec.gov/press/pr032218.htm.

Final EU Guidelines on Internal Governance Under the Capital Requirements Directive

On March 21, 2018, the European Banking Authority published a compliance notification form on its website, seeking confirmation, by May 21, 2018, of compliance (or intention to comply) with the Final Guidelines on Internal Governance it published in September 2017.

The EBA was mandated under the Capital Requirements Directive to provide guidelines on the corporate governance arrangements, processes and mechanisms required under that Directive. CRD IV requires that institutions must have robust governance arrangements, which include a clear organizational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks they are or might be exposed to, adequate internal control mechanisms, including sound administration and accounting procedures and remuneration policies and practices that are consistent with and promote sound and effective risk management. The EBA consulted in October 2016 on proposed updates to its previous guidelines on internal governance, which were published in September 2011.

The finalized Guidelines cover: the role and composition of the management body and committees; the governance framework (including the firm's organizational structure in a group context and the firm's outsourcing policy); risk culture and business conduct; internal control framework and mechanisms; business continuity management; and transparency.

The Guidelines will enter into force on June 30, 2018 and will apply to national regulators across the EU, as well as to credit institutions and investment firms subject to CRD IV on an individual and consolidated basis. National regulators must notify the EBA by May 21, 2018 whether they comply or intend to comply with the Guidelines, or alternatively give reasons for non-compliance.

The new Guidelines will supersede the EBA's September 2011 guidelines on internal governance.

The Guidelines on Internal Governance are available at: http://www.eba.europa.eu/documents/10180/1972987/Final+Guidelines+on+Internal+Governance+%28EBA-GL-2017-11%29.pdf and the compliance notification form is available at: https://www.eba.europa.eu/documents/10180/15718/GLs-Rec+-+Compliance+form.docx/2b5135da-ca08-4f0a-a383-c0a0bde97010.

Final EU Guidelines on Suitability of Management Body Members and Key Function Holders

On March 21, 2018, following consultation in late 2017, the European Securities and Markets Authority and EBA jointly published final Guidelines on the assessment of the suitability of members of management bodies and key function holders in credit institutions, investment firms, financial holding companies and mixed financial holding companies. These assessments are required under the CRD and the revised Markets in Financial Instruments Directive.

Under the CRD and MiFID II, an assessment of the suitability of members of a management body should take into account factors such as sufficiency of time commitment, honesty, integrity and independence of mind of a member of the management body. The management body must have adequate collective knowledge, skills and experience among its members. Firms should devote adequate human and financial resources to the induction and training of such members. Diversity is also to be taken into account when selecting members of the management body. In the case of key function holders, the Guidelines also specify requirements regarding the suitability of the heads of internal control functions and the chief financial officer of credit institutions and certain investment firms. The Guidelines apply to any other persons assessed as key function holders under the firm's risk-based approach. An Annex is provided as a template for firms to record the results of relevant assessments.

The Guidelines will apply from June 30, 2018 to national regulators across the EU, as well as to institutions on an individual and consolidated basis. They will supersede previous EBA Guidelines on the assessment of the members of the management body and key function holders. National regulators must notify the EBA and ESMA by May 21, 2018 whether they comply or intend to comply with the Guidelines, or alternatively give reasons for non-compliance.

The Guidelines and Annex are available at: https://www.esma.europa.eu/sites/default/files/library/guidelines_on_assessment_of_suitability_of_members_of_mb_kfh_eba-gl-2017-12_en.zip and the compliance notification form is available at: https://www.eba.europa.eu/documents/10180/15718/GLs-Rec+-+Compliance+form.docx/2b5135da-ca08-4f0a-a383-c0a0bde97010.

European Central Bank Confirms Its Approach to Supervising Non-Performing Loans Levels

On March 15, 2018, following its consultation in late 2017, the European Central Bank published the final Addendum to its Guidance for Eurozone banks on non-performing loans. The ECB published its final Guidance for banks on NPLs on March 20, 2017. The Addendum sets out the ECB's supervisory expectations on the minimum levels of prudential provisions expected for new NPLs. It is intended to function as a starting point for dialogue between the ECB and individual institutions. As with the Guidance, the Addendum is not legally binding but would apply to all Eurozone Significant Institutions supervised by the ECB in the Single Supervisory Mechanism as well as their international subsidiaries. An institution that does not comply with the ECB's supervisory expectations, as set out in the Addendum, would be able to provide its rationale to the ECB as part of the dialogue. The supervisory expectations in the Addendum will be incorporated into the 2021 Supervisory Review and Evaluation Process. In the meantime, firms are expected to review their credit underwriting policies and begin provisioning for any loan classified as a NPL.

The Addendum concerns loans classified as NPLs after April 1, 2018, which means that new unsecured NPLs must be fully covered after a period of two years from the date of their classification as NPLs.

The ECB also published a Feedback Statement which summarizes the responses it received to its consultation on the proposed Addendum and indicates where changes to the proposed Addendum have been made as a result.

The ECB notes that neither the Guidance on NPLs nor the Addendum constitute Pillar 1 or Pillar 2 requirements. They contain only supervisory expectations that will form part of the supervisory dialogue. Furthermore, there may be differences between them and the proposed Pillar 1 requirements set out in the European Commission's legislative proposal for the treatment of NPLs published on March 14, 2018.

The Addendum is available at: https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.npl_addendum_201803.en.pdf, the Feedback Statement to responses to the consultation is available at: https://www.bankingsupervision.europa.eu/legalframework/publiccons/pdf/npl2/ssm.npl_addendum_feedback_statement.en.pdf, further information about the ECB's supervision of NPLs is available at: https://www.bankingsupervision.europa.eu/press/pr/date/2018/html/ssm.pr180315.en.html and the Commission's proposed NPL package is available at: http://finreg.shearman.com/european-commission-launches-package-to-address-n.

European Commission Launches Package to Address Non-Performing Loans Build-Up in the EU

On March 14, 2018, the European Commission launched a package of legislative and non-legislative measures to address remaining and future NPLs in the EU. Since the 2007/8 financial crisis, there has been a build-up of NPLs in the EU, which impacts banks' viability and lending capabilities. NPLs are loans where the borrower has difficulties in making scheduled payments to cover interest and/or capital reimbursements. A loan is classified as an NPL when it is either more than 90 days past due or the loan is assessed as unlikely to be repaid by the borrower.

The package comprises:

- a proposed Regulation amending the Capital Requirements Regulation to introduce a statutory prudential backstop, which will require banks to have minimum loan loss coverage for newly originated loans;
- a proposed new Directive on credit services, credit purchasers and the recovery of collateral which seeks to enable banks to deal more efficiently with NPLs by introducing an accelerated extrajudicial collateral enforcement mechanism and facilitating the outsourcing of servicing of loans to specialized credit servicers; and
- a Technical Blueprint for Member States to set up National Asset Management Companies where NPLs have become a significant issue in a particular Member State. It is intended for use in restructuring of banks in compliance with the EU Bank Recovery and Resolution Directive and State Aid rules.

The CRR sets out requirements for firms to determine own funds. The proposed Regulation builds on those provisions by requiring a deduction from own funds where non-performing exposures are not sufficiently covered. The proposed Regulation establishes a set of conditions for the classification of NPEs which builds on the existing framework in the existing Implementing Technical Standards on Supervisory Reporting. It also makes provision for different levels of stringency depending on whether an exposure is collateralized or not and the reason of the classification of an exposure as non-performing. The Commission intends the prudential backstop requirements to apply to exposures originated after March 14, 2018 on the basis that firms should have sufficient understanding of how the new prudential backstop would apply.

The ability of national regulators to exercise their supervisory powers under the CRD would not be impacted by the planned prudential backstop. National regulators will be able to determine, on a case-by-case basis, that a firm has not covered its NPEs sufficiently and require the firm to apply a specific policy or treatment towards those exposures.

The proposed Directive on credit services, credit purchasers and the recovery of collateral provides an EU-level framework and requirements for credit servicers acting on behalf of credit institutions or credit purchasers in relation to credit agreements issued by a credit institution or one of its subsidiaries. Uniform rules are set out for the authorization of credit servicers and the passporting of those services across the EU. The proposed Directive also provides for some regulation of the transfer of credit agreements by credit

institutions to credit purchasers, including imposing reporting obligations on credit institutions. In addition, a voluntary accelerated extrajudicial collateral enforcement mechanism is established for secured credit agreements between creditors and business borrowers. The objective of this AECE mechanism is to enable direct execution of collateral without the need to obtain an enforceable right through court systems. For consumer protection purposes, retail customers are excluded from the scope of the AECE mechanism.

The Commission intends the proposed Directive to apply from January 1, 2021. It is proposed that the Directive would only apply to transfers of credit agreements that take place six months after the transposition deadline and therefore some parts would only apply from July 1, 2021.

Feedback on both of the legislative proposals can be provided to the Commission by May 16, 2018, using the links below. The legislative proposals will now proceed through the EU legislative process and are therefore subject to change before they are published in the Official Journal of the European Union. The Commission is urging the co-legislators to finalize the proposals swiftly to support the ongoing efforts to reduce risk in the EU banking sector.

The proposed Regulation on minimum loss coverage for NPEs is available at: http://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-134-F1-EN-MAIN-PART-1.PDF, the consultation webpage on the proposed amendments to CRR is available at: https://ec.europa.eu/info/law/better-regulation/initiatives/com-2018-134_en, the proposed Directive on credit services, credit purchasers and the recovery of collateral is available at: http://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-135-F1-EN-MAIN-PART-1.PDF, the consultation webpage on the proposed Directive is available at: https://ec.europa.eu/info/law/better-regulation/initiatives/com-2018-135_en, the AMC Blueprint is available at: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=SWD:2018:72:FIN&from=EN and the Commission's Communication is available at: http://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-133-F1-EN-MAIN-PART-1.PDF.

European Banking Authority Advice on Addressing the Build-Up of Non-Performing Loans in the EU

On March 14, 2018, the EBA published its advice to the European Commission on the use of statutory prudential backstops to prevent the building up of new NPLs. The Commission consulted in November 2017 on proposals for statutory prudential backstops to address insufficient provisioning for newly originated loans that turn into NPLs and requested the EBA to provide technical advice on its proposals by November 27, 2017. On March 14, 2018, the Commission published its legislative proposals to amend the CRR to require minimum loss coverage for NPEs.

The EBA's advice provides an overview of the Commission's November 2017 proposal and discusses certain technical aspects, such as the interaction of the proposals with the introduction of IFRS 9 as well as the existing prudential framework. The EBA's advice also provides a quantitative assessment of the proposal which, the EBA stresses, is a conservative impact analysis given the data available and time constraints under which the report was produced.

The EBA is currently consulting on draft Guidelines for managing NPEs. The consultation closes on June 8, 2018. The EBA intends to finalize the guidelines during summer 2018. The EBA is proposing that the Guidelines would apply from January 1, 2019.

The EBA's advice to the Commission is available at: http://www.eba.europa.eu/documents/10180/2087449/EBA+Report+on+Statutory+Prudential+Backstops.pdf?_sm_au_=iVVZL6nrkQFj7JqR, the Commission's proposed NPL package is available at: http://finreg.shearman.com/european-commission-launches-package-to-address-n and the EBA's draft

Guidelines for managing NPEs are available at: http://finreg.shearman.com/european-banking-authority-seeks-feedback-on-draf.

European Banking Authority Reports on the Credit Risk Mitigation Framework

On March 12, 2018, the EBA published a report following its assessment of the credit risk mitigation framework under the CRR. Credit risk mitigation is defined in the CRR as a "technique used by an institution to reduce the credit risk associated with an exposure or exposures which that institution continues to hold." The incentive for institutions in using CRM techniques is that CRM can attract a reduction in capital requirements.

This CRM report forms the fourth and final phase of the EBA's roadmap for the implementation of the regulatory review of the internal models based approach. That roadmap, launched in February 2016, favored continued use of the IRB approach (that is, the Foundation IRB Approach and the Advanced IRB Approach) and set out plans for the introduction, in four phases, of changes which aim at harmonizing definitions and supervisory practices in the definition of default, the estimation of risk parameters and treatment of defaulted assets, credit risk mitigation techniques and disclosure.

The EBA considers that increased clarity of the CRM framework is an integral part of the IRB review and the EBA has analyzed, in the CRM report, whether an overhaul of the CRM framework as presented in the CRR would be beneficial. The CRM report is divided into three parts which set out:

- a description of the CRM provisions under the current CRR, to map the articles in the CRR that contain the provisions for the techniques, eligibility and methods institutions can use for CRM. The aim of this mapping exercise is to shed light on the CRM framework as provided in the CRR, as stakeholders have raised concerns regarding the clarity of the framework as currently worded.
- an overview of the use of CRM at EU level, based on data collection carried out among national regulators in April 2017. The overview considers the types of collateral and CRM techniques used by EU credit institutions for the purposes of calculating capital requirements for credit risk under the Standardized Approach and the F-IRB Approach.
- a section on policy-related aspects on CRM, in two parts: (1) the outcome of a stocktake exercise regarding national provisions in the area of CRM, and (2) CRM-related policy issues identified by the EBA which call for amendments of the CRR text.

The CRM report sets out only limited guidance on the use of CRM for exposures under the A-IRB approach. The EBA will conduct further work on this topic to develop a set of guidelines on the use of CRM under the A-IRB approach and may make separate recommendations on changes to the CRM framework in the CRR. This approach will provide more detailed guidance for A-IRB and is likely to involve further consultation and engagement with the industry.

The CRM report also sets out the EBA's view of the three CRM-related mandates it has been given under the CRR. These require it to produce Regulatory Technical Standards on the recognition of conditional guarantees, on liquid assets and on the IRB approach for master netting agreements. In the EBA's view, there would be limited benefit, and potentially disproportionate regulatory outcomes were the EBA to fulfil the three mandates, because they only cover specific aspects of the regulatory framework, which are not expected to have a significant impact on the calculation of capital requirements for credit risk by institutions nor on their rating systems.

The EBA proposes that the mandate for RTS on liquid assets should be deleted from the CRR and that it should continue to monitor the need to deliver on the other two mandates in light of international developments in this regulatory area.

The CRM report is available at:
http://www.eba.europa.eu/documents/10180/2087449/EBA+Report+on+CRM+framework.pdf.

Basel Committee on Banking Supervision Proposes Revising Capital Requirements for Market Risk

On March 22, 2018, the Basel Committee on Banking Supervision published a consultation on proposed revisions to the standard it published in January 2016 on the minimum capital requirements for market risk. The Basel Committee has been monitoring the implementation of the standard and its impact on banks' market risk capital requirements since the standard was published and has identified several issues.

The Basel Committee proposes changes to the measurement of the standardized approach to enhance its risk sensitivity, including changes to the treatment of liquid FX pairs, revisions to correlation scenarios and revisions to the capital requirements for non-linear instruments (such as options). The Basel Committee also proposes to recalibrate the risk weights used in the standardized approach to reflect general interest rate risk, FX risk and equity risk. Following feedback that the treatment of multi-underlying options and index instruments in the revised standardized approach is unclear, the Basel Committee also proposes revisions that will clarify the treatment.

For banks using the internal models approach, the Basel Committee proposes revisions to the P&L attribution test, which is the assessment process to determine whether a bank's internal risk management models appropriately measure all the material risks of each individual trading desk to which they are applied. The proposals also clarify the requirements of the "risk factor eligibility test" for identification of risk factors that are sufficiently liquid and observable to be eligible for inclusion in internal models.

The Basel Committee proposes some clarifications on the scope of exposures that are subject to market risk capital requirements. The standard published in January 2016 included a new definition of the boundary between a bank's trading book and banking book, specifying those financial instruments that must be in either book. The January 2016 standard also contained additional detail specifying those instruments that are expected to be in a particular book but that, with supervisory approval, could be designated to the other book. The Basel Committee has identified some circumstances in which a financial instrument may appear simultaneously in both the list of instruments that must be in a particular book as well as the list of instruments that are expected to be in the other book. The Basel Committee proposes clarifications to address this and also proposes revisions to clarify the conditions under which equity investments in funds can be included in the trading book.

The January 2016 standard further contained revisions to the standards for structural FX positions (that is, positions that hedge a bank's capital ratio and may therefore be exempt from FX capital requirements). The Committee now proposes revisions to base the amount of structural FX positions that can be exempted on the FX risk stemming from the investment, rather than on the amount of the investment. The proposals will also clarify that a structural FX position in a foreign branch of a bank can be included in the scope of the structural FX position.

Finally, the proposals outline a new simplified alternative to the standardized approach. The Committee consulted on a simplified alternative in June 2017, with the aim of facilitating adoption of the market risk standard for banks other than those that are internationally active. The viable alternatives mooted by the Committee in that consultation were either a reduced form of the January 2016 standard or a recalibrated

version of the Basel II standardized approach. Following consultation feedback, the Committee will pursue the second option and sets out proposals for this.

Comments on the proposals are invited by June 20, 2018. The Group of Governors and Heads of Supervision, which oversees the Basel Committee, has endorsed a deferral of the implementation date for the standard to January 1, 2022. This time extension will allow banks further time to develop the necessary systems infrastructure.

The consultation paper is available at: https://www.bis.org/bcbs/publ/d436.pdf.

Basel Committee on Banking Supervision Updates FAQs on Basel III Standards

On March 22, 2018, the Basel Committee published updated versions of its frequently asked questions on two aspects of the Basel III prudential framework.

The Basel Committee has updated the FAQ it published in August 2015 on the standardized approach for measuring counterparty credit risk exposures, providing answers to additional questions concerning collateral taken outside of netting sets, the treatment of Eurodollar futures, supervisory delta adjustments for negative interest rates, credit derivatives and effective notional calculations. The Basel Committee has also updated the FAQ it published in January 2017 on market risk capital requirements, with the addition of answers to three new questions on the standardized approach, the internal models approach and the trading book boundary and scope of application.

The updated FAQs on the standardized approach for counterparty credit risk are available at: https://www.bis.org/bcbs/publ/d438.pdf and the updated FAQs on market risk capital requirements are available at: https://www.bis.org/bcbs/publ/d437.pdf.

Basel Committee on Banking Supervision Consults on Amending Pillar 3 Disclosure Requirements

On March 22, 2018, the Basel Committee published a consultation document on a technical amendment to the Pillar 3 disclosure requirements and the regulatory treatment of accounting provisions. The proposals are relevant in jurisdictions implementing an expected credit loss accounting model and for those adopting transitional arrangements for the regulatory treatment of accounting provisions. The Basel Committee is proposing to introduce a new requirement in the Pillar 3 standard to reflect any transitional effects for the impact of ECL accounting on regulatory capital.

The consultation closes on May 4, 2018.

The consultation paper is available at: https://www.bis.org/bcbs/publ/d435.pdf.

G20 Communiqué Calls for Recommendations for Regulation of Crypto-Assets

On March 18, 2018, the G20 published a Communiqué following the meeting of Finance Ministers & Central Bank Governors in Buenos Aires on March 19 – 20, 2018.

Among other things, the Communiqué states that the G20 welcomes the finalization of Basel III and remains committed to full, timely and consistent implementation and finalization of the reforms. The G20 looks forward to the outcome of the evaluation of the reforms to identify and address any unintended consequences, which is being led by the FSB.

The G20 also commits to continue to address the decline in correspondent banking relationships. It welcomes the FSB's March 2018 progress report on correspondent banking and calls on the FSB to monitor, with the FATF, the International Monetary Fund, the World Bank Group and the Global Partnership for

Financial Inclusion, the adoption of the recommendations in the FSB's March 2018 report "Stocktake of Remittance Service Providers' Access to Banking Services."

In the area of technological innovation, the G20 is concerned that crypto-assets raise a number of problematic issues in the contexts of consumer and investor protection, market integrity, tax evasion, money laundering and terrorist financing. They may also have implications for financial stability. The G20 commits to implementing the FATF standards as they apply to crypto-assets and looks forward to the FATF's review of those standards. The G20 also calls on international standard setting bodies to continue monitoring crypto-assets and on the FSB, in consultation with other standard setting bodies, including the Committee on Payments and Market Infrastructures the International Organization of Securities Commissioners and the FATF to report on their work on crypto-assets in July 2018.

The G20 is also considering the impact of technology, particularly digitalization, on the global economy due to its borderless and intangible nature, and its increasing ability to automate cognitive tasks. It calls on the Framework Working Group to develop a menu of policy options which the G20 can draw on when responding to the impacts of technological change.

The G20 is concerned about provision of financial services to unserved and under-served individuals and businesses currently operating in the informal economy. It calls on GPFI to produce, by July 2018, a policy guide for G20 and non-G20 countries to use digitization to provide financial services.

The G20 commits to step up the fight against terrorist financing, money laundering and proliferation financing and calls on the FATF to enhance its efforts to counter proliferation financing.

The Communiqué is available at: http://www.g20.utoronto.ca/2018/2018-03-30-g20_finance_communique-en.pdf and the Annex is available at: http://www.g20.utoronto.ca/2018/2018-03-30-g20_finance_annex-en.pdf.

Brexit for Financial Services

UK and EU Negotiators Agree Brexit Transition Period

On March 19, 2018, the European Commission and the U.K. government jointly published the latest draft withdrawal agreement for the U.K.'s departure from the EU which, among other things, reflects the agreement reached on the post-Brexit transition period.

The draft withdrawal agreement includes some sections which are agreed (subject to legal drafting) and others which remain to be finalized. It includes final wording concerning an agreed "transition" or "implementation" period that will run until December 31, 2020. The draft agreement departs from the previous draft circulated by the European Commission on March 15, 2018, by providing that the U.K. will be free to negotiate, sign and ratify international trade agreements in its own capacity during the transition. Any agreements negotiated by the U.K. must not enter into force or apply during the transition period, unless authorized by the EU.

The draft agreement also contains the agreed legal text for citizens' rights and concerning the financial settlement, as well as agreed text on a number of other provisions. Financial services and other services remain among issues that are not addressed by any agreed text. The U.K. and EU negotiators aim to finalize the entire withdrawal agreement by October 2018.

The draft withdrawal agreement is available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/691366/20180319_DRAFT_WITHDRAWAL_AGREEMENT.pdf.

Competition

UK Competition and Markets Authority Progresses Its Investment Consultancy Investigation

On March 22, 2018, the U.K. Competition and Markets Authority published the second in a series of working papers on specific aspects of its market investigation into the supply and acquisition of investment consultancy services and fiduciary management services. The working paper should be read alongside the Issues Statement on the investigation, which was published in September 2017. The intention to publish a series of working papers on aspects of the investigation was outlined in a progress report in February 2018. The first working paper, relating to information on fees and quality, was published on March 1, 2018.

This working paper sets out the CMA's findings from a quantitative analysis undertaken to test whether asset management products recommended by investment consultants outperform their respective benchmarks. Manager recommendations are one of a number of services offered by investment consultants that the CMA is examining. The CMA recognizes that manager recommendations are only one part of the services offered by investment consultants, but this service is one which potentially adds value, can reasonably be measured and in respect of which client-facing performance claims are often made.

The working paper outlines quantitative analysis undertaken by the Financial Conduct Authority to look into whether investment consultants are able to add value through their manager ratings services and then sets out details of the work conducted by the CMA to test and expand on the FCA's work.

Some respondents claimed that recommended products tend, on average, to outperform their respective benchmarks, but the CMA's analysis has found no evidence that, net of asset management fees, "buy-rated" products outperform their respective benchmarks or other, non-recommended, products to a statistically significant extent.

The CMA invites comments on the analysis set out in the working paper by April 5, 2018. The working paper will then be finalized and will form part of the CMA's provisional decision report on the investigation, which is scheduled to be published in July 2018.

The working paper is available at: https://assets.publishing.service.gov.uk/media/5ab38614e5274a3dc898e294/asset-manager-product-recommendations.pdf, details of the Issues Statement are available at: http://finreg.shearman.com/uk-competition-and-markets-authority-highlights-p, details of the working paper on information on fees and quality are available at: http://finreg.shearman.com/uk-competition-and-markets-authority-publishes-wo and the CMA case page is available at: https://www.gov.uk/cma-cases/investment-consultants-market-investigation.

Corporate Governance

European Central Bank Final Guides on Licensing Credit Institutions and FinTech Credit Institutions

On March 23, 2018, the ECB published finalized versions of its guides "Guide to Assessments of Licence Applications" and "Guide to Assessments of FinTech Credit Institution Licence Applications," following consideration of the responses to consultations on draft versions of the guides, which the ECB ran between September and November 2017.

Since November 2013, the ECB has been exclusively competent to authorize all Eurozone credit institutions (and credit institutions in any other EU Member States that participate in the SSM via close cooperation arrangements). The ECB exercises its competence in close cooperation with the relevant national regulators. The ECB has developed the Guides, which are not legally binding, to promote awareness and enhance the transparency of the assessment criteria and processes for establishing a credit institution within the SSM. These should serve as practical tools to support applicants and all other entities involved in the process of bank authorization to ensure a smooth and effective procedure and assessment.

The Guide to Assessments of Licence Applications applies to all license applications to become a credit institution within the meaning of the CRR. Its coverage includes initial authorizations for credit institutions, applications from FinTech companies, authorizations in the context of mergers or acquisitions, bridge bank applications and license extensions. The Guide outlines general licensing principles, the scope of the licensing requirement and how licenses are assessed. It also sets out procedural considerations such as due process and the timescales for licensing and considers the circumstances in which a license may be withdrawn or may lapse.

The Guide to Assessments of FinTech Credit Institution Licence Applications outlines the ECB's approach to the assessment of license applications for new FinTech banks and for the establishment of specialized subsidiaries of existing credit institutions with FinTech business models. For the purposes of the Guide, the ECB considers "FinTech banks" to be banks with business models in which the production and delivery of banking products and services are based on technology-enabled innovation. The Guide to Assessments of FinTech Credit Institution Licence Applications should be read in conjunction with the Guide to Assessments of Licence Applications as well as the ECB's guide to fit and proper assessments published in May 2017.

The Guides will be updated regularly to reflect new developments and experience gained in practice.

The Guide to Assessments of Licence Applications is available at: https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.201803_guide_assessment_credit_inst_licensing_appl.en.pdf, the Guide to Assessments of FinTech Credit Institution Licence Applications is available at: https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.201803_guide_assessment_fintech_credit_inst_licensing.en.pdf and the Guide to Fit and Proper Assessments is available at: https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.fap_guide_201705.en.pdf.

Cyber Security

Financial Stability Board Publishes Progress Update on Its Work to Develop a Cyber Lexicon

On March 20, 2018, the FSB published a Progress Update on its work on the creation of a common lexicon of terms to support the work of the FSB, standard-setting bodies, authorities and private sector participants to address cyber-security and cyber-resilience in the financial sector.

The FSB explains in the Progress Update that the cyber lexicon is not intended as a comprehensive lexicon of all cyber-security and cyber-resilience related terms. Its scope will be limited and focused on the core terms necessary to support the objective of the lexicon, which is to support the work of the above bodies, in particular by creating a cross-sector common understanding of relevant cyber-security and cyber-resilience terminology and by facilitating assessment and monitoring of financial stability risks in cyber-risk scenarios. It is expected that the lexicon will assist in the work of the FSB and standard-setting bodies to provide guidance related to cyber-security and cyber-resilience.

The FSB has established a Working Group to develop the lexicon. The Working Group aims to produce a draft version of the cyber lexicon for internal review by mid-May 2018, following which the FSB will consider it internally, make any necessary revisions and consider whether to publish the lexicon and undertake public consultation on it. Should public consultation be required, this will be launched in July 2018.

The FSB intends to deliver the completed lexicon to G20 leaders at their Summit in Buenos Aires on November 30 – December 1, 2018.

The Progress Update is available at: http://www.fsb.org/wp-content/uploads/P200318.pdf.

Derivatives

Financial Stability Board Launches Survey on Legal Barriers to Reporting OTC Derivatives Trades

On March 23, 2018, the FSB launched a survey seeking feedback from financial institutions and other reporting entities on legal barriers that prevent or hinder them from reporting full transaction information on over-the-counter derivatives trades to trade repositories.

Legal barriers that can prevent full trade reporting include blocking laws, client confidentiality laws, data protection laws and related requirements or restrictions. Trade reporting is an important component of the comprehensive reforms of OTC derivatives markets agreed by the G20 in 2009. A thematic peer review of derivative trade reporting conducted by the FSB in 2015 revealed a number of legal barriers to trade reporting. These barriers can hamper national regulators in carrying out their regulatory obligations, such as monitoring and analyzing systemic risk and market activity. The FSB has previously published progress reports in 2016 and 2017 setting out steps FSB member jurisdictions have taken and are planning to take. FSB member jurisdictions have committed to take action to remove legal barriers by June 2018.

The FSB will be reporting to the G20 Summit on November 30 – December 1, 2018 on progress on the implementation of the OTC derivatives reforms. The information collected from the survey will enable the FSB to report on the extent to which member jurisdictions have met their commitments to remove the legal barriers to trade reporting.

Survey responses are requested by April 25, 2018.

The survey is available at: http://www.fsb.org/wp-content/uploads/P230318-2.xlsx and guidance on completing the survey is available at: http://www.fsb.org/wp-content/uploads/P230318-1.pdf.

Enforcement

UK Regulator Consults on Mission Approach Documents for Supervision and Enforcement

On March 21, 2018, the FCA published two consultations, seeking feedback on draft documents setting out its regulatory approach to supervision and enforcement. The two documents, once finalized, will form part of a series of formal "approach documents" explaining the FCA's approach to regulation in more depth. They should be read alongside the FCA's Mission document, which was first published in October 2016 and most recently updated in November 2017.

In the consultation on its approach to supervision, the FCA explains its role in ensuring fair and honest markets, why and how the FCA prioritizes its supervision work and how it supervises regulated firms and individuals in practice. Respondents are asked to comment on whether the document set out the FCA's approach to supervision clearly and if there are there other issues relating to the FCA's approach to supervision that could benefit from further clarification.

In the consultation on its enforcement approach, the FCA explains how it identifies harm and diagnoses harm through its investigations. It discusses the various sanctions and remedies the FCA has in its toolkit, and explains how the FCA evaluates its approach to enforcement and how it measures its performance. The FCA asks for comments on whether the document clearly sets out its approach to enforcement and, to the extent its approach is unclear, what more it could do to explain or clarify its approach.

Both consultations close on June 21, 2018. The final approach documents will be published later in 2018.

The consultation on the FCA's supervision approach is available at: https://www.fca.org.uk/publication/corporate/our-approach-supervision.pdf, the consultation on the FCA's enforcement approach is available at: https://www.fca.org.uk/publication/corporate/our-approach-enforcement.pdf and the FCA Mission is available at: https://www.fca.org.uk/publications/corporate-documents/our-mission.

FinTech

UK Government Launches FinTech Sector Strategy

On March 22, 2018, HM Treasury published a document entitled "FinTech Sector Strategy: Securing the Future of U.K. FinTech" to coincide with the U.K. government's second International Fintech Conference.

The Strategy Paper provides an overview of the work already conducted by successive U.K. governments to support the FinTech sector by promoting competition and removing barriers to entry. Drawing on the findings of the 2017 "U.K. FinTech Census," which set out a comprehensive review of the sector and the challenges it faces, the government has identified further action it might take to remove barriers to entry and growth faced by FinTech firms. These further actions focus on reducing the cost of regulatory compliance, ensuring access to skilled talent, improving FinTech firms' access to equity finance, improving the take-up of new FinTech services, increasing competition and providing access to new markets.

In support of these areas of focus, the Strategy Paper makes a number of announcements:

- automating regulatory compliance using machine-readable rules: the FCA will publish, in summer 2018, its findings and next steps following its call for input in February 2018 on a proof of concept for Model Driven Machine Executable Regulatory Reporting. The government has also announced that the FCA is working with several banks with a view to using this new reporting technology from around September – December 2018.
- accessing skilled talent: the government has announced a Connect With Work Program, which will be delivered by the government's FinTech Delivery Panel in conjunction with Barclays. The program will assist FinTech firms in attracting suitable candidates.
- improving take-up of new FinTech services and increasing competition: the Strategy Paper discusses the managed rollout of the Open Banking initiative, which the government views as central to its approach to stimulating customer adoption and competition. The government also announces work to investigate the potential of new "shared platform" utilities, in particular in the areas of collateral management, fraud management, loans processing, trade finance, RegTech, identity management and transaction monitoring. The government will publish a report later in 2018, recommending two areas for further exploration via collaboration between the government and industry.
- providing access to markets: The government is engaged in a project in collaboration with the British Standards Institute, sponsored by five major banks, to develop a set of industry standards by the end of

2019. The sponsoring banks have committed to implementing the industry standards, which will clarify the expectations of incumbent financial services firms when entering into partnerships with FinTech firms. The government has also announced the establishment of a Department for International Trade FinTech Steering Board, which will help FinTech firms to move into new markets. DIT will also invest additional resources to help firms expand into countries with whom the U.K. has a FinTech bridge, such as Australia.

The Strategy Update also considers new opportunities offered by U.K. FinTech, including the need to understand and engage with emerging technologies. In light of this, the government has announced it will establish a Crypto-assets Task Force, consisting of representatives from HM Treasury, the Bank of England and the FCA. The Task Force will explore further the risks of crypto-assets, the potential benefits of distributed ledger technology, the future response of the authorities to Crypto-assets and potential future regulation of the sector. The Task Force will issue a report in Summer 2018.

The Strategy Paper is available at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/692874/Fintech_Sector_Strategy_print.pdf and the 2017 UK FinTech Census is available at: http://www.ey.com/Publication/vwLUAssets/EY-UK-FinTech-Census-2017/$FILE/EY-UK-FinTech-Census-2017.pdf.

UK and Australian Regulators Agree Enhancements to FinTech Bridge

On March 22, 2018, the U.K. FCA and the Australian Securities and Investments Commission signed an enhanced cooperation agreement on FinTech innovation. The new agreement supersedes the previous cooperation agreement entered into by the two countries' regulators in March 2016. It aims to enable public officials and private parties to work together to foster Fintech innovation and help early-stage Fintech firms to expand their businesses. The FCA and ASIC will, through their Innovation Hubs, explore ways to speed up the process of authorization of innovative businesses that are already authorized in the other jurisdiction. The framework agreed between the regulators includes a referral mechanism and mutual access to regulatory sandbox testing environments, enabling the two authorities to refer FinTech businesses between their respective sandboxes. The Authorities also plan to share and use information on innovation in their respective markets.

Commenting on the enhanced cooperation agreement, U.K. Chancellor of the Exchequer Philip Hammond stated that "This is our most ambitious collaboration to date, bringing together regulators, policy-makers and private sector leaders to collaborate on growing our respective fintech markets in tandem."

The Enhanced Cooperation Agreement is available at: https://www.fca.org.uk/publication/mou/enhanced-fca-asic-cooperation-agreement.pdf and the FCA press release is available at: https://www.fca.org.uk/news/press-releases/british-and-australian-regulators-strengthen-cooperation-fintech-through-enhanced-cooperation.

UK Secondary Legislation on Regulatory Treatment of Peer-to-Peer Borrowers

On March 21, 2018, the Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) (Amendment) Order 2018 was published. This Amendment Order amends the Financial Services and Markets Act 2000 (Carrying on Regulated Activities By Way of Business) Order 2001 to clarify the position of borrowers who raise funds through peer-to-peer lending platforms.

The Amendment Order provides that, subject to a number of conditions, if a borrower using peer-to-peer lending uses the capital of, or interest on, money received by way of deposit solely to finance its other business activities, this is to be regarded as evidence indicating that the borrower is not carrying on the

business of accepting deposits. This clarifies that only firms whose core business involves borrowing through a peer-to-peer platform would need to obtain a banking license and be regulated as a "deposit taker." The Amendment Order resolves uncertainty for businesses borrowing via peer-to-peer platforms (and for the platforms themselves) by clarifying the circumstances in which those borrowers would be considered to be carrying on the regulated activity of accepting deposits.

The Amendment Order comes into force on March 22, 2018.

The Amendment Order (S.I. 2018 No. 394) is available at: http://www.legislation.gov.uk/uksi/2018/394/pdfs/uksi_20180394_en.pdf and the explanatory memorandum is available at: http://www.legislation.gov.uk/uksi/2018/394/pdfs/uksiem_20180394_en.pdf.

Funds

European Regulatory Technical Standards Under ELTIF Regulation Published

On March 23, 2018, a Commission Delegated Regulation was published in the Official Journal of the European Union. The Delegated Regulation supplements the Regulation on European Long-Term Investment Funds, setting out RTS to specify the criteria for establishing the circumstances in which the use of financial derivative instruments solely serves hedging purposes, the circumstances in which the life of a ELTIF is considered sufficient in length and the criteria to be used for certain elements of the itemized schedule for the orderly disposal of the ELTIF assets and the facilities available to retail investors.

The Delegated Regulation will enter into force on April 12, 2018.

The Commission Delegated Regulation ((EU) 2018/480) is available at: http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32018R0480&from=EN.

MiFID II

European Authority Issues Opinion on Application of MiFIR Trading Obligation to Package Orders

On March 21, 2018, the European Securities and Markets Authority published an Opinion on the treatment of package orders in the context of the trading obligation for derivatives under the Markets in Financial Instruments Regulation. The trading obligation requires that the trading of certain derivatives must take place on a regulated market, multilateral trading facility, organised trading facility or on an equivalent third-country trading venue.

Package orders are used by investment firms and their clients to conduct trades for risk management and hedging purposes. They are composed of two or more financial instruments that are priced as a single unit. The execution of each component is simultaneous and contingent upon on the execution of all the other components. Under MiFIR, the trading obligation is designed to apply at instrument level, not package level—the obligation attaches to the components of a package, but not to the package as a whole. Difficulties may arise where a package order contains a mixture of instruments, where some are subject to the trading obligation while others are not.

ESMA considers that the components of a package need to be executed on a trading venue only where it is feasible to do so without creating undue operational or execution risk. ESMA sets out three scenarios where the execution should take place on a trading venue:

- all components of the package are subject to the trading obligation;

- at least one component is subject to the trading obligation and all other components are subject to the clearing obligation for derivatives; or
- at least one component is an interest rate swap subject to the trading obligation and all other components are government bonds denominated in the same currency.

ESMA did not have a specific mandate to issue guidance on the application of the trading obligation in the context of package orders. However, due to concerns among national regulators and market participants that the trading obligation might be applied inconsistently and a recommendation from the European Parliament that the European Commission and ESMA might consider providing further clarification in this area, ESMA decided to publish the Opinion to ensure consistent approaches and consistent supervision across the EU.

The Opinion is available at: https://www.esma.europa.eu/sites/default/files/library/esma70-156-322_opinion_packages_and_to.pdf.

Upcoming Events

April 24, 2018: ECB public hearing (via telephone conference) on its consultation on draft guides to ICAAP and ILAAP

April 25, 2018: EBA public hearing on draft EBA Guidelines on Management of Non-Performing and Forborne Exposures

May 31, 2018: Bank of England and Centre for Economic Policy Research conference on competition and regulation in financial markets

Upcoming Consultation Deadlines

March 30, 2018: U.K. Joint Money Laundering Steering Group consultation on minor changes to its sectoral guidance in relation to asset finance and syndicated lending

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

April 9, 2018: PRA consultation on MREL reporting requirements

April 12, 2018: European Commission consultation on implementing the final aspects of Basel III into EU law

April 25, 2018: FSB survey on legal barriers to OTC derivatives trade reporting

May 4, 2018: ECB consultation on draft guides to ICAAP and ILAAP

May 4, 2018: Basel Committee technical consultation on Pillar 3 disclosure requirements and the regulatory treatment of accounting provisions

May 4, 2018: IOSCO consultation on conflicts of interest and associated conduct risks during the equity capital raising process

May 6, 2018: IOSCO consultation on proposed recommendations for trading venues and their regulators when implementing, operating and monitoring volatility control mechanisms to preserve orderly trading

May 7, 2018: PRA consultation on governance and risk management for algorithmic trading

May 11, 2018: FCA survey of European Economic Area firms currently operating in the U.K. under a passport

May 16, 2018: European Commission proposed EU covered bonds legislative package

May 16, 2018: PRA consultation on guidance on the eligibility of guarantees as unfunded credit protection for capital requirement purposes

May 22, 2018: European Commission's legislative proposals to address NPL Build-Up in the EU

May 22, 2018: European Commission's proposed Regulation on the law applicable to the third-party effects of assignments of claims

May 25, 2018: Basel Committee consultation on revisions to Pillar 3 Framework

June 5, 2018: HM Treasury consultation on cash and digital payments in the new economy

June 8, 2018: PSR consultation on its review of PSR Directions made in 2015

June 8, 2018: EBA consultation on draft EBA Guidelines on Management of Non-Performing and Forborne Exposures

June 20, 2018: FCA consultation on Model Driven Machine Executable Regulatory Reporting

June 20, 2018: Basel Committee consultation on revisions to minimum capital requirements for market risk

June 21, 2018: FCA consultation on its approach to supervision

June 21, 2018: FCA consultation on its approach to enforcement

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