

Financial Services Alerter

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FCA publishes a statement for senior managers

On 27 March 2020, the Financial Conduct Authority (FCA) published a [statement](#) on senior manager responsibilities for work related travel, setting out how firms should prioritise who should need to travel to the office, and the responsibilities of senior managers in doing so, in the light of the COVID-19 pandemic.

FCA publishes a press release on solo-regulated firms

On 26 March 2020, the Financial Conduct Authority (FCA) published a [press release](#) on its expectations of FCA solo-regulated firms in the light of the COVID-19 pandemic. The FCA expects firms to use capital and liquidity buffers to support the continuation of their activities, to plan ahead and to ensure that their financial resources are soundly managed.

FCA publishes statement on delaying annual company accounts

On 25 March 2020, the Financial Conduct Authority (FCA) published a [statement](#) in response to the COVID-19 crisis, granting temporary relief for listed companies facing the challenges of corporate reporting during the crisis. The measure will allow listed companies which need extra time to complete their audited financial statements an additional two months in which publish them.

FCA publishes speech on “open-ended funds investing in less liquid assets”

On 19 March 2020, the Financial Conduct Authority (FCA) published a [speech](#) by Edwin Schooling Latter on the need to suspend open-ended funds from dealing in response to a high volume of redemption requests, in order to protect investors.

FCA sets out expectations for general insurance firms during the COVID-19 pandemic

On 19 March 2020, the Financial Conduct Authority (FCA) published a [press release](#) in which it set out its expectations for general insurance firms and provided information for consumers about what they should see from their insurance provider during the COVID-19 pandemic.

OPBAS publishes report on progress and themes from 2019

On 19 March 2020, the Financial Conduct Authority's (FCA) Officer for Professional Body Anti-Money Laundering Supervision published a [report](#) on progress made in tackling money laundering over the past year. The report noted that accountancy and legal professions have made strong improvements in their supervision of anti-money laundering work, although some professional body supervisors are still lagging behind their peers and must continue to raise their standards further.

Temporary prohibition of short selling

On 17 March 2020, the Financial Conduct Authority (FCA) published a [statement](#) in which it – announced the temporary prohibition of short selling in specified instruments, made - under Articles 23 (1) and 26 (4) of the Short Selling Regulation.

FCA issues research on mortgage switching

On 10 March 2020, the Financial Conduct Authority (FCA) released a Mortgage switching [research report](#), an [Occasional Paper \(OP54\)](#) on the characteristics of consumers who do not switch and an [Occasional Paper \(OP55\)](#) on brand loyalty in the mortgage market to encourage consumer seek out better deals.

FCA begins review on data in wholesale markets

On 9 March 2020, the Financial Conduct Authority (FCA) published a [Call for Input](#) to better understand how data and advanced analytics (in wholesale markets) are being accessed and used, the value offered to market participants and whether they are competitively sold and priced.

The FCA publishes speech by Therese Chambers on Unstable coins

On 6 March 2020, the Financial Conduct Authority (FCA) published a [speech](#) by Therese Chambers on unstable coins: crypto assets, financial regulation and preventing financial crime in the emerging market for digital assets. The speech addressed the issues of financial transfers without having a financial intermediary, money launder via crypto-assets, regulation without hampering innovation and outlined the FCA's Anti-Money Laundering regime for crypto-assets.

FCA publishes DP20/1: Transforming culture in financial services – driving purposeful cultures

On 5 March 2020, the Financial Conduct authority published a [Discussion Paper](#) (DP 20/1) “Transforming culture in financial services: Driving purposeful cultures”. DP 20/1, comprised of a set of essays which present a range of views from industry leaders, professional bodies and culture experts to help firms embed purposeful cultures.

HMT publishes statement on use of regulator’s temporary transitional power

On 25 March 2020, the HM Treasury published a [statement](#) by John Glen (Economic Secretary to the Treasury) on the powers of the regulators to smooth adjustments to the UK regulatory regime for financial services at the end of the Brexit transition period.

HMT, BoE and FCA publish letter to banks on impact on bank lending

On 25 March 2020, the HM Treasury, Bank of England (BoE) and Financial Conduct Authority (FCA) published a [letter](#) on the necessity for the government, the regulators and the industry continue working together to mitigate the longer lasting effects of COVID-19 on jobs, growth and the UK economy.

HMT publishes draft version of the Over the Counter Derivatives, Central Counterparties and Trade Repositories

On 24 March 2020, the HM Treasury published a [draft legislation](#) “The Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2020”, accompanied by an [explanatory memorandum](#), to address certain deficiencies in retained EU Law in EMIR and related UK legislation.

HMT publishes CP on taxation impacts arising from the withdrawal of LIBOR

On 19 March 2020, the HM Treasury published a [Consultation Paper](#), on “Taxation impacts arising from the withdrawal of LIBOR.” HMRC has identified several statutory references to LIBOR that need to be amended following LIBOR withdrawal and HM Revenue & Customs aims to also fully understand the significant tax impacts that could arise from the reform of LIBOR and other benchmark rates.

HMT publishes CP on overseas funds regime

On 11 March 2020, the HM Treasury published a [Consultation Paper](#) “Overseas funds regime”, to simplify the process for allowing investment funds set up overseas to be marketed in the UK. The CP sets out the government’s proposal for a new process allowing investment fund domiciled overseas to be sold to UK investors. Two new ‘overseas fund regimes’ are proposed based on the principle of equivalence for retail investment funds and for money market funds.

HMT publishes PS on prudential standards in the Financial Services Bill

On 11 March 2020, the HM Treasury published a [Policy Statement](#) “Prudential standards in the Financial Services Bill”, in which it outlines the Government’s intention to implement the internationally agreed Basel III banking standards in the UK.

HMT publishes CP on tax treatment of asset holding companies in alternative fund structures

On 11 March 2020, the HM Treasury published a [Consultation Paper](#) “Tax treatment of asset holding companies in alternative fund”, in which it explores whether changes to tax treatment of companies used by funds to hold assets could make the UK a more attractive location for these companies.

BoE published PC8/20 on Management Expenses

On 27 March 2020, the Bank of England (BoE) published a [Policy Statement](#) “Financial Services Compensation Scheme – Management Expenses Levy Limit 2020/21” providing feedback to responses to Consultation Paper 1/20 ‘Financial Services Compensation Scheme – Management Expenses Levy Limit 2020/21 and containing the final rules for the Financial Services Compensation Scheme Management Expenses Levy Limit for 2020/21 (Appendix).

BoE published summary of FPC meeting on October 2019.

On 24 March 2020, the Bank of England (BoE) published the [Financial Policy Summary and Record](#) of the meetings of its Financial Policy Committee (FPC) on 9 and 19 March 2020. The two main topics of attention were, the actions of the FPC to respond to the financial stability risks associated with the economic disruption resulting from COVID 19 and Brexit.

BoE publishes DP on Central Bank Digital Currency

On 12 March 2020, the Bank of England (BoE) published a [Discussion Paper](#) “Central Bank Digital Currency: opportunities, challenges and design”, on whether to introduce a Central Bank Digital Currency (CBDC) that could be used by households and businesses to make payments.

BoE publishes statement by the PRA accompanying measures announced by the FPC

On 11 March 2020, the Bank of England (BoE) published a [statement](#) by the Prudential Regulatory Authority (PRA) on the Financial Policy Committee’s (FPC) decision to set the UK’s countercyclical capital buffer (CCyB) rate at 0% with immediate effect.

BoE updates SP7/13

On 10 March 2020, the Bank of England (BoE) published an amended version of [Supervisory Statement 7/13 \(SP\)](#) which will come into effect on 1 April 2020. The SP explains how the Prudential Regulation Authority (PRA) expects firms to which the Capital Requirements Directive (CRD) IV applies to comply with the relevant provisions on the quality of capital in CRD IV.

FATF publishes work on stable coins and risk-based supervision

On 24 March 2020, the Financial Action Task Force (FATF) published the [March 2020 edition](#) of its private sector business bulletin. The FATF closely monitors the implementation and impact of its new anti-money laundering (AML) and counter-terrorist financing (CTF) standards on virtual assets, including the progress made towards fully implementing the "travel rule".

PRA publishes VAR back-testing exceptions

On 30 March 2020, the Prudential Regulatory Authority (PRA) published a [statement](#) on its approach to value-at-risk (VAR) back-testing exceptions to mitigate the possibility of excessively pro-cyclical market risk capital requirements. The PRA temporarily enables firms to offset increases due to the new exceptions through a commensurate reduction in risks-not-in-VAR capital requirements.

PRA publishes statement on exposure value for internal models method CCR

On 30 March 2020, the Prudential Regulatory Authority (PRA) published a [statement](#) on calculating exposure under the internal model method counter party credit risk (CCR). The PRA clarifies that the Capital Requirements Regulation (575/2013) does not preclude firms using the IMM to measure the exposure value including collateral which has not yet settled at the time of calculation.

PRA publishes Dear CEO letter

On 26 March 2020, the Prudential Regulatory Authority (PRA) published a [Dear CEO letter](#), setting out guidance on estimating expected credit loss (ECL) and the regulatory definition of default in light of the COVID-19 pandemic.

PRA publishes PS5/20

10 March 2020, the Prudential Regulatory Authority (PRA) published a [Policy Statement](#) (PS5/20) "Regulatory Capital Instrument: update to Pre-Issuance Notification (PIN) requirements", in which it highlights the following areas:

- amendments to the Definition of Capital Part of the PRA Rulebook (Appendix 1);
- an updated Supervisory Statement (SS) 7/13 'Definition of capital (CRR firms)' (Appendix 2);
- an updated PIN form (Appendix 3);
- an updated Common Equity Tier 1 (CET1) compliance template (Appendix 4); and
- a summary table showing the PRA's final clarification of 'sufficiently in advance' notification and 'substantially the same' terms (as defined in updated SS7/13) (Annex)

LSB publishes document on SLP for business customers

On 26 March 2020, the Lending Standards Board published an updated version of its Information for Practitioners [document](#) relating to Standards of Lending Practices for business customers on product sales. The document provides non-exhaustive examples of the approach registered firms may wish to take into consideration when seeking to adhere to the Standards on product sale.

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

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