

Stand out for the right reasons, Financial Services
Risk and Regulation

Being better informed

FS regulatory, accounting and audit bulletin

PwC FS Risk and Regulation Centre of Excellence

February 2019

In this month's edition:

- Cryptoassets: FCA proposes guidance
- Basel Committee: Finalises revised minimum capital requirements for market risk
- Insurance: FCA extends value measures reporting
- Analysis: Understanding the impact of the Banking Package



Executive summary



Amanda Rowland

Partner, FS Risk and Regulation
Centre of Excellence

amanda.rowland@pwc.com



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.

It’s been a busy start to the year for our regulators, with important developments on cryptoassets, the new prudential framework for investment firms, and the Basel Committee’s market risk standards.

Starting with prudential updates, the Basel Committee finalised its revised minimum capital requirements for market risk, which will likely apply to banks and PRA designated investment firms in the UK. The Committee aims to address some of the issues raised by banks since the publication of the first

standards in 2016. The new version is good news for banks as it will slightly lower the capital requirement coming out of market risk. The proposals also clarify the scope of exposures that are subject to market risk capital requirements, and set out changes to the internal models approach and the standardised approach. The Basel Committee expects national supervisors to implement the new standards in Pillar 1 capital requirements as of January 2022.

Meanwhile the new prudential framework for investment firms continues to progress, with the Council agreeing its position on the regulatory framework last month. The EP has already agreed its stance, so final trilogue negotiations between the EP and Council are expected to begin shortly. The Council, EP and EC are expected to finalise the framework by mid-April. The Council proposed a number of amendments which firms should review, including halving the Class 1 asset size threshold from €30bn to €15bn.

In the UK, the FCA sought to provide greater clarity for participants in the cryptoasset market, through a guidance consultation on this emerging area. It sets out factors to consider when determining whether or not the different types of cryptoassets might fall within the UK regulatory perimeter. Firms should look out for further regulatory updates on this, including the FCA’s final guidance due in the summer, an FCA consultation on a possible

ban on the sale of cryptoasset derivatives to retail investors, and a HMT consultation on expanding the regulatory perimeter for certain cryptoassets.

In the general insurance (GI) sector, the FCA continues its work to address concerns about value. Following a pilot, the regulator is proposing to require all GI firms to report value measures data for publication. The FCA also sets out requirements for firms to use this data as part of the monitoring and governance of their insurance products. Firms should review their systems and processes for collecting the necessary data, and consider their product governance obligations under the IDD.

Life insurers and asset managers should note the FCA’s consultation on proposals to improve shareholder engagement, in order to implement the EU Shareholder Rights Directive II. These proposals require life insurers and asset managers to develop and publicly disclose a policy on shareholder engagement on a ‘comply or explain’ basis. Firms would also need to publicly disclose how their investment strategy and decisions contribute to the medium to long-term performance of the assets they invest in. Life insurers and asset managers should review their existing shareholder engagement policies and any changes necessary to comply with the new rules.

In our feature article this month we take an in-depth look at the Banking Package, which the EP and Council reached political agreement on at the end of 2018. The package introduces a binding minimum NSFR and leverage ratio, improves the bank resolution framework, and enhances the risk sensitivity of the securities and derivatives trading rules. It also subjects smaller banks to more proportionate rules, as well as regulatory reporting and disclosure requirements. While the package should generally be welcomed by the industry, its implementation is set to pose significant strategic, operational and regulatory challenges for firms. In our feature article, we highlight some of the important amendments that the package makes to the existing CRD IV, CRR, BRRD and the SRM rules, as well as what firms need to do to prepare.

Over the coming weeks, look out for updates such as the FCA’s guidance on the identification and treatment of vulnerable customers, and the findings of its investment platforms market study. For now, we hope you enjoy reading the latest articles.

Amanda Rowland

Partner, FS Risk and Regulation Centre of Excellence

M: +44 (0) 7702 678480

E: amanda.rowland@pwc.com

Contents

How to read this bulletin?

Review the Table of Contents and the relevant Sector sections to identify the news of interest. We recommend you go directly to the topic/article of interest by clicking in the [active links](#) within the table of contents.

Executive summary	1
EU Banking Package reaches final stage	3
Cross sector announcements	6
Banking and capital markets	12
Asset management	15
Insurance	17
Monthly calendar	20
Glossary	24
Contacts	30

EU Banking Package reaches final stage



Mete Feridun
Manager

+44 (0) 7483 362070
mete.feridun@pwc.com

The end of 2018 marked a major step forward in the implementation of the post-crisis reforms on prudential requirements in the EU. After the EP and the Council reached a political agreement in December 2018 on the November 2016 banking reform package (the Banking Package), the legislative process is nearing completion following over two years of negotiations. The aim is for the rules to enter into force possibly in early/mid 2021, depending on final agreement over the implementation period. Given the implementation of the package is set to pose significant strategic, operational and regulatory compliance challenges, now is the time for firms to assess the impact and start to prepare.

The package of reforms comprises the CRD V and CRR II, as well as the revised BRRD and SRMR. It introduces binding minimum NSFR and leverage ratios, improves the EU bank resolution framework and enhances the risk sensitivity of the securities and derivatives trading rules. The package also eases the compliance burden for smaller and non-complex banks by introducing a more proportionate approach to the application of all rules, including less onerous reporting requirements for smaller and non-complex firms.

This article highlights some of the important amendments that the package makes to the existing CRD IV, CRR, BRRD and the SRM

rules, and sets out what steps firms should take to ensure they are ready.

Launching the long-awaited NSFR

The package introduces the long-awaited NSFR as a binding requirement to prevent firms' overreliance on short-term wholesale funding and to prevent excessive maturity mismatch between their assets and liabilities.

In line with the Basel NSFR, the package adopts a 0% Required Stable Funding (RSF) factor for unencumbered LCR Level 1 high quality liquid assets and a 100% Available Stable Funding (ASF) factor for firms' CET1, AT1 and T2 instruments. It also introduces a 0% ASF factor for short-term borrowings and a 100% RSF factor for long-term lending.

But compared to the Basel version, there is more favourable treatment of residential loans and securitisations, as well as promotional loans and 'pass-through' loans. And the package introduces a 5% RSF factor for gross derivative liabilities. Considering the Basel upper limit was 20%, this is a positive outcome for EU banks that have substantial derivative transactions. However, firms should note the package does not rule out future revisions to this RSF factor.

Given the NSFR may have a material impact on the funding profiles of the banks relying on wholesale funding, they should assess the potential impact on their funding costs, product

pricing and Funds Transfer Pricing processes, taking into account the combined effect of the NSFR and other regulations on their balance sheets. Global groups which will need to report the NSFR at subsidiaries' level would also be well advised to consider how legislations may diverge across different jurisdictions.

Revising the Standardised Approach for Counterparty Credit Risk (SA-CCR)

The package adopts a new SA-CCR for computing the exposure value of derivatives, given the current approaches do not recognise the risk-reducing nature of collateral and netting benefits.

While the new SA-CCR approach is more risk sensitive and is aligned with the central clearing regime, it is also more complex than the Mark-to-Market Method that many firms currently use. Further, it is burdensome to implement, so firms planning to adopt it should ensure they have the required data, systems and modelling capability.

The package allows firms with very limited derivatives exposure to use a less risk sensitive but simplified version of SA-CCR or to use the Original Exposure Method. But this will require them to meet a set of pre-defined eligibility criteria, with which they should familiarise themselves.

Delaying the launch of FRTB

The package introduces the FRTB only for reporting purposes. The Commission is expected to submit a legislative proposal in 2020 as part of new CRD/CRR to fully transpose the FRTB, with a view to entering into force in January 2022. This means that firms with large trading books will have to begin reporting revised FRTB market risk using the new Standardised Approach (SA), although their market risk capital requirements would still be based on the current regime until CRR III legislation makes FTRB fully binding.

While this may give firms some comfort, they would be well advised to ramp up their readiness plans as the reporting requirement will mean firms should be able to calculate the different components accurately. At the very least, firms with a trading book and market risk exposure should familiarise themselves with the key aspects of the FRTB framework such as profit and loss attribution tests and the simplified Standardised Approach to market risk.

Enhancing the large exposures framework

The package also strengthens the large exposures framework by lowering the large exposure limits that G-SIBs may have towards each other, excluding Tier 2 from the definition of allowed capital, and requiring firms to use SA-CCR to calculate their exposures to credit derivatives.

This means that smaller firms should be ready to address the potential challenges the adoption of SA-CCR will bring. G-SIBs,

meanwhile, would be well advised to undertake a careful review of their current exposures to each other to ensure they comply with the revised large exposure limits.

Introducing a binding leverage ratio

The package introduces a binding 3% leverage ratio requirement for all EU banks. The requirement should be met with Tier 1 capital, of which at least 50% should consist of CET1. And G-SIBs will get an additional capital surcharge to be set at 50% of their G-SIB buffer. CRD V leverage ratio rules should have a limited impact on UK G-SIBs and D-SIBs as the PRA already applies a more stringent regime, requiring firms with retail deposits greater than £50bn to have a minimum leverage ratio of 3.25%. The PRA also requires a minimum of 75% of the ratio to consist of CET1 and allows only AT1 instruments with a trigger of at least 7%, instead of 5.125% as required by the CRR.

While the CRD V leverage ratio rules will be less relevant for UK G-SIBs and D-SIBs, it will have an impact on other UK firms. Global firms will also have to take into account the regulatory divergence across different jurisdictions.

Reducing capital requirements for SME exposures

The package introduces lower capital requirements for SME exposures by enhancing the SME supporting factor (SF).

While SME exposures of up to €1.5m are currently subject to a 23.81% reduction in risk weighted exposure amount, the package is

raising this threshold to €2.5m. It is also introducing an additional SME SF to extend the reduced capital requirements to SME exposures beyond €2.5m, by subjecting the part of an SME exposure exceeding €2.5m to a further 15% reduction in capital requirements.

This means that firms whose business model involves lending to SMEs could see a reduction in their capital requirements.

Finalising the resolution framework

The package also covers the resolution framework for financial institutions, consisting of the BRRD and SRMR, to ensure the EU-level MREL requirement is consistent with the FSB's TLAC standard. In addition, it includes guidelines for national resolution authorities (NRAs) related to creditor hierarchy and subordination of debt instruments.

A key objective of the revisions is to further align the international standard that applies to G-SIBs on TLAC with MREL that applies to all banks in the EU. The package aligns the eligibility criteria for the instruments that could count towards both standards.

While the package amends MREL by introducing TLAC features such as the subordination requirement, it allows NRAs to apply a moratorium in the lead up to resolution by suspending certain contractual obligations up to a maximum of two business days before a firm is put under resolution.

For subsidiaries of non-EU G-SIBs, the package includes a requirement that internal MREL should be set at a fixed scalar of 90% of the full amount of external MREL. This

corresponds to the upper limit of the 75-90% range in the FSB's standard on TLAC. In the UK the BoE has adopted the range.

The package gives flexibility for Member States to impose in full the revised MREL requirements ahead of the proposed 2024 deadline. Given the BoE's framework has a target end-date of 2024 with the policy due for review in 2022, firms operating both in the UK and the EU will need to re-visit their strategies to ensure they meet the enhanced requirements and possibly higher amount for MREL. They should consider how they can satisfy the requirements on MREL-eligible debt, including the timing for issuance and investor appetite.

Introducing the Intermediate Parent Undertaking (IPU) rule

With the IPU proposal, the EC aims to consolidate the EU activities of the largest non-EU banking groups under a single parent entity to enhance their resolvability and facilitate group supervision. The package requires those groups with more than €40bn assets in the EU, including subsidiary and branch assets, to set up an IPU. It also allows a dual-IPU structure to make sure the new requirement doesn't breach any home country regulation.

This should be welcomed by those firms which would have been captured by the initial proposed threshold of €30bn and are now out of scope. Likewise, some G-SIBs should find the final rules favourable given the requirement for all G-SIBs to form an IPU has been removed. But these groups should note that they will be subject to more rigorous

supervisory scrutiny of their EU branches by the NCAs.

Firms in scope will find a number of structural, regulatory and operational challenges to address. For instance, they will have to consider whether they should use an existing subsidiary or holding company as the IPU or prepare a new entity authorisation application. They would also have to assess any implications of the envisaged new legal structure on their recovery and resolution planning, intra-group exposures and cross-border tax optimisation strategies.

While there will be a three-year transitional period from the date of effect, large UK banks with operations in the EU should start preparing as they will be required to set up independently-capitalised IPUs after Brexit.

The way forward

While the final text of the package is expected to be published in the EU's Official Journal in May or early June 2019, the transposition period could span 12 or 18 months for CRD and two years for CRR. Given this timeline, firms should ramp up their planning to allow sufficient contingencies in their implementation programmes.

The package includes a number of other standards that may have implications for firms' internal processes, ranging from remuneration standards to environmental, social and governance criteria. Compliance with these will result in additional strategic and operational challenges for firms.

While firms should start preparing now, they should note that the package excludes Basel IV elements so their regulatory compliance efforts will have to continue beyond the implementation of the current package. So while the post-crisis prudential reforms are almost finalised, the implementation and compliance work continues for firms.

Cross sector announcements

In this section:

Regulation

Benchmarks 6

Conduct 6

Finance 7

Governance 7

Innovation 7

Market infrastructure 8

Retail products 8

Supervision 8

Accounting

Our publications 8

Also this month

A brief roundup of other regulatory developments

6



Hannah Swain
FS Risk and Regulation Centre of Excellence
swain.hannah@pwc.com

Regulation

Benchmarks

Recommended fallbacks for euro cash products

The Working Group on euro RFRs issued [Guiding principles in new contracts for euro-denominated cash products](#) on 21 January 2019. The paper contains recommendations for market participants to include certain fallbacks in new cash contracts referencing EURIBOR or EONIA.

The group recommends that new fallback provisions should:

- include objective permanent cessation trigger events
- use ESTER as the primary basis for a fallback rate
- introduce an adjustment spread to be applied to the fallback rate to minimise any potential transfer of value between parties or the risk of manipulation
- make it easier to amend the benchmark rate in the future
- be consistent across asset classes and/or product types, especially for related contracts.

Market participants are encouraged to develop tailored fallback provisions to each specific product while seeking general consistency in

these key principles, and to inform consumers of the rationale and operation of the fallbacks.

Introducing USD ICE Bank Yield Index

IBA issued a consultation introducing the [USD ICE Bank Yield Index](#) on 24 January 2019. This is a full-transaction based index designed to measure the yields at which investors are willing to invest US dollar funds in large, internationally active banks on a wholesale, unsecured basis over one-month, three-month and six-month periods.

IBA developed the index to meet the potential needs of users of cash products that have historically referenced short-term interest rate benchmarks, such as LIBOR, in their contracts. If the market's response is favourable and future testing is successful, IBA anticipates that it will launch the index and start publishing it during Q1 2020.

Market participants can provide comments until **31 March 2019**.

Conduct

FCA warns on financial promotions

The FCA published a [Dear CEO letter](#) on 9 January 2019, to remind all regulated firms of their responsibilities relating to the use of financial promotions. Recently, the regulator has become aware of firms using financial promotions which suggest all their activities are regulated when they are not. The letter reminds CEOs of what constitutes fair, clear

and unambiguous financial promotions. The FCA encourages all firms to read the letter and ensure they understand and comply with its rules on financial promotions.

FCA proposes SM&CR amendments

The FCA published [CP19/4 Optimising the SM&CR and feedback to DP16/4 – Overall responsibility and the legal function](#) on 23 January 2019. It proposes excluding the legal function from the Overall Responsibility Requirement, following concerns raised by [DP16/4 Overall responsibility and the legal function](#) (published in September 2016).

The FCA also plans a number of changes to the SM&CR rules, to provide extra clarity in some areas and help firms adjust to the regime. These include:

- amending the intermediary revenue criteria for the Enhanced tier
- amending the scope of the Client Dealing Function
- including the Systems & Controls Function in the Certification Regime
- applying Senior Manager Conduct Rule 4 to non-approved executive directors at Limited Scope firms.

The comment period ends on **23 April 2019**.

Finance

Disclosures: implementing EU Securitisation Regulation

ESMA published its opinion - [Amendments to ESMA's draft technical standards on disclosure requirements under EU Securitisation Regulation](#) - on 31 January 2019. It makes

amendments to the draft RTS and ITS, published in its [August 2018 final report](#), to address changes requested by the EC. The EC's request covered proportionality and the need to avoid excessive burdens on reporting entities - originators, sponsors and securitisation special purpose entities. These RTS and ITS now await endorsement by the EC. ESMA also published the first version of its [Q&As](#) on this area which it intends to update on a regular basis.

Further, the PRA and FCA issued a joint direction on the [reporting of private securitisations](#) (issuances not undertaken in compliance with the Prospectus Directive) on 31 January 2019. This follows a 20 December 2018 [joint statement](#) that outlined their intentions. They direct firms to provide summary information as specified in their template but that a full set of information should remain available 'on request'. This applied to all applicable UK established originators, sponsors and securitisation special purpose entities from 31 January 2019.

Finally, on the same day, the FCA published a [direction](#) requiring applicable entities to forward to the FCA copies of the STS securitisation notification information they are already obliged to submit to ESMA.

Governance

UK regulators ramp up focus on stewardship

The FCA published a [Consultation on proposals to improve shareholder engagement: CP19/7](#) on 30 January 2019, implementing requirements from the EU Shareholder Rights Directive II (SRD II). The FRC also published

[Proposed Revision to the UK Stewardship Code](#), while the FCA and FRC jointly issued [DP19/1: Building a regulatory framework for effective stewardship](#).

Under SRD II, asset managers and life insurers will have to facilitate more effective stewardship by enhancing transparency of engagement policies and investment strategies among institutional investors. This includes, for example, disclosure of how their investment strategies and decisions contribute to the medium to long-term performance of the assets they invest in.

The regulator proposes to extend the territorial scope beyond that envisaged in SRD II, capturing branches of non-EEA investment firms and investment in shares admitted to trading on an EEA regulated market or a comparable market outside the EEA.

Finally, the FCA proposes limited changes to the Listing Rules in relation to third party transactions, reflecting that the Listing Rules already have extensive requirements for premium listed companies which are often more stringent than those in SRD II.

Separately, the FRC proposes amendments to the Stewardship Code, including to recognise the different stewardship responsibilities of institutional investors, expand the scope of the Code beyond equities, and recognise the importance of environmental, social and governance issues. Moreover, the FCA and FRC have launched a discussion on how best to encourage institutional investors to engage more actively in stewardship of the assets they hold.

Innovation

EU authorities issue advice on cryptoassets

ESMA published [advice on cryptoassets](#) and the EBA published its [report with advice for the EC on cryptoassets](#) on 9 January 2019. Both reports start by assessing the extent to which current regulation applies to cryptoassets.

ESMA concludes that certain types of cryptoassets would qualify as MiFID financial instruments, but rules require more clarity because they were not designed with crypto applications in mind. The EBA adds that only a small number of cryptoasset activities would be classified as electronic money under the reviewed e-money directive and would subsequently be captured by PSD2. Overall a significant portion of activities therefore fall outside of existing EU regulation and into national laws. This means there is no single EU-wide approach, potentially affecting consumer protection and disrupting the level playing field. The EBA strongly advises the EC to undertake a cost benefit analysis to assess the appropriateness and feasibility of an EU-wide approach.

In addition, both ESMA and the EBA highlight the financial crime risks associated with cryptoassets and advise the EU to closely follow the recommendations and guidelines produced by FATF. The EBA further advises the EU to produce standards for the prudential and accounting treatment of cryptoassets, and urges Member States to take a cautious approach in the meantime.

FCA provides further clarity on cryptoassets

The FCA published [CP19/3: Guidance on Cryptoassets](#) on 23 January 2019, proposing new guidance on when cryptoassets are likely to be regulated. The FCA reiterates its view that three broad categories of cryptoassets exist. These are: exchange tokens, which are typically referred to as cryptocurrencies and used as a means of exchange or investment; security tokens, which provide rights such as ownership or entitlement to a share of profits; and utility tokens, which can be redeemed for access to a product or service.

The proposed guidance makes it clear that tokens which give holders similar rights to shares (e.g. voting rights, access to dividends, or ownership) are likely to constitute a security token and be subject to regulation. Where these tokens can also be traded on capital markets they are likely to be considered a transferable security. Relevant securities regulation may include the Prospectus Directive, MAR, MiFID II and UCITS V.

For cryptoassets which are classified as utility or exchange tokens, the FCA suggests they could meet the definition of e-money under the Electronic Money Regulations and that the Payment Services Regulations may apply in some circumstances.

Firms affected by the guidance include issuers of cryptoassets, advisers and intermediaries, exchanges and trading platforms, wallet providers and custodians, and payment providers. Market participants involved in cryptoassets should carefully consider the proposals, assess whether any existing or planned activities fall within the regulatory

perimeter, and engage with the consultation process which closes on **5 April 2019**.

Market infrastructure

ESMA recommendation over EMIR Refit implementation

ESMA issued a [public statement](#) in view of EMIR Refit implementation, on 31 January 2019. Through this statement, ESMA acknowledges the challenges facing small financial counterparties (SFCs) to start clearing and trading on trading venues some of their OTC derivative contracts from 21 June 2019, and facing reporting counterparties in complying with the backloading requirement from 12 February 2019.

EMIR Refit is expected to exempt SFCs from the clearing and trading obligations, as well as to remove the backloading requirement. But the regulation is likely to enter into force after the start of these obligations. Thus, in view of the material consequences of this expected timing gap, ESMA expects NCAs not to prioritise their supervisory or enforcement actions in these areas.

Retail products

ESAs examine retail product costs and performance

The EBA published a [report](#) on the costs and performance of structured deposits on 10 January 2019. This is in response to a broader [request](#) from the EC in October 2017 for the ESAs to consider costs and performance of the main categories of retail investment, pension and insurance products as part of its agenda on CMU. The EBA concludes that the EU structured deposits market is limited in size

and limited data is available, and sets out a plan for enhancing data quality in the future.

Alongside the EBA [report](#), ESMA published its annual statistical report on retail investment products. This covers UCITS, retail AIFs and structured retail products, concluding that costs of such products have a significant impact on the final returns made by retail investors. The report highlights that limited data on costs are available for retail AIFs and structured retail products, which is identified as a significant concern from an investor protection perspective.

Supervision

FCA analyses industry changes

The FCA published [Sector Views](#) – its annual analysis of the changing financial landscape across seven sectors – on 10 January 2019. The analysis helps the FCA decide where to focus its efforts and will feed into the regulator's 2019/20 business plan, which is due to be published in April 2019. The FCA discusses drivers of change and potential harm across: retail banking, retail lending, general insurance and protection, pensions, retail investments, investment management, and wholesale financial markets. As well as sector-specific issues, the FCA examines common drivers of change across sectors, focusing on: technology, societal changes, the impact of Brexit and the macroeconomic environment.

Accounting

Our publications

Illustrative disclosures under FRS 102

Our [UK GAAP \(FRS 102\) illustrative financial statements for 2018 year ends](#) illustrate the required disclosure and presentation for UK groups and UK companies reporting under FRS 102 -The Financial Reporting Standard applicable in the UK and Republic of Ireland.

IFRS Talks – PwC podcasts

In January 2019 we released the following new episodes of our podcast series of IFRS Talks:

- [38: Hyperinflation](#)
- [39: Definition of a business](#)
- [40: Christmas special](#)
- [41: 2018 Year end reminders](#)
- [42: Accounting for cloud computing](#)

In this series, PwC professionals consider new IFRS developments and share perspectives on an increasingly complex financial reporting environment.

Also this month

BIS

The Bank for International Settlements (BIS) published [Proceeding with caution – a survey on central bank digital currency](#) on 8 January 2019, which considers the progress made in this area. The BIS finds that the majority of global central banks are conducting conceptual research, but only a few have firm plans to issue a digital currency in the next decade. The BIS also summarises the benefits central banks believe digital currencies could bring and some of the hurdles.

BoE

The BoE published on 24 January 2019 interim lists of [third-country CCPs](#), [third-country CSDs](#) and [EEA systems](#) that will enter into the various temporary or transitional arrangements on exit day if the UK leaves the EU with no implementation period.

Council

The Council published [Guidelines on Artificial Intelligence \(AI\) and Data Protection](#) on 25 January 2019. The guidelines seek to ensure developers and service providers utilising AI applications preserve human rights and human dignity, especially with regards to data protection. Firms using AI should review their own measures in light of the guidance.

EC

- On 4 January 2019, the EC proposed new rules on how investment firms and insurance distributors should integrate environmental, social and governance factors into investment advice, portfolio management and the distribution of insurance-based investment products. The proposed rules, which would amend [MiFID II](#) and the [IDD](#), form part of the EC's wider [agenda](#) on sustainable finance announced in May 2018.
- The EC issued a draft [Commission Delegated Regulation under SFTR](#) on 30 January 2019. It proposes that the BoE and UK public bodies charged with or intervening in the management of the public debt should be added to the list of exempted entities under SFTR. This decision reciprocates the UK's Brexit

commitment to exempt from the application of its on-shored SFTR, the members of the ESCB and other Member States' bodies performing similar functions.

- The EC published [Reflection Paper: Towards a Sustainable Europe by 2030](#) on 30 January 2019. This sets out what actions the EC has taken since 2014, and what it still plans to do, to contribute towards the UN sustainable development goals. The report includes, among other things, a discussion on the EC's Sustainable Finance Action Plan.
- The EC published a [Supplement to Directive \(EU\) 2015/849](#) on 31 January 2019, outlining the minimum action and measures required by financial institutions to mitigate money laundering in certain third countries. The EC has made the new rules because some group-wide policies cannot be implemented in third countries due to local laws (data protection, banking secrecy). Firms should be able to demonstrate to regulators that the extent of additional measures they have taken is appropriate.

ESMA

- ESMA updated its [public register](#) with the latest double volume cap (DVC) data under MiFID II on 9 January 2019. This includes DVC data for the period of 1 December 2017 to 30 November 2018, together with updates to historic data which had already been published. The data suggests there have been 40 breaches in equities at the 8% cap, applicable to all trading venues,

and 13 breaches in equities at the 4% cap that applies to individual trading venues.

- ESMA published its updated [Q&A document](#) on the transparency requirements under MiFID II and MiFIR on 4 January 2019. In its new Q&As, ESMA provide additional clarity on the publication of request for market data transactions, the default transparency regime for equity instruments, and the default 'large in scale' and 'specific to the instrument' thresholds for bonds.
- ESMA published a [report on regulatory sandboxes and innovation hubs](#) on 7 January 2019, which shares findings from a comparative analysis of innovation facilitators. ESMA gives examples of good practice for the establishment and operation of an innovation facilitator to promote convergence throughout the EU. It also sets out future options for EU policy work in this area, for example the creation of an EU network to connect innovation facilitators across Member States.
- ESMA published its final report, [Draft RTS on cooperation, exchange of information and notification between NCAs and ESAs under the EU Securitisation Regulation](#) on 8 January 2019. The RTS was subject only to a targeted consultation as ESMA deemed that public consultation would be disproportionate in relation to its scope and impact. It now awaits endorsement by the EC.
- ESMA published its [report on accepted market practices \(AMPs\) in accordance with MAR](#) on 16 January 2019. ESMA concludes that it is still too early in the adoption of the AMPs under MAR to reach a meaningful conclusion.
- ESMA published an update to its MiFID II/MiFIR [transparency calculations](#) for commodity derivatives on 22 January 2019. While the transparency requirements under the legislation cover equities, bonds, structured finance products, emission allowances and derivatives, the updates relate to electricity derivatives.
- ESMA published a series of [opinions](#) related to the MiFID II/MiFIR requirements on commodity derivative position limits on 23 January 2019. These opinions propose new position limits across six commodity derivative contracts, each of which have been determined by ESMA as consistent with the original objectives for the MiFID II requirements and the methodology for setting those limits.
- ESMA updated its [BMR Q&As](#) on 30 January 2019. A new Q&A seeks to clarify the scope of application of the Commission Delegated Regulations adopted under the BMR depending on the type of benchmark.
- ESMA updated its [CSDR Q&As](#) on 30 January 2019. It added two new Q&As under the settlement regime in relation to the calculation and scope of cash penalties.
- ESMA published new Q&As on the [Prospectus Directive](#) and [Transparency](#)

Directive on 31 January 2019. These Q&As seek to provide clarity on the application of certain provisions under these two directives in the event the UK leaves the EU without a deal.

- On 23 January 2019, ESMA renewed its temporary restriction on the marketing, distribution or sale of Contracts for Difference to retail investors. These temporary measures are in accordance with Article 40 of MiFID II and intended to mitigate investor protection risks arising from retail participation in these products.

ESRB

The ESRB published a report, ECL approaches in Europe and the US: differences from a financial stability perspective on 16 January 2019. It examines the potential consequences of the differences in ECL methodologies arising from the application of IFRS and US accounting standards.

European CSD Association

The European CSD Association (ECSDA) finalised the ECSDA CSDR Penalties Framework on 29 January 2019. The framework aims to harmonise the settlement penalties mechanisms across all CSDs subject to CSDR. According to ECSDA, if a CSD already applies a penalties regime, this shall be adapted to or replaced by the CSDR Settlement Discipline Regime requirements.

FCA

- The FCA published a step-by-step guide for claims management companies (CMCs) informing them how to register for

temporary permissions, on 2 January 2019. CMCs are reminded they may not register for temporary permissions unless they were previously regulated by the Claims Management Regulator or have been newly brought into the scope of FCA regulation.

- The FCA published consultation paper, CP19/1 – Recovering the costs of regulating securitisation repositories after the UK leaves the EU on 8 January 2019. It is consulting on authorisation and supervision fees for these entities, taking a similar approach to its proposals for CRAs and TRs in CP18/34. The consultation closed on 11 February 2019.
- The notification window for the Temporary Permissions Regime opened on 7 January 2019 on the FCA's website and closes on 28 March 2019. The FCA published two guides covering the notification process for firms and investment funds.
- The FCA published a note on 7 January 2019 that clarifies the interaction between the PRA's and FCA's proposals for applying the SM&CR to firms in the Temporary Permissions Regime.
- The FCA opened advance applications for CRAs and TRs that are looking to register a new UK entity or convert their ESMA registration into an FCA registration to prepare for a no-deal Brexit scenario. Additionally, the window is now open for EEA data reporting services providers (DRSPs) authorised under MiFID and wishing to provide data reporting services

in the UK after exit day. EEA DRSPs should notify the FCA by 15 February 2019.

- The FCA summarised recent minor changes to its Handbook, in Handbook Notice No 62 on 25 January 2019. These include amendments relating to personal current accounts and overdrafts, high-cost credit and payment services.
- The FCA published CP19/6: Changes to align the FCA Handbook with the EU Prospectus Regulation on 28 January 2019. This will bring the Prospectus Rules sourcebook in line with the EU Prospectus Regulation, which updates the EU prospectus regime to ensure investors receive all information they need to make an informed investment decision. While some provisions in the Regulation are already applicable after coming into force in July 2017, most will take effect from 21 July 2019.
- The FCA published the Terms of Reference for the Global Financial Innovation Network (GFIN) on 31 January 2019. GFIN provides a platform for firms to test innovative products and services across international markets while receiving tailored advice. Firms interested in taking part in the UK pilot can find the application form here.

FMSB

- The FMSB published the final version of its Statement of Good Practice on Suspicious Transaction and Order Reporting on 15 January 2019. Its purpose is to improve

conduct and raise standards for participants in the wholesale FICC markets. FMSB expects each firm to consider their own practices in light of this statement and whether any changes are needed.

- The FMSB published the final version of its Standard on Secondary Market Trading Error Compensation on 28 January 2019. The Standard sets out expected behaviours intended to improve the practice of payment of compensation for trading errors, and it advises on how compensation should be paid between participants in the FICC markets. It makes clear that compensation such as wash trades should not be used because they can create a misleading impression regarding volume or price in the market.

FRC

The FRC published its latest in a series of reports looking at the effect of technology on reporting, AI – how does it measure up?, on 21 January 2019. The FRC discusses some of the use cases for AI internally for businesses as well as for their customers. It also highlights what boards should be thinking about when considering the use of AI.

HMT

John Glen, The Economic Secretary to the Treasury, wrote to TC Chair Nicky Morgan setting out the Government's approach to delegating a transitional power to the BoE, PRA and FCA to allow them to show regulatory flexibility in the event of a no-deal Brexit. The letter, sent on 9 January 2019, seeks

Parliament's input on the Government's approach.

IOSCO

IOSCO published a [statement](#) on its sustainable finance policy agenda on 18 January 2019. Issuers must consider environmental, social and governance factors when disclosing material information to investors. While it noted the increased use of voluntary disclosures, IOSCO emphasised the important role that formal securities regulation has to play, and indicated its intention to closely monitor this issue.

ISDA

- ISDA issued best practices for [CCP risk management](#) on 24 January 2019, in response to a member default at Nasdaq Clearing in September 2018. The paper highlights the fundamental principle that CCP risk management decisions should be based on the risk profile of a product, rather than on whether a derivative is an exchange-traded or OTC product. The Futures Industry Association issued a similar [paper](#) in November 2018.
- ISDA released [Legal Guidelines for Smart Derivatives Contracts: Introduction](#) on 30 January 2019. This is the first in a series of legal guidelines intended to provide high-level guidance on the legal documentation and framework that currently governs derivatives trading. It also identifies contractual and documentation issues that may be relevant as derivatives market participants seek to develop and implement new platforms, products and solutions.

JMLSG

The JMLSG published a [note on the year ahead](#) on 31 January 2019, outlining its key work programmes for 2019. The JMLSG will focus on implementing the Fifth Money Laundering Directive, reviewing sectoral guidance for credit unions and brokers, and making new guidance on virtual currency exchanges, digital identities and payment initiation services.

PRA

- The PRA issued a policy statement [PS2/19 Regulatory transactions: Changes to notification and application forms](#) on 17 January 2019, updating the regulatory transactions forms and amending the Change in Control part of the PRA Rulebook. The final rules and accompanying forms took effect from 19 January 2019.
- The PRA published [Application of the SM&CR to firms in the temporary permissions regime: clarification of the PRA's and FCA's proposals](#) on 7 January 2019. It includes a set of Frequently Asked Questions on how the two sets of proposals would apply to dual-regulated, EEA firms currently operating in the UK through a branch.

TC

The TC [launched](#) an inquiry into the post-Brexit future of UK financial services, on 25 January 2019. It will examine what the Government's financial services priorities should be when it negotiates the UK's future trading relationship with the EU and other countries, and whether

the UK should align closely with EU financial services rules. The TC plans to make a series of recommendations to Government and regulators.

Technical Expert Group on Sustainable Finance

The Technical Expert Group (TEG) on Sustainable Finance, which was set up by the EC in July 2018, published its [first report](#) on 10 January 2019. The report is intended to assist the EC in its efforts to improve corporate disclosures on climate-related information, forming part of its wider [agenda](#) on sustainable finance. The TEG plans to publish a further three reports on a classification system of sustainable economic activities, an EU green bond standard, and benchmarks for low-carbon investment strategies.

Wolfsberg Group

The Wolfsberg Group published [Guidance on Sanctions Screening](#), on 21 January 2019. The Group strongly encourages firms to review the guidance which reflects not only legal and regulatory requirements, but also expectations and global industry best practice.

Banking and capital markets

In this section:

Regulation

Capital and liquidity

Supervision

Accounting

Financial reporting

Also this month

A brief roundup of other regulatory developments

12

12

12

13

13

13



Anne Simpson
Banking Lead Regulatory Partner
anne.e.simpson@pwc.com



Hortense Huez
FS Risk and Regulation Centre of Excellence
hortense.huez@pwc.com

Regulation

Capital and liquidity

Completing the FRTB standard

The Basel Committee published Minimum capital requirement for market risk on 14 January 2019, together with an accompanying detailed explanatory note. This revision addresses issues identified in the course of monitoring the implementation of the Committee's January 2016 standard, replaces that standard and incorporates the Q&As the Committee had developed alongside it. The revision also marks the completion of the FRTB project that the Committee started in 2009. The changes to the January 2016 standard include:

- clarifying the scope of exposures included in the trading book and so subject to market risk capital requirements
- refining the standardised approach treatment of FX risk, index instruments and options
- amending the standardised approach risk weights applicable to general interest rate risk, FX risk and selected credit spread risk exposures
- revising the profit and loss attribution test metric for determining whether a bank's internal risk management models appropriately reflect the risks of individual

trading desks together with the consequences of failing the test

- revising the requirements for identifying risk factors that are eligible for internal modelling and the capital requirement applicable to risk factors that are deemed non-modellable.

It also retains the existing Basel 2.5 standardised approach as a simplified alternative to the revised standardised approach that it is introducing and is intended for banks with small or non-complex trading portfolios. But the Committee adds specified scalars to ensure a sufficiently conservative calibration of the capital requirements for these banks.

The Committee estimates this revised framework results 'in a risk weighted average increase of about 22% in total market risk capital requirements relative to the Basel 2.5 framework'. This contrasts with an estimated 40% increase under the January 2016 standard. These requirements are due to take effect from 1 January 2022, which aligns with the other December 2017 Basel III reforms.

Supervision

What's ahead for the Basel Committee?

The Basel Committee published details of its 2019/20 work programme on 14 January 2019. It outlines the policy initiatives it intends to progress:

- longer term measures in response to ECL accounting changes
- the leverage ratio treatment of client cleared derivatives and measures to curb window-dressing behaviour
- enhancing operational resilience
- potential measures relating to crypto-assets.

Concerning potential new policy initiatives, the Committee plans to consider whether to pursue work in three additional areas. These are: transitional and steady state risks arising from benchmark rate reforms, responding to the work of the Network for Greening the Financial System, and the role of proportionality in the Basel framework.

The other elements of the work programme cover evaluating and monitoring policy implementation and impact, and promoting strong supervision. Assessing emerging risks is part of the Committee's monitoring activity and includes banks' behavioural responses. This incorporates an annual exercise related to potential regulatory arbitrage transactions and balance sheet optimisation techniques.

Accounting

Financial reporting

Setting ECL disclosure expectations

The PRA published a [Dear CFO](#) letter dated 15 January 2019 concerning IFRS 9 ECL disclosures in the forthcoming 2018/19 annual report and accounts of the largest seven UK banks. It expects these banks to adopt in full

the recently published [Recommendations on a comprehensive set of IFRS 9 ECL disclosures](#) report that it jointly sponsored with the FRC and FCA. These banks, together with analysts and investors, had participated in the taskforce that prepared the report.

The PRA acknowledges that the taskforce intended the recommendations to be 'stretching' and that it may be two or three years before the banks can adopt them in full. Nonetheless, it encourages the banks 'to make as much progress as possible' in this year's annual report and accounts. The PRA also indicates it may ask for updates on banks' adoption plans and details of their progress against them. Finally, it emphasises the need for appropriate disclosures concerning two specific areas – measurement uncertainty and sensitivity together with explanations of the use of Monte Carlo approaches, for those banks that use them.

Also this month

Basel Committee

- The Basel Committee updated its [Basel III monitoring and data collection](#) web page on 18 January 2018. The Committee publishes the Basel III monitoring workbook, accompanying set of instructions and a list of frequently asked questions with respect to its Basel III monitoring exercises.
- The Basel Committee announced in a [press release](#) on 17 January 2019 that it has completed the review of its 2008 [Principles for sound liquidity management](#)

and supervision. It confirms that it remains 'fit for purpose'. But the Committee advises banks and supervisors to remain vigilant, noting a range of significant developments in financial markets affecting liquidity risk since 2008.

Council

The Council published a further draft of the EU's [Directive on credit servicers, credit purchasers and the recovery of collateral](#), on 31 January 2019. The most notable addition is for NCAs to pass to the EBA details of each credit purchaser upon their first purchase. This will enable the EBA to maintain a list of all credit purchasers operating within the EU.

EBA

- The EBA published two reports, [Results from the 2018 market risk benchmarking exercise](#) and [Results from the 2018 low and high default portfolios exercise](#) (credit risk benchmarking) on 10 January 2019. These cover EU institutions authorised to use internal approaches for the calculation of capital requirements. It intends these annual benchmarking exercises as supervisory tools to help address unwarranted inconsistencies in internal models, by providing input to NCA assessments including areas or outliers that may require further investigation.
- The EBA published its final [guidelines on specification of types of exposures to be associated with high risk](#) on 17 January 2019. The guidelines aim to enable a higher degree of comparability in terms of current practices in identifying exposures

associated with high risk under the CRR. Firms should implement the guidelines by 1 July 2019.

- The EBA updated its 2018 [list of closely correlated currencies](#) and submitted it to the EC for endorsement on 30 January 2019. The list is part of the ITS on the calculation of the capital requirements for foreign-exchange risk according to the standardised rules, which subject positions in closely correlated currencies to lower capital requirements.

EC

The EC published an [Amendment to Delegated Regulation \(EU\) 2016/522](#), on 30 January 2019, which provides the BoE and the UK Debt Management Office with an exemption from Article 6(1) of MAR post-Brexit. Article 6(1) establishes an exemption from MAR for transactions and orders by Member States in the pursuit of public monetary and debt management policy.

ECB

- The ECB published a second revised edition of its [Guide to assessments of licence applications](#) on 9 January 2019. The guide covers applications to become a credit institution in the eurozone. This revision consolidates the ECB's [March 2018](#) edition with a further element that it consulted on in [September 2018](#) addressing the assessment of capital and programme of operations.
- Sabine Lautenschlager, Executive Board Member and Vice-chair of the Supervisory

Board of the ECB, gave a [speech](#) on 17 January 2019 providing 'a supervisory perspective on 2019 and beyond'. She focused on the two big structural changes the EU faces: Brexit and digitalisation.

- Benoît Cœuré, ECB board member, spoke on [FinTech for the people](#) at a Basel Committee event in Cape Town, on 31 January 2019. Cœuré concluded that financial inclusion is a problem in many areas of the world, often with people resorting to unsafe payment arrangements. He argued that policymakers have an obligation to bring people closer to the financial system in order to protect them.

ESRB

- The ESRB published [Macroprudential approaches to non-performing loans](#) on 28 January 2019 in response to a July 2017 Council request. It concludes that no fundamental changes are required. But certain refinements should be considered, including the use of sectoral capital buffers and the development of borrower-based measures.

FCA

- The FCA updated its [Approach to Payment Services and Electronic Money Regulations](#) (dated December 2018) on 9 January 2019, outlining the FCA's regulatory approach and how it will supervise firms.
- The FCA published [PS19/2: Previously rejected PPI complaints](#) on 30 January 2019. The new rules and guidance mean that customers with previously rejected

complaints due to jurisdiction must be written to, explaining that they are able to make a new complaint about recurring non-disclosure of commission. Firms must complete these communications by 29 April 2019.

PRA

- The PRA [regulatory reporting](#) requirements, including operational continuity (PRA109) and RFB data items, came into force on 1 January 2019. The PRA also updated data items and instructions for close links reporting (REP001 and REP001a), stress tests (PRA111) and certain Pillar 2 risks (FSA071, FSA076-79, FSA081-83) to reflect policy effective from the same date.
- The PRA issued consultation paper [CP 1/19 – Credit risk mitigation: eligibility of financial collateral](#) on 10 January 2019. It proposes changes to supervisory statement [SS17/13](#) to clarify its expectations concerning the CRR-related collateral eligibility condition that the 'credit quality of the obligor and the value of the collateral shall not have a material correlation'. The consultation closes on **10 April 2019**.
- The PRA published [PS1/19 'Liquidity reporting: FSA047, FSA048, and PRA110'](#) and updated [SS34/15 'Guidelines for completing regulatory reports'](#) on 8 January 2019. The PRA introduces a six-month delay in terminating the FSA047 and FSA048 liquidity reporting and reduces their reporting frequency to align with that

of the PRA110 liquidity report. It also extends the submission deadline for weekly submission of PRA110 from one to two business days from 1 July 2019 until 31 October 2019.

PSR

The PSR published its [Final terms of reference: market review into the supply of card-acquiring services](#) on 24 January 2019. The PSR will review how merchants buy card-acquiring services, who provides the service and market share trends, credible alternatives and whether value is delivered for both merchants and customers. The findings are expected by the end of 2019.

SRB

The SRB published its [policy statement on MREL for the second wave of resolution plans of the 2018 cycle](#) on 16 January 2019, raising the bar in terms of banks' resolvability and MREL targets. It aims to prepare the ground for future regulatory changes in the context of the 'Banking Package' (CRR II, BRRD II and the SRM Regulation II) and plans to issue updates throughout 2019.

Asset management

In this section:

Regulation

Capital and liquidity

Investment funds

15

15

15



Amanda Rowland

Partner, FS Risk and Regulation
Centre of Excellence

amanda.rowland@pwc.com



Andrew Strange

FS Risk and Regulation Centre of
Excellence

andrew.p.strange@pwc.com

Regulation

Capital and liquidity

Investment firm review proposals enter trilogue

The Council announced in a [press release](#) on 7 January 2019 that it has agreed its position on the investment firm review prudential related legislative proposals. These proposals introduce a more proportionate regime for non-systemic investment firms currently subject to CRD IV/CRR. But the largest firms (class 1) that provide 'bank-like' services would continue to be subject to the full banking prudential regime.

The Council's revised text, comprising a [directive](#) and [regulations](#), incorporate changes compared with the [December 2017 legislative proposal](#). These include:

- lowering the consolidated asset size threshold, above which firms are classified as class 1, from €30bn to €15bn
- allowing NCAs to apply discretion to classify as class 1 investment firms engaged in 'bank-like' activities which have consolidated assets between €5bn and €15bn and that pose risks to financial stability
- further strengthening the third country equivalence regime, particularly for firms that are deemed likely to be of systemic importance.

The EP agreed its position on 24 September 2018. The next stage of the legislative process - the trilogue negotiations between the Council, the EC and the EP, are now proceeding. The EP currently forecasts a vote on the finalised version of the legislation on 16 April 2019.

Investment funds

EC launches AIFMD review

The EC published a report on the [Operation of AIFMD](#) on 10 January 2019, which represents the first step in the EC's process to review the effectiveness of AIFMD and will ultimately lead to revisions to the rules.

The report highlights that, since taking effect in July 2013, AIFMD has made a significant contribution to the creation of a single market for AIFs. It concludes that AIFMD has broadly acted as an effective legal framework for monitoring and managing the risks associated with the activities of AIFMs, as exposed during the financial crisis.

Other elements of the directive, however, have been identified as not working as well as they could. The EC signals that those areas will be subject to further analysis. Potential areas of concern include the provisions on disclosures to investors in Article 23, which the EC suggests may be excessive in quantity and therefore ignored by or confusing for investors. It also suggests that various aspects of AIFMD may overlap with other pieces of EU legislation, particularly the requirements on

reporting to regulators, calculation methodologies for fund leverage, and remuneration.

There is some concern that certain aspects of AIFMD are not being consistently interpreted across Member States, which is particularly true for the rules for depositories and the EU marketing passport regime.

Finally of note is that ESMA and some NCAs have expressed concern that the reporting requirements do not provide all the necessary data regulators require to monitor the AIF market. They're worried that binary choice in the valuation rules between internal and external valuers and the differing legal interpretations of the liability of external valuers may be impairing the effectiveness of those rules for some asset classes.

Insurance

In this section:

Regulation

Operational resilience

Retail products

Solvency II

Accounting

Accounting

IFRS 17

Also this month

A brief roundup of other regulatory developments

17

17

17

18

18

18

18

19



Jim Bichard
UK Solvency II Leader
jim.bichard@pwc.com



Kareline Daguer
FS Risk and Regulation Centre of Excellence
kareline.daguer@pwc.com

Regulation

Operational resilience

Cyber underwriting risk - PRA expects more

The PRA published [Cyber underwriting risk: follow-up survey results](#) on 30 January 2019. It concludes that although some work has been done regarding the prudent management of cyber underwriting risk, firms need to do more. It also highlights that its expectations in [SS4/17 Cyber insurance underwriting risk](#) remain relevant and valid.

The PRA expects firms to be able to identify, quantify and manage cyber insurance underwriting risk, including sources of affirmative cyber risk (policies that explicitly include coverage for cyber risk) and non-affirmative cyber risk (policies that do not explicitly include or exclude coverage for cyber risk). The PRA is especially concerned with standards of non-affirmative cyber risk management, risk appetite and strategy.

The PRA intends to follow up its findings with surveyed firms by the end of Q1 2019. In the second half of 2019, the PRA is planning deep dive reviews of firms (not necessarily those in the initial sample) to assess how these firms are meeting the expectations set out in SS4/17.

Retail products

General insurance - FCA eyes value improvement

The FCA published a third and final set of [data](#) from its [General Insurance \(GI\) value measures pilot scheme](#) on 30 January 2019. It covers claims frequency, claims acceptance rates and average claims payout for four insurance products (home, home emergency, personal accident and key cover).

At the same time, the FCA published [CP19/8: GI Value Measures reporting](#). As it found its pilot study to have a positive impact, it is consulting on rules to require firms to report value measures data across GI for publication. In publishing this information, the FCA aims to improve market transparency and competition, encourage firms to make product improvements, and provide an additional tool to help it supervise firms. It also proposes additional requirements for firms to use the value measures data as part of the monitoring and governance of their insurance products. Firms should review their product governance obligations under the IDD, and consider how they can use value measures data to enhance their governance and oversight frameworks to identify products that do not provide fair customer outcomes

The FCA is currently conducting a thematic review on value in the distribution chain and a market study into GI pricing practices.

Retirement Outcomes Review - FCA consults on further remedies

The FCA published [CP 19/5: Retirement Outcomes Review: Investment pathways and other proposed changes to our rules and guidance](#) on 28 January 2019. It sets out a second proposed package of remedies from the Retirement Outcomes Review. The FCA proposes that drawdown providers must offer non-advised consumers a range of investment solutions (investment pathways) with carefully designed choice options - to help them choose investments that broadly meet their objectives. It is also proposing requiring drawdown providers to ensure consumers invest in cash only if they make an active decision to do so, and to give consumers warnings about the likely impact on their long-term income of investing in cash.

Additionally, the FCA plans to require firms to tell customers beginning to draw down their pension, how much they have paid in charges over the previous year inclusive of transaction costs. The FCA expects firms to challenge themselves on the level of charges they impose on investment pathways. If the regulator subsequently identifies issues with charges, it may move towards imposing a cap.

The comment period ends on **5 April 2019** and the FCA plans to implement these changes on 6 April 2020.

Retirement Outcomes Review - FCA amends remedies

The FCA published [PS 19/1: Retirement Outcomes Review: feedback on CP18/17 and our final rules and guidance](#) on 28 January

2019. It sets out final rules and guidance on the first package of remedies from the [Retirement Outcomes Review](#) launched in 2016.

The FCA is proceeding with new rules and guidance on information disclosure. These include: amending the information that firms must give in the 'wake-up' pack provided to consumers as they approach retirement, the frequency of its delivery, and preventing marketing material from being included, to make it more impactful. Changes will also be made to the Key Features Illustration that consumers receive on entering drawdown to ensure the prominence of charges information and consistency in calculation of illustrations.

Based on feedback from the consultation ([CP18/17](#)) and recent developments, the FCA includes additional guidance on annuity prompts. It sets out a number of major health and lifestyle areas about which firms may consider asking questions to decide eligibility. It also clarifies the FCA's approach to the annual information which firms must send consumers in annual statements. Firms are required to invite clients to consider reviewing their pension product choices and their investment choices, and consider the option of taking regulated advice or seeking independent guidance.

The changes to 'wake up' packs, retirement risk warnings, reminder requirements and the annuity prompt come into force on 1 November 2019.

Solvency II

[EIOPA seeks evidence on sustainability risks](#)

Following an [EC request](#), EIOPA issued a [Public Call for Evidence for an Opinion on sustainability within Solvency II](#) on 17 January 2019. It aims to collect information on the integration of sustainability risks and factors in the prudential assessment of assets and liabilities for insurers.

EIOPA intends to examine how sustainability risks affect insurers' investments, with particular focus on climate change and collect market practices on insurance underwriting.

The comment period ends on **8 March 2019**. EIOPA plans to publish its draft Opinion for consultation during the second half of 2019, for submission to the EC by 30 September 2019.

Accounting

Accounting

FRS 101/102 - FRC proposes amendments

The FRC issued [FRED 70 Draft amendments to FRS 101 – 2018/19 cycle](#) and [FRED 71 Draft amendments to FRS 102 – Multi-employer defined benefit plans](#) on 29 January 2019.

In FRED 70, the FRC proposes that entities required to comply with the Companies Act accounts formats applicable to insurers, or other similar formats, that have contracts within the scope of IFRS 17 Insurance Contracts, shall not be permitted to apply FRS 101 if IFRS 17 is part of EU adopted IFRS. It intends to make this change because of conflicting requirements in FRS 101 and IFRS 17. The comment period ends on **30 April 2019**.

In FRED 71, the FRC proposes new requirements in FRS 102 for presenting the impact of transition from defined contribution accounting to defined benefit accounting. FRS 102 requires this transition when sufficient information is available for an employer participating in a multi-employer defined benefit plan to apply defined benefit accounting. The comment period for ends on **31 March 2019**.

IFRS 17

IASB continues IFRS 17 deliberations

At its [January meeting](#), the IASB decided to propose targeted improvements in three areas that it expects will ease implementation of the Standard and make it easier for companies to explain the results of applying IFRS 17 to investors and others. The proposed changes are linked to the recognition of contract costs, reinsurance contracts and the investment service elements of a contract. See [IASB proposes to further amend IFRS 17](#) for our detailed observations from the meeting.

The IASB expects to publish an Exposure Draft of the amendments to IFRS 17 around the end of the first half of 2019. It intends to finalise amendments so that 1 January 2022 remains as the proposed effective date of IFRS 17.

Also this month

EIOPA

- EIOPA published [Instructions](#) for insurers participating in its Europe-wide [comparative study](#) on the internal modelling of market and credit risk on financial instruments. It provides an overview on which templates have to be filled in for which model types. EIOPA expects insurers to submit their responses to their NCA by 31 May 2019 and NCAs to submit their reports to EIOPA by 30 June 2019.
- In January 2019, EIOPA published answers to questions on [\(EU\) 2015-2450 templates for the submission of information to the supervisory authorities](#) and [\(EU\) 2015-35 supplementing Directive 2009-138](#). EIOPA publishes [Q&A on Regulation](#) to ensure consistent and effective application of European regulation and to aid supervisory convergence.
- Following an EC [request](#), EIOPA published its [First Report on Costs and Past Performance](#) for insurance and pension products on 10 January 2019. It shows data on the costs of insurance-based investment products across the EU as well as certain similar personal pension products between 2013 and 2017. EIOPA also reports on several challenges that it identified in this work, which it intends to address by further developing common definitions of costs and common methods for calculation of past performance, especially for profit participation products.

- EIOPA published its [Risk Dashboard for January 2019](#) on 31 January 2019. Overall it finds risk exposures for the European insurance sector continue to remain stable.

EP

- On 22 January 2019, the EP [voted to adopt](#) a number of [amendments](#) to its [Proposal](#) for a Directive amending the Motor Insurance Directive (published in May 2018). It also extends the transposition and entry into force periods to ensure Member States have at least 24 months to introduce changes in obligatory car insurance at national level in their compensation systems. But it retains the 12-month time frame for provisions on the use of Guarantee Funds when insurers face insolvency.
- As part of the EC's [review of ESAs' powers](#) (launched in September 2017), it proposed a [directive](#) to transfer responsibility for the authorisation and supervision of data reporting service providers from national authorities to ESMA and to enhance EIOPA's role with regard to insurers' internal models. The EP published a [Report on the proposal for a directive of the EP and the Council amending MIFID and Solvency II](#) on 14 January 2019. It outlines a number of amendments to the directive following [Amendments](#) proposed in September 2018.
- The EP updated its Procedure file on the proposed regulation on a pan-European personal pension product on 24 January 2019. It indicates that the EP will consider

the [proposed regulation](#) at its plenary session of 25 to 28 March 2019.

ESRB

The ESRB published its [Decision on a coordination framework for consultation by a supervisory authority with the ESRB on an extension of the period under Article 138\(4\) of Solvency II](#) in the Official Journal on 29 January 2019. It enters into force 20 days later, on 18 February 2019. If EIOPA declares an exceptional adverse situation affecting insurers, this sets the framework under which national supervisors may consult with the ESRB.

FRC

The FRC published [FRED 70: Draft amendments to FRS 101 - reduced disclosure framework](#) on 29 January 2019. It proposes not allowing insurance companies to apply FRS 101 from the date IFRS 17 takes effect. IFRS 17 concerns insurance contracts and take effect for accounting periods beginning on or after 1 January 2021. This is due to conflicts between IFRS 17 and UK company law. The consultation closes on **30 April 2019**.

HMT

HMT [announced](#) that the agreement between the UK and the Swiss Confederation on direct insurance other than life assurance, the Direct Insurance Agreement, was signed on 25 January 2019. It replicates the existing EU agreement with Switzerland for the UK post Brexit.

UK Government

The UK Government published the final signed [Agreement between the UK and the US on Prudential Measures regarding Insurance and Reinsurance](#) and its [Explanatory Memorandum](#) on 22 January 2019. This agreement applies the benefits of the current [Bilateral Agreement between the US and the EU](#) (the US-EU Covered Agreement) to the UK post Brexit.

Monthly calendar

Open consultations

Closing date for responses	Paper	Institution
14/02/19	Draft guidelines on the reporting to competent authorities under article 37 of the MMF Regulation	ESMA
19/02/19	CP18/44: Brexit – RTS for Strong Customer Authentication and Common and Secure Open Standards of Communication	FCA
19/02/19	Integrating sustainability risks and factors in the UCITS Directive and AIFMD	ESMA
19/02/19	Integrating sustainability risks and factors in MiFID II	ESMA
20/02/19	Guidelines on Settlement Fails Reporting under Article 7(1) of CSDR	ESMA
20/02/19	Guidelines on standardised procedures and messaging protocols used between investment firms and their professional clients under Article 6(2) of CSDR	ESMA
28/02/19	CP18/40: Consultation on proposed amendment of COBS 21.3 permitted links rules	FCA
28/02/19	CP19/9, CP2/19 Financial Services Compensation Scheme – Management Expenses Levy Limit 2019/20	FCA/PRA
08/03/19	Proposal to revise Practice Note 19. The Audit of Banks and Building Societies in the United Kingdom	FRC
13/03/19	Revisions to leverage ratio disclosure requirements	Basel Committee
13/03/19	EBA draft Guidelines on ICT and security risk management	EBA
18/03/19	CP18/42: High-Cost Credit Review: Overdrafts consultation paper and policy statement	FCA
18/03/19	CP18/43: High-Cost Credit Review: Feedback on CP18/12 with final rules and consultation on Buy Now Pay Later offers	FCA
19/03/19	Guidelines on Disclosure Requirements Applicable to Credit Ratings	ESMA
22/03/19	CP18/41, CP30/18: FCA and PRA changes to mortgage reporting requirements	FCA and PRA
27/03/19	CP19/7: Consultation on proposals to improve shareholder engagement	FCA
28/03/19	CP19/6: Changes to align the FCA Handbook with the EU Prospectus Regulation	FCA

Closing date for Paper responses

		Institution
29/03/19	Proposed Revision to the UK Stewardship Code	FRC
05/04/19	The Bank of England's approach to assessing resolvability	BoE
05/04/19	CP19/3: Guidance on Cryptoassets	FCA
05/04/19	CP19/5: Retirement Outcomes Review: Investment pathways and other proposed changes to our rules and guidance	FCA
10/04/19	CP1/19 Credit risk mitigation: Eligibility of financial collateral	PRA
23/04/19	CP19/4: Optimising the SM&CR and feedback to DP16/4 – Overall responsibility and the legal function	FCA
30/04/19	CP19/8: General Insurance Value Measures reporting	FCA

Forthcoming publications

Date	Topic	Type	Institution
Asset management			
March 2019	Investment platforms market study remedies	Consultation and discussion paper	FCA
Q2 2019	Proposed amendment of permitted links rules	Policy statement	FCA
Q2 2019	The integration of sustainability risks in the UCITS Directive, AIFMD and MiFID II	Technical advice	ESMA
Q3 2019	Amendments to bond market liquidity and size specific to the instrument thresholds under MiFIR	Amendment to RTS	ESMA
Q4 2019	Functioning of the consolidated tape equity under MiFID II	Report	ESMA
Q4 2019	Prices for pre and post-trade data under MiFIR	Report/technical advice	ESMA
Banking			
February 2019	General standards and communication rules for the payment services and e-money sectors – PS to CP18/21	Policy statement	FCA
Q1 2019	Mortgage market study final report	Report	FCA

Executive summary	EU Banking Package reaches final stage	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
Date	Topic				Type	Institution	
Q1 2019	Guidelines on outsourcing				Guidelines	EBA	
Q2 2019	Review of the disclosure requirements for the LCR				Review	EBA	
Q2 2019	Guidelines on banks' loan origination, internal governance and monitoring				Guidelines	EBA	
Summer 2019	FCA guidance on cryptoassets				Policy statement		
Q3 2019	ITS on MREL disclosure and reporting				Consultation	EBA	
Q3 2019	Guidelines on credit risk mitigation				Guidelines	EBA	
Q4 2019	Draft ITS on Pillar 3 disclosures				Draft ITS	EBA	
Consumer credit							
Q1 2019	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	
Insurance							
Q1 2019	Value in the distribution chain review				Review findings	FCA	
Q1 2019	Wholesale insurance brokers market study				Interim report	FCA	
Summer 2019	General insurance value measures reporting				Policy statement	FCA	
Pensions							
Q1 2019	Savings adequacy				Occasional paper	FCA	
July 2019	Retirement outcomes review				Policy statement	FCA	

Date	Topic	Type	Institution
Securities and markets			
Q1 2019	Approach to market integrity	Report for consultation	FCA
Q1 2019	Securitisation Regulation	RTS and ITS	ESMA
Q2 2019	Money laundering in capital markets	Report	FCA
Supervision, governance and reporting			
March 2019	Regulatory fees and levies: policy proposals for 2019/20 – PS to CP18/34	Policy statement	FCA
April 2019	Regulated fees and levies: rates proposals 2019/20	Consultation paper	FCA
April 2019	FCA business plan 2019/20	Business plan	FCA

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

Glossary

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

Executive summary	EU Banking Package reaches final stage	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
CPMI	Committee on Payments and Market Infrastructures			DGSD	Deposit Guarantee Schemes Directive 2014/49/EU		
CRA1	Regulation on Credit Rating Agencies (EC) No 1060/2009			DLT	Distributed ledger technology		
CRA2	Regulation amending the Credit Rating Agencies Regulation (EU) No 513/2011			D-SIBs	Domestic Systemically Important Banks		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			EBA	European Banking Authority		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			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		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ECJ	European Court of Justice		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ECL	Expected credit loss		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ECOFIN	Economic and Financial Affairs Council (configuration of the Council of the European Union dealing with financial and fiscal and competition issues)		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ECON	Economic and Monetary Affairs Committee of the European Parliament		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ECP	Eligible counterparty		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			EDIS	European Deposit Insurance Scheme		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			EEA	European Economic Area		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			EEC	European Economic Community		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			EIOPA	European Insurance and Occupations Pension Authority		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ELTIF	European long-term investment fund		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			EMIR	Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (EU) No 648/2012		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			EP	European Parliament		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			EPC	European Payments Council		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ESA	European Supervisory Authority (i.e. generic term for EBA, EIOPA and ESMA)		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ESCB	European System of Central Banks		
CRA3	Proposal to amend the Credit Rating Agencies Regulation and directives related to credit rating agencies COM(2011) 746 final			ESEF	European Single Electronic Format		
CRD	'Capital Requirements Directive': collectively refers to Directive 2006/48/EC and Directive 2006/49/EC						
CRD II	Amending Directive 2009/111/EC						
CRD III	Amending Directive 2010/76/EU						
CRD IV	Capital Requirements Directive 2013/36/EU						
CRD V	CRD IV-related EC November 2016 banking reform package amendments						
CRR	Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms						
CRR II	CRR-related EC November 2016 banking reform package amendments						
CSD	Central Securities Depository						
CSDR	Central Securities Depositories Regulation (EU) 909/2014						
CSMAD	Criminal Sanctions Market Abuse Directive 2014/57/EU						
CTF	Counter Terrorist Financing						
DEPP	The FCA's Decision Procedure and Penalties Manual						
DG FISMA	Directorate-General for Financial Stability, Financial Services and Capital Markets Union						
DG MARKT	Internal Market and Services Directorate General of the European Commission						
DGS	Deposit Guarantee Scheme						

Executive summary	EU Banking Package reaches final stage	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
ESMA	European Securities and Markets Authority			FOS	Financial Ombudsman Service		
ESRB	European Systemic Risk Board			FPC	Financial Policy Committee		
ESTER	Euro short-term rate			FRC	Financial Reporting Council		
ETC	Exchange-traded commodity			FRTB	Basel Committee fundamental review of the trading book market risk capital requirements		
ETN	Exchange-traded note			FSA	Financial Services Authority		
EU	European Union			FSB	Financial Stability Board		
EU Securitisation Regulation	Regulation (EU) 2017/2402 laying down a general framework for securitisation and creating a specific 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			FSBRA	Financial Services (Banking Reform) Act 2013		
EURIBOR	Euro Interbank Offered Rate			FS Act 2012	Financial Services Act 2012		
Eurosystem	System of central banks in the euro area, including the ECB			FSCP	Financial Services Consumer Panel		
EuVECA	European Venture Capital Funds Regulation (EU) 345/2013			FSCS	Financial Services Compensation Scheme		
FAMR	Financial Advice Market Review			FSI	Financial Stability Institute (of the BIS)		
FATF	Financial Action Task Force			FSMA	Financial Services and Markets Act 2000		
FC	Financial counterparty under EMIR			FTT	Financial Transaction Tax		
FCA	Financial Conduct Authority			G30	Group of 30		
Fiat currency	Currency whose value is underpinned by the strength of the issuing government, e.g. USD, GBP, euro and other major world currencies			GAAP	Generally Accepted Accounting Principles		
FICC	Fixed income, currencies and commodities			GDPR	General Data Protection Regulation		
FICOD1	Amending Directive 2011/89/EU of 16 November 2011			G-SIBs	Global Systemically Important Banks		
FICOD	Financial Conglomerates Directive 2002/87/EC			G-SIFIs	Global Systemically Important Financial Institutions		
FMI	Financial Market Infrastructure			HCSTC	High Cost Short Term Credit		
FMLC	Financial Markets Law Committee			HMRC	Her Majesty's Revenue and Customs		
FMSB	FICC Markets Standard Board			HMT	Her Majesty's Treasury		
				IA	Investment Association		
				IAIS	International Association of Insurance Supervisors		
				IASB	International Accounting Standards Board		

Executive summary	EU Banking Package reaches final stage	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
IBA	ICE Benchmark Administration			KYC	Know your client		
ICAAP	Internal Capital Adequacy Assessment Process			LCR	Liquidity coverage ratio		
ICAS	Individual Capital Adequacy Standards			LEI	Legal Entity Identifier		
ICO	Initial coin offering			LIBOR	London Interbank Offered Rate		
ICOBs	Insurance: Conduct of Business Sourcebook			MA	Matching Adjustment		
ICPs	Insurance Core Principles			MAD	Market Abuse Directive 2003/6/EC		
IDD	The Insurance Distribution Directive (EU) 2016/97			MAR	Market Abuse Regulation (EU) 596/2014		
IFRS	International Financial Reporting Standards			Material Risk Takers Regulation	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	Mortgage Credit Directive 2014/17/EU		
ILAAP	Internal Liquidity Adequacy Assessment Process			MCOB	Mortgages and Home Finance: Conduct of Business sourcebook		
ILS	Insurance-Linked Securities			MCR	Minimum Capital Requirement		
IMAP	Internal Model Approval Process			Member States	Countries which are members of the European Union		
IMCO	The European Parliament's Committee on Internal Market and Consumer Protection			MiFID	Markets in Financial Instruments Directive 2004/39/EC		
IMD	Insurance Mediation Directive 2002/92/EC			MiFID II	Markets in Financial Instruments Directive (recast) 2014/65/EU – also used to refer to the regime under both this directive and MiFIR		
IMF	International Monetary Fund			MiFIR	Markets in Financial Instruments Regulation (EU) No 600/2014		
IORP	Institutions for Occupational Retirement Provision			MLRO	Money Laundering Reporting Officer		
IOSCO	International Organisations of Securities Commissions			MMF	Money Market Fund		
IRB	Internal Ratings Based			MoJ	Ministry of Justice		
IRRBB	Interest rate risk in the banking book			MoU	Memorandum of Understanding		
ISDA	International Swaps and Derivatives Association			MPC	Monetary Policy Committee		
ITS	Implementing Technical Standards			MREL	Minimum requirements for own funds and eligible liabilities		
JCESA	Joint Committee of the European Supervisory Authorities						
JMLSG	Joint Money Laundering Steering Committee						
KID	Key Information Document						

Executive summary	EU Banking Package reaches final stage	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
MTF	Multilateral Trading Facility			PERG	Perimeter Guidance Manual		
NBNI G-SIFI	Non-bank non-insurer global systemically important financial institution			PRA	Prudential Regulation Authority		
NCA	National competent authority			Presidency	Member State which takes the leadership for negotiations in the Council: rotates on 6 monthly basis		
NDF	Non-Directive Firms – firms that do not fall within Solvency II			PRIIPs	Packaged retail and insurance-based investment products		
NFC	Non-financial counterparty under EMIR			PSD2	The revised Payment Services Directive (EU) 2015/2366		
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		
NPL	Non-performing loan			PSR	Payment Systems Regulator		
NSFR	Net Stable Funding Ratio			QIS	Quantitative Impact Study		
NST	National specific template			QRT	Quantitative Reporting Template		
NURS	Non-UCITS Retail Scheme			RAO	Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544)		
OECD	Organisation for Economic Cooperation and Development			RDR	Retail Distribution Review		
Official Journal	Official Journal of the European Union			REMIT	Regulation on wholesale energy markets integrity and transparency (EU) 1227/2011		
OFT	Office of Fair Trading			RFB	Ring-fenced bank		
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)			RFQ	Request for quote		
ORSA	Own Risk Solvency Assessment			RFRs	Risk-free rates		
O-SIIs	Other systemically important institutions			RFRWG	The Risk-free Rate Working Group of the BoE		
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)		
				SCV	Single customer view		

Executive summary	EU Banking Package reaches final stage	Cross sector announcements	Banking and capital markets	Asset management	Insurance	Monthly calendar	Glossary
SEC	Securities and Exchange Commission (US)			SUP	FCA supervision manual		
SEPA	Single Euro Payments Area			SYSC	The part of the FCA handbook titled senior management arrangements, systems and controls		
SFP	Structured finance product			T2S	TARGET2-Securities		
SFT	Securities financing transaction			TC	Treasury Committee		
SFTR	Securities Financing Transactions Regulation (EU) 2015/2365			TLAC	Total Loss Absorbing Capacity		
SFO	Serious Fraud Office			TMTP	Transitional Measure on Technical Provisions		
SI	Systematic internaliser			TONA	Tokyo Overnight Average Rate		
SIMF	Senior Insurer Manager Function			TPR	The Pensions Regulator		
SIMR	Senior Insurer Managers Regime			TR	Trade Repository		
SM&CR	Senior Managers and Certification Regime			UCITS	Undertakings for Collective Investments in Transferable Securities		
SME	Small and Medium sized Enterprises			UCITS V	UCITS V Directive 2014/91/EU		
SMF	Senior Manager Function			UKLA	UK Listing Authority		
SOCA	Serious Organised Crime Agency			UTI	Unique Trade Identifier		
SOFR	Secured Overnight Financing Rate			XBRL	eXtensible Business Reporting Language		
Solvency II	Directive 2009/138/EC						
SONIA	Sterling Overnight Index Average						
SPV	Special purpose vehicle						
SREP	Supervisory Review and Evaluation Process						
SRF	Single Resolution Fund						
SRM	Single Resolution Mechanism						
SRMR	Single Resolution Mechanism Regulation						
SSM	Single Supervisory Mechanism						
SSR	Short Selling Regulation (EU) 236/2012						
STS	Simple Transparent and Standardised (concerning securitisations)						

Contacts



Amanda Rowland
+44 (0) 7702 678480
amanda.rowland@pwc.com



Karelina Daguer
+44 (0) 7739 874106
karelina.daguer@pwc.com
Insurance, conduct and prudential



Hortense Huez
+44 (0) 7738 844840
hortense.huez@pwc.com
Prudential regulation, Basel III, liquidity and funding



Andrew Strange
+44 (0) 7730 146626
andrew.p.strange@pwc.com
Retail distribution, SM&CR, upcoming regulatory change



Mike Vickery
+44 (0) 7808 573882
mike.p.vickery@pwc.com
Insurance, Solvency II



Hannah Swain
+44 (0) 7803 590553
swain.hannah@pwc.com
Operational resilience and financial crime



David Brewin
+44 (0) 7809 755848
david.r.brewin@pwc.com
Client assets and prudential regulation



Tania Lee
+44 (0) 7976 687457
tania.a.lee@pwc.com
Insurance, Solvency II



Tom Boydell
+44 (0) 7483 399332
tom.boydell@pwc.com
Retail banking, consumer credit and non-bank lending



Daniela Bunea
+44 (0) 7561 789058
daniela.bunea@pwc.com
Central clearing, FMIs, benchmarks, IBOR reform



Tessa Norman
+44 (0) 7826 927070
tessa.norman@pwc.com
Publications and retail distribution



Conor MacManus
+44 (0) 7718 979428
conor.macmanus@pwc.com
Prudential regulation



Mete Feridun
+44 (0) 7483 362070
mete.feridun@pwc.com
Prudential regulation, banks and asset managers



Lucas Penfold
+44 (0)7483 407581
lucas.penfold@pwc.com
Wholesale markets and asset management conduct regulation