

Financial Services Alerter

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FCA calls on authorised fund managers to scrutinise liquidity management

On 4 November 2019, the FCA published a [letter](#), “Effective liquidity management: good practice for Authorised Fund Managers” sent by Nick Miller, head of the FCA Asset Management Department to the Chairs of authorised fund managers (AFMs). In the letter, Mr Miller calls on AFMs to be mindful of their obligations on portfolio composition and liquidity management, making reference to, among other things, a 2018 International Organization of Securities Commissions (IOSCO) [final report](#) on liquidity risk management for collective investment schemes.

FCA publishes UK EMIR validation rules

On 7 November 2019, the FCA updated its [webpage](#), “FCA statement on the reporting of derivatives under the UK EMIR regime in a no-deal scenario”, highlighting that if the UK leaves the EU without a deal on 31 January 2020, UK reporting counterparties and UK Trade Repositories (TRs) should use the [UK EMIR validation rules](#) when submitting derivative transactions entered into from 11.00pm on 31 January 2020 onwards.

SEC decision to continue no-action relief on MiFID2 inducements and research provisions welcomed by FCA

On 8 November 2019, the FCA published a [webpage](#), “Statement on MiFID2 inducements and research”, welcoming the United States Securities and Exchange Commission’s (SEC) [extension](#) of its ‘no action letter’, on the possibility of conflict between US regulation and MiFID2, until 3 July 2023. The existing relief was originally due to expire on 3 July 2020.

Investment Association publishes final report on responsible investment framework

On 18 November 2019, the Investment Association (IA) published a [final report](#), “IA Responsible Investment Framework”, providing a set of standard definitions that encompass different components of responsible investment. It also includes an overview of the responses received to its January 2019 consultation on the same subject and outlines next steps on developing a coordinated approach to responsible investment.

FCA publishes Handbook Notice 71

On 22 November 2019, the FCA published [Handbook Notice 71](#), setting out changes made to the FCA Handbook by the FCA Board on 24 October and 21 November 2019 and by the Financial Ombudsman Service Board on 30 October 2019.

FCA introduces temporary intervention on marketing of speculative mini-bonds to retail investors

On 26 November 2019, the FCA published a [statement](#), “Temporary intervention on the marketing of speculative mini-bonds to retail investors” detailing its decision to ban the promotion of high risk speculative mini-bonds to most retail consumers. The ban affects unlisted bonds and preference shares where the issuer uses the funds raised to lend to a third party, invest in other companies, or purchase or develop property.

The rules apply from 1 January 2020 to 31 December 2020.

FCA publishes guidance on approving unauthorised persons' financial promotions

On 26 November 2019, the FCA published a [webpage](#), “Approving financial promotions” setting out guidance on approving the financial promotions of unauthorised persons under s. 21 of FSMA. There are no new standards included in the guidance. Instead, the FCA explains the practical implications of the FCA's existing requirements on financial promotions in Chapter 4 of COBS. The guidance follows on from two Dear CEO letters sent by the FCA in January and April 2019.

FCA publishes consultation on extending SMCR to benchmark administrators

On 29 November 2019, the FCA published [consultation paper](#) CP19/31, “Extending the Senior Managers Regime to the Benchmark Administrators” in which the FCA sets out how it proposes to apply SMCR to benchmark administrators that do not undertake any other regulated activities. The consultation period closes on 28 February 2020.

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