

Financial Services Alerter

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FCA publishes guidance on customers in financial difficulty

On 30 October 2020, the Financial Conduct Authority (FCA) published [guidance](#) outlining its expectations of how firms should continue to help customers who hold insurance and premium finance products and who are facing financial difficulty due to the pandemic. The guidance comes into force on 1 November 2020 and supplements guidance published in August 2020.

FCA publishes webpage on SM&CR

On 27 October 2020, the Financial Conduct Authority (FCA) published a [webpage](#) on its directory of certified and assessed persons confirming the dates for directory person data submissions by firms under the Senior Managers and Certification Regime (SM&CR). The FCA will begin to publish data on the financial services register from 23 November 2020 and to display data from solo-regulated firms starting from 14 December 2020.

FCA publishes a dear CEO letter to claims management companies

On 26 October 2020, the Financial Conduct Authority (FCA) published a Dear CEO [letter](#) to claims management companies (CMCs) identifying a number of issues relating to applications for reauthorisation. The FCA expects CMCs to have a good understanding of the requirements take a pro-active approach to regulatory compliance and deal with the FCA in an open and co-operative way.

FCA publishes guidance for insurance and premium finance firms

On 16 October 2020, the Financial Conduct Authority (FCA) published [draft guidance](#) outlining its expectation of how firms should seek to help customers who hold insurance and premium products and, due to the pandemic, are facing financial difficulty. The FCA recommends that firms communicate and encourage their customers to make contact if they are experiencing financial difficulties. The deadline for comments on the draft guidance was 20 October 2020.

FCA publishes PS on investment products referencing crypto assets

On 6 October 2020, the Financial Conduct Authority (FCA) published a [Policy Statement](#) (PS), "Prohibiting the sale to retail clients of investment products that reference cryptoassets". FCA expects firms to comply with the prohibition contained in its final rules and will only review its position if it sees robust evidence indicating that the crypto asset market has changed and that the identified drivers of harm no longer pose a threat to retail customers.

FCA publishes statement on digital sandbox pilot

On 5 October 2020, the Financial Conduct Authority (FCA) published a [statement](#) announcing that it had launched its digital sandbox pilot to support innovative firms tackling challenges caused by the COVID-19 pandemic. The pilot programme will contribute to the establishment of an ongoing digital sandbox focussing on:

- preventing fraud and scams
- supporting the financial resilience of vulnerable consumers and;
- improving access to finance for small and medium-sized enterprises.

PRA publishes CP on resolution policy

On 28 October 2020, the Prudential Regulatory Authority (PRA) published a [Consultation Paper](#) (CP) revisiting its operational continuity in resolution policy (OCIR). The purpose of the proposals is to improve firms' resolvability and support the Bank of England's (BoE) approach to assessing resolvability. The PRA proposes changes:

- in the operational arrangements supporting the viability of the firm
- changes to the policy regarding the way firms' financial arrangements facilitate operational continuity
- changes to provide clarity and amendments to facilitate continuity throughout post-resolution restructuring and;
- reduce the burden on firms of implementing OCIR policy without compromising a firm's safety and soundness.

The consultation period closes on 31 January 2020 and the PRA intends to publish its final policy in H1 2021.

PRA publishes CP on overseas IRB models for credit risk

On 12 October 2020, the Prudential Regulatory Authority (PRA) published a [Consultation Paper](#) (CP) outlining its approach to overseas internal ratings based (IRB) models for credit risk. The PRA proposes to allow UK headquartered groups to use non-UK IRB models developed to meet non-UK IRB requirements for group consolidated capital requirements. The consultation period closes on 12 January 2021 and the PRA's proposed implementation date is 1 July 2021.

PRA publishes letter to credit unions

On 7 October 2020, the Prudential Regulatory Authority (PRA) published a [letter](#) to directors of credit unions on COVID-19. The letter focuses on the following issues:

- PRA rule modification
- PRA's current supervisory focus and priorities and;
- regulatory reporting.

PRA publishes CP on market risk changes

On 6 October 2020, the Prudential Regulatory (PRA) published a [Consultation Paper](#) (CP) on market risk, the calculation of risks not in value at risk (RNIV), and stressed value at risk (sVaR). The changes proposed by the PRA affect all firms to which the Capital Requirements Directive (CRD) and the Capital Requirements Regulation (CRR) apply. The consultation period closes 6 November 2020 and the proposed changes will take effect from the publication of the PRA's final policy.

BoE publishes CP on assessing resolvability

On 28 October 2020, the Bank of England (BoE) published a [Consultation Paper](#) (CP) highlighting its approach on assessing resolvability. The CP proposes amendments to a number of BoE's policy statements in respect of:

- Approach to assessing resolvability
- Restructuring planning
- Management, governance and communication
- Valuation capabilities

The consultation period closes on 31 January 2020.

BOE published a webpage on ISO 20022 migration

On 13 October 2020, the Bank of England (BoE) updated its [webpage](#) on the revised approach to ISO 20022 migration. The webpage confirms that the following will be revised:

- Phase 2 (TS2)
- Phase 2.1 (TS2.1)
- Phase 3 (TS3)

The BoE will provide further guidance on these changes, together with technical information, during the week commencing 26 October 2020.

CMA publishes letter on 2002 SME undertakings

On 5 October 2020, the Competition and Markets Authority (CMA) published a [letter](#) relating to AIB Group's non-compliance under the Competitions Commission's 2022 report on the supply of banking services to SMEs - behavioural undertakings. CMA will take no further formal enforcement action given AIB's prompt action to fix the breach and the lack of harm caused to consumers.

FSB publishes report on RegTech and SupTech

On 9 October 2020, the Financial Stability Board (FSB) published a [report](#) on the use of regulatory technology (RegTech) and supervisory technology (SupTech) by regulatory authorities, recognising that such tools could offer important opportunities to benefit financial stability. The FSB concludes that regulatory authorities most commonly use SupTech tools in the form of artificial intelligence for regulatory reporting and data management.

FSB publishes Final Report on CIRR

On 19 October 2020, the Financial Stability Board (FSB) published a [Final Report](#) on a toolkit of effective practices for cyber incident response and recovery (CIRR). The FSB promotes the toolkit to national authorities as they examine and modify their approaches to regulation or supervision. The toolkit comprises of 49 effective practices and is structured across:

- governance
- planning and preparation
- analysis
- mitigation
- restoration and recovery
- co-ordination and communication and;
- improvement.

FSB publishes roadmap on LIBOR

On 16 October 2020, the Financial Stability Board (FSB) published a [roadmap](#) containing actions to be taken by financial and non-financial institutions with exposure to the London Interbank Offered Rate (LIBOR) benchmarks in order to ensure a smooth transition away from LIBOR by the end of 2021. A number of deadlines were highlighted:

- end of 2020 - firms should be able to offer non-LIBOR linked loans to their customers
- mid-2021 - firms should have established formalised plans to amend legacy contracts and;
- end of 2021 - firms should be prepared for LIBOR to cease.

FSB publishes report presenting roadmap on cross-border payments

On 13 October 2020, the Financial Stability Board (FSB) published a [report](#) presenting a roadmap to enhance cross-border payments. The roadmap addresses key challenges faced by cross-border payments, the frictions in existing processes and recommendations in five areas:

- enhance cross boarder payment in public and private sector
- co-ordinate regulatory, supervisory and oversight frameworks
- improve payment infrastructures
- enhance data and market practices and;
- explore new payment infrastructures and arrangements.

FSB publishes report on BigTech

On 12 October 2020, the Financial Stability Board (FSB) published a [report](#) on BigTech firms, noting that they have expanded with greater speed into emerging markets and developing economies than into advanced economies. The FSB will deliver the report to G20 finance ministers ahead of their meeting on 14 October 2020.

FOS publishes ombudsman news issue 154

On 28 October 2020, the Financial Ombudsman Service (FOS) published [issue 154](#) which includes the FOS's comments on:

- the impact of the pandemic on complains from small and medium enterprises
- changes to the FOS's independent assessor and board of directors
- half-yearly complains data
- a blog on how the FOS has helped small businesses with life-changing financial disputes.

FMLC publishes a letter responding to HMT consultation

On 26 October 2020, the Financial Markets Law Committee (FMLC) published a [letter](#) responding to HM Treasury's [Consultation Paper](#) (CP) on cryptoasset promotions. The FMLC highlighted that:

- the words "transferable" and fungible" in the definition of "qualifying cryptoasset" do not provide the certainty needed to determine which cryptoassets fall within the proposed financial promotion regime and;
- authorities should consider the uncertainty that might be caused by a proliferation of sometimes conflicting or overlapping definitions.

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