

Financial Services Alerter

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ESMA publishes final report on CSDR settlement discipline

On 28 August 2020, the European Securities and Markets Authority (ESMA) published a [final report](#) on draft regulatory technical standards (RTS) postponing the date of entry of the settlement discipline regime under the Central Securities Depositories Regulation (CSDR) until 1 February 2020. The RTS cover a number of measures, including:

- rules for trade allocation
- rules for confirmation processes
- cash penalties on failed transactions
- mandatory buy-ins and;
- monitoring and reporting of settlement fails.

ESMA publishes statement on stress test scenarios under MMF Regulation

On 27 August 2020, the European Securities and Markets Authority (ESMA) published a [statement](#) announcing that it will update its 2019 guidelines on stress test scenarios under the Money Market Funds (MMF) Regulation. ESMA intends to collaborate with the European Systemic Risk Board (ESRB) and the European Central Bank (ECB) to modify the risk parameters to reflect COVID-19 related market developments, by Q4 2020.

ESMA publishes letter to EC on AIFMD review

On 19 August 2020, the European Securities and Markets Authority (ESMA) published a [letter](#) sent to the European Commission (EC) setting out 19 areas where it considers improvements could be made to the Alternative Investment Fund Managers Directive (AIFMD). Annex I to the letter sets out key areas in the legislative framework where ESMA proposes amendments to be made and Annex II proposes changes to the AIFMD reporting regime and data use.

EC publishes statement on draft Regulation amending BMR

On 11 August 2020, the European Commission (EC) published a [statement](#) on a **draft** Regulation amending the Benchmark Regulation (BMR) on the exemption of third-country foreign exchange benchmarks and the designation of replacement benchmarks in cessation. The draft Regulation was adopted on 24 July 2020 by the EC and the deadline for comments is 6 October 2020.

ECB publishes report on ICAAP practices

On 11 August 2020, the European Central Bank (ECB) published a [report](#) on banks' Internal Capital Adequacy assessment Process (ICAAP) practices. ICAAP is a risk management instrument that enables banks to assess the risks that they are exposed to, in a structured manner.

EBA publishes response to EC's AML and CTF action plan

On 19 August 2020, the European Banking Authority (EBA) published a [response](#) to the European Commission's (EC) action plan on anti-money laundering (AML) and counter-terrorist financing (CTF). The EBA recommends that the EC:

- harmonises the EU's legal framework, to reduce divergent approaches to incorporating EU ALM / CTF law into national law
- increase cooperation between national supervisors with the EU-level AML / CTF supervisor, to create an effective EU-level oversight and;
- leverage the EU's existing AML / CTF infrastructure.

EBA publishes CP on risk-measurement model under CRR

On 12 August 2020, the European Banking Authority (EBA) published a [Consultation Paper](#) (CP) on criteria for the use of date inputs in the risk-measurement model established by the Article 325bc and 325bh(3) of the Capital Requirements Regulation (CRR). The consultation period closes on 12 November 2020.

EBA publishes final draft ITS and guidelines relating to CRR Amending Regulation

On 10 August 2020, the European Banking Authority (EBA) published three documents relating to amendments to the Capital Requirements Regulation, in light of COVID-19.

- [Final report on draft implementing technical standards \(ITS\) on supervisory reporting](#)
- [Guidelines on supervisory reporting and disclosure requirements](#)
- [Amended guidelines on uniform disclosure of IFRS 9 transitional arrangements under CRR](#)

The EBA has not consulted on these ITS and guidelines because of the urgency of the situation. publishes statement on draft Regulation amending BMR

FMLC publishes letter on EC's AML and CTF action plan

On 27 August 2020, the Financial Markets Law Committee (FMLC) published a [letter](#) addressed to the European Commission (EC) responding to the action plan on preventing money laundering and terrorist financing. FMLC is concerned about the definition of "virtual currencies" in the Fifth Money Laundering Directive (MLD5) as central bank digital currencies, stable coins and any currencies amounting to money at law are currently excluded from the definition.

BIS publishes speech on RegTech and FinTech

On 21 August 2020, the Bank for International Settlements (BIS) published a [speech](#) stating that RegTech and Fintech are high on its agenda and discussing the potential benefits and challenges they pose for regulatory authorities. BIS identified that the lack of transparency around innovative solutions make it difficult for supervisors to understand how undesired events occurred and what steps they need to take in order to prevent reoccurrences.

ISDA publishes letter to FSB

On 13 August 2020, the International Swaps and Derivatives Association (ISDA) published a [letter](#) to the Financial Stability Board's (FSB) Working Group on UTI and UPI Governance (GUUG) requesting more active, improved coordination of global UTI implementation timelines and alignment to the CPMI-IOSCO Harmonisation Group recommendations.

IAIS extends deadline for consultation on impact of COVID-19

On 12 August 2020, the International Association of Insurance Supervisors (IAIS) published a [statement](#) announcing an extension to the deadline of its consultation on the impact of COVID-19. The consultation deadline was originally 28 August 2020 - this has now been extended to 4 September 2020.

IOSCO publishes final report on liquidity provisions

On 11 August 2020, the International Organisation of Securities Commissions (IOSCO) published a [final report](#) on liquidity provisions in the secondary markets for equity securities outlining how liquidity provisions have evolved in equity securities markets, the past few years. The report highlights key elements of market making programmes and liquidity provision incentive arrangements.

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