

# Financial Services Alerter

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## FCA publishes statement on bank branch closures

On 28 January 2021, the Financial Conduct Authority (FCA) published a [statement](#) urging banks to reconsider branch closures during the COVID-19 lockdown. The FCA is concerned that the closures of branches could have significant consequences for customers. It may be harder than usual to reach all customers under the current restrictions and engage effectively with them on closure proposals. The FCA expects banks to:

- communicate with customers in a way that is clear, fair and not misleading when informing them of the closure proposals
- give customers clear information about how the firm can help them access alternatives during the period of national restrictions and;
- engage with customers to understand their needs and properly consider how they will be affected by the closure proposals.

## FCA publishes CP restricting CMC charges for financial products and services claims

On 21 January 2021, the Financial Conduct Authority (FCA) published a [Consultation Paper](#) (CP) restricting claims management company (CMC) charges for financial products and services claims. The FCA proposes to:

- address consumer harm by restricting the fees that can be charged to a consumer for a claim management activity
- enhance requirements for all CMCs to disclose information to help consumers make an informed choice about using claims management services in cases where there is an option to claim under a statutory scheme and;
- make minor changes to clarify and improve aspects of our existing rules for CMCs.

The consultation period closes on 21 April 2021.

## FCA publishes statement on review of regulatory permissions

On 18 January 2021, the Financial Conduct Authority (FCA) published a [statement](#) notifying regulated firms to regularly review their regulatory permission under Part 4A of the Financial Services and Markets Act 2000 (FSMA) to ensure that they stay up-to-date with any changes made. The FCA will however notify firms of any material changes, in relation to those that would come into effect with the Financial Services Bill 2019-21.

## FCA publishes a report on consumer investments data

On 18 January 2021, the Financial Conduct Authority (FCA) published a [report](#) on its consumer investments data review setting out the work that it has undertaken between 1 January and 31 October 2020. The FCA's work relates to the three strategic outcomes of its consumer investments strategy:

- stopping and disrupting firms and individuals causing harm
- supporting and guiding consumers to investments that meet their needs and;
- incentivise firms to address problems by dealing fairly with customer complaints and paying redress.

## FCA publishes webpage on MoUs following the end of the Brexit transition period

On 14 January 2021, the Financial Conduct Authority (FCA) published a [webpage](#) on the memorandums of understanding (MoUs) it has entered into with the European authorities in a number of areas including:

- securities
- investment services and asset management
- insurance and pensions and;
- banking.

The webpage also provides a link to the PRA [website](#), where MoUs with EU and EEA NCAs covering supervisory co-operation and information sharing arrangements in the field of banking, can be found.

## FCA publishes Market Watch issue 66

On 11 January 2021, the Financial Conduct Authority (FCA) published [issue 66](#) of Market Watch on market conduct and transaction reporting issues, which contained the following key points:

- firms should continue to comply with the recording obligations in its Senior Management arrangements, Systems and Controls sourcebook
- firms should take reasonable steps to record telephone conversations and keep a copy of electronic communications of activities
- firms must have effective and up-to-date recording policies and;
- firms should provide enhanced or refreshed training to staff on the use of new technologies.

## FCA publishes financial resilience survey

On 7 January 2021, the Financial Conduct Authority (FCA) published a new [webpage](#) setting out the data it has obtained by having carried out its COVID-19 financial resilience survey during 2020. The key findings are as follows:

- firms have experienced a significant change in their liquidity
- 59% of respondents expected COVID-19 to negatively impact their net income

- payments and e-money where the least profitable firms, followed by wholesale financial markets, investment management, insurance intermediaries and brokers, retail lending and retail investments and;
- retail lending has made most use of the available government support.

The FCA intends to repeat the survey in the future in order to understand how COVID-19 is impacting financial services over time.

## **PRA publishes CP on depositor protection identity verification**

On 20 January 2021, the Prudential Regulatory Authority (PRA) published a [Consultation Paper](#) (CP) setting out proposed rules regarding the identity verification required for eligibility of depositor protection under the Financial Services Compensation Scheme (FSCS). It also proposed amendments to [Supervisory Statement \(SS\) 18/15](#), including a new expectation that Insolvency Practitioners should carry out identity verification in the event that a firm had failed to do so by the compensation date.

The PRA proposes that changes resulting from the CP should be implemented from 24 March 2021.

## **PRA publishes CP on branch and subsidiary supervision**

On 11 January 2021, the Prudential Regulatory Authority (PRA) published a [Consultation Paper](#) (CP) on its proposed approach to supervising the UK activities of PRA-authorized banks and designated investment firms that are headquartered outside of the UK. The proposals in the CP are intended to clarify for international banks the implications that may arise when structuring their operations. The consultation period closes on 11 April 2021 and the proposed implementation date for the final policy is Q2 2021.

## **PRA publishes CP on GBP transition to SONIA under Solvency II regime**

On 7 January 2021, the Prudential Regulatory Authority (PRA) published a [Consultation Paper](#) (CP) on deep, liquid and transparent (DLT) assessments and GBP transition to the Sterling Overnight Index Average (SONIA), under the Solvency II regime. The CP set out PRA's approach to DLT assessments and the transition to Solvency II technical information (TI) from the London Interbank Offered Rate (LIBOR) to SONIA in 2021.

The consultation period closes on 31 March 2021.

## **HMT publishes statement on the UK and Switzerland co-operation of financial services**

On 28 January 2021, HM Treasury published a [statement](#) on its plans move to the next stage of talks between the UK and Switzerland on an agreement on financial services. The UK and Swiss governments announced their intention to develop a mutual recognition agreement on financial services in June 2020 through a [joint statement](#).

## HMT publishes letter on EMIR 2.2

On 12 January 2021, HM Treasury (HMT) published a [letter](#) clarifying certain aspects of EMIR 2.2. The letter is in response to the questions raised by the European Union Committee and focusses on the:

- changes to delegated acts on central counterparty (CCP) recognition
- impact of comparable compliance and;
- supervisory co-operation between Bank of England (BoE) and the European Securities and Markets Authority (ESMA).

## HMT publishes response to consultation on expanding dormant assets scheme

On 9 January 2021, HM Treasury (HMT) and the Department for Digital, Culture, Media and Sport published a [response](#) to HM Government's [Consultation Paper](#) (CP) on expanding the dormant asset scheme established under the Dormant Bank and Building Society Account Act 2008. Assets within the scope of expansion include:

- proceeds of dormant life insurance and retirement income policies
- proceeds of dormant shares or units in collective investments
- dormant investment asset distributions and proceeds
- proceeds of dormant shares and;
- unclaimed proceeds from corporate actions.

## HMT publishes CP on regulatory approach to cryptoassets and stablecoins

On 7 January 2021, HM Treasury (HMT) published a [Consultation Paper](#) (CP) on the regulatory approach to cryptoassets and stablecoins. HMT wants to ensure that the UK regulatory framework is equipped to harness the benefits of new technologies, supporting innovation and competition, while mitigating risks to consumers and financial stability. The CP proposes a sound regulatory environment for stablecoins, especially in relation to stable tokens used as a means of payment.

The consultation period closes on 21 March 2021.

## FSB publishes 2021 work programme

On 20 January 2021, the Financial Stability Board (FSB) published its [2021 work programme](#) which reflects a strategic shift in priorities due to COVID-19.

Important FSB work programme items include:

- international cooperation and coordination related to COVID-19
- non-bank financial intermediation (NBFIs)
- central counterparty resilience, recovery and resolvability

- cross-border payments
- climate change and sustainable finance
- interest rate benchmarks and;
- cyber and operational resilience.

## HoC publishes report on Financial Services Bill 2019-21

On 13 January 2021, the House of Commons (HoC) published a [report](#) and [third reading](#) of the Financial Services Bill 2019-21. The Bill will now pass back to the House of Lords for consideration and amendments. The Bill completed its committee stage in the House of Commons on 4 December 2020.

## FMLC publishes response to FCA CP on LIBOR

On 19 January 2021, the Financial Markets Law Committee (FMLC) published its [response](#) to the Financial Conduct Authority's (FCA) [Consultation Paper](#) on powers relating to LIBOR transition. The FMLC highlights two areas of legal uncertainty that it considers should form a key component in the FCA's analysis as to whether and when it may exercise its new powers under the FS Bill:

- practicalities of intervention and scale of the "tough legacy" contracts and;
- issues concerning the use of LIBOR in foreign jurisdictions.

For additional information on our firm, please visit our website at [simmons-simmons.com](https://www.simmons-simmons.com).

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