

Financial Services Alerter

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FCA publishes a statement on the use of TTP to modify the UK's derivatives trading obligation

On 31 December, the Financial Conduct Authority (FCA) published a [statement](#) on the use of its Temporary Transition Power (TTP) to modify the UK's derivatives trading obligation (DTO). Without mutual equivalence, the branches of EU firms in London will be caught by a conflict of laws between the EU and UK DTOs. The FCA intends to keep the use of TTP under review and to consider by 31 March 2021 whether market or regulatory developments warrant a review of its approach.

FCA publishes webpage on complaints data for first half of 2020

On 15 December 2020, the Financial Conduct Authority (FCA) published a [webpage](#) on complaints data for the first half of 2020. The data, comprised of 2.96 million complaints, is firm specific for individual firms and aggregates figures for the industry. Travel insurance showed an increase in complaints received. FCA suggests this is attributable to the COVID-19 pandemic.

FCA publishes CP on the implementation of the Investment Firms Prudential Regime

On 14 December 2020, the Financial Conduct Authority (FCA) published a [Consultation Paper](#) (CP) on the implementation of the Investment Firms Prudential Regime (IFPR) setting out proposals relating to:

- the categorisation of investment firms
- prudential consolidation
- own funds and own funds requirements and;
- reporting requirements.

The consultation period closes on 5 February 2021 and the FCA intends to publish two additional consultations in 2021 covering liquidity, risk management, governance and remuneration requirements.

FCA publishes GC on approach of insolvency practitioners to regulated firms

On 7 December 2020, the Financial Conduct Authority (FCA) published a [Guidance Consultation](#) (GC) containing proposed guidance for insolvency practitioners on how to approach regulated firms. The GC sets out the FCA's view on how an insolvency practitioner should ensure regulated firms meet their ongoing financial services regulatory obligations. The consultation covers:

- the FCA's expectations of insolvency practitioners
- considerations for insolvency practitioners before a regulated firm's entry into an insolvency procedure and
- the FCA's expectations when a regulated firm enters into a company voluntary arrangement, scheme of arrangement or restructuring plan.

The consultation period ends on 18 January 2021.

FCA publishes report on RDF and FAMR impact

On 3 December 2020, the Financial Conduct Authority (FCA) published a [report](#) of its evaluation of the impact of the Retail Distribution Review (RDR) and the Financial Advice Market Review (FAMR). The FCA found from its research in 2019 and 2020 that the customers are still holding money in cash instead of investing it for potentially higher returns. This is the case despite the fact that financial market advice has improved.

FCA updates webpage on SRs

On 2 December 2020, the Financial Conduct Authority (FCA) updated its [webpage](#) on securitisation repositories (SRs) under the Securitisation Regulation adding a link to the [application form](#) for registration as a UK SR. The FCA aims to ensure a smooth transition in the reporting of public securitisations before the end of the Brexit transition period.

PRA publishes PS on transposing BRRD II Directive

On 21 December 2020, the Prudential Regulatory Authority (PRA) published a [Policy Statement](#) (PS) on transposing the Bank Recovery and Resolution Directive II. The UK is required to transpose the BRRD II Directive by 28 December 2020. In the PS the PRA sets out its final rules concerning the impact of BRRD II on the Contractual Recognition of Bail-in and Stay in Resolution Parts of the PRA Rulebook.

PRA publishes Dear CEO letter on 2021 priorities for supervising UK deposit takers

On 15 December 2020, the Prudential Regulatory Authority (PRA) published a [Dear CEO letter](#), setting out its 2021 supervisory priorities in relation to UK deposit-takers. PRA's priorities include:

- financial resilience
- credit risk
- operational risk and resilience
- transition from LIBOR to alternative risk-free rate
- competition and future regulatory frameworks and;
- financial risks arising from climate change.

PRA publishes PS on implementation of CRD V

On 9 December 2020, the Prudential Regulatory Authority (PRA) published a [Policy Statement](#) (PS) on the implementation of the Capital Requirements Directive V (CRD V) setting out:

- rules and other materials on the implementation of CRD V requirements relating to Pillar 2
- remuneration
- the application of prudential requirements to approved holding companies and;
- capital buffers.

The PRA will publish the final rulebook instruments and supervisory material on 28 December 2020.

PRA publishes CP on UK consolidation groups

On 9 December 2020, the Prudential Regulatory Authority (PRA) published a [Consultation Paper](#) (CP) on its approach to designating entities within certain UK consolidation groups as responsible for ensuring that consolidated prudential requirements are met during a transitional period. The CP targets banks and PRA-designated investment firms that are part of a UK consolidation group controlled by a mixed or parent holding company.

The consultation period closes on 16 December 2020.

PRA publishes statement on operational resilience supervisory co-operation

On 3 December 2020, the Prudential Regulatory Authority (PRA) published a [statement](#) on supervisory co-operation, recognising that banks have made progress in enhancing operational reliance in recent years as seen through their response to the challenges posed by the pandemic. The PRA is committed to working closely with the European Central Bank (ECB) and the US Federal Reserve to ensure that supervisory approaches on operational reliance are coordinated properly.

PRA publishes PS on Solvency II after Brexit transition period

On 2 December 2020, the Prudential Regulatory Authority (PRA) published a [Policy Statement](#) (PS) on its approach to publishing Solvency II technical information after the Brexit transition period ends. The PRA has made changes to the draft policy in order to address a number of operational concerns that were raised by respondents to its June 2020 [Consultation Paper](#) (CP) and clarifies that the changes do not result in any additional requirements on firms.

The PS will come into effect at the end of the transition period, which is expected to be 11pm on Thursday 31 December 2020.

House of Commons publishes briefing paper on LC&F

On 24 December 2020, the House of Commons published a [briefing paper](#) on London Capital & Finance (LC&F), focusing on mini-bonds and the failure of LC&F to advertise to its customers in a way that is clear, not misleading and fair.

The paper discusses a number of topics including:

- mini-bonds and failure
- scope of investigations
- findings from the FCA investigations
- compensation for bondholders and;
- parliamentary activity.

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