

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

UK Sanctions and Anti-Money Laundering Act 2018 Receives Royal Assent

On May 23, 2018, the Sanctions and Anti-Money Laundering Act 2018 received Royal Assent and came partly into force on May 23, 2018. The majority of the provisions of the Act will enter into force on a day appointed by the Secretary of State. The Act will provide a domestic sanctions framework after the U.K. leaves the EU, enabling the U.K. to continue to meet its international obligations and use sanctions as a national security and foreign policy tool.

The Act's provisions empower the U.K. Government to make sanctions regulations to be imposed, where appropriate, to comply with United Nations obligations or other international obligations, to further the prevention of terrorism, for the purposes of national security or international peace and security, or to further foreign policy objectives. The Act also empowers the U.K. Government to create, amend and update regulations for the detection, investigation and prevention of money laundering and terrorist financing and for the purposes of implementing standards published by the Financial Action Task Force relating to combating threats to the integrity of the international financial system.

The Sanctions and Anti-Money Laundering Act 2018 is available at:
http://www.legislation.gov.uk/ukpga/2018/13/pdfs/ukpga_20180013_en.pdf.

Updated Guidance on Monetary Penalties for Financial Sanctions Breaches Published by UK Office of Financial Sanctions Implementation

On May 21, 2018, the Office of Financial Sanctions Implementation published an updated version of its guidance on monetary penalties for breaches of financial sanctions. The guidance was first published in April 2017. The update sets out more detail on OFSI's expectations around voluntary disclosure of breaches of financial sanctions. The chapter on the right of individuals to appeal to the Upper Tribunal has also been updated.

The updated guidance is available at:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/708991/Monetary_Penalties_Guidance_web.pdf.

Bank Prudential Regulation & Regulatory Capital

US Office of the Comptroller of the Currency Publishes Its Spring Semiannual Risk Perspective

On May 24, 2018, the U.S. Office of the Comptroller of the Currency announced the publication of its spring 2018 Semiannual Risk Perspective. The OCC report discusses risks facing national banks and federal savings associations and provides high-level overviews of the economic operating environment, bank performance and trends in supervisory actions. The report highlights key risks in three areas: easing underwriting practices with respect to credit underwriting practices, elevated operational risk, due, in part, to cybersecurity and increased use of third-party service providers, and compliance risk, particularly with respect to high BSA/AML/OFAC compliance risk, changing regulatory landscape and evolving risks outpacing compliance management systems.

The report also focuses on risk that is emerging with respect to rising interest rates and their effect on increased uncertainty in deposits. With respect to trends in supervisory actions, the report notes that the number of banks with composite ratings of 4 or 5 have declined year-over-year through the end of 2017, that

the number of outstanding matters requiring attention has been declining over the past few years, and that the number of outstanding enforcement actions has declined since 2010.

The full text of the OCC report is available at: <https://www.occ.treas.gov/publications/publications-by-type/other-publications-reports/semiannual-risk-perspective/semiannual-risk-perspective-spring-2018.pdf>.

US President Trump Signs Dodd-Frank Act Reform Bill

On May 24, 2018, U.S. President Trump signed into law the Economic Growth, Regulatory Relief, and Consumer Protection Act; the first major financial services reform bill since the enactment of the Dodd-Frank Act in 2010. While the act is not a wholesale repeal of the Dodd-Frank Act, and does not offer the broad regulatory relief that was proposed under the Financial Choice Act of 2017, it does modify or eliminate certain requirements on community and regional banks and nonbank financial institutions in particular that have been perceived to be especially burdensome. The key aspect of the act may be the increase, from \$50 billion to \$250 billion, of the threshold at which a large banking organization automatically becomes subject to enhanced prudential standards. The act contains several other important provisions, including: exempting banks with less than \$10 billion in total consolidated assets from the Volcker Rule and easing certain fund naming restrictions under the Volcker Rule; exempting certain deposits held by custodial banks from the calculation of the supplementary leverage ratio; reducing reporting and supervision requirements applicable to community banks; and easing certain securities law requirements. Many of the provisions in the act are self-executing, although a number of other provisions require positive action to be taken by U.S. federal financial regulatory agencies.

For a more detailed discussion of the act, you may wish to refer to our client publication: “First Major Dodd-Frank Reform Bill Signed into Law” available at: <https://www.shearman.com/perspectives/2018/05/first-major-dodd-frank-reform-bill>.

The full text of the act is available at: <https://www.congress.gov/115/bills/s2155/BILLS-115s2155enr.pdf>.

European Banking Authority Consults on Standards for Estimating and Identifying an Economic Downturn in IRB Modelling

On May 22, 2018, the European Banking Authority launched two consultations on standards for estimation and identification of an economic downturn in Internal Ratings Based modelling.

The first consultation sets out draft Regulatory Technical Standards on the specification of the nature, severity and duration of an economic downturn in accordance with the Capital Requirements Regulation. The nature of the economic downturn is defined as a set of relevant economic factors and its severity is specified via the most severe values observed on the relevant economic factors over a given historical period. The duration of an economic downturn is specified using the concept of a “downturn period,” namely the period of time where the peaks or troughs, which relate to the most severe values of one or several economic factors, are observed. The aim of the RTS is to ensure that institutions using the IRB approach can use a well-defined and common specification of the nature, duration and severity of an economic downturn for portfolios relating to comparable types of exposure.

The second consultation is on a set of draft Guidelines specifying how loss given default (LGD) estimates appropriate for an economic downturn—identified in accordance with the draft RTS on economic downturn—should be quantified, taking into account the specificities of institutions’ processes, underwriting standards and general response to adverse economic conditions. The draft Guidelines will supplement the existing EBA Guidelines on Probability of Default, LGD estimation and treatment of defaulted assets.

Comments on both consultations are invited by June 22, 2018.

The consultation on draft RTS is available at:

<http://www.eba.europa.eu/documents/10180/2220341/Consultation+Paper+on+RTS+on+economic+downturn+%28EBA+CP+2018+07%29.pdf/9c595dab-12ca-48d3-8db8-65c340952067> and the consultation on draft

Guidelines is available at:

<http://www.eba.europa.eu/documents/10180/2220392/Consultation+paper+on+guidelines+for+downturn+LGD+estimation+%28EBA+CP+2018+08%29.pdf/02a2eb71-e013-4539-a019-96ad9e379228>.

UK Prudential Regulation Authority Consults on Its Approach to New EU Securitization Framework and Significant Risk Transfer

On May 22, 2018, the U.K. Prudential Regulation Authority published a consultation paper, setting out the PRA's proposals on its approach to supervision under the new EU securitization framework that will take effect from January 1, 2019. The incoming EU framework consists of: (i) the Securitization Regulation, which imposes general requirements for all EU securitization activity and outlines the criteria and process for designating certain securitizations as "Simple, Transparent and Standardised;" and (ii) revisions to the banking securitization capital framework within the CRR.

The PRA proposes to:

- Introduce a new Supervisory Statement, "Securitisatio: general requirements and capital framework." This will set out the PRA's approach and expectations relating to: (a) the provisions within the Securitization Regulation that are applicable to all securitizations; (b) firms that intend to sponsor STS Asset Backed Commercial Paper programmes; and (c) incoming securitization capital framework introduced via amendments to CRR.
- Amend the existing Supervisory Statement "Securitisatio," by changing its title to "Securitisatio: Significant Risk Transfer" and by textual changes to reflect the PRA's approach and expectations in relation to SRT securitization, including the role of firms' senior management and prudential treatment of excess spread. The proposed amendments also cover aspects of the PRA's assessment of the commensurate transfer of risk to third parties that is required whenever a reduction in capital requirements is achieved through a securitization via SRT.
- Amend the existing Supervisory Statement, "The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)" to clarify how firms should assess the appropriateness of different methods in measuring securitization risk and to specify minimum information which should be included in a firm's ICAAP document.

The new EU securitization framework will take effect from January 1, 2019. The revisions to Supervisory Statement, "The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)" and the new Supervisory Statement will also take effect from this date.

The amendments to the Supervisory Statement "Securitisatio" are equally applicable to the current CRR and the amended CRR and will therefore take effect immediately after publication of a policy statement following the consultation period.

The PRA invites comments on the consultation by August 22, 2018.

The Consultation Paper (PRA CP 12/18) is available at: <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/consultation-paper/2018/cp1218.pdf>.

Conduct & Culture

UK Authorities Publish Progress Report on the Fair and Effective Markets Review

On May 24, 2018, the Bank of England, the Financial Conduct Authority and HM Treasury published a progress report on the Fair and Effective Markets Review, outlining the progress made in responding to the FEMR recommendations that were originally published in June 2015 and followed by an implementation report in June 2016.

The three authorities commend the significant progress that has been made by firms, both collectively and individually, in driving up standards in the Fixed Income, Currency and Commodities Markets since the implementation report. The progress report sets out the assessment of the three authorities of the impact of the FEMR's recommendations. In summary, the report highlights that:

- The Senior Managers and Certification Regimes are achieving their policy intent of improving governance and clarifying individual accountability and have been emulated by a number of other jurisdictions;
- FEMR initiatives are helping to raise standards in global FICC markets, notably through widespread adoption of the Global FX Code;
- the FICC Market Standards Board has already produced a number of standards and statements of good practice which have been and will continue to be useful in clarifying "grey areas;"
- A Fair and Effective Markets Reform team has been created by the BoE and the FCA to provide support for and coordination of forward-looking initiatives to identify and mitigate risk;
- The FCA will continue to take a forward-looking and strategic approach to supervision, which will be enhanced by improved new regulation for FICC markets and benchmarks as well as the expanded scope of SM&CR from 2019; and
- Significant work has been done on market-led benchmark reform.

The report concludes that, while much has been achieved, it is important that industry take a leading role in monitoring developments and ensuring that market infrastructures and practices keep pace with innovation.

The progress report is available at: <https://www.bankofengland.co.uk/-/media/boe/files/report/2018/fair-and-effective-markets-review-progress-report.pdf?la=en&hash=E3F55D5C0600F927F1E767EAA818C4E571E72FD9>, the final report of the FEMR is available at: <https://www.bankofengland.co.uk/report/2015/fair-and-effective-markets-review---final-report> and the implementation report is available at: <https://www.bankofengland.co.uk/report/2016/fair-and-effective-markets-review-implementation-report>.

Enforcement

New Memorandum of Understanding Signed Between UK Financial Conduct Authority and Insolvency Service

On May 21, 2018, the FCA and the Insolvency Service signed a Memorandum of Understanding to establish a framework for their cooperation in matters of common interest.

Both the FCA and the IS have statutory powers of investigation and enforcement under their respective enabling legislation. Both organizations are also legally obliged, from May 25, 2018, to handle personal information according to the requirements of the EU General Data Protection Regulation.

The areas of cooperation include misconduct, investigations and enforcement within their respective remits.

The MoU outlines the structure and process for the FCA and IS to be able to exchange information (including personal data) and intelligence, in a lawful and proportionate manner, to further their respective objectives. The MoU includes details of the circumstances in which the FCA will be permitted to disclose confidential information (such disclosure generally being prohibited under the Financial Services and Markets Act 2000) and outlines how each of the two organizations will treat information that is subject to legal professional privilege, including the circumstances in which privilege might be waived. The FCA and IS have agreed to apply a number of principles for the exchange and use of information, including the sharing of intelligence, the use of information for investigations and enforcement or other action, how data security controls will be applied and how data breaches will be handled.

The FCA and IS will monitor the effectiveness of the MoU and review it from time to time as necessary. The MoU has been published on the website of each organization.

The MoU is available at: <https://www.fca.org.uk/publication/mou/mou-insolvency-service.pdf>.

Financial Services

US Office of the Comptroller of the Currency Encourages Banks to Meet Consumers' Short-Term, Small-Dollar Credit Needs

On May 23, 2018, the OCC issued a bulletin encouraging banks to offer responsible short-term small-dollar loans to help meet the credit needs of their customers. The OCC reminded banks, however, that any short-term small-dollar lending should be done in accordance with three core lending principles, including: (i) that all bank products should be consistent with safe and sound banking, treat customers fairly and comply with applicable laws and regulations, (ii) that banks should effectively manage the risks associated with the products they offer, including credit, operational, compliance and reputational risk, and (iii) that all credit products should be underwritten based upon reasonable policies and practices, including guidelines governing the amounts borrowed, frequency of borrowing and repayment requirements. The OCC bulletin also lists a number of policies and procedures topics specific to short-term small dollar lending, including with respect to loan pricing and repayment terms, effective management of credit risk, loan servicing and timely reporting of repayment activities to credit bureaus. In addition, the OCC bulletin encourages banks to discuss their plans to offer short-term small-dollar lending products with their OCC portfolio manager or other OCC supervisory authority, especially if the offering of these products represents a substantial deviation from a bank's existing business plan.

The full text of the OCC bulletin is available at: <https://www.occ.treas.gov/news-issuances/bulletins/2018/bulletin-2018-14.html>.

European Commission Proposes Legislative Package on Sustainable Finance

On May 24, 2018, the European Commission published a package of legislative reforms on sustainable finance. The aim of the package of reforms, which form part of the Commission's broader Capital Markets Union initiative, is to ensure that environmental, social and governance considerations are consistently integrated into the investment and advisory process across sectors. The proposed measures comprise:

- A proposed Regulation on the establishment of a framework to facilitate sustainable investment. This will establish an EU-wide classification system for environmentally sustainable economic activities and ensure that investment strategies are oriented towards economic activities that genuinely contribute to achieving environmental objectives. The proposed Regulation will empower the European Commission to adopt delegated acts to specify technical screening criteria to assess the contribution of a given economic activity to a particular

environmental objective as substantial. A list of six environmental objectives is set out in the proposed regulation, namely: climate change mitigation; climate change adaptation; sustainable use and protection of water and marine resources; transition to a circular economy, waste prevention and recycling; pollution prevention and control; and protection of healthy ecosystems (which includes biodiversity conservation).

- A proposed Regulation on disclosures relating to sustainable investments and sustainability risks. This proposed Regulation imposes transparency and disclosure requirements on financial market participants (as defined in the proposed regulation), insurance intermediaries and financial advisors. The European Supervisory Authorities will be mandated to develop RTS further specifying the disclosures to be made and Implementing Technical Standards on presentation of sustainable investments in marketing communications.
- A proposed Regulation amending the Benchmarks Regulation to introduce a new category of benchmarks, consisting of a “low carbon benchmark” and a “positive carbon impact benchmark.” The proposed Regulation will also require administrators of benchmarks or families of benchmarks that pursue ESG objectives to explain, in the benchmark statement, how the key elements of the benchmark methodology reflect ESG considerations.
- A proposed Commission Delegated Regulation amending delegated legislation under the revised Markets in Financial Instruments Directive on operational requirements and operating conditions for investment firms and defined terms. The amendments relate to the requirements to conduct suitability assessments and will require investment firms providing financial advice and portfolio management to assess their clients’ ESG preferences, provide clients with information on the ESG factors of financial products (before provision of advice or portfolio management services) and report to clients including on how a recommendation meets a particular client’s ESG preferences.
- A proposed Commission Delegated Regulation amending delegated legislation under the Insurance Distribution Directive. The amendments clarify that insurance intermediaries and insurance undertakings must assess their customers’ sustainability preferences and must include information on a customer’s ESG preferences in suitability statements.

The Commission is seeking feedback on its proposed regulation amending the Benchmarks Regulation by July 24, 2018 and on its proposed Commission Delegated Regulations amending secondary legislation under MiFID II and the IDD by June 21, 2018. The other proposed regulations are not open to public consultation and will be considered by the Council of the European Union and the European Parliament.

The proposed Regulation on the establishment of a framework to facilitate sustainable investment is available at: <http://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-353-F1-EN-MAIN-PART-1.PDF>, the proposed Regulation on disclosures relating to sustainable investments and sustainability risks is available at: <http://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-354-F1-EN-MAIN-PART-1.PDF>, the proposed Regulation amending the Benchmark Regulation on low carbon benchmarks and positive carbon impact benchmarks is available at: <http://ec.europa.eu/transparency/regdoc/rep/1/2018/EN/COM-2018-355-F1-EN-MAIN-PART-1.PDF>, the proposed Commission Delegated Regulation amending delegated legislation under MiFID II is available at: https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-2681500_en and the proposed Commission Delegated Regulation amending delegated legislation under IDD is available at: https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-2681527_en.

MiFID II

European Commission Proposes Legislation to Promote SME Growth Markets

On May 24, 2018, the European Commission published a proposal for a Regulation to amend the Market Abuse Regulation and the new Prospectus Regulation. The aim of the proposed Regulation is to promote the use of SME Growth Markets by making technical adjustments to the MAR and the new PR to make the regulatory framework applying to listed Small and Medium-sized Enterprises more proportionate and to foster the liquidity of equity instruments listed on SME Growth Markets, while maintaining a high level of investor protection and market integrity. The proposed Regulation is in line with the objectives of the EU CMU of reducing the overreliance on bank funding and diversifying market-based sources of financing for European companies.

SME Growth Markets are a new sub-category of multilateral trading facility introduced by the revised MiFID Directive in January 2018. Companies listed on an SME Growth Market are required to comply with MAR and the PR and are impacted by some aspects of MiFID II. The adjustments in the proposal for a Regulation are designed to lower the administrative burden and costs for issuers on SME Growth Markets stemming from compliance with MAR and the PR and to address regulatory shortcomings in MAR that can affect the liquidity of SME financial instruments. The European Commission has also published a separate proposal for a regulation amending delegated legislation under MiFID II to address regulatory barriers to the take-up of the SME Growth Markets.

MAR currently only contains two limited adaptations to issuers listed on SME Growth Markets. The proposed Regulation will make a number of changes to MAR, including:

- introducing an exemption from the market sounding regime for private placements of bonds with qualified investors (that is, investors who are involved in negotiation of the bond issue) when an alternative wall-crossing procedure is in place. This is a significant alleviation, since the majority of SME bonds are privately placed, and is designed to foster development of private placement markets of bonds. The exemption will be available when: (a) the issuer seeking a private placement of bonds already has its equity or non-equity financial instruments admitted to trading on an SME Growth Market; and (b) if an alternative wall-crossing procedure (for example a non-disclosure agreement) is in place, by which any potential qualified investor acknowledges the regulatory duties stemming from access to inside information;
- introducing the possibility for SME Growth Market issuers to enter into a “liquidity provision contract” with a financial intermediary that will be entrusted with the task of enhancing the liquidity of the issuer’s shares. This relaxes the MAR requirement for an Accepted Market Practice to have been established by an issuer’s national regulator before liquidity provision contracts can be entered into;
- modifications to reduce the obligations imposed on SME Growth Market issuers when they decide to delay the publication of inside information;
- provision for SME Growth Market issuers to maintain a “list of permanent insiders” rather than meet the more onerous ongoing obligations to maintain insider lists. This is intended to address the perception that the current MAR exemption for SME Growth Market issuers from keeping and updating an insider list is not meaningful since SME Growth Market issuers must still provide their national regulator with an insider list on request; and
- allowing two additional days for an SME Growth Market issuer to publicly disclose any information on personal transactions declared to it by persons discharging managerial responsibilities (and persons closely associated). This is intended to address criticism that compliance with the strict deadlines of the PDMR regime under MAR is disproportionately burdensome for SME issuers.

Under the CMU Action Plan, the EU has introduced the “EU Growth Prospectus” in the new PR, to make it easier and cheaper for smaller companies to access public markets. However, if an SME Growth Market issuer wishes to transfer its shares from an SME Growth Market to a regulated market, it needs to produce a full prospectus as it cannot use either the EU Growth Prospectus or the simplified prospectus for secondary issuances in this circumstance. The proposed amendment to the PR will introduce a “transfer prospectus” for companies listed for at least three years on an SME Growth Market and wishing to move to a regulated market.

The European Commission is seeking feedback on the proposal for a Regulation by July 25, 2018.

The finalized proposal for a Regulation will then be considered by the Council of the European Union and the European Parliament. Once adopted, it will enter into force 20 days following its publication in the Official Journal of the European Union and will apply directly across the EU from six months after that date.

The proposed Regulation and Impact assessment are available at: https://ec.europa.eu/info/law/better-regulation/initiatives/com-2018-331_en.

European Commission Proposes MiFID II Amendments to Promote SME Growth Markets

On May 24, 2018, the European Commission published for consultation a draft Delegated Regulation on registration conditions to promote the use of SME Growth Markets for the purposes of the revised MiFID Directive. MiFID II introduced SME Growth Markets as a new sub-category of multilateral trading facility in January 2018 to facilitate access to capital for Small and Medium-sized Enterprises. The proposed delegated regulation will amend existing delegated legislation under MiFID II to address regulatory barriers to the take-up of SME Growth Markets. The European Commission has also published separately a legislative proposal to make adjustments to MAR and the PR is to promote the use of SME Growth Markets.

The draft Delegated Regulation will: (i) introduce a less restrictive definition of a “non-equity issuer,” which will be based on the size of the issuance, with the threshold being set at €50 million over a period of 12 months, starting on January 1 each year; (ii) make modifications to give flexibility to SME Growth Market operators to impose a half yearly financial report on non-equity issuers (while keeping this obligation unchanged for equity issuers); and (iii) introduce a requirement for the listing rules of SME Growth Markets to impose a free float requirement for equity issuers when the shares are admitted to trading for the first time.

Feedback is invited on the draft Delegated Regulation by June 21, 2018. The Delegated Regulation will then be finalized by the European Commission. Once adopted, it will enter into force 20 days following its publication in the Official Journal of the European Union and will apply directly across the EU from three months after that date.

The draft Delegated Regulation is available at: https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-2681237_en.

Securities

European Commission Publishes Proposal for a Regulation on Sovereign Bond-Backed Securities

On May 24, 2018, the European Commission published a proposal for a Regulation to provide an enabling framework for a market-led development of Sovereign Bond-Backed Securities, following the publication of an inception impact statement in January 2018. The proposal forms part of the Commission’s efforts to enhance the Banking Union and Capital Markets Union.

SBBSs are to be defined as instruments created by the private sector, whereby a private sector entity would assemble an underlying portfolio of sovereign bonds from the market and would subsequently transfer them to a legally separate, self-standing entity, specifically established for the sole purpose of issuing to investors a series of securities representing claims on the proceeds from this underlying portfolio. Losses from the portfolio would be borne in a certain sequence by tranches of issued securities.

Under the existing regulatory framework, SBBSs would be defined as securitization products and they would be treated significantly less favourably for capital requirements purposes than their underlying portfolio of euro area sovereign bonds. However, a task force of the European Systemic Risk Board that was set up in 2016 to assess the feasibility and merits of SBBSs concluded that SBBSs carry risks that are comparable to the underlying sovereign bonds rather than regular securitizations. Accordingly, the existing regulatory framework is an impediment to the development of SBBSs. SBBSs are not expected to replace, or have any material negative impact on, existing national bond markets.

The proposal for a Regulation sets out rules defining the elements of SBBSs to ensure that as standardized a product as possible is produced by the markets, which should ensure that the product is liquid and that it appeals to investors. The proposed Regulation also sets out notification and transparency requirements for the issuing entity and contains rules regarding the supervision of SBBSs and possible sanctions in case of non-compliance and/or fraudulent behavior of the issuing entity. The proposed Regulation also sets out amendments to the existing legal framework.

The Commission is seeking feedback on the proposal by July 24, 2018.

The Inception Impact Assessment is available at: https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-400473_en and the Proposal for a Regulation is available at: http://ec.europa.eu/info/law/better-regulation/initiatives/com-2018-339_en.

People

Jelena McWilliams Confirmed as Chair of the US Federal Deposit Insurance Corporation

On May 24, 2018, the U.S. Senate voted to confirm the nomination of Jelena McWilliams as Chair and Member of the Board of Directors of the U.S. Federal Deposit Insurance Corporation.

Information regarding Chair Mc Williams's nomination and confirmation as FDIC Chair and Member of the Board of Directors is available at: <https://www.congress.gov/nomination/115th-congress/1516> and <https://www.congress.gov/nomination/115th-congress/1351>.

Upcoming Events

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

May 31, 2018: public hearing on ESAs' consultations on amendments to EMIR RTS in the context of the Securitization Regulation

June 12, 2018: FCA Asset Management Conference

June 27, 2018: EBA public hearing on draft Guidelines on disclosure of non-performing and forborne exposures (registration closes June 5, 2018)

Upcoming Consultation Deadlines

- June 4, 2018: European Commission proposed EU covered bonds legislative package
- June 5, 2018: HM Treasury consultation on cash and digital payments in the new economy
- June 5, 2018: ECB consultation on cyber resilience oversight expectations for Eurozone Financial Market Infrastructures
- 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 12, 2018: European Commission proposed amending Regulation on cross-border payments in the EU
- June 15, 2018: ESAs' consultation on revised RTS relating to the EMIR clearing obligation for certain classes of OTC derivatives
- June 15, 2018: ESAs' consultation on revised RTS on risk-mitigation techniques for OTC derivative contracts not cleared by a CCP
- 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: European Commission consultation on a Draft Delegated Regulation amending MiFID II secondary legislation to promote SME Growth Markets
- June 21, 2018: European Commission consultation on a proposed Commission Delegated Regulation amending delegated legislation under MiFID II
- June 21, 2018: European Commission consultation on a proposed Commission Delegated Regulation amending delegated legislation under the IDD
- June 21, 2018: FCA consultation on its approach to supervision
- June 21, 2018: FCA consultation on its approach to enforcement
- June 22, 2018: EBA consultation on RTS on the specification of the nature, severity and duration of an economic downturn
- June 22, 2018: EBA consultation on estimation of loss given default appropriate for conditions of an economic downturn
- June 25, 2018: U.S. Federal Reserve Board and OCC proposed amendments to supplementary leverage ratio calculations for G-SIBs and their insured depository institution subsidiaries
- June 28, 2018: FCA consultation on revising the Financial Crime Guide to include insider dealing and market manipulation
- July 5, 2018: FCA consultation on improving disclosure by AFMs to their investors (part of the Asset Management Market Study)
- July 6, 2018: FSB consultation on proposed Recommendations for consistent national reporting of data on the use of compensation tools to address misconduct risk
- July 9, 2018: FCA consultation on its approach to ex post impact evaluation

July 13, 2018: U.S. Federal Reserve Board, FDIC and OCC proposed amendments to regulatory capital rules to address changes to U.S. GAAP

July 17, 2018: EBA consultation on draft Guidelines on the exposures to be associated with high risk

July 20, 2018: EBA consultation on draft guidelines on STS criteria for ABCP securitization

July 20, 2018: EBA consultation on draft guidelines on STS criteria for non-ABCP securitization

July 24, 2018: European Commission proposal for a regulation on Sovereign Bond-Backed Securities

July 24, 2018: European Commission consultation on a proposed Regulation amending the Benchmarks Regulation

July 25, 2018: European Commission consultation on a proposal for Regulation amending MAR and the PR to promote SME Growth Markets

July 27, 2018: EBA consultation on draft Guidelines on disclosure of non-performing and forborne exposures

August 22, 2018: PRA consultation on Securitization: the new EU framework and significant risk transfer

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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