

Being better informed

FS regulatory, accounting and audit bulletin



PwC FS Risk and Regulation Centre of Excellence

September 2018

In this month's edition:

- **Brexit:** FCA writes to CEOs on cross-border booking models
- **Analysis:** Preparing for BMR and LIBOR transition
- **Conduct:** FCA reviews Consumer Credit Act
- **Prudential:** EBA updates COREP and FINREP reporting

Executive summary



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'Welcome to this edition of 'Being better informed', our monthly FS regulatory, accounting and audit bulletin, which aims to keep you up to speed with significant developments and their implications across all the financial services sectors.'

Welcome back after the summer break, which brought the usual slowdown in regulatory developments.

Brexit activity is continuing apace however, with HMT publishing four proposed statutory instruments to allow EEA financial services firms to continue their UK activities after Brexit under the Temporary Permissions Regime while they apply for full authorisation. Meanwhile the Government issued guidance for financial services firms and customers on preparing for a no deal Brexit. The guidance identifies a number of risks for firms, and while these are unlikely to tell businesses anything new, the guidance may serve to galvanize action.

Regulators are also continuing their preparations for Brexit. The FCA issued a Dear CEO letter on cross-border booking arrangements, setting out six principles with which firms' proposed booking models should comply. The regulator makes clear that where firms are expanding their presence in the EU-27, any structural changes they make must not compromise the FCA's ability to supervise the UK business, nor the firm's ability to meet the threshold conditions. Firms expanding their presence in the EU-27 should ensure the FCA is kept informed of, and comfortable with, all proposed changes to legal entity structures and booking models that could impact their presence in the UK.

Elsewhere, regulators and industry bodies have been urging market participants to quicken the pace of transition away from LIBOR to alternative risk-free reference rates. This ongoing development of alternatives to replace LIBOR adds a further complication to BMR users' compliance with the BMR. In our feature article this month, we take a look at the steps users need to take to comply with the BMR, and how they should manage the impact of the move away from LIBOR.

We expect the pace of regulatory activity to pick up as we move into autumn, with a particular focus on Brexit and the implementation of domestic reforms.

On Brexit, the FCA and PRA plan to consult on further details of the Temporary Permissions Regime for EEA firms. In the insurance sector, firms will be focusing on final preparations for the IDD which takes effect on 1 October, while the FCA is due to publish an update on its wholesale insurance brokers market study.

Meanwhile banks should look out for papers on the FCA's strategic review of retail banking business models and its mortgage market study, as well as efforts in the EP to progress the banking package legislation, which includes measures on non-performing loans. And in the asset management sector, firms should keep an eye on the development of the EU's

proposals to review the prudential regime for investment firms, and the progress of new thematic work being undertaken by the FCA.

For now, we hope you enjoy reading the latest updates.

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How LIBOR reform impacts BMR user requirements



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Our research into the status of industry readiness for the *BMR* gave an early indication that users subject to the regulation were not as prepared for it as one would expect¹. Whereas previous guidance and regulation of benchmarks focused on administration and contribution, the BMR subjects EU-supervised users to regulation for the first time. Thus it may not come as a surprise that despite a general familiarity with BMR, users still appear unclear about their obligations under a regulation which came into effect more than nine months ago. This was suggested by the FCA's broadcast email after BMR went live in January 2018, explaining that users were not subject to authorisation and should familiarise themselves with their regulatory obligations.

User confusion may be explained by the lack of a clear definition of what is meant by a 'user', and varying deadlines for user compliance such as obligations which are triggered by the authorisation of the administrator. Generally speaking, EU-supervised users were supposed to be in compliance with most BMR obligations as of 1 January 2018, with the requirement to update prospectuses dependent on the authorisation date of the administrator. Meanwhile, EU-supervised users must contend with a further complication: the

ongoing development of alternative reference rates to replace LIBOR.

In this article, we discuss BMR user requirements and attendant compliance dates. We also apply BMR to the specific case of LIBOR and its administrator IBA to highlight the impact of LIBOR reform on each requirement, and consider what BMR users need to do to prepare.

Understanding 'use' under BMR

The EU is among the first jurisdictions to impose a comprehensive, legally binding regulatory regime governing the administration of, contribution to and, for the first time, use of financial benchmarks. Users are unfamiliar with a regulatory framework governing benchmarks. During the proposal stage of BMR, industry organisations expressed frustration at the lack of a specific definition of 'use' and perceived ambiguity around user requirements.

Although based on the non-binding IOSCO Principles, BMR is directly applicable to all EU Member States and legally binding on EU-supervised firms. It is broader in scope than the IOSCO Principles in that it imposes requirements on both contributors and users, and governs benchmarks used to

measure the performance of an investment fund in the EU. BMR is also broader than UK rules which governed the administration and contribution of eight specified benchmarks (including LIBOR). BMR replaced the current UK rules applicable to LIBOR once the administrator IBA was authorised in late April 2018.

Confusingly, BMR does not define 'user'. Instead, firms rely on the definition of 'use of a benchmark' in BMR Art. 3(1)(7), which industry criticised as merely a repetition of the definition of a 'benchmark' in BMR Art. 3(1)(3).

While benchmark users seek to understand and embed the requirements of BMR, they're simultaneously contending with a major challenge: the transition away from LIBOR and similar benchmarks. Users of financial benchmarks across the globe are preparing for the transition. For those outside the EU, it is a business necessity; but in the EU, the transition is driven by a regulatory imperative with stricter deadlines.

In brief, the world's most used financial benchmark is, in the terminology of BMR, no longer 'representative' of the underlying market it purports to measure. LIBOR was originally based on the rate at which banks borrow in wholesale markets. However, due

¹ PwC FSRR BMR Industry Readiness Analysis (March 2017).

to changes in funding practices, that market is increasingly inactive. As a result, the 20 panel banks which submit input data for the calculation of LIBOR rely more heavily on discretion and judgment (the interest rate at which they *would* pay to borrow in wholesale markets) instead of verifiable transaction data (the interest rate *actually* paid to borrow in wholesale markets).

The FCA reached an agreement with contributors to continue submissions until the end of 2021, two years beyond the end of the BMR transitional period. During this period, global regulators and industry are collaborating on developing and/or designating alternative RFRs to replace LIBOR. Non-EU users have until the end of 2021 to replace LIBOR in financial instruments, financial contracts and investment funds. EU-supervised users must act much sooner.

BMR requirements for EU-supervised users

Even though there are only four key rules in BMR that apply directly to EU-supervised users, the impact is considerable.

Prohibition on use

Firstly, under BMR Art. 29(1), EU-supervised entities can only use financial benchmarks of authorised, registered and recognised administrators and endorsed

benchmarks which appear on the ESMA Register. As of 1 January 2018, EU-supervised entities may no longer use the benchmarks of new administrators until the administrator is approved. New administrators are those who started producing benchmarks for the first time as of 1 July 2016. Supervised entities can continue using the benchmarks of third country and pre-existing EU administrators until 1 January 2020 or until their applications for approval are rejected.

The FCA authorised IBA as an administrator under BMR on 27 April 2018². As a pre-existing EU administrator, IBA could have benefited from the transitional provisions had it chosen to do so. Now, however, the extended transitional deadline of 1 January 2020 no longer applies because IBA is a BMR administrator. Consequently, all BMR rules applicable to IBA and supervised users of LIBOR are in effect.

LIBOR is categorised as a critical benchmark under BMR, subjecting IBA to the most stringent standards of governance and oversight. To date LIBOR, EONIA and EURIBOR are the only benchmarks to be designated as critical under BMR. While LIBOR's administrator is authorised, EMMI - the administrator of EONIA and EURIBOR - has not yet received

authorisation by the Belgian Financial Services and Markets Authority.

EU regulators can compel administration of and contribution to critical benchmarks for a limited period. Interestingly, the FCA did not use its authority under BMR to compel contributions to LIBOR. Instead it secured 'the support and agreement' of LIBOR's 20 panel banks to continue contributions until 31 December 2021³.

Robust written plans

Secondly, under BMR Art. 28(2), EU-supervised users must maintain robust written plans, setting out actions they will take should a benchmark they use materially change or cease. This obligation is not limited to LIBOR users. Nevertheless, firms should consider all information currently available from regulators, ISDA and RFR working groups in their written plans for transitioning away from LIBOR by end-2021. This would include the availability of (proposed) alternative RFRs for all five LIBOR currencies⁴. As an example, the EURO RFR Working Group only recently proposed ESTER as a potential replacement for EUR LIBOR. However, the new benchmark may not be published until October 2019. In response to mounting pressure from market participants, the ECB has indicated that

ESTER may be published sooner to facilitate the transition.

Alternative RFRs and fallback provisions

Thirdly, under BMR Art. 28(2), written plans should include, 'where feasible and appropriate', alternative reference rates, indicating why the proposed replacement rate would be suitable. EU-supervised users are also required to include fallback provisions in contract terms. For new contracts, the obligation to nominate alternative reference rates and update contract terms with fallback provisions applies from 1 January 2018. ESMA announced in its Q&As on BMR that legacy contracts can be updated on a 'best efforts basis'.

Strictly speaking, firms should have nominated alternative reference rates and inserted revised fallback provisions in all new LIBOR-linked contracts issued since 1 January 2018. This obligation is complicated by the ongoing efforts of the various RFR Working Groups to develop and/or designate RFRs to replace LIBOR and industry-wide efforts to redraft contract terms.

Some regulators have hinted at a more practical interpretation of this rule, noting that it may not yet be 'feasible and

² ICE Benchmark Administration Becomes Authorised Benchmark Administrator Under EU BMR (30 April 2018)

³ FCA statement on LIBOR panels (24 November 2017)

⁴ LIBOR is published in USD, GBP, EUR, CHF and JPY

appropriate' to nominate alternatives and update fallback terms for LIBOR, such as described above where ESTER is not yet available. This notwithstanding, global regulators and supervisors recently advised firms to start using designated RFRs in new contracts, draw down the stock of legacy contracts referencing LIBOR and consider the legal and regulatory risks of continued use of LIBOR pending transition⁵.

Updated prospectuses

Finally, BMR Art. 29(2) requires that prospectuses include clear and prominent information, stating whether the benchmark referenced in the instrument is provided by an administrator on the ESMA Register. Prospectuses issued before BMR came into effect on 1 January 2018 must be updated by 31 December 2018. Prospectuses approved after 1 January 2018, meanwhile, must be updated once the administrator is on the ESMA register. In the specific case of LIBOR, firms should note in any prospectus issued after 27 April 2018 that the instrument references a benchmark subject to BMR and that IBA is on the ESMA Register. Prospectuses issued between 1 January and 27 April 2018 should be updated as soon as possible. Rules for updating prospectuses vary slightly depending on whether the prospectus is governed by the 2003 or 2009 EU prospectus law. Firms should consider the cost of updating prospectuses

against the cost of transitioning to RFRs for new contracts.

What do firms need to do?

Overall, it's clear that EU-supervised users are managing multiple levels of complexity, implementing a new regulatory framework governing benchmarks users for the first time. It is important that firms pay close attention to the varying compliance deadlines and any further complications due to the interaction with LIBOR reform. This includes closely monitoring developments from UK, EU and global regulators and supervisors as well as industry groups involved in the process of developing replacement rates and revising standardised contract provisions.

It is important to note that compliance with BMR is but one step in the transition plan from LIBOR to an appropriate, alternative RFR. Once firms have drafted robust written plans with alternate RFRs, fallback provisions and updated prospectuses, then the real work begins to update all financial instruments, financial contracts and investment funds that reference LIBOR.

⁵ *PwC Hot Topic: Acceleration of LIBOR transition (August 2018)*

Cross sector announcements

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A brief round up of other regulatory developments



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Regulation

Brexit

FCA outlines Brexit booking model principles

The FCA published a *Dear CEO letter* on Brexit-related cross-border booking arrangements on 8 August 2018. It reminds firms of the need to ensure that the FCA is informed of and comfortable with their plans in advance. The FCA sets out six principles that firms' proposed booking models should comply with and requires that firms can demonstrate how these principles have been observed and implemented.

It states that where firms are expanding their presence in the EU-27, any planned structural changes must not interfere with the FCA's ability to supervise the conduct of the UK business or compromise a firm's ability to meet the threshold conditions. While the FCA indicates it has no desire to restrict business models, it requires that firms comply with these principles:

- firms should set out a clear rationale for their booking arrangements, document them and have them approved by their boards
- risk management should be appropriate for firms' booking activities, including hedging arrangements

- there should be a broad alignment of risk and returns at the entity level
- firms should have adequate systems and controls in place to ensure that booking arrangements are followed
- firms should consider whether responsibility for oversight of booking arrangements should be explicit in their statements of responsibilities
- booking arrangements should not be an impediment to firms' recovery and resolution.

Those firms that are expanding their presence within the EU-27 should ensure that the FCA is kept informed of, and is comfortable with all proposed changes to legal entity structures and booking models that could impact their presence in the UK. The FCA emphasises that UK boards and senior managers of affected firms should ensure they have the appropriate governance in place to enable them to identify and mitigate the potential harm which could arise from modified booking arrangements.

Barnier on Brexit negotiations

Michael Barnier, the EU's lead Brexit negotiator, set out his views on the Brexit negotiations on 2 August 2018. In an op-ed *An ambitious partnership with the UK after Brexit*, Barnier says he's confident a good outcome to the negotiations can be found

but emphasises that risks remain to an agreement. Barnier also states that he views aspects of the UK's proposals in the Government's Brexit White Paper as undermining the single market.

UK Government issues no deal warning

The UK Government published *Banking, insurance and other financial services if there's no Brexit deal* on 23 August 2018. In the publication the Government reasserts that it expects a deal to be reached between the UK and EU-27 but identifies a number of risks for financial services firms should no agreement be reached. These include:

- ability of UK firms to provide regulated services to EEA clients
- inability of UK CCPs to provide clearing services to EEA clearing members and EEA firms to report to UK TRs
- inability of EU securities to be directly settled in the UK, and loss of EU settlement finality protection for UK FMIs
- ineligibility of UK venues to execute certain equity and derivatives trades for EEA firms
- inability of UK firms to undertake certain equity and derivatives trades on EEA trading venues
- loss of the ability for EEA firms to access UK CRAs and inability of the ratings of

UK-based CRAs to be used in the EU for regulatory purposes.

In order to continue to serve EEA clients in a no deal scenario, the Government notes that UK firms could establish a new EU-authorized subsidiary, to which some existing EEA contracts could be transferred.

It adds that delegation of portfolio management activities to the UK by EEA asset managers should continue under a no deal scenario, unless the EU refuses to confirm a third country cooperation arrangement with the UK (as the EU has with the US, Singapore and other major financial centres). We expect the Government to issue a further guidance note on data sharing.

Conduct *Global consultation on central clearing incentives*

The Basel Committee, the CPMI, the FSB and IOSCO (the Committees) released a consultation on *Incentives to centrally clear OTC derivatives* on 7 August 2018. The Derivatives Assessment Team (DAT) was asked by the Committees to re-examine whether adequate incentives are in place to centrally clear OTC derivatives, and analyse the interaction of a number of post-crisis reforms with incentives to centrally clear. The outcome of its analysis aims to inform the Committees about any subsequent potential policy adjustments that may be required.

The DAT found, among other things, that:

- the incentives to centrally clear are strong where there is a favourable capital treatment of centrally cleared derivatives and/or a requirement to exchange initial margin for uncleared derivatives
- dealers and active client firms are incentivised to centrally clear due to high liquidity in the centrally cleared market, and the counterparty credit risk management and netting efficiencies offered by CCPs
- small and less active firms as well as firms with large directional positions are less incentivised to centrally clear
- the provision of client clearing is highly concentrated among a small number of client clearing providers
- the leverage ratio can constrain the provision and/or expansion of client clearing services.

The consultation closes on **7 September 2018**. The Committees expect to publish the final report in November 2018.

Market infrastructure *Consulting on OTC derivatives reporting*

CPMI-IOSCO released a consultative report on *Governance arrangements for critical OTC derivatives data elements (other than UTI and UPI)* on 16 August 2018. The

report represents an additional step towards reporting all OTC derivatives contracts to TRs. It discusses the key criteria, functions and allocation of functions for the governance arrangements for critical data elements. The report also assesses the critical data elements against the other OTC derivatives data elements (UTI, UPI, LEI). Interested stakeholders can submit their feedback by **27 September 2018**.

FSB launches LEI thematic review

The FSB launched a Thematic review on implementation of the LEI on 16 August 2018. The review seeks to evaluate the progress FSB members have made in adopting the LEI by:

- taking stock of the approaches and strategies members used to implement the LEI
- assessing whether current levels and rates of LEI adoption are adequate to support the LEI objectives
- identifying the challenges faced by members in further adopting and using the LEI
- recommending ways to address common implementation challenges.

Interested stakeholders can submit their feedback by **21 September 2018**. The FSB expects to publish the peer review report in the first half of 2019.

Trading

ESMA publishes SI data

ESMA published *systematic internaliser (SI) data for equity, equity-like instruments, and bonds* under MiFID II/MiFIR on 1 August 2018.

Firms that trade in these products must comply with applicable requirements by 1 September 2018. The data includes the total number of trades and total volume for the first six months of this year. This publication is further limited to:

- data received from trading venues with data from at least 95% of the trading dates during that period, and
- OTC trading reported to ESMA.

Last month, ESMA postponed the publication of data for derivatives and other financial instruments such as exchange traded commodities, and structured finance products to 1 February 2019. Firms which are SIs in those instruments must comply by 1 March 2019.

Firms may still choose to opt in to the SI regime before these dates.

Wholesale markets

FX Global Code: past and future

The Global Foreign Exchange Committee (GFXC) published *The FX Global Code at One Year: A Look Back and a Look Ahead* on 6 August 2018. The GFXC reviews developments since the FX Global Code was

launched in May 2017 and outlines the GFXC's future priorities.

Looking back at the main achievements, the GFXC cites that over 320 market participants decided to adhere to the Code by signing the *Statement of Commitment* as of June 2018. Many market participants reviewed their FX business practices in line with the Code's principles as part of the Code adoption process, and some revised or updated client disclosure documents.

Looking ahead, the GFXC plans to:

- continue promoting the Code to all institutions that participate in the global wholesale FX market, with a focus on reaching out to buy-side firms in a customised manner
- find ways to further embed and integrate the Code into the FX market
- further strengthen FX disclosures.

The GFXC also published an updated *version* of the Code and released *minutes* from its meeting on 27 June 2018 to accompany the report.

Accounting

Our publications

IFRS News

Our *IFRS News - August 2018* considers:

- disclosures required in interim financial statements on the initial adoption of IFRS 15

- disclosures required in interim financial statements on the initial adoption of IFRS 9
- IFRS 9 disclosures by banks in 2018 interim reporting and transition documents
- IAS 29 becomes applicable in Argentina
- IFRS 9 - Why be sensitive about sensitivities?

Illustrative IFRS consolidated financial statements

VALUE IFRS Plc Illustrative IFRS consolidated financial statements December 2018 presents sample annual financial reports of a fictional listed company, illustrating the financial reporting requirements that would apply under IFRS issued at 31 May 2018.

PwC Accounting briefing

Our Accounting briefing newsletter is a quarterly technical update, focusing on the practical implications of recent developments and topical issues in UK GAAP and IFRS. *PwC Accounting briefing - August 2018* includes articles about supplier financing arrangements disclosures, illegal dividends and distributable profits, implementation of IFRS 16 - Leases, plus UK GAAP standards and recent amendments. See this [4 minute video](#) for the highlights.

FRC publishes revised Guidance on the strategic report

Our *In brief - FRC publishes revised Guidance on the strategic report* gives an overview of the FRC's revised *Guidance on the Strategic Report* (published on 31 July 2018) including a summary of specific changes and points to note. Whilst the guidance is not mandatory, the FRC expects companies to take it into account where applicable.

Also this month

ABI

The ABI published an updated version of *Combating Pension Scams: A Code of Good Practice* on 17 August 2018, providing guidance to combat the changing nature of pension scams. The revised code also reflects newly introduced pension freedoms and changes to the statutory right to transfer.

Basel Committee

The Basel Committee, the CPMI, the FSB and IOSCO published an updated *Analysis of Central Clearing Interdependencies* on 9 August 2018. The report describes the global network of existing interconnections between CCPs, their members and other financial entities acting as custodians, settlement banks, credit and liquidity providers, or investment counterparties for CCPs. The findings confirm there is a high

level of concentration in the central clearing system at a small number of CCPs or among a small number of clearing members (or critical service providers).

BoE

- The BoE published a *policy statement* related to its Enforcement Decision Making Committee on 3 August 2018. The statement provides feedback to responses to an earlier *consultation paper* and sets out the *procedures* for the committee. It also includes amendments to the FMI and PRA decision-making frameworks.
- The BoE published a *policy statement* on statutory statements of procedure in respect of its supervision of FMIs on 3 August 2018. It addresses the statements of procedure relating to decisions resulting in statutory notices and the details of these statutory notices for Recognised Clearing Houses (RCHs) and Qualifying Parent Undertakings of UK RCHs.

EBA

Piers Haben, EBA Director, gave a *speech* on the EBA's role in the implementation of the new EU securitisation framework on 29 August 2018. He summarised the objectives and current status of the main Level 2 and Level 3 measures the EBA developed or is in the process of developing under the framework.

EC

- The EC published a *request for technical advice* to EIOPA and ESMA to amend the UCITS Directive, AIFMD, MiFID II, Solvency II Directive and IDD to incorporate sustainability risks on 1 August 2018. The EC encourages the authorities to work together to ensure consistency across both sectors and provide a response by 30 April 2019.
- Under the BMR, two EC implementing regulations were published in the Official Journal on 8 August 2018. *EC Implementing Regulation (EU) 2018/1105* lays down ITS with regard to procedures and forms for the provision of information by NCAs to ESMA, and *EC Implementing Regulation (EU) 2018/1106* lays down ITS with regard to templates for the compliance statement to be published and maintained by administrators of significant and non-significant benchmarks. They both apply from 29 October 2018.

EP

- The EP published a *draft report* on 2 August 2018 for a proposal to amend Directive (EU) 2016/2341 for disclosures relating to sustainable investments and sustainability risks.
- The EP prepared a *briefing* to support ECON's work on scrutiny of forthcoming Level 2 measures under the Securitisation framework, on 28 August 2018. The briefing provides an overview

of the implementing measures which the ESAs have already drafted and of those they are still drafting.

- The EP published a *report* on the EU's relationship with third countries for financial services. The report, published on 29 August 2018, will be voted on in the EP Plenary next week. Among other points, the report calls for more predictability in the EU's approach to equivalence and a greater role for the ESAs in advising the EC on decisions.

ESMA

- ESMA issued a communication on the *Clearing and trading obligation for pension scheme arrangements (PSAs)* on 8 August 2018. It clarifies that, in relation to OTC-derivative contracts, PSAs are subject to both the clearing obligation under EMIR and the trading obligation under MiFIR from 17 August 2018. Pending EMIR's amendment to include exemptions for PSAs, ESMA urges NCAs to apply their supervisory powers proportionately.
- ESMA updated the *quarterly liquidity assessments for bonds* subject to pre- and post-trade transparency requirements under MiFID II on 2 August 2018. The update corrects the previous assessments since late July which may not have included the best quality data.
- ESMA *issued* and submitted for the EC's endorsement a set of draft RTS and ITS on disclosure requirements under the Securitisation Regulation, on 22 August 2018. The draft standards contain the details of a securitisation that an originator, sponsor and SPV have to report, together with the reporting format and templates.
- ESMA agreed to renew its *prohibition of the marketing, distribution or sale of binary options* to retail clients on 24 August 2018. The measures will continue to apply for specific binary options from 2 October 2018 for three months.
- ESMA updated its *FAQs on MiFID II* in relation to transitional transparency calculations for certain equity instruments on 6 August 2018. ESMA expected trading venues to start applying the new calculations from 13 August 2018.
- ESMA amended certain *validation rules* under the revised EMIR ITS on reporting on 9 August 2018. The amended rules will apply from 5 November 2018.
- ESMA *issued* new data for bonds subject to the pre and post-trade requirements of MiFID II and MiFIR on 8 August 2018. Since 30 July 2018, ESMA has been making available the quarterly liquidity assessment for certain bonds.

- Steven Maijoor, ESMA Chair, made an *introductory statement* at the ECON scrutiny session on Level 2 measures under the EU Securitisation Regulation on 29 August 2018. He summarised the recent technical standards ESMA developed under the regulation, and gave an overview of ESMA's remaining deliverables under the same regulation. Lastly, Maijoor highlighted the role that ESMA will play once the regulation enters into force on 1 January 2019.
- ESMA *issued* the latest double volume cap data under MiFID II on 7 August 2018. The updates cover the period from 1 July 2017 to 30 June 2018.

FCA

- The FCA *announced* the formation of a Global Financial Innovation Network (GFIN) with 11 financial regulators and related bodies on 7 August 2018. It also launched a *consultation* seeking views on the main functions of the GFIN and tools it will use. The consultation closes on **14 October 2018**.
- The FCA *consulted* on a number of changes to its Handbook to reflect the application of the Securitisation Regulation and an amendment to the CRR on 1 August 2018. The consultation closes on **1 October 2018**.
- The FCA published a *statement* on 1 August 2018 supporting *ESMA's*

intervention measures for *contracts for differences* and *binary options* issued on 1 June 2018. It also warns firms against selling similarly risky products that expose retail clients to significant leverage.

- The FCA published a *Consultation Paper (CP18/23) on Claims management companies (CMCs): recovering the costs of FCA regulation and FOS* on 20 August 2018. It proposes collecting 2019/20 fees in advance, reflecting uncertainty in the industry with PPI claims ending on 29 August 2019. But thereafter, CMCs will be subject to the standard terms of the Fees manual. The consultation closes on **22 October 2018**.
- The FCA published *Research Note: EMIR data and derivatives market policies* on 15 August 2018. The FCA found that exempting small financial counterparties from the central clearing obligation would not reduce the volume of OTC derivatives activity captured by the clearing obligation, and that the number of counterparties subject to the initial margin requirements for uncleared OTC trades would increase sharply in the last phase of the implementation.
- The FCA *updated* its record of decisions to suspend a financial instrument and related derivatives from trading on 10 August 2018. This is an obligation on

NCA's under MiFID II articles 32/52 following a notification from a UK trading venue.

FCA and TPR

The FCA and TPR launched a *joint 'ScamSmart' campaign to tackle pension scams* on 14 August 2018. They aim to raise awareness of the most common tactics used by fraudsters as latest figures show victims lost an average of £91,000 each in 2017. They also encourage trustees and providers to use the *TPR's transfer checklist* so transfer requests are carefully reviewed to prevent scams.

FSCP

The FSCP published its *Annual Report 2017/2018* on 8 August 2018. In the coming year, it plans to review the extent to which the conduct of consumer credit firms contributes to customers' over-indebtedness. The panel also intends to investigate whether an automatic upgrades system would help loyal customers who are disadvantaged by providers offering better deals to new customers.

HMT

HMT published a *statutory instrument (SI)* on 9 August 2018, proposing retained SSR to ensure its effective operation in the UK after Brexit. HMT plans to lay this instrument before the Parliament in the autumn.

IBA

IBA published its *Reduced Submission Policy* and *LIBOR Contingency Policy/Procedure* on 31 August 2018. The Reduced Submission Policy would apply if IBA receives four or less submissions per currency. In such case, IBA would publish the previous day's LIBOR rates for the affected currency or currencies. The Contingency Policy/Procedure would apply in the event of a short-term inability to produce LIBOR only after IBA attempted other measures (in particular the Reduced Submission Policy).

IOSCO

IOSCO issued a final report on *Mechanisms Used by Trading Venues to Manage Extreme Volatility and Preserve Orderly Trading*, on 1 August 2018. The report contains eight recommendations to assist trading venues and regulatory authorities when making decisions about the implementation, operation and monitoring of volatility control mechanisms. Such mechanisms seek to minimise market disruption caused by events such as erroneous orders, by halting or temporarily constraining trading.

PRA

The PRA *confirmed* its approach to enforcement on 3 August 2018, amending its statutory statements of policy and procedure regarding the imposition and amount of financial penalties, allocation of

decision making, statutory notices and its Enforcement Decision Making Committee.

UK Government

The House of Commons Work and *Pensions Committee launched a Pensions costs and transparency inquiry* on 3 August 2018. It focuses on whether the pensions industry provides sufficient transparency around charges, investment strategy and performance to consumers.

Banking and capital markets

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A brief round up of other regulatory developments



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Regulation

Brexit

ECB sets out booking model expectations

The ECB has provided further details on its expectations for banks' booking models in the context of Brexit. On 2 August 2018, it published *Supervisory expectations on booking models*.

In this publication the ECB re-emphasises that planned booking models should not result in 'empty shell' banks in the euro area. In particular the ECB sets out its expectations around requirements for internal governance, staffing and organisation, business origination and FMI access, booking and hedging strategies, intragroup arrangements, IT infrastructure and reporting.

Recovery and resolution

Updating resolution pack submission requirements

The PRA updated its webpage on *Resolution planning and Supervisory Statement 19/13 (SS19/13)* on 31 August 2018. The PRA and BoE have reviewed the application of SS19/13 in the light of the EBA's *final draft ITS on reporting for resolution plans under BRRD* and *final draft RTS on simplified obligations under BRRD*.

The ITS set minimum data requirements for firms on resolution planning and will require firms to report using new templates from 31 May 2019. But the RTS allow resolution authorities to set alternative requirements for firms that qualify for simplified obligations.

The BoE expects all UK banks and investment firms with resolution strategies not involving bail-in or partial transfer to have simplified obligations for resolution planning. In light of this, the PRA indicates that firms subject to simplified obligations should continue to follow its expectations set out in SS19/13 for Phase 1 resolution planning data submissions. And they need not make any additional ITS-related submissions unless the BoE informs them otherwise.

All other firms need to follow the ITS requirements once they are in force but the BoE and the PRA recognise that this could cause duplicative reporting and undue pressure on firms. So the PRA intends to delay resolution pack Phase 1 submissions under SS19/13 for these firms until 2020 (or later as required by supervisors) while it assesses the impact of the ITS on its expectations under SS19/13.

Reporting

Updating COREP and FINREP reporting

The EBA published three consultation papers: *Draft ITS amending ITS (EU) 2016/322 with regard to LCR for liquidity reporting*, *Draft ITS amending ITS (EU) 680/2014 with regard to COREP securitisations* and *Draft ITS amending ITS (EU) 680/2014 with regard to FINREP* on 28 August 2018. This is part of the EBA's preparations for the next supervisory reporting framework release - version 2.9. The EBA is structuring *reporting framework 2.9* with different modules which it plans to publish and apply from different dates.

The LCR consultation reflects changes arising from the July 2018 EC-adopted and LCR-related *amendment of Delegated Regulation (EU) 2015/61 supplementing CRR*. These reporting changes mainly relate to SFTs and collateral swaps but also include other enhancements drawn from experience to date of LCR reporting over the last three years. The EBA intends the securitisation amendments to integrate the changes in the new securitisation framework (and related changes to CRR) and at the same time, foster consistency between reporting and disclosure requirements.

The FINREP changes revise existing templates to provide additional breakdowns on performing and non-performing

exposures, forborne exposures and related collateral. There are additional templates to provide further details for institutions that have elevated levels of non-performing exposures and that are 'not small and non-complex'. The FINREP changes also include more granular data on operating and administrative expenses together with fees and commission income and expense. In addition, there are minor changes to reflect alterations in lease accounting arising from IFRS 16, which takes effect from 1 January 2019.

The LCR reporting consultation closes on **26 October 2018**. The other two consultations close on **27 November 2018**. The EBA plans a public hearing for LCR reporting on 10 October 2018 and on 3 October for the other consultations.

Retail products CCA – retain or repeal?

The FCA published a *Discussion Paper on Review of retained provisions of the CCA: Interim report (DP18/7)* on 2 August 2018. About a third of the CCA was replaced by FCA rules in 2014. Now the FCA must review the remaining CCA provisions and report to HMT by 1 April 2019 to determine whether to retain or repeal them, depending on their importance for consumer protection.

The FCA sets out its direction of thinking and invites comments. It approaches the review through three key themes: rights and protections; information requirements; and

sanctions (including unenforceability). It takes into account responses to its *Call for Input in February 2016* and looks to simplify and modernise the CCA regime by removing unnecessary or disproportionate burdens.

The rights and procedures theme includes credit brokerage fees, connected lender liability, variation of agreements and unfair relationships. The FCA's initial view is that the protections in these areas are still relevant and should remain. But most could not be repealed and replaced by FCA rules without adversely affecting consumer protection.

The information requirements theme includes pre- and post-contractual disclosure as well as the form and content of agreements. The FCA considers that most of these could be replaced with FCA rules. But the loss of sanctions currently available under the CCA regime would impact consumer protection.

The FCA believes that the 'self-policing' nature of CCA sanctions, such as unenforceability and loss of interest and default sums, contribute significantly to consumer protection. Its initial view is that CCA sanctions should be retained but limited to breaches that are likely to cause material harm to consumers.

The consultation closes on **2 November 2018**.

Also this month

Basel Committee

- The Basel Committee updated its webpage *Current data collection exercises* on 14 August 2018 with updated versions of its monitoring FAQs and monitoring workbook. This relates to its collection of June 2018 data.
- The Basel Committee published a technical amendment, *Pillar 3 disclosure requirements – regulatory treatment of accounting provisions* on 30 August 2018. It concerns minor changes to three disclosure templates relating to the transitional adjustment to CET 1 capital mitigating the impact of the newly introduced expected credit loss accounting. The changes take effect from 1 January 2019.

BoE

The BoE issued a *Call for interest in synchronised settlement* as part of its renewal of the Real-Time Gross Settlement (RTGS) service on 13 August 2018. Synchronised settlement would make cash movements in RTGS conditional on the movement of cash or assets in other systems. The BoE asks organisations interested in exploring the system's design and functionality *to complete its questionnaire* by 28 September 2018.

EBA

The EBA *announced* the update of data used for identifying EU G-SIBs on 9 August 2018. It covers end-2017 data relating to 35 EU institutions whose leverage ratio exposure measure is greater than €200bn.

EC

The *Commission Delegated Regulation (EU) 2018/1108 of 7 May 2018 supplementing AMLD4 with RTS on the criteria for the appointment of central contact points for electronic money issuers and PSPs and with rules on their functions* was published in the Official Journal on 10 August 2018. It entered into force on 30 August 2018.

ECB

- The ECB published for consultation *draft regulation amending regulation (EU) 1333/2014 concerning statistics on the money markets (ECB/2014/48)* on 6 August 2018. The proposals include expanding the data reported, currently from the largest euro area banks, to ensure that applicable transactions with all financial counterparties and certain non-financial wholesale counterparties are covered. The consultation closes on **10 September 2018**.
- The ECB published a *guideline dated 3 August 2018 (ECB/2018/20) amending Guideline ECB/2012/27 on a Trans-European Automated Real-time Gross*

settlement Express Transfer system (TARGET2) on 20 August 2018. The amending guideline reflects the new TARGET2 Instant Payment Settlement service that will enable 24/7 settlement of individual instant payment orders. National central banks in the Eurozone must comply with the new guideline from 30 November 2018.

FCA

The FCA issued a *Consultation Paper on General standards and communication rules for the payment services and e money sectors (CP18/21)* on 1 August 2018. It proposes extending the FCA Principles for Businesses and certain communication rules and guidance in chapter 2 of the Banking Conduct of Business Sourcebook to payment institutions, electronic money institutions and registered account information service providers. The consultation ends on **1 November 2018**.

FCA and CMA

The *FCA* and *CMA* introduced measures on 15 August 2018 requiring banks to ensure information helping consumers and small businesses compare current account services is easily accessible on their websites. This includes information such as the level of complaints and the number of operational incidents reported.

UK Finance

UK Finance published *Funds Transfer Regulation – ‘How to’ interpretative*

guidance on 13 August 2018. It intends the guidance to supplement the *JCESA Joint Guidelines* and provide clarity in areas where firms are taking different approaches to implementing the revised Wire Transfer Regulation (EU) 2015/847.

Asset management

In this section:

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A brief round up of other regulatory developments



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Also this month

ECB

The ECB published its *opinion* on the proposals of the EP and the Council for a Regulation and a Directive on the prudential rules for investment firms on 22 August 2018. The ECB agrees that systemically important investment firms should be subject to the same prudential rules as credit institutions but cautions that this may lead to some unintended consequences for other EU legislation.

ESMA

ESMA *wrote* to EIOPA on 7 August 2018, in response to questions on its second set of advice to EC on specific items in the Solvency II Delegated Regulation. ESMA defines the calculation of leverage pursuant to AIFMD.

Insurance

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A brief round up of other regulatory developments



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Regulation

Solvency II

PRA makes UK Solvency II disclosures

The PRA published Solvency II: Supervisory disclosures, PRA's supervisory approach and insurance regulations applicable in the UK on 21 August 2018.

It discloses:

- aggregate statistical data on the application of the prudential framework
- details of how it has applied options provided for in Solvency II
- links to the texts of insurance regulations applicable in the UK
- links to the PRA's supervisory approach.

This public disclosure is required by Solvency II to foster a uniform level of transparency and accountability between supervisory authorities.

EIOPA updates Q&As

In August 2018, EIOPA updated its questions and answers on:

- Solvency II Directive

- Guidelines on the loss-absorbing capacity of technical provisions and deferred taxes
- Commission Delegated Regulation (EU) 2015-35
- EU No 2015-2011 lists of regional governments local authorities exposures
- EU No 2015-2450 templates for the submission of information to the supervisory authorities.

Supervision

Regulators launch New Insurer Start-up Unit

The PRA and FCA launched their New Insurer Start-up Unit (NISU) with the publication of a NISU guide on What you need to know from the PRA and the FCA on 16 August 2018. The NISU aims to support insurers thinking of becoming a new insurer in the UK. It includes guidance on the stages of pre-application, application and after authorisation, as well as details of frequently asked questions. NISU requests feedback from its users about what is working well and what it can improve. The unit is also interested to hear views on perceived barriers to entry in the insurance

industry and possible measures to address them.

Sustainability

EIOPA joins Sustainable Insurance Forum

EIOPA *announced* it recently became a member of the Sustainable Insurance Forum (SIF) on 8 August 2018. This global network of insurance supervisors and regulators aims to work on sustainability challenges facing the insurance sector. In their recent *Issues Paper on Climate Change Risks to the Insurance Sector* (published on 31 July 2018), the SIF and IAIS highlight physical, transition and liability risks related to climate change as key for the insurance sector.

EIOPA plans to consider both transition and physical risks and provide input from a European perspective on taxonomy, fiduciary duty, governance, ORSA as well as disclosures in its Sustainable Action Plan scheduled for release in autumn 2018.

Technology

EIOPA seeks to understand cyber risk

EIOPA published *Understanding Cyber Insurance - A Structured Dialogue with Insurance Companies* on 2 August 2018. It outlines findings from a limited survey of EU insurance groups located in Switzerland, France, Italy, Germany and the UK looking

at the functioning, growth potential, challenges and risks of cyber insurance in the EU. EIOPA confirms that it believes further work is required to gain a deeper understanding of cyber risk.

EIOPA also includes a combination of qualitative and quantitative questions on cyber risk in its *2018 Insurance Stress Test* and plans to publish the results in January 2019.

Accounting

Our publications

Insights to IFRS 17

Our *PwC video - IFRS 17 - 4. Expected cash flows and contract boundary* looks at what cash flows are included in the measurement of insurance contracts under IFRS 17 and how the contract boundary changes the measurement.

Also this month

BoE

Following consultation (*PS 21/18*), the BoE *invited* comments on a draft of the standalone NSTs and standard formula reporting for firms with an approved

internal model (SF.01) taxonomy on 10 August 2018. These make up part of the BoE's insurance XBRL taxonomy along with the internal model outputs and market risk sensitivities, a draft of which it plans to release this month.

CMA

The CMA published an *Invitation to comment on a proposed review of the PPI Market Investigation Order (PPI Order) 2011* on 2 August 2018. It proposes a limited review of the *PPI Order* to avoid duplication with the IDD, as they both require PPI providers to give policyholders a similar summary of their PPI policy. The comment period ended on 23 August 2018.

EIOPA

EIOPA examines cause of insurers' failures

EIOPA published *Failures and near misses in insurance: Overview of the causes and early identification* on 17 July 2018. This report is the first of a series aimed at enhancing supervisory knowledge of the prevention and management of insurance failures.

IAIS

The IAIS launched a consultation, *draft Issues Paper on the Increasing Use of Digital Technology in Insurance and its Potential Impact on Consumer Outcomes*,

on 1 August 2018. It considers the impact of the increasing use of digital technology on consumer outcomes and insurance supervision, with a particular focus on the product design, underwriting, marketing, sales and distribution aspects of the insurance value chain. The comment period ended on 5 September 2018.

Monthly calendar

Open consultations

Closing date for responses	Paper	Institution
19/09/18	<i>Draft RTS on the conditions to allow institutions to calculate KIRB in accordance with the purchased receivables approach under Article 255 of [Regulation (EU) 2017/2401 amending Regulation (EU) No 575/2013]</i>	EBA
21/09/18	<i>MS17/1.2: Investment Platforms Market Study - Interim Report</i>	FCA
24/09/18	<i>Consultation Paper on draft guidelines on outsourcing arrangements</i>	EBA
25/09/18	<i>CP14/18 UK leverage ratio: Applying the framework to systemic ring-fenced bodies and reflecting the systemic risk buffer</i>	PRA
26/09/18	<i>CP18/16: Authorised push payment fraud – extending the jurisdiction of the Financial Ombudsman Service</i>	FCA
27/09/18	<i>Consultative report: Governance arrangements for critical OTC derivatives data elements (other than UTI and UPI)</i>	CPMI
28/09/18	<i>PRA Annual Report 2018</i>	PRA
30/09/18	<i>CP13/18 Solvency II: Equity release mortgages</i>	PRA
30/09/18	<i>Consultation on Term SONIA Reference Rates</i>	BoE
01/10/18	<i>CP18/18 Strengthening accountability: implementing the extension of the SM&CR to insurers</i>	PRA
01/10/18	<i>CP18/22: Handbook changes to reflect the application of the EU Securitisation Regulation and the amendment to the CRR</i>	FCA
05/10/18	<i>Draft technical advice on minimum information content for prospectus exemption</i>	ESMA
05/10/18	<i>CP18/19: Introducing the Directory</i>	FCA
05/10/18	<i>Guidelines on risk factors under the Prospectus Regulation</i>	ESMA
12/10/18	<i>IBOR Fallbacks for 2006 ISDA Definitions</i>	ISDA
22/10/18	<i>CP18/23: Claims management companies: recovering the costs of regulation and the Financial Ombudsman Service</i>	FCA

Closing date for responses	Paper	Institution
23/10/18	<u><i>CP16/18 Regulatory reporting: occasional consultation paper</i></u>	PRA
26/10/18	<u><i>Draft ITS amending Implementing Regulation (EU) 2016/322 with regard to LCR for liquidity reporting</i></u>	EBA
27/10/18	<u><i>CP18/20: Loan-based (P2P) and investment-based crowdfunding platforms: Feedback on our post-implementation review and proposed changes to the regulatory framework</i></u>	FCA
29/10/18	<u><i>CP17/18 Credit risk: the definition of default</i></u>	PRA
30/10/18	<u><i>Consultation on Risk-based Global Insurance Capital Standard (ICS) Version 2.0</i></u>	IAIS
30/10/18	<u><i>Draft overall ComFrame for public consultation</i></u>	IAIS
01/11/18	<u><i>CP18/21: General standards and communication rules for the payment services and e - money sectors</i></u>	FCA
12/11/18	<u><i>CP15/18 Solvency II: Group own fund availability</i></u>	PRA
27/11/18	<u><i>Draft ITS amending Commission Implementing Regulation (EU) 680/2014 with regard to securitisations</i></u>	EBA
27/11/18	<u><i>Draft Implementing Standards amending Implementing Regulation (EU) No 80/2014 with regard to FINREP</i></u>	EBA

Forthcoming publications in 2018

Date	Topic	Type	Institution
<i>Accounting</i>			
TBD 2018	RTS on methods of prudential consolidation	Technical standards	EBA
<i>Asset management</i>			
Q1 2019	Asset management market study remedies	Policy statement	FCA
<i>Banking</i>			
Q4 2018	Strategic review of retail banking business models	Consultation paper	FCA
Q4 2018	Improving competition in current accounts	Policy statement	FCA
Q4 2018	Mortgage market study final report	Report	FCA
<i>Conduct</i>			
Q3 2018	Review of cryptocurrencies	Assessment report	FCA
<i>Consumer credit</i>			
Q4 2018	Motor finance review	Final report	FCA
Q1 2019	Consumer Credit Act retained provisions review	Consultation paper	FCA
Q1 2019	Debt management sector review	Review findings	FCA
Q1 2019	Market study on credit information	Terms of reference	FCA
<i>Financial crime, security and market abuse</i>			
Q3 2018	Financial crime review of e-money	Report	FCA
Q4 2018	RTS on central contract points under AMLD4	Technical standards	EBA
<i>Insurance</i>			
Q3 2018	Value in the distribution chain review	Review findings	FCA
Q4 2018	Wholesale insurance brokers market study	Interim report	FCA

Date	Topic	Type	Institution
Q4 2018	Patient Capital investment in authorised funds	Discussion paper	FCA
<i>Pensions</i>			
Q4 2018	Non-workplace pensions	Feedback statement	FCA
Q4 2018	Unsuitable pension transfer advice	Policy statement	FCA
Q1 2019	Savings adequacy	Occasional paper	FCA
<i>Securities and markets</i>			
Q3 2018	Reforms to the listing regime	Consultation paper	FCA
Q4 2018	Technical standards under EuSEF, EuVECA, ELTIF and SFTR	Technical standards	ESMA
Q4 2018	Technical standards on revised Short Selling Regulation	Technical standards	ESMA
Q1 2019	Approach to market integrity	Report for consultation	FCA
Q2 2019	Money laundering in capital markets	Report	FCA
<i>Supervision, governance and reporting</i>			
Q3 2018	Providing SMEs access to FOS	Policy statement	FCA
October 2018	Regulatory fees and levies: policy proposals for 2019/20	Consultation paper	FCA

Main sources: ESMA work programme; EBA work programme; EC work programme; FCA policy development updates.

Glossary

ABC	Anti-Bribery and Corruption	BMR	EU Benchmarks Regulation
ABI	Association of British Insurers	BRRD	Bank Recovery and Resolution Directive 2014/59/EU
ABS	Asset Backed Security	CASS	Client Assets sourcebook
AIF	Alternative Investment Fund	CCA	Consumer Credit Act 1974 (as amended)
AIFM	Alternative Investment Fund Manager	CCB	Countercyclical capital buffer
AIFMD	Alternative Investment Fund Managers Directive 2011/61/EU	CCD	Consumer Credit Directive 2008/48/EC
AML	Anti-Money Laundering	CCPs	Central Counterparties
AMLD3	3rd Money Laundering Directive 2005/60/EC	CDS	Credit Default Swaps
AMLD4	4 th Money Laundering Directive 2015/849/EU	CEBS	Committee of European Banking Supervisors (predecessor of EBA)
AMLD5	5 th Money Laundering Directive	CESR	Committee of European Securities Regulators (predecessor of ESMA)
AQR	Asset Quality Review	CET1	Common Equity Tier 1
ASB	UK Accounting Standards Board	CFTC	Commodities Futures Trading Commission (US)
Banking Reform Act (2013)	Financial Services (Banking Reform) Act 2013	CGFS	Committee on the Global Financial System (of the BIS)
Basel II	Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework	CIS	Collective Investment Schemes
Basel III	Basel III: International Regulatory Framework for Banks	CMA	Competition and Markets Authority
Basel Committee	Basel Committee of Banking Supervision (of the BIS)	CMU	Capital markets union
BBA	British Bankers' Association	COBS	FCA conduct of business sourcebook
BCR	Basic capital requirement (for insurers)	COCON	FCA code of conduct sourcebook
BIS	Bank for International Settlements	CoCos	Contingent convertible securities
BoE	Bank of England	COREP	Standardised European common reporting
		Council	Generic term representing all ten configurations of the Council of the European Union
		CPMI	Committee on Payments and Market Infrastructures

Executive summary	How LIBOR reform impacts BMR user requirements	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
CRA1	Regulation on Credit Rating Agencies (EC) No 1060/2009			EBA	European Banking Authority		
CRA2	Regulation amending the Credit Rating Agencies Regulation (EU) No 513/2011			EC	European Commission		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ECB	European Central Bank		
CRAs	Credit Rating Agencies			ECJ	European Court of Justice		
CRD	‘Capital Requirements Directive’: collectively refers to Directive 2006/48/EC and Directive 2006/49/EC			ECOFIN	Economic and Financial Affairs Council (configuration of the Council of the European Union dealing with financial and fiscal and competition issues)		
CRD II	Amending Directive 2009/111/EC			ECON	Economic and Monetary Affairs Committee of the European Parliament		
CRD III	Amending Directive 2010/76/EU			ECP	Eligible counterparty		
CRD IV	Capital Requirements Directive 2013/36/EU			EDIS	European Deposit Insurance Scheme		
CRR	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms			EEA	European Economic Area		
CSD	Central Securities Depository			EEC	European Economic Community		
CSDR	Central Securities Depositories Regulation (EU) 909/2014			EIOPA	European Insurance and Occupations Pension Authority		
CSMAD	Criminal Sanctions Market Abuse Directive 2014/57/EU			ELTIF	European long-term investment fund		
CTF	Counter Terrorist Financing			EMIR	Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (EU) No 648/2012		
DEPP	The FCA’s Decision Procedure and Penalties Manual			EP	European Parliament		
DG FISMA	Directorate-General for Financial Stability, Financial Services and Capital Markets Union			EPC	European Payments Council		
DG MARKT	Internal Market and Services Directorate General of the European Commission			ESA	European Supervisory Authority (i.e. generic term for EBA, EIOPA and ESMA)		
DGS	Deposit Guarantee Scheme			ESCB	European System of Central Banks		
DGSD	Deposit Guarantee Schemes Directive 2014/49/EU			ESEF	European Single Electronic Format		
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act (US)			ESMA	European Securities and Markets Authority		
D-SIBs	Domestic Systemically Important Banks			ESRB	European Systemic Risk Board		

Executive summary	How LIBOR reform impacts BMR user requirements	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
ESTER	Euro short-term rate			FSB	Financial Stability Board		
ETC	Exchange-traded commodity			FSBRA	Financial Services (Banking Reform) Act 2013		
ETN	Exchange-traded note			FS Act 2012	Financial Services Act 2012		
EU	European Union			FSCP	Financial Services Consumer Panel		
EURIBOR	Euro Interbank Offered Rate			FSCS	Financial Services Compensation Scheme		
Eurosystem	System of central banks in the euro area, including the ECB			FSI	Financial Stability Institute (of the BIS)		
EuVECA	European Venture Capital Funds Regulation (EU) 345/2013			FSMA	Financial Services and Markets Act 2000		
FAMR	Financial Advice Market Review			FSOC	Financial Stability Oversight Council		
FASB	Financial Accounting Standards Board (US)			FTT	Financial Transaction Tax		
FATCA	Foreign Account Tax Compliance Act (US)			G30	Group of 30		
FATF	Financial Action Task Force			GAAP	Generally Accepted Accounting Principles		
FC	Financial counterparty under EMIR			GDPR	General Data Protection Regulation		
FCA	Financial Conduct Authority			G-SIBs	Global Systemically Important Banks		
FICC	Fixed income, currencies and commodities			G-SIFIs	Global Systemically Important Financial Institutions		
FiCOD	Financial Conglomerates Directive 2002/87/EC			G-SIIs	Global Systemically Important Institutions		
Fiat currency	Currency whose value is underpinned by the strength of the issuing government, e.g. USD, GBP, euro and other major world currencies			HCSTC	High Cost Short Term Credit		
FiCOD1	Amending Directive 2011/89/EU of 16 November 2011			HMRC	Her Majesty's Revenue and Customs		
FMI	Financial Market Infrastructure			HMT	Her Majesty's Treasury		
FMLC	Financial Markets Law Committee			IA	Investment Association		
FMSB	FICC Markets Standard Board			IAIS	International Association of Insurance Supervisors		
FOS	Financial Ombudsman Service			IASB	International Accounting Standards Board		
FPC	Financial Policy Committee			IBA	ICE Benchmark Administration		
FRC	Financial Reporting Council			ICAAP	Internal Capital Adequacy Assessment Process		
FSA	Financial Services Authority			ICAS	Individual Capital Adequacy Standards		

Executive summary	How LIBOR reform impacts BMR user requirements	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
ICOB	Insurance: Conduct of Business Sourcebook						MAR
IDD	The Insurance Distribution Directive (EU) 2016/97						Material Risk Takers Regulation
IFRS	International Financial Reporting Standards						Commission Delegated Regulation (EU) No 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the EP and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile
ILAA	Internal Liquidity Adequacy Assessment						MCD
ILAAP	Internal Liquidity Adequacy Assessment Process						Mortgage Credit Directive 2014/17/EU
ILS	Insurance-Linked Securities						MCOB
IMAP	Internal Model Approval Process						Mortgages and Home Finance: Conduct of Business sourcebook
IMCO	The European Parliament's Committee on Internal Market and Consumer Protection						MCR
IMD	Insurance Mediation Directive 2002/92/EC						Minimum Capital Requirement
IMF	International Monetary Fund						Member States
IORP	Institutions for Occupational Retirement Provision						Countries which are members of the European Union
IOSCO	International Organisations of Securities Commissions						MiFID
IRB	Internal Ratings Based						Markets in Financial Instruments Directive 2004/39/EC
ISDA	International Swaps and Derivatives Association						MiFID II
ITS	Implementing Technical Standards						Markets in Financial Instruments Directive (recast) 2014/65/EU – also used to refer to the regime under both this directive and MiFIR
JCESA	Joint Committee of the European Supervisory Authorities						MiFIR
JMLSG	Joint Money Laundering Steering Committee						Markets in Financial Instruments Regulation (EU) No 600/2014
KID	Key Information Document						MLRO
KYC	Know your client						Money Laundering Reporting Officer
LCR	Liquidity coverage ratio						MMF
LEI	Legal Entity Identifier						Money Market Fund
LIBOR	London Interbank Offered Rate						MoJ
MA	Matching Adjustment						Ministry of Justice
MAD	Market Abuse Directive 2003/6/EC						MoU
							Memorandum of Understanding
							MPC
							Monetary Policy Committee
							MREL
							Minimum requirements for own funds and eligible liabilities
							MTF
							Multilateral Trading Facility
							NBNI G-SIFI
							Non-bank non-insurer global systemically important financial institution
							NCA
							National competent authority
							NDF
							Non-Directive Firms – firms that do not fall within Solvency II
							NFC
							Non-financial counterparty under EMIR

Executive summary	How LIBOR reform impacts BMR user requirements	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
NIS Directive	Proposal for a directive of the EP and Council concerning measures to ensure a high common level of network and information security across the EU			PSP	Payment service provider		
NSFR	Net Stable Funding Ratio			PSR	Payment Systems Regulator		
NST	National specific template			QIS	Quantitative Impact Study		
NURS	Non-UCITS Retail Scheme			QRT	Quantitative Reporting Template		
OECD	Organisation for Economic Cooperation and Development			RAO	Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)		
Official Journal	Official Journal of the European Union			RDR	Retail Distribution Review		
OFT	Office of Fair Trading			REMIT	Regulation on wholesale energy markets integrity and transparency (EU) 1227/2011		
Omnibus II	Second Directive amending existing legislation to reflect Lisbon Treaty and new supervisory infrastructure (2014/51/EU). Amends the Prospectus Directive (Directive 2003/71/EC) and Solvency II (Directive 2009/138/EC)			RFB	Ring-fenced bank		
ORSA	Own Risk Solvency Assessment			RFQ	Request for quote		
O-SIIs	Other systemically important institutions			RFRs	Risk-free rates		
OTC	Over-The-Counter			RONIA	Repurchase Overnight Index Average		
OTF	Organised trading facility			RRPs	Recovery and Resolution Plans		
PAD	Payment Accounts Directive 2014/92/EU			RTS	Regulatory Technical Standards		
PIFs	Personal investment firms			RWA	Risk-weighted assets		
PPI	Payment Protection Insurance			SARON	Swiss Average Rate Overnight		
P2P	Peer to Peer			SCR	Solvency Capital Requirement (under Solvency II)		
PERG	Perimeter Guidance Manual			SCV	Single customer view		
PRA	Prudential Regulation Authority			SEC	Securities and Exchange Commission (US)		
Presidency	Member State which takes the leadership for negotiations in the Council: rotates on 6 monthly basis			Securitisation Regulation	Proposal for a Regulation of the EP and Council laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation and amending Directives 2009/65/EC, 2009/138/EC, 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (COM(2015)472/F1)		
PRIIPs	Packaged retail and insurance-based investment products			SEPA	Single Euro Payments Area		
PSD2	The revised Payment Services Directive (EU) 2015/2366			SFP	Structured finance product		

SFT	Securities financing transaction	TONA	Tokyo Overnight Average Rate
SFTR	Securities Financing Transactions Regulation (EU) 2015/2365	TR	Trade Repository
SFO	Serious Fraud Office	TPR	The Pensions Regulator
SI	Systematic internaliser	UCITS	Undertakings for Collective Investments in Transferable Securities
SIMF	Senior Insurer Manager Function	UCITS V	UCITS V Directive 2014/91/EU
SIMR	Senior Insurer Managers Regime	UKLA	UK Listing Authority
SM&CR	Senior Managers and Certification Regime	UTI	Unique Trade Identifier
SME	Small and Medium sized Enterprises	XBRL	eXtensible Business Reporting Language
SMF	Senior Manager Function		
SOCA	Serious Organised Crime Agency		
SOFR	Secured Overnight Financing Rate		
Solvency II	Directive 2009/138/EC		
SONIA	Sterling Overnight Index Average		
SPV	Special purpose vehicle		
SREP	Supervisory Review and Evaluation Process		
SRB	Single Resolution Board		
SRF	Single Resolution Fund		
SRM	Single Resolution Mechanism		
SSM	Single Supervisory Mechanism		
SSR	Short Selling Regulation (EU) 236/2012		
SUP	FCA supervision manual		
T2S	TARGET2-Securities		
TC	Treasury Committee		
TLAC	Total Loss Absorbing Capacity		
TMTP	Transitional Measure on Technical Provisions		

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