COVID-19
Regulatory response and delays to regulatory initiatives

8 July 2020

Introduction

UK regulatory response to COVID-19

The Bank of England (BoE), Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA) have set out a range of regulatory measures to respond to the COVID-19 situation.

This document:

- Summarises the regulatory responses - slides 3-14
- Outlines amendments to regulatory timetables - slides 15-36
- Summarises any regulatory relief announcements - slides 37-50

Where consultations have been delayed, it is likely that any planned implementations referred to in the consultation documents will also be delayed. But firms should be cautious when considering how to respond, to delays and in particular, when considering whether some regulatory change activities could be deprioritised. For example, delays to the consultation and guidance around vulnerable customers and the consultations on operational resilience should be seen against the backdrop of the increased regulatory focus on these two areas caused by the current situation.

1

Regulatory Responses

Summary of BoE and PRA responses to COVID-19 (1/4)

1 CCyB reduction

11 MARCH 2020

The BoE announced reduction of the UK countercyclical buffer (CCyB) rate to 0% of banks' exposures to UK borrowers, which should support £190 bn of lending to customers. The PRA said firms should not increase distributions in response.

PwC content: FCA and PRA respond to COVID-19

Impacted sectors:

Banks and building societies

2 Supervisory and policy measures

20 MARCH 2020

The BoE and PRA published joint statement announcing cancellation, deferral or review of a range of supervisory and prudential activities. It also includes initial guidance on IFR9 expected credit losses (ECL).

PwC content: COVID-19: BoE and PRA aim to alleviate operational burdens to allow focus on what's important

Impacted sectors:

Banks, building societies, investment firms, insurers and FMIs

3 Key financial workers

20 MARCH 2020

The PRA issued a statement on key financial workers - those whose role is necessary for firms to provide daily financial services to consumers or who allow continued functioning of markets.

PwC content: Regulators publish guidance on the identification of key financial workers and

Impacted sectors:

Banks, building societies, investment firms, insurers and FMIs

4 Solvency II reporting

23 MARCH 2020

The PRA extended the deadline for various aspects of SII reg reporting in line with EIOPA's recommendation. The PRA sets out that it will accept delays for specific aspects of harmonised reporting.

PwC content: As regulators flex, so must firms

Impacted sectors:

Insurers

5 Joint statement by UK banks and Bank of England

23 MARCH 2020

UK banks and Bank of England published joint statement on COVID-19, highlighting intention to support businesses and individuals through the coming weeks and months.

Impacted sectors:

Banks and building societies

Summary of BoE and PRA responses to COVID-19 (2/4)

6 Joint statement by PRA, FRC and FCA

26 MARCH 2020

The PRA, FRC and FCA issued a joint statement setting out a series of measures aimed at maintaining the resilience of UK capital markets. This included a two month extension for listed companies to publish annual reports.

Impacted sectors:

All

7 Dear CEO letter on IFRS 9, capital requirements and loan covenants

26 MARCH 2020

The PRA published Dear CEO letter on COVID-19 impacts on IFRS 9, capital requirements and loan covenants. Includes an annex providing more detail on expectations on estimating ECL and the regulatory definition of default.

PwC content: COVID-19: BoE and PRA aim to alleviate operational burdens to allow focus on what's important

Impacted sectors:

All

8 VAR backtesting exceptions

30 MARCH 2020

The PRA issued a statement on the elevated level of VAR backtesting breaches that have arisen as a result of market volatility. Firms will be allowed to offset increases due to new exceptions through a commensurate reduction in risks-not-in-VAR (RNIV) capital requirements. The approach will be reviewed after 6 months.

PwC content: PRA offers temporary flexibility over VAR book testing exceptions

Impacted sectors:

Banks

9 Dividend payments, share buybacks and cash bonuses

31 MARCH 2020

In response to a letter from the PRA the UK's largest banks agreed to suspend dividend payments for 2019 and not set aside money for shareholder payouts this year. They also pledged not to carry out any share buybacks. The PRA also expects banks not to pay any cash bonuses to senior staff.

Impacted sectors:

Banks, insurers

10 Distribution of profits

31 MARCH 2020

The PRA published a Dear CEO letter on distribution of profits. The regulator expects that insurers' boards should pay due regard to the need to protect policyholders and maintain safety and soundness when considering any distributions to shareholders or making decisions on variable remuneration.

PwC content: As regulators flex, so must firms

Impacted sectors:

Insurers

Summary of BoE and PRA responses to COVID-19 (3/4)

11

Use of capital and liquidity buffers

20 APRIL 2020

The PRA published a set of Q&As on the usability of liquidity and capital buffers and their operation, in response to the Covid-19 outbreak. The guidance states that banks will not face sanctions that would normally follow a breach of capital and liquidity thresholds set by the PRA, and will be given sufficient time after the crisis to replenish their liquidity and capital buffers.

Impacted sectors:

Banks

12

Coronavirus business interruption loan schemes (CBILS)

27 APRIL 2020

The PRA responded to HM Treasury's announcement on changes to the COVID-19 business interruption loan scheme. The PRA considers that the terms of the guarantees provided by the schemes can be deemed eligible for recognition as unfunded credit risk mitigation (CRM) under the Capital Requirement Regulation. Where scheme coverage excludes interest and fees, firms should adjust the exposure amount to reflect this.

Impacted sectors:

Banks

13

Credit risk mitigation eligibility and leverage ratio treatment of loans

4 MAY 2020

The PRA issued a statement setting out its observations on the risk weighted treatment of exposures under the Bounce Back Loan scheme (BBLS), and in particular eligibility for recognition as unfunded credit risk mitigation under the CRR. It also sets out a change to the UK leverage ratio framework, offering a modification for banks subject to the UK Leverage Ratio requirements to exclude loans under the BBLS from the leverage ratio total exposure measure, if they choose to do so.

Impacted sectors:

Banks

14

Guidance on application of CRR and IFRS 9 requirements to payment holidays

22 MAY 2020

The PRA issued guidance on the application of regulatory capital and International Financial Reporting Standard 9 (IFRS 9) requirements to granted or extended payment holidays. The PRA considers that eligibility for, and use of, Covid-19 related payment deferrals or extensions to those deferrals granted in accordance with the FCA's proposed guidance would not automatically result in a loan: (a) being regarded as having suffered a significant increase in credit risk ('SICR') or being credit-impaired for ECL purposes, or (b) triggering a default under CRR

Impacted sectors:

Banks

15

Dear CEO letter to FMIs on distribution of profits

4 JUNE 2020

Sir Jon Cunliffe, BoE Deputy Governor of Financial Stability, sent a Dear CEO letter to UK regulated FMIs about the distribution of profits to their shareholders. He asked them to discuss with the Bank in advance of making any distributions. This is due to the fact that, in the current period of uncertainty, FMIs face greater risks to their financial and operational resilience. The Bank stresses that it is critical that FMIs ensure their financial resources continue to be sufficient to maintain the services they provide, and to absorb potential losses.

Impacted sectors:

FMIs

Summary of BoE and PRA responses to COVID-19 (4/4)

16

Dear CEO and further guidance on treatment of payment deferrals under IFRS 9 and CRR
4 JUNE 2020

Sam Woods, PRA CEO, sent a Dear CEO letter to UK banks and building societies to provide further guidance on their implementation of initial and further payment deferrals under the CRR definition of default and IFRS 9 expected credit loss accounting (ECL). The PRA guidance aims to help firms mitigate the risk that each of them approach the challenges differently and, as a result, apply inconsistent regulatory capital treatments and/or recognise inappropriate or inconsistent levels of ECL.

Impacted sectors:

Banks, building societies

17

Statement on implementation of EBA Guidelines to address gaps in reporting data and public information
24 JUNE 2020

The PRA published a statement on the application to UK credit institutions of the EBA guidelines on reporting and disclosure of exposures subject to measures applied in response to COVID-19. The PRA does not currently consider it necessary to extend the supervisory reporting elements of the guidelines to UK credit institutions. Firms are therefore not expected to prepare or transmit to the PRA the reporting templates contained within the guidelines. The PRA is considering how the disclosure elements of the guidelines are to be applied in a manner reflecting both the proportionality measures in the guidelines and the letter from Sam Woods to UK deposit-takers published on 4 June 2020. The PRA will provide further details in due course.

Impacted sectors:

Credit institutions

18

Updated statement on regulatory treatment of CBILS and CLBILS loan schemes
26 JUNE 2020

The PRA released an updated statement on the regulatory treatment of the UK Coronavirus Business Interruption Loan Scheme (CBILS) and the UK Coronavirus Large Business Interruption Loan Scheme (CLBILS). The update provides clarity on the application of credit risk approaches for firms under three scenarios:

- firms using the standardised approach for exposures to the obligor
- firms using the IRB approach for exposures to the obligor and the standardised approach for exposures to the guarantor (under permanent partial use or rollout)
- firms using the IRB approach for exposures to the obligor and the IRB approach for exposures to the guarantor.

Impacted sectors:

Credit institutions

Summary of FCA responses to COVID-19 (1/7)

1 Statement on impact of COVID-19

17 MARCH 2020

The FCA issued a statement on impact of coronavirus - highlighting key areas of focus, extending response dates for open consultations and rescheduling most other planned work.

PwC content: FCA and PRA respond to COVID-19

Impacted sectors:

All

2 General insurers

19 MARCH 2020

The FCA published specific guidance for general insurers - covering operational resilience, business continuity, product suspension, treating customers fairly, access to premises and varying contract terms.

PwC content: Juggling legal and conduct risks in general insurance

Impacted sectors:

Insurers

3 Mortgages and small business lending

20 MARCH 2020

The FCA set out guidance on mortgages and small business lending. The guidance includes expectations around mortgage holidays and guidance on assessing affordability for firms applying for loans under CBILS.

The FCA has updated this guidance, which is now due to expire on 31 October 2020

Impacted sectors:

Banks, building societies, mortgage administrators, other lenders

4 Key financial workers

20 MARCH 2020

The FCA provided guidance on key financial workers - those whose role is necessary for firms to provide daily financial services to consumers or who allow continued functioning of markets. Further guidance on work-related travel issued on 27 March.

PwC content: Regulators publish guidance on the identification of key financial workers and critical outsource partners

Impacted sectors:

All

5 LIBOR

25 MARCH 2020

The FCA issued a statement on impact on LIBOR transition - firms should continue to plan for cessation at end of 2021, but acknowledges that some segments (e.g. loan market) could struggle to meet targets.

PwC content: LIBOR transition presses ahead despite COVID-19

Impacted sectors:

All

Summary of FCA responses to COVID-19 (2/7)

6

Annual company accounts delay

26 MARCH 2020

The FCA announced that it would provide listed companies with two months relief for publishing their annual accounts.

Impacted sectors:

All

7

Dear CEO to retail investment firms

31 MARCH 2020

The FCA issued a Dear CEO letter to firms providing services to retail investors.
The letter sets out the regulator's approach to a number of issues, including client verification, best execution and 10% portfolio depreciation notifications.

PwC content: FCA sets out expectations for retail investment firms on COVID-19

Impacted sectors:

Asset managers, wealth managers

8

Relief for credit customers

2 APRIL 2020

The FCA introduced a package of temporary measures to support users of consumer credit products who are encountering financial difficulties. The rule changes came into force on 9 April 2020 and will apply by Tuesday 14 April 2020. Under the proposals, firms are expected to offer: a three-month payment freeze on personal loans and credit cards, and three-month zero interest up to £500 for arranged overdraft customers.

PwC content: FCA instructs firms to offer temporary relief for credit customers

Impacted sectors:

Banks

9

FCA Business Plan

7 APRIL 2020

The FCA set out its priorities for the next three years in its Business Plan 2020/21.
The FCA's four priorities are all heavily influenced by the impact of COVID-19, with a focus on protecting consumers, particularly the vulnerable.

PwC content: COVID-19 dominates FCA business plan

Impacted sectors:

All

10

Pensions and retirement income

7 APRIL 2020

The FCA released guidance for pension providers and defined benefit (DB) transfer advisers. The regulator has delayed implementation of final rules on investment pathways, and sets out expectations on how firms should provide information to advised and non-advised clients on their pension pots and current market risk factors.

PwC content: FCA COVID-19 guidance for pension providers and advisers

Impacted sectors:

Pension providers, DB transfer advisers

Summary of FCA responses to COVID-19 (3/7)

11

Recapitalisation and fundraising

8 APRIL 2020

The FCA announced a series of measures designed to raise new share capital quickly while maintaining appropriate levels of investor protection. The regulator is encouraging the use of simplified prospectuses, has relaxed the rules on required disclosures, and is permitting investors to approve additional share issuances without a meeting.

Impacted sectors:

All

12

Dear CEO on business interruption insurance

15 APRIL 2020

The FCA issued a Dear CEO letter to insurers, stating that business interruption claims for small to medium-sized enterprises should be "assessed and settled quickly". The letter also notes that firms should issue interim payments where there are reasonable grounds for an insurer to pay part of a claim, but not in full.

PwC content: FCA urges insurers to settle business interruption claims quickly

Impacted sectors:

Insurers

13

Dear CEO to SME lenders

15 APRIL 2020

The FCA issued a Dear CEO letter to banks providing lending to small businesses. The FCA expects that firms should allocate responsibility for lending to SMEs to a Senior Manager, with robust executive oversight to ensure the relevant Senior Manager is discharging their responsibilities appropriately.

PwC content: FCA takes action on SME lending impacted by COVID-19

Impacted sectors:

Banks

14

Relief for motor finance and high cost credit customers

17 APRIL 2020

The FCA proposed a package of temporary measures to support users of motor finance and high-cost credit. Under the proposals, firms are expected to offer: a three-month payment freeze on motor finance, buy now pay later, rent-to-own and pawnbroking products. High-cost short-term credit providers should offer an interest-free, one month freeze.

PwC content: FCA instructs firms to support motor finance and high-cost credit customers

Impacted sectors:

Banks

15

Financial resilience for solo-regulated firms

17 APRIL 2020

The FCA published an updated statement setting out their expectations on financial resilience for FCA solo-regulated firms. The guidance sets out the regulator's expectations that firms take appropriate steps to conserve capital, and plan for how to meet potential demands on liquidity.

Impacted sectors:

Solo-regulated firms

Summary of FCA responses to COVID-19 (4/7)

16

Dear CEO to equity issuers

28 APRIL 2020

The FCA published a Dear CEO letter to issuing banks following reports that some corporate clients may not have been treated fairly when negotiating new or existing debt facilities. The FCA has asked issuers to review their systems and controls to ensure they are conducive to good client outcomes, and will contact firms which have had a lending relationship and equity role in recent issues directly to assess their conduct risk frameworks.

Impacted sectors:

Banks

17

LIBOR timeline

29 APRIL 2020

UK regulators released a statement setting out expectations that firms will cease to issue GBP LIBOR based loans from the end of Q1 2021. The RFR WG initially targeted the end of Q3 2020. The commitment to LIBOR ceasing by the end of 2021 has not changed.

The BoE updated its page on 10 June 2020, noting that supervisory expectations related to the RFRWG targets continue to apply to the amended target on new GBP Libor linked lending maturing after 2021.

PwC content: COVID-19 disrupts LIBOR transition

Impacted sectors:

Banks

18

Complaints handling

1 MAY 2020

The FCA issued guidance clarifying its position on complaints handling. The FCA expects firms to prioritise prompt resolution of complaints, particularly for 'at risk' categories such as vulnerable customers, micro-enterprises and small businesses. Where this is not possible, firms should send timely holding responses to those complainants. The statement will be reviewed and updated in 3 months' time.

Impacted sectors:

All

19

Court declaration on business interruption (BI) policies

1 MAY 2020

The FCA released a statement setting out its intention to obtain a court declaration to resolve contractual uncertainty in the wording of BI insurance cover policies, and in order to advance its consumer protection and market integrity objectives. Where policies do not respond to the current situation, the regulator expects firms to meet their obligations under ICOBS and DISP when handling claims and complaints. GI firms may also consider whether alternative support can be provided (e.g. signposting other potential sources of support).

Impacted sectors:

Insurers

20

Financial crime - systems and controls

6 MAY 2020

The FCA set out its expectations on how firms should apply their systems and controls to combat and prevent financial crime during this crisis. The guidance notes that firms should not respond to operational challenges by changing their risk appetite, e.g. switching off certain controls for the sole purpose of reducing the number of alerts generated to address operational issues. However, the regulator recognises that firms may need to re-prioritise or reasonably delay some activities. The statement also provides updated guidance on client identity verification.

Impacted sectors:

All

Summary of FCA responses to COVID-19 (5/7)

21

Measures to support vulnerable customers holding financial products

14 MAY 2020

The FCA confirmed a series of measures setting out its expectations on how insurers should deal with customers who may be experiencing temporary financial difficulty as a result of COVID-19. The new guidance comes into force from 18 May 2020 and requires firms to consider a range of options, including giving customers premium payment holidays, and waiving administration and cancelation fees.

PwC content: FCA confirms measures for insurance customers facing financial difficulties

Impacted sectors:

Insurers, premium finance firms

21

Financial services exemptions in Corporate Insolvency and Governance Bill

14 MAY 2020

The FCA published a statement on the new insolvency and corporate governance measures designed to help businesses, which are expected to be included in the Corporate Insolvency and Governance Bill. The FCA notes that the Bill will need to include provisions to ensure that the existing special insolvency regimes for financial sector firms remain effective, and that financial market participants have legal certainty. As a result, a number of measures will not be available to some financial services firms (such as investment firms, insurers, payments and e-money institutions).

Impacted sectors:

All

22

Court declaration on business interruption (BI) policies

15 MAY 2020

The FCA released an update on how it is engaging with policyholders and insurance intermediaries on business interruption (BI) insurance and its High Court test case. The FCA invites impacted parties to engage with it, should they wish the regulator to take their concerns into account as part of the test case. The FCA is particularly interested in arguments about why cover should be available, details of policies, and brief facts. Material is requested by 20 May 2020.

Impacted sectors:

Insurers

23

Updated guidance consultation on mortgage and payment holidays

22 MAY 2020

The FCA published updated guidance for mortgage lenders, mortgage administrators, home purchase providers and home purchase administrators. The guidance aims to mitigate the impact on the financial situation of customers of home finance providers, covering repayment plans and payment holidays. The guidance consultation closed to comments on 26 May 2020.

Final guidance was published on 2 June 2020.

Impacted sectors:

Banks, building societies, mortgage administrators, other lenders

24

Proposed guidance for payment firms

22 MAY 2020

The FCA is consulting on additional temporary guidance to strengthen payment firms' prudential risk management and arrangements for safeguarding customers' funds.
The consultation focuses on measures to help firms meet their safeguarding, and outlines the regulator's expectation of firms to put in robust wind down plans in order to return customer funds are returned in a timely manner. The consultation closes on 12 June 2020. If confirmed, the final guidance will be published at the end of June.

PwC content: FCA proposes to step up its focus on payment and e-money firms

Impacted sectors:

Payment firms

Summary of FCA responses to COVID-19 (6/7)

25

Insurance product value

3 JUNE 2020

The FCA published guidance for insurance firms and intermediaries, setting out expectations for firms to consider the value of their products in light of the exceptional circumstances arising from COVID-19. Firms should consider the value of products where, due to current circumstances, there has been a fundamental reduction in risk, leading to the products providing little or no utility to customers. The guidance comes into immediate effect, and firms have until 3 December 2020 to review their product lines and decide on any resulting action.

PwC content: Insurers to assess product value under finalised FCA guidance

Impacted sectors:

Insurers

26

Updated temporary mortgage guidance

16 JUNE 2020

The FCA published updated guidance for mortgage firms, clarifying its position on providing personalised information to customers when offering a payment deferral. Where a firm is unable to provide personalised information, it should provide customers with the clearest information and assistance possible to help them understand the impact of their decision on their monthly payment and mortgage term and enable them to make an informed decision.

Impacted sectors:

Banks, building societies, mortgage administrators, other lenders

27

Business interruption insurance test case: final guidance for firms

17 JUNE 2020

The FCA published final guidance on its expectations for insurers and insurance intermediaries when handling claims and complaints for business insurance policies during the test case.e. Under the final guidance, firms will have until 8 July to identify policies impacted by the test case, and until 15 July to notify policyholders whether or not their claim or complaint is a test case claim or complaint.

PwC content: FCA finalises guidance on business interruption insurance test case

Impacted sectors:

Insurers

28

Insurers' handling of consumer claims and refunds

29 JUNE 2020

The FCA published a new guidance section on handling consumer claims and refund requests on its webpage providing information for firms on COVID-19. Firms are expected to treat customers fairly when handling claims, including through the provision of reasonable guidance to help a policyholder make a claim, not unreasonably rejecting a claim and settling claims promptly. Firms may need to consider issues such as potential limits on the recovery of claims from other involved firms, and how those can be addressed to minimise consumer harm.

Impacted sectors:

Insurers

29

FCA expectations for Approved Persons Regime (APR)

30 June 2020

The FCA released a statement setting out its expectations to help benchmark administrators and firms using appointed representative arrangements apply the approved persons regime. The statement covers temporary arrangements for controlled functions (the '12 week rule'), furloughed staff, notification and documentation and responsibilities of the Principal firm.

Impacted sectors:

Benchmark administrators

Summary of FCA responses to COVID-19 (7/7)

30

Extended relief for credit customers

1 July 2020

The FCA confirmed a number of measures which extend the temporary measures introduced in April 2020 to support users of consumer credit products facing financial difficulties arising from COVID-19. The FCA sets out the support firms are expected to provide credit card, overdraft and personal loan customers coming to an end of a payment freeze, as well as those who are yet to request one. The guidance came into force on 3 July 2020. The FCA says it will keep the guidance under review over the coming weeks.

PwC content: FCA extends support for consumer credit customers

Impacted sectors:

Banks

28

Updated temporary guidance on motor finance and high-cost credit customers

3 July 2020

The FCA is consulting on updated temporary guidance on measures to ensure that continued support is provided to users of the following types of agreement who are facing payment difficulties due to COVID-19. The guidance covers motor finance agreements, high-cost short-term credit agreements, rent-to-own, buy-now pay-later and pawnbroking agreements. The statement updates the original guidance published in April 2020. The guidance will be kept under review, and unless updated, is proposed to expire on 31 October 2020, except where a customer has been granted a payment deferral that continues beyond 31 October 2020, where certain aspects of the guidance will remain in force.

Impacted sectors:

Banks

2

Regulatory Delays

FCA and PRA Timeline - confirmed delays and extensions

2020

Single Easy Access Rate Consultation Paper (FCA)
Deadline for response extended from 9 April 2020 to **1 October 2020**

ETF listing Consultation Paper (FCA)
Deadline for response extended from 9 June 2020 to **1 October 2020**

Calls for Input - Open Finance; Accessing and Using Wholesale Data (FCA)
Deadlines extended from 17 March 2020 and 1 May 2020 respectively to **1 October 2020**

Operational resilience Consultation Papers (PRA/FCA)
Building operational resilience: Impact tolerances for important business services - consultation deadline extended from 3 April to **1 October 2020**

Outsourcing and third party management Consultation Paper (PRA)
Deadline for response extended from 3 April 2020 to **1 October 2020**

Climate-related disclosures Consultation Paper (FCA)
Consultation deadline extended from 5 June April to **1 October 2020**

2021

Platform transfers Policy Statement (FCA)
Extended from 31 July 2020 to **1 February 2021**

Investment pathways Policy Statement (FCA)
Extended from 1 August 2020 to **1 February 2021**

LIBOR transition (FCA)
LIBOR-based loans to cease from **Q1 2021**

Valuation in resolution (PRA/BoE)
Deadline for compliance moved from 1 January 2021 to **1 April 2021**

Assessing Suitability Review II (FCA)
Extended from 2020 to **Q1 - Q2 2021**

Strong customer authentication for e-commerce (FCA)
Deadline for compliance moved from 14 March 2021 to **14 September 2021**

Resolution reporting (PRA/BoE)
Deadline moved from end 2020 to **end 2022**

Resolvability Assessment Framework (PRA/BoE)
Deadline for first report publications moved from October 2020 to **October 2021**

2022

IRB model proposals Consultation Paper (PRA)
Extended from 1 January 2021 to **1 January 2022**

Resolvability Assessment Framework (PRA/BoE)
Deadline for summary of first RAF report moved from June 2021 to **June 2022**

2023 -

Basel 3.1 (BoE/EBA)
A range of measures including the FRTB, CVA, op risk and output floor have been delayed from 1 January 2022 to **January 2023** with an additional year to implement the output floor to **2028**

Key

- Asset & wealth management
- Banking
- Insurance
- All

Regulatory delays: Amended timetables (1/8)

Regulators have signalled delays to a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA/BoE	**LIBOR transition** the central assumption that firms cannot rely on LIBOR being published after the end of 2021 has not changed. However the UK regulators have recognised that some of the interim transition milestones, particularly for loan markets, may be impacted. On 29 April 2020, the UK Risk Free Rate Working Group (RFR WG) and regulators released a statement setting out that lenders are now expected to stop issuing GBP LIBOR based loans from the end of Q1 2021. The RFR WG originally targeted Q3 2020. On 7 May 2020, the PRA and the FCA announced that they will resume full supervisory engagement with firms from 1 June 2020, including data reporting at the end of Q2	Q3 2020: Expectation that the issuance of LIBOR-linked loans would cease	Q1 2021	All (primarily banks)	While not a formal regulatory deadline, the LIBOR transition milestones for 2020 have been produced by the RFR WG in close cooperation with supervisors. So far, the regulators have been clear that the assumption that LIBOR will not be published after the end of 2021 **has not changed.** Further guidance to the market regarding other milestones may be issued in the future. The decision to resume supervisory discussions with firms and data reporting comes after recent market volatility has highlighted the long-standing weakness of LIBOR, i.e. LIBOR rates (and hence costs for borrowers) rose as BoE's policy rates fell, and underlying market activity was low.
FCA	**Strong customer authentication for e-commerce transactions** On 30 April, the FCA decided to give the industry an additional 6 months to implement SCA for e-commerce, to minimise potential disruption to consumers and merchants.	14 March 2021	14 September 2021	Retailers, card issuers, payment services firms (mostly banks)	Firms are expected to continue with the necessary preparatory activities such as robust end-to-end testing. UK Finance is expected to discuss the detailed phased implementation plan and critical path with all stakeholders, and then agree it with the FCA.

Regulatory delays: Amended timetables (2/8)

Regulators have signalled delays to a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**Policy Statement - Investment pathways** the final rules and guidance have already been published, and the FCA has referred these to their Board for further consideration. The FCA will provide further updates via their website.	1 August 2020	1 February 2021	Wealth managers, pension providers	Investment pathways will require pension providers to offer their non-advised customers a choice of four pathways to meet their retirement objectives. The measures are part of a wider package of measures designed to improve the quality of pension transfer advice. While the FCA has also delayed its work assessing the suitability of pension transfer advice, its ongoing work with firms providing defined benefit advice will continue. Per the 2020/21 Business Plan, enabling consumers to make effective investment decisions will remain a key supervisory focus, particularly in relation to the retirement market. The regulator expects firms to continue providing well-governed pension products that are invested appropriately and deliver value for money.
FCA	**Policy Statement - Platform transfers** the final rules and guidance on in-specie transfers have already been published, and the FCA has referred these to its Board for further consideration. The FCA will provide further updates via its website. The FCA intends to issue a formal consultation on the exit fees remedy in 2021.	31 July 2020	1 February 2021 (in-specie transfer rules) 2021 (exit fees consultation paper)	Wealth managers and platform service providers	The potential delay to the rules coming into force is also likely to delay the FCA's intended review of firms progress in embedding the rules, originally scheduled for 2022.

Regulatory delays: Amended timetables (3/8)

Regulators have signalled delays to a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
PRA/BoE	**Basel 3.1** a range of measures including the FRTB, CVA, op risk and output floor.	From 1 January 2022	From January 2023 with an additional year to implement the output floor to 2028	Banks	The capital impact of Basel 3.1 (notably the output floor) will be significant for many banks, as such the delay in challenging market conditions is welcome. So far there is no indication that implementation of CRR2/CRD5 (which implements an earlier set of Basel reforms) will be delayed.
PRA/BoE	**Resolution reporting** firms will not be required to submit certain resolution pack information under PRA Supervisory Statement SS19/13 'Resolution Planning' until the end of 2022, unless notified otherwise on an individual basis by the PRA. This is an extension to the existing delay to resolution pack submissions that had been due to expire at the end of 2020 and now applies to a wider range of firms.	End-2020	End-2022	Banks	

Regulatory delays: Amended timetables (4/8)

Regulators have signalled delays to a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
PRA/BoE	**Valuation in resolution**	1 January 2021 The deadline for firms to implement the other Statements of Policy relevant to resolvability remains 1 January 2022	1 April 2021	Banks, building societies and certain investment firms	The deadline for firms to implement the Bank's other Statements of Policy relevant to resolvability remains 1 January 2022.
PRA/BoE	**Modification by consent of Resolvability Assessment Framework timings** a direction for modification by consent that will delay the first Resolvability Assessment Framework (RAF) cycle by one year.	Under the RAF, in-scope firms must produce a report on the assessment every two years and publish a summary of that report nine months later. The first report was due to be submitted to the PRA by the second Friday in October 2020, with the summary of that report published by the second Friday in June 2021	First reports must be submitted to the PRA by October 2021 Public disclosures must be made by June 2022. The Bank will also make its first public statement on firms' resolvability by June 2022	Banks, building societies	The decision to extend deadlines has been taken to alleviate operational burdens on firms and ensure firms' senior management are able to engage fully in the RAF report submission and disclosure process. Resolvability remains a strategic priority for the PRA, and it will continue to work with firms to assess progress. The regulator intends to consult in due course on changes to its Resolution Assessment Rules.

Regulatory delays: Amended timetables (5/8)

Regulators have signalled delays to a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
PRA	**Supervisory activity including s.166** bank and PRA supervisors will review their work plans so that non-critical data requests, on-site visits and deadlines can be postponed, where appropriate. This includes pausing the skilled persons Section 166 reviews relating to the reliability of banks' regulatory returns that were announced in October 2019.	Ongoing	TBC	Banks, Insurance and FMI	The PRA is keen to try and reduce supervisory burdens at this time. The focus on reliability of banks' regulatory returns will not however go away meaning firms should be ready for a renewed focus in this area.
PRA	**Biennial Exploratory Scenario (BES) on the financial risks from climate change**	Framework due to be published end-2020 and results due to be published in 2021	Decision on timing to be announced in summer 2020 The PRA and FPC have agreed to postpone the launch until at least mid 2021	Banks, insurers	The Bank will take stock of the responses to its DP which closed on 18 March 2020, as well as the evolving situation, with a view to providing an update on the timing for this exercise in the summer. The PRA will issue follow-on guidance on the 2019 Supervisory Statement on enhancing firms' approaches to managing the financial risks from climate change in summer 2020. The outputs from the Climate Financial Risk Forum will also be published in the summer.

Regulatory delays: Amended timetables (6/8)

Regulators have signalled delays to a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
PRA	**Biennial Exploratory Scenario (BES) on liquidity - results**	Mid-2020	Paused - TBC	Banks	The PRA had been due to publish the results of the 2019 BES on liquidity in mid-2020. In order to alleviate burdens on core treasury staff at banks, the PRA has paused this exercise until further notice.
PRA	**Insurance Stress Test - 2019 results and next test**	2020	Paused - next test in 2022	Insurers	The PRA aims to seek feedback from firms on the proposed design of the 2022 test during Q4 2021.
EBA	**Market risk reporting requirements**	Q1 2021	Q3 2021 (first reference date set at 30 September 2021)	Banks	The EBA is aiming to support firms in focussing on core operations, whilst not undermining the smooth implementation of the FRTB in the EU. However, the ITS will subsequently have to be adopted by the Commission.

Regulatory delays: Amended timetables (7/8)

Regulators have signalled delays to a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
BCBS/IOSCO	**Uncleared margin rule delays** the Basel Committee on Banking Supervision (BCBS) and the International Organisation of Securities Commissions (IOSCO) decided to delay the final two implementation phases of the uncleared margin rules for OTC derivatives by one year.	In-scope firms with an aggregate average notional amount (AANA) of uncleared derivatives greater than €50 bn - 1 September 2020 (phase 5) In-scope firms with an AANA of uncleared derivatives greater than €8 bn - 1 September 2021 (phase 6)	In-scope firms with an aggregate average notional amount (AANA) of uncleared derivatives greater than €50 bn - 1 September 2021 (phase 5) In-scope firms with an AANA of uncleared derivatives greater than €8 bn - 1 September 2022 (phase 6)	All sectors	Firms should factor the revised timetable into their implementation plans. The requirements entail considerable operational and documentation requirements. The additional time should allow firms to undertake these more robustly, as well as to liaise with important stakeholders such as custodians. The EC needs to decide and communicate the next steps on how to transpose this change into EU law via amendments to EMIR. In this regard, ESMA issued draft RTS proposing the delay on 4 May.
IASB	**IFRS 17 insurance contacts**	1 January 2022	1 January 2023	Insurers	The proposed date is 12 months later than suggested by the IASB in its draft amendments last year. It recognises the practical difficulties for many insurers in implementing the significant changes brought about by IFRS 17. The delay gives some insurers a chance to consider how to derive more business value from their IFRS17 projects.

Regulatory delays: Amended timetables (8/8)

Regulators have signalled delays to a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FATF	**Paused review process for high risk jurisdictions** the Financial Action Task Force (FATF) has initiated a 'general pause' in the review process for the list of high-risk jurisdictions subject to a call for action and jurisdictions subject to increased monitoring. The FATF is closely monitoring the situation as it evolves and will review the deadlines where necessary.	June 2020	October 2020	All sectors	

Regulatory delays: Policy making (1/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
BoE, PRA and FCA	**Operational resilience CPs** - Building operational resilience: Impact tolerances for important business services	CPs were due to close for comments on 3 April 2020	Responses to CPs now due by 1 October 2020	All	While the regulators have not confirmed it, the implementation timetable of the policy coming into force in H2 2021 and for firms to have to be able to meet impact tolerances by 2024 may be impacted. The impact of COVID-19 means that despite the delay in the policy making process, operational resilience is a central focus for the regulators at the moment. Implementation dates will not fall before the end of 2021.
FCA/BoE	**Review of open-ended funds**	Findings of review were due to be published in 2020	TBC	Asset managers	The FCA was expected to publish a consultation to implement findings of the review, which will also be delayed. However, fund liquidity remains a key area of focus for the regulator following its Dear AFM Chair letter from November 2019, and with the implementation of incoming new rules for open-ended NURS funds (effective September 2020).
FCA	**Vulnerable customers** Guidance on fair treatment of vulnerable customers	Q1 2020	H2 2020	All (but especially customer-facing firms e.g. retail banks, general insurers)	The delay in publication is also likely to push back the publication of final guidance. While the guidance may be delayed, there is increased focused on VCs as a consequence of COVID-19.

Regulatory delays: Policy making (2/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**Policy Statement - Motor finance commission models** rules relating to the banning of discretionary commission models and the introduction of additional information requirements.	The final policy statement was due in Q2 2020	H2 2020	Banks, Motor Dealerships	Due to the closure of non-essential retail outlets (e.g. motor dealerships) it is inevitable the prudential health of firms will be weakened. This can give rise to conduct issues once reopened for business. Compliance teams should carefully monitor sales, especially the products that have been identified as needing to be phased out once the final rules are published.
FCA	**Market Study - Credit Information (interim report)** FCA due to publish an interim report setting out its findings from the discovery stage and potential remedies (if any).	June 2020	2021	Banks, Credit Reference Agencies, Credit Information Services	Unknown at present what impact COVID-19 has had on the completion of the market study in general, for both the FCA and firms. Further delays to the outputs are likely. FCA COVID-19 guidance to lenders reiterates that payment holidays granted to customers should not result in arrears being reported. There must be no negative impact on a customer's credit file.
FCA	**CP - ETF Listing - Premium to Standard Listing**	CP was due to close for comments on 9 June 2020	Responses to CP now due by 1 October 2020	Asset managers	The CP did not contain a specific date for the PS and in-force date of amended rules, but likely that COVID-19 will mean that this will now be later than would have otherwise been the case.

Regulatory delays: Policy making (3/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**Call for Input - Open Finance** an assessment of the opportunities and risks arising from open finance and the FCA's role in ensuring that it develops in the best interests of consumers.	17 March 2020	1 October 2020	All	
FCA	**Call for Input - Accessing and using wholesale data** an assessment of the use and value of data in wholesale financial markets, focussing on changes to business models, competitive dynamics, and how financial markets function.	1 May 2020	1 October 2020	Investment firms(banks and asset managers)	

Regulatory delays: Policy making (4/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**Assessing Suitability Review II** review of 'advice' that consumers receive around retirement income.	Publication of findings due in 2020	TBC (Q1-Q2 2021)	Wealth managers	The FCA has notified wealth managers that they have delayed work on the review in order to allow them to focus on supporting clients. While it is unclear how long the extension will last, the delay was announced on the submission deadline for key materials, meaning many businesses are likely to have already completed the majority or all of the work required of them.
FCA	**Duty of Care Feedback Statement** - the FCA explored options to change the regulatory framework by introducing a duty of care requirement in a Feedback Statement published in April 2019. The FCA aimed to publish a further paper in early 2020 seeking detailed views on specific options for change.	Early 2020	H2 2020	All	

Regulatory delays: Policy making (5/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**CP - Introducing a Single Easy Access Rate for cash savings** remedies seeking to fix the so called 'loyalty penalty' within the easy access cash savings market.	The CP was due to close on 9 April 2020	Responses to CP now due by 1 October 2020 Q1 2021 onwards: Feedback Statement or Policy Statement followed by implementation of changes to systems, processes and products	Banks	The timeframe given to firms to comply with any final rules could be shorter than originally anticipated in order to be embedded before the 2021 ISA season.
FCA	**CP - Climate-related disclosures** proposals to enhance climate-related disclosures by listed issuers and clarification of existing disclosure obligations	5 June 2020	1 October 2020 2021: planned implementation	All (in capacity as listed issuers)	The FCA had previously proposed that the new rule takes effect for accounting periods beginning on or after 1 January 2021, which would have meant that the first reports to be issued would have been in 2022. The delay in implementation means that there is also likely be a delay in the implementation date (also implied by the regulator's' Grid, published on 7 May 2020) and, therefore, the first reporting date.

Regulatory delays: Policy making (6/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**CP - Mortgage switching** the FCA is to publish a consultation exploring remedies to increase the likelihood of customers switching product/provider once fixed mortgage terms come to an end.	The CP was due to be published in Q2 2020	2021	Banks. mortgage lenders	This is unlikely to be a priority until the CP is published due to the FCA's own research showing that the majority of customers who this affects are not vulnerable.
FCA	**Policy Statement and final report- GI Pricing** pricing practices for home and motor insurance.	Q2 2020	TBC	Insurers	The final report will be delayed but firms will be expected to take actions based on the nature of findings in the market study. Underwriting losses from COVID 19 and the nature of suggested remedies by the FCA might impact the business strategy of firms.
FCA	**CP - Effective competition in non-workplace pensions** - the FCA aimed to issue a consultation paper on effective competition in non-workplace pensions, including a cost benefit analysis for any changes to rules or guidance. This followed the publication of a Feedback Statement on the issues identified in the non-workplace pensions market, published in July 2019.	Q2-Q3 2020	H2 2020	Pension product providers	

Regulatory delays: Policy making (7/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
PRA	**Outsourcing and third party management** CP which seeks to strengthen and modernise the micro-prudential framework on all forms of outsourcing and third party risk management.	CPs were due to close for comments on 3 April 2020	Responses to CPs now due by 1 October 2020	Banks and insurers	The PRA expected to publish its final policy in the second half of 2020 (in line with the final policy on Operational Resilience), with firms expected to be compliant by 31 December 2021- it is at this stage unclear whether these deadlines will be impacted by the delay. The operational disruption caused by COVID-19 means dependencies on third parties are under significant scrutiny. Regulators have asked firms to identify key outsource partners.
PRA	**CP - IRB model proposals** seek to improve the consistency of credit risk modelling Implementation.	1 Jan 2021	1 Jan 2022	Banks	The delay to the implementation will reduce burdens on banks' risk management capabilities. Firms using the standardised approach to credit risk will also benefit from a delay to changes they need to make as part of guidelines on definition of default.

Regulatory delays: Policy making (8/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
EC	**Non-financial Reporting Directive review** consultation seeks to strengthen reliability and comparability of non-financial information presented in company accounts, with a focus on ESG issues	14 May 2020	11 June 2020	Listed companies (including any listed FS companies)	EC is exploring how the appropriate regulatory approach to take in relation to corporate non-financial disclosures of climate-related information as part of the Sustainable Finance Action Plan. It was due to consult on concrete proposals in Q4 2020, which could now be delayed.
EC	**MiFID II/MiFIR review** consultation to gather initial evidence on areas of the framework that should be prioritised for reform	20 April 2020	18 May 2020	Investment firms (banks and asset managers)	The expectation has been that the EC would publish formal proposals for reforming the MiFID II/MiFIR framework during Q2 2021. To meet this timetable, the EC would need to accelerate its work. However, this may be difficult given that the review is also reliant on advice from ESMA (see below).
ESMA	**MiFID II/MiFIR review - consultation on systematic internaliser regime**	CPs were due to close for comments on 18 March 2020	Responses to CPs now due by 15 April 2020	Investment firms (banks and asset managers)	ESMA was due to publish final advice to the EC July 2020 to feed in to the broader EC review of MiFID/MiFIR. It may now struggle to meet this target date.

Regulatory delays: Policy making (9/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
ESMA	**MiFID II/MiFIR review - consultation on equity transparency regime**	CPs were due to close for comments on 17 March 2020	Responses to CPs now due by 14 l 2020	Investment firms (banks and asset managers)	ESMA was due to publish final advice to the EC July 2020 to feed in to the broader EC review of MiFID/MiFIR. It may now struggle to meet this target date.
ESMA	**MiFID II/MiFIR review - consultation on non-equity transparency regime**	CPs were due to close for comments on 19 April 2020	Responses to CPs now due by 14 May 2020	Investment firms (banks and asset managers)	ESMA was due to publish final advice to the EC July 2020 to feed in to the broader EC review of MiFID/MiFIR. It may now struggle to meet this target date.
ESMA	**Draft RTS for BMR**	9 May 2020	8 June 2020	Benchmark administrators and users	The consultation was triggered by the outcome of the ESAs review that mandated ESMA to further specify the BMR requirements on governance, methodology, infringements reporting, critical benchmarks and non-significant benchmarks.

Regulatory delays: Policy making (10/10)

Regulators have signalled delays to a number of areas of policy development, in some cases delaying the deadline for responses to input from industry. Any such extensions are inevitably likely to have an impact on implementation dates of new rules.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
IOSCO	2020 work programme IOSCO are redeploying resources to focus primarily on matters that are directly impacted by COVID-19.	AI and machine learning - consultation due early 2020, final report end-2020 Passive investing and index providers - reports due late 2020 Retail distribution and digitisation - toolkit and guidance due 2020	TBC	Asset managers, banks	IOSCO will continue to focus on areas which are most exposed to heightened volatility, constrained liquidity and the potential for pro-cyclicality. These include examining investment funds, as well as margin and other risk management aspects of central clearing for financial derivatives and other securities.

Regulatory delays: Cancellations (1/1)

The BoE has announced the cancellation of the 2020 annual cyclical stress test.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
BoE/PRA	2020 banking stress test (annual cyclical scenario)	2020	Cancelled	Large banks	The decision to cancel the 2020 stress test for the eight major UK banks and building societies is intended to help lenders focus on meeting the needs of UK households and businesses via the continuing provision of credit.

Regulatory delays: Possible other areas of focus (1/1)

There may be other areas where regulatory relief is provided, but these are uncertain at this stage.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
IAIS	**International Capital Standards (ICS) and Financial Stability** defer adoption of Holistic Framework (HF) and ICS.	Jan 2020 onwards	ICS reporting deadline extended to Oct 2020; adoption of HF kept under review	Insurers	ICS reporting deadline has been extended to Oct 2020; implementation of the Holistic Framework has been deferred. IAIS will postpone development of supporting material by at least 6 months.
EC	**Possible further amendments to the prudential framework** further amendments to the CRR aimed at providing temporary relief to banks may be considered	N/A	N/A	Banks	Both the US and Switzerland have chosen to exclude central bank reserves from the leverage ratio exposure measure and it is possible the EU may follow. The EBA has been tasked with developing an RTS on exempting certain software assets from deduction under CRR, there is a possibility of this applying earlier than envisaged. A preferential treatment of NPLs guaranteed by public entities may also be considered.
EC	**Shareholders Rights Directive II** possible delay in implementation	3 September 2020	TBC	Firms listed in the EU and a range of financial institutions	On 9 April 2020 a number of trade associations wrote to the EC asking for a delay in implementation of SRD II by one year citing a range of operational challenges in firms being able to comply with the requirements by September 2020.

3

Regulatory Relief

FCA and PRA Timeline - regulatory relief

2020

Pillar 3 disclosure (PRA/EBA)
Submission deadline for a range of reports has been extended from 12 May 2020 to **12 June 2020**

Best execution reporting (FCA)
Execution quality (RTS 27) Q419 deadline extended from 31 March 2020 to **30 June 2020**
Annual report on top execution venues (RTS 28) deadline extended from 30 April 2020 to **30 June 2020**

Securities Financing Transaction Reporting
The FCA will not prioritise supervision of incoming SFT reporting obligations as of 13 April 2020 and until (at least) **13 July 2020**.

10% portfolio drop reporting (FCA)
Supervisory easement in place from 1 April 2020 to **1 October 2020**

Professional qualification easement (FCA)
Supervisory easement in place from 1 April 2020 to **31 October 2020**

Stressed VAR (PRA/EBA)
Review of SVAR 12-month period can be delayed until **December 2020**

Mortgage prisoners (FCA)
Mortgage switching communications delayed from September 2020 until **December 2020**

2021 -

Extension of SM&CR implementation period for solo-regulated firms (FCA)
Deadline to undertake first assessments of fitness and propriety of certified staff delayed from 9 December 2020 until **31 March 2021**

Key

- Asset & wealth management
- Banking
- Insurance
- All

Regulatory relief (1/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA/PRA	**Senior Managers and Certification Regime** the regulators published two announcements outlining their expectations for solo and dual-regulated firms respectively. The FCA will not enforce the requirement on firms to submit updated statements of responsibilities (SoRs) if changes to staff are in response to COVID-19 and temporary in nature. Other changes include an extension of the '12-week rule' to 36 weeks for solo-regulated firms.	In normal circumstances, the 12-week rule allows an individual to cover for a senior manager without being approved and on a temporary basis, for less than 12 consecutive weeks	Solo-regulated firms - 36 weeks The modification by consent will take effect from the date the firm applies for it, and will end on 30 April 2021 The FCA and PRA are currently gathering evidence on whether the 12-week rule is likely to be sufficient for dual-regulated firms	Solo and dual-regulated firms (notifications provided in two separate statements)	The regulators expect firms to resubmit relevant SoRs as soon as reasonably practicable, taking into account the current circumstances. With regards to temporary cover for SMFs, firms must continue to ensure that their records (Responsibilities Maps, role profiles etc.) keep a clear 'running commentary' of any temporary allocation of PRs to unapproved individuals during this period. Firms should also update their PRA and/or FCA Supervisors of these temporary allocations. Firms should continue to take reasonable steps to complete any annual certifications of employees that are due to expire while COVID-19s restrictions are in place.
FCA/ESMA	**Securities Financing Transaction Reporting** the FCA will not prioritise supervision of incoming SFT reporting obligations as of 13 April 2020 and until (at least) 13 July 2020.	13 April 2020	13 July 2020	Investment firms	The FCA may still want to see evidence that firms are not unnecessarily delaying the progression of their implementation.

Regulatory relief (2/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA/ESMA	**Best execution reporting** ESMA is encouraging competent authorities not to prioritise the supervision and enforcement of best execution reporting until 30 June 2020 The FCA approach, set out in the Dear CEO letter to retail investment firms published on 31 March 2020, mirrors ESMA's position.	Execution venues publishing RTS 27 reports for Q4 2019 - 31 March 2020 Firms publishing RTS 28 annual reports for 2019 - 30 April 2020	Execution venues publishing RTS 27 reports for Q4 2019 - 30 June 2020 (or as soon as reasonably practicable) Firms publishing RTS 28 annual reports for 2019 - 30 June 2020	Banks and investment firms	ESMA's statement and the FCA's Dear CEO letter will provide execution venues with the option to delay the publication of their Q4 2019 report on execution quality (RTS 27) to 30 June 2020, alongside their report for Q1 2020. That said, regulators are unlikely to look favourably on venues unnecessarily delaying their reporting. The FCA expects firms to continue to meet their obligations on client order handling, with due consideration of market conditions, the relative importance of execution factors, and the venues and brokers relied upon to execute orders. Firms will also be able to delay the publication of their 2019 annual report on their top 5 execution venues (RTS 28) to 30 June 2020.

Regulatory relief (3/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**10% portfolio drop reporting** the FCA has relaxed MiFID II-derived rules on 10% portfolio value depreciation notifications until October 2020, provided they continue giving general market updates to clients as part of their communications.	No later than one business day after portfolio value declines by 10% or more since the beginning of the last reporting period, and for each subsequent 10% drop in value	Supervisory easement in place from 1 April 2020 - 1 October 2020	Asset managers, wealth managers and platform service providers	The FCA will not take enforcement action against firms where a firm has: • issued at least one notification to a retail clients within a current reporting period indicating their portfolio has decreased in value by at least 10%; and • subsequently provides general updates through its website or other public channels; or • chooses to cease providing 10% depreciation reports for any professional clients
FCA	**Extension of regulatory reporting deadlines** the FCA has temporarily extended deadlines for a variety of regulatory returns.	Extension applies for submissions due up to and including 30 June 2020	Various: SUP 16 handbook returns - 1 month extension Annual reports and accounts - 2 month extension Employers' Liability Register compliance return - not required for 2020 Various complaints returns - 2 month extension	Solo-regulated firms	The FCA still expects firms to submit their returns as soon as possible. Should a deadline be missed in the period up to 30 June, the FCA will send a reminder letter to the firm.

Regulatory relief (4/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	Strong Customer Authentication	Online banking - 14 March 2020 E-commerce - 14 March 2021	For firms that haven’t met the requirements and are facing COVID-related delays, the FCA is keeping supervisory measures under review	Electronic money and payment institutions	The FCA plans to work closely with the industry to agree any changes to the milestones and timelines as needed.
FCA	Signposting to travel insurance for consumers with medical conditions the November 2020 start date for the signposting rules have been deferred. The FCA is monitoring the situation, and will update stakeholders on the revised implementation date when they have more clarity on the impact of COVID-19.	5 November 2020	TBC	Insurers	The Policy Statement rules requiring a firm to include details of a medical cover firm directory on its website 30 days after a firm becomes aware of an operational directory will commence on 1 June 2020 as planned. The Money and Pensions Service is currently developing a directory; however, it is not clear when this will be operational. The FCA will update stakeholders on this in due course.

Regulatory relief (5/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**Fund report and accounts** FCA has extended the deadline to publish annual and half-yearly fund reports. The regulator will not begin enforcement action if AFMs publish annual reports and assessment of value reports within 6 months of their accounting year-end date, or 3 months of the end of their half-yearly accounting period.	Half-yearly reports - within 2 months of the Annual reports - within 4 months of the annual accounting reference date	Half-yearly reports - one additional month Annual reports - two additional months	Asset managers (UCITS scheme, non-UCITS schemes)	If firms are choosing to delay their reporting, they need to inform the FCA promptly, as well as the fund's depositary and auditors. FIrms should also publish a prominent statement on their website, prior to original publishing dates, explaining the reasons for their decision and giving the revised publication date. The FCA will keep the application of the policy under review. When the disruption abates, the regulator will announce how it will end the policy in a fair, orderly and transparent way. The regulator still expects in-scope firms to ensure they make make every effort to publish within the usual time limits where they can without compromising the quality of the reporting and in line with the health guidelines to contain the spread of COVID-19.
FCA	**Professional qualification easements** FCA states it has no intention of taking action against a firm or accountable individual that is not able to ensure that an employee has attained an appropriate qualification within the required window because the relevant examinations were cancelled or postpone	Within 48 months	Within 48 months or, where necessary, as soon as reasonably practicable afterwards, up to a further 12 months	All	The FCA will adopt this approach for 6 months, until 31 October 2020. This means that firms may apply a time limit of up to 60 months where examinations were cancelled or postponed, up to and including 31 October 2020.

Regulatory relief (6/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
FCA	**Mortgage prisoners** the FCA introduced rule changes in October 2019 to make it easier for mortgage prisoners to switch to new lenders, dependent on lenders offering the modified affordability assessment to customers. Given lenders' inability to offer remortgaging/switching options to mortgage prisoners in the current environment, the FCA believes it would be wrong to require letters to be sent to consumers at this time. The regulator has therefore extended the window during which we expect firms to contact consumers about switching options by 3 months.	1 September 2020	1 December 2020	Banks, building societies	The FCA has also written to mortgage lenders and administrators managing closed mortgage books about variable rate mortgages in light of COVID-19, reminding firms of their obligation to treat customers fairly where they have discretion to set rates on behalf of the lender. The FCA reserves the right to ask firms to explain their rationale behind pricing decisions.
FCA	**Extension of SM&CR implementation period for solo-regulated firms** - the FCA announced that the deadline by which solo-regulated firms need to undertake their first fit and proper assessments of Certified Persons has been extended.	9 December 2020	31 March 2021	Solo-regulated firms	The extension was granted to provide additional time for firms impacted by COVID-19 to make the necessary changes to comply with the regime. The FCA states that firms should continue with their SM&CR work programmes, and, where possible, make efforts to meet the certification requirements ahead of the new March deadline.

Regulatory relief (7/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
PRA/EBA	**Pillar 3 disclosure delays** the PRA is accepting a delay of up to one month in the submission of a range of regulatory returns, where the original deadline fell before 31 May 2020. Submission of audited financial statements can be delayed by up to two months. The PRA says it intends to be flexible in its expectations of firms' publication timelines for Pillar 3 disclosures, given the extension of the financial statement submission deadline. The PRA issued a statement on 26 June 2020 providing an update on regulatory reporting and disclosure easements. The regulator believes that firms have now had time to adjust to the new environment, and given the benefits to supervisors of timely submissions of regulatory data, the reporting measures set out in the previous statement will not be applied to future submissions.	12 May 2020 (for most reports)	12 June 2020 (for most reports) The PRA has confirmed that delays in submissions will not be extended to reporting beyond that due by the end of May 2020.	Banks, building societies and designated investment firms	Remittance dates for liquidity-related data and data relating to firms' liability structures (including intra-group financial connections) have not been extended. While the PRA will continue to take a flexible approach to submissions, it expects that going forward, the publication timeline for Pillar 3 disclosures should not be affected by Covid-19 in most cases. Where a firm anticipates delay, the regulator expects it to inform their PRA supervisor and market participants of the delay, the reasons and to the extent possible, the estimated publication date.

Regulatory relief (8/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
PRA/EBA	**Stressed VAR** the PRA does not expect firms to update their stressed VAR (SVAR) 12-month period during the current period of financial market stress, other than if a firm's current period no longer represents a significant period of stress for the firm's portfolio (e.g. due to a material change in risk profile).	N/A	December 2020	Banks	The CRR requires firms to review the choice of historical data at least annually and, although in normal circumstances the PRA have set an expectation of quarterly reviews, in the current circumstances it will permit firms to delay this review
PRA/EIOPA	**Solvency II reporting (Annual and Quarterly reporting)** EIOPA recommends NCAs show flexibility in SII reporting timelines.	Q1 2020	2 - 8 weeks extensions	Insurers	PRA has extended the deadline for various aspects of Solvency II regulatory reporting. The extension period varies from two to eight weeks and it concurrently extends corresponding external audit deadline. EIOPA has decided to deliver its advice to the EC on the review of Solvency II at end December 2020, to take into account the importance of assessing the impact of the current Covid-19 situation as part of the review.

Regulatory relief (9/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
PRA	**Conversion of Pillar 2A requirements from RWA percentage to nominal amount** the PRA released a statement laying out new measures to set all Pillar 2A requirements as a nominal amount, instead of a percentage of total RWAs. The PRA will continue to regularly assess the appropriate level of Pillar 2A, and will set the requirement as a nominal amount in the 2020 and 2021 Supervisory Review and Evaluation Processes (SREPs).	N/A	N/A	Firms in-scope of CRD IV	The Bank of England confirmed that 2021 Minimum Requirement for Own Funds and Eligible Liabilities will reflect the PRA's policy changes to Pillar 2A capital setting. The Bank will also continue to keep MRELs under review and monitor market developments carefully in Q3 of this year to inform its approach in Q4 2020 to setting January 2021 MRELs and indicative January 2022 MRELs. The Bank intends to exercise its discretion with respect to the transition time firms are given to meet higher MRELs. Firms not currently subject to a leverage-based capital requirement, but which subsequently become subject to one, will be given at least 36 months after that requirement takes effect to meet the higher MREL resulting from it.
PRA	**PRA statement on CRR 'quick fix package** - The PRA set out its initial views and follow-up plans on certain changes to regulatory capital brought by the EU CRR Quick Fix: the transitional arrangements for capital impact of IFRS 9 ECL accounting, the accelerated application of certain CRR II measures, and the application of a temporary prudential filter to certain unrealised gains or losses.	28 June 2021	27 June 2020	Banks	As regards the transitional arrangements for the capital impact of IFRS 9 ECL provisions, the PRA said that firms already applying the transitional arrangements will need to implement the revised calculations set out in the CRR Quick Fix. Instead, firms currently applying the transitional arrangements that are considering ceasing to apply them, need the PRA's permission to do so; so they need to contact their supervisor by 31 July 2020.

Regulatory relief (10/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
EC	**Household and business lending** the EC announced fast-track legislative proposals on 28 April 2020 comprising targeted amendments to CRR. The EC is implementing the Basel Committee's amendment to the transitional arrangements for the regulatory capital treatment of expected credit losses. The proposals include a more favourable treatment for non-performing loans that are supported by COVID-19 related public guarantees together with certain amendments to the leverage ratio regime. The EC also proposes to bring forward the date of application of CRR II measures concerning credit risk related SME and infrastructure support factors as well as provisions relating to the exemption of certain software assets from regulatory capital deductions.	N/A	N/A	Banks	The EC also published an Interpretive Communication on the EU's accounting and prudential frameworks. This broadly summarises statements and guidance that the EBA, ESMA, ECB and other bodies have issued in recent weeks.
ESMA	**Half yearly financial reporting** ESMA issued a statement setting out recommendations for preparing interim financial statements and management reports for the 2020 half-yearly reporting period.ESMA acknowledges that some issuers may consider setting the timing of publication of their half-yearly financial reports later than usual within the available time-span, but notes that reports must not be unduly delayed. Issuers will still need to comply with their ongoing obligations under the Market Abuse Regulation.	N/A	N/A	Banks and investment firms	ESMA also provides guidance on the detailed and entity specific disclosures it expects issuers to include in their interim management reports. This includes the impact of the COVID-19 pandemic on, among other things, the issuer's strategic orientation and targets; measures to address and mitigate impacts; and the expected future impact on the issuer's financial performance, position, cash-flows, the related risks and contingency measures.

Regulatory relief (11/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
ESMA	**Statement on MIFIR open access for exchange traded derivatives (ETDs)** ESMA has issued a public statement to clarify the application of the MiFIR open access provisions (OAP) for trading venues (TVs) and CCPs. ESMA expects national competent authorities (NCAs) to consider, where relevant, the adverse developments arising from COVID-19 when taking decisions on open access requests. In particular, considering the limited two-month timeframe provided by MiFIR for NCAs to assess access requests, it may be challenging for NCAs to soundly assess whether an open access request may threaten the smooth and orderly functioning of the markets, or adversely affect systemic risk in the current market circumstances. ESMA expects CCPs and TVs to have the necessary operational capacity to process access requests once the exceptional market circumstances have resolved. In response, the FCA issued **guidance** to CCPs and TVs on how they should meet their open access obligations starting from 4 July 2020. It expects them to put in place processes to assess any open access requests against the factors set out in Commission Delegated Regulation 2017/587.	N/A	N/A	Trading venues CCPs Banks Investment firms	ESMA notes that CCPs and trading venues may deny access requests in the cases described in detail in Commission Delegated Regulation (EU) 2017/581. Where a CCP or trading venue denies an access request, it should provide full reasons for that decision, identifying how the relevant risks arising from granting access would in the current situation be unmanageable and that there would be significant undue risk remaining. NCAs may deny access requests only where such access would require an interoperability arrangement or threaten the smooth and orderly functioning of markets or would adversely affect systemic risk. When performing such assessment, NCAs should consider whether the CCP or trading venue in question has adequate risk management procedures, including with respect to operational and legal risks, to avoid the access agreement creating significant undue risks to third parties that cannot be mitigated.

Regulatory relief (12/12)

Regulators are providing temporary relief and supervisory forbearance in a number of areas.

Regulator(s)	Policy area	Original timing	New timing	Sectors impacted	Commentary
BCBS	**Expected credit loss accounting** the BCBS has agreed to amend the existing transitional arrangements for the regulatory capital treatment of ECLs. Jurisdictions may apply the existing transitional arrangements, even if they were not initially implemented when banks first adopted the ECL model. Alternatively, and irrespective of when a firm started to apply transitional arrangements, for the 2 year period comprising the years 2020 and 2021, jurisdictions may allow banks to add-back up to 100% of the transitional adjustment amount to CET1. The “add-back” amount must then be phased-out on a straight line basis over the subsequent 3 years.	N/A	N/A	Banks	Where firms can produce forecasts based on reasonable and supportable information, the BCBS expects ECL estimates to reflect the mitigating effect of the economic support and payment relief measures put in place by the public and banking sectors. While estimating ECL, banks should not apply the standard mechanistically and should use the flexibility inherent in IFRS 9, for example to give due weight to long-term economic trends. Consistent with the existing transitional arrangements, banks should disclose whether a transitional arrangement is applied, and the impact on the bank’s regulatory capital and leverage ratios compared to the bank’s “fully loaded” capital and leverage ratios had the transitional arrangements not been applied.

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