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Briefing note

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Single Supervisory Mechanism: ECB publishes final list of significant credit institutions

The European Central Bank (ECB) has published the final list of the 120 significant credit institutions whose direct supervision it will assume on 4 November 2014. The ECB will directly supervise credit institutions, financial holding companies or mixed financial holding companies that are deemed significant at the highest level of consolidation within participating Member States.

The significance assessment has been based on banks' year-end 2013 figures, the total value of their assets, the importance for the economy of the country in which they are located or the EU as a whole, the scale of their cross-border activities and whether they have requested or received public financial assistance from the European Stability Mechanism (ESM) or the European Financial Stability Facility (EFSF).

The significance of banks will be assessed regarding their status on a regular basis and at least once a year after the publication of their full year results. In the case of mergers, ad hoc assessments will take place. A change of status from less significant to significant can occur at any time. A change of status from significant to less significant requires that significance criteria have not been met for three consecutive years.

The ECB has also published a list of less significant institutions, as required by the SSM Framework Regulation. These banks will continue to be supervised by national competent authorities. However, the ECB can decide at any time to exercise direct supervision in order to ensure consistent application of supervisory standards.

CRR: ITS specifying appropriately diversified indices published in Official Journal

The Commission Implementing Regulation (945/2014) laying down implementing technical standards (ITS) with regard to relevant appropriately diversified indices under the Capital Requirements Regulation (575/2013) (CRR) has been published in the Official Journal. The Regulation specifies a list of stock indices for the purposes of Article 344 of the CRR.

The Regulation will enter force on 25 September 2014.

CRR: EU Commission adopts RTS on own funds requirements for investment firms based on fixed overheads

The EU Commission has adopted a Delegated Regulation under the CRR that sets out regulatory technical standards (RTS) specifying the calculation of the own funds requirements for investment firms with limited authorisation based on the fixed overheads. The Delegated Regulation sets out:

- what fixed overheads are in order that calculation methodologies may be harmonised;
- provisions relating to business carried out through tied agents, which exposes the firm to similar levels of risk as business carried out by the firm itself; and
- criteria for determining when a change in the business activities of a firm is material in order that competent authorities may make adjustments to a firm's capital requirements.

The Delegated Regulation will be published in the Official Journal following an objection period for the Commission's text, during which time the Council of Ministers or Parliament may comment on the proposals.

EMIR: ESMA publishes translated guidelines on implementation of CPSS-IOSCO principles for market infrastructures in respect of CCPs

The European Securities and Markets Authority (ESMA) has published the official translations of its guidelines and recommendations regarding the implementation of the CPSS-IOSCO Principles for Financial Market Infrastructures by competent authorities as part of the exercise of their duties resulting from EMIR for the authorisation and supervision of CCPs under Article 22(1). The guidelines were originally published in English on 5 August 2014. The publication of the translations triggers a two month comply or explain period and means that the guidelines will become applicable on 4 November 2014.

ESMA has also updated its list of central counterparties (CCPs) that have been authorised to offer services and activities in the EU in accordance with the European Markets Infrastructure Regulation (EMIR). With the authorisation of LME Clear Ltd, there are now 12 CCPs authorised under EMIR.

Joint Forum publishes report on supervisory colleges for financial conglomerates

The Joint Forum has published a report on supervisory colleges for financial conglomerates. The report presents findings on how far cross-sectoral issues, and specific questions related to financial conglomerates, are effectively addressed within supervisory colleges. It provides information on the implementation of the Joint Forum Principles for the Supervision of Financial Conglomerates and Principle 6 relating to supervisory cooperation, coordination and information-sharing.

The report notes that progress has been made since the previous study in 2011 and identifies issues in relation to the implementation of Principle 6, including that:

- not all jurisdictions have in place a specific supervision framework for financial conglomerates or coordination agreements with other supervisors of financial conglomerates on a cross-sectoral level;
- gaps exist in the coordination of on-site and off-site supervision with other domestic or international supervisors, and in arrangements or processes for taking enforcement actions with other domestic or international authorities; and
- there appear to be insufficient specific mechanisms for supervisory cooperation and coordination in periods of crisis/stress, thereby possibly hindering effective intervention in times of crisis.

PRA publishes final approach to branch supervision

The Prudential Regulation Authority (PRA) has published its final Supervisory Statement (SS10/14) and Policy Statement (PS8/14) relating to the supervision of UK branches of international banks based outside the EEA, which also clarify the PRA's approach to EEA branches and subsidiaries. The statements follow a consultation in February 2014 (CP4/14) and certain amendments have been made following that consultative exercise. The consultation also included the draft Branch Return rule which has not been included in PS8/14; this will be published at a later date following a second pilot exercise.

The Supervisory Statement sets out in detail the PRA's approach to branches, which are not separate legal entities from the banks of which they are part, and are therefore subject to prudential supervision by both a home state supervisor (HSS) and the PRA. The framework for branch supervision focuses on three main factors:

- whether the HSS is equivalent to the PRA;
- the types of activity the UK branch carries out; and
- whether the PRA has assurances from the HSS in respect of a resolution plan for the bank.

The accompanying Policy Statement contains the finalised branch rules instrument 2014 for inclusion in the Incoming Firms and Third Country Firms section of the PRA Rulebook. This instrument requires firms to take all steps within their control to ensure that their resolution plan adequately provides for the resolution of a UK branch. This instrument came into force on 5 September 2014.

HMT consults on transposition of Mortgage Credit Directive

HM Treasury has launched a consultation on the transposition of the Mortgage Credit Directive (MCD) (Directive 2014/17/EU). The consultation paper sets out the Government's approach to implementation of the MCD, which it intends to primarily enact through FCA rules and the existing UK regulatory regime in order to minimise the impact on the UK market as far as possible. The MCD must be transposed by 21 March 2016.

The Government proposes certain changes to the UK mortgage regime in order to implement MCD, including:

- the expansion of the FCA's mortgage regulation regime to cover second charge mortgages;
- the treatment of unsecured lending or lending secured on something other than residential property as consumer credit for legislative purposes where the purpose of that lending is to buy or retain rights on residential property; and
- new regulations for consumer buy-to-let lending.

Annexed to the consultation paper is a draft Order for the implementation of provisions that cannot be transposed through FCA rules. The draft Order would amend:

- the Financial Services and Markets Act 2000 in relation to appointed representatives carrying out mortgage-related activities and amendments to the provisions relating to cross-border activities in the EEA;

- the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 to enable to FCA to regulate those mortgage-related activities covered by the MCD; and
- the Consumer Credit Act 1974.

Comments are due by 31 October 2014.

German Banking Industry comments on proposed amendments to Stock Corporation Act

The German Banking Industry (Deutsche Kreditwirtschaft), the industry organisation of German banks, has published comments on proposed amendments to the German Stock Corporation Act (Aktiengesetz). Amongst other things, the German Banking Industry proposes:

- to facilitate the issuance of contingent convertible bonds by credit institutions established as stock corporations;
- to include a provision pursuant to which agreements that qualify as group financial support agreements for purposes of the Bank Recovery and Resolution Directive (BRRD) will not have to satisfy corporate law requirements applicable to inter-company agreements generally to be effective where the requirements of German laws implementing the BRRD are satisfied; and
- to allow investment stock corporations (Investmentaktiengesellschaften) to deposit global share certificates with the depositaries that need to be appointed for the investment stock corporation rather than with a central securities depositary.

German Banking Industry and Association of Foreign Banks in Germany comment on draft Retail Investor Protection Act

The German Banking Industry and the Association of Foreign Banks in Germany (Verband der Auslandsbanken in Deutschland) have published comments on the draft Retail Investor Protection Act (Kleinanlegerschutzgesetz) published by the German Federal Government. Both organisations welcome the intended regulation of the 'grey capital market' but are critical of a number of points, in particular:

- the potential application of the Act to professional clients and eligible counterparties; and
- the proposed implementation of parts of the new Market in Financial Instruments Directive (MiFID 2) significantly ahead of the implementation deadline and before ongoing consultations on Level 2 implementing measures at EU level have been finalised.

German Banking Industry comments
Association of Foreign Banks in Germany comments

EMIR: Central Bank of Ireland updates FAQ on application to FX forwards

The Central Bank of Ireland has updated its frequently asked questions on the European Market Infrastructure Regulation (EMIR). In particular, the updated FAQs set out the Central Bank's guidance on a temporary definition of FX forward for EMIR reporting purposes, while the European Securities and Markets Authority (ESMA) considers the option of issuing guidelines to promote harmonised practices among national competent authorities.

The FAQs state that, as a temporary measure, a reasonable operational definition is as follows:

- all FX transactions with settlement before or on the relevant spot date are not to be reported;
- all FX transactions with settlement beyond seven days are to be reported;
- all FX transactions with settlement between the spot date and seven days (inclusive) are to be reported only if, in a jurisdiction where one counterparty to the trade is located, local laws, rules or guidance would deem the transaction reportable; and where one counterparty is located in another jurisdiction the Irish counterparty should rely on documentation from that counterparty to inform it that there is a requirement in their jurisdiction; and
- all FX transactions between two Irish counterparties with settlement between the spot date and seven days (inclusive) are not required to be reported – the Central Bank recommends that counterparties that have the capacity to report such trades do report them (notwithstanding that there is no obligation to report), and that counterparties build a capacity to report such trades in the future.

Luxembourg Central Bank implements ECB guideline on temporary additional measures for Eurosystem refinancing operations and eligibility of collateral

The Luxembourg Central Bank (BCL) has issued a new Regulation 2014/18 which implements the Guideline of the European Central Bank (ECB) of 9 July 2014 on temporary additional measures in relation to refinancing operations of the Eurosystem and the eligibility of collateral and amending ECB Guideline ECB/2007/9 (recast).

The new regulation compiles the different amendments made at ECB level and provides for some additional measures to be temporarily applicable including, in particular, the possibility for the BCL to accept state-backed bank bonds as collateral under certain strict conditions. The new regulation repeals and replaces Regulations BCL/2013/15 and BCL/2014/16.

The new regulation is applicable as of 21 August 2014 with article 6 on the accepting of state-backed bank bonds being applicable until 28 February 2015.

Minister of Finance informs Parliament on interest derivatives offered to SMEs

The Minister of Finance, Jeroen Dijsselbloem, has written a letter to inform Parliament on the pending re-assessment by Dutch banks of 17,600 interest derivatives that were previously offered to non-professional small and medium sized enterprises (SMEs). Such interest derivatives led many SMEs into financial difficulties when lower interest rates triggered the banks to make calls for additional cash margin. In his letter, Mr. Dijsselbloem refers to the AFM's supervision on derivatives business in general and the current re-assessment of interest derivatives offered to SMEs in particular. Dijsselbloem states that banks should follow the AFM's recommendations when handling customer complaints based on a breach of a banks' duty of care. The AFM published its recommendations in February 2014 and, according to Mr. Dijsselbloem, some banks should make more efforts in implementing these.

Mr. Dijsselbloem adds that the Financial Services Complaints Institute (Klachteninstituut voor financiële dienstverlening (Kifid)) has now opened a specific office to which clients can address their complaints about interest derivatives.

Finally, Mr. Dijsselbloem has informed Parliament about a forthcoming AFM investigation into Dutch banks' financial restructuring departments, also in relation to credit provided to SMEs.

Government submits proposals to expand bankers' oath and introduce disciplinary regime for bank employees

In an attempt to restore confidence in the financial sector, the Dutch government has submitted to Parliament a legislative proposal extending the 'bankers' oath' to all bank employees. This supplements the existing requirement for policy makers of Dutch financial institutions to swear the oath, as well as a pending legislative proposal which would require employees of various financial institutions to take the oath if they influence the risk profile of the institution or are directly involved in the provision of financial services. Specifically for banks, the new requirement would extend the oath to all their employees.

In addition, a new regime of professional disciplinary sanctions will be introduced to which the same bank employees would be subject should they violate the industry's binding standards of integrity and duty of care. Such a regime would resemble self-regulatory tribunals that have long been standard for medical professionals. Bank employees would be subject to the disciplinary rules on the basis of private law. However, the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank (DCB) would monitor compliance by the banks. According to the proposal, the disciplinary rules should provide adequate safeguards for a due process and be applied and implemented by an independent and external expert agency. The AFM and DCB would monitor whether banks would actually make the rules work in practice. The further development and organisation of the disciplinary regime is left to the respective banks and the banking sector.

Implementation of both proposed measures would take place through amendments to the Financial Supervision Act.

SAFE publishes Q&A to clarify FX cash pooling programme

The State Administration of Foreign Exchange (SAFE) has published the first batch of Q&A regarding the implementation of the 'Pilot Rules on Foreign Currency Cash Pooling of Multi-national Companies' (Hui Fa [2014] No.23) issued by SAFE on 25 April 2014.

In the Q&A, SAFE responds to 39 queries raised by market players mostly from an operational perspective, covering account opening, currency conversion, overdraft and foreign debt quota, etc.

As the cash pooling programme is intended to support the real economy, SAFE particularly explains that the scope of 'sensitive industries' that are prohibited from using a pooled foreign debt quota (Article 9 of Hui Fa [2014] No.23) basically refers to non-industrial sectors such as guarantee, consultancy business and the real estate sector. Finance leasing companies may participate in sharing the pooled foreign debt quota, subject to any specific requirements of the local SAFE.

NPC Standing Committee amends PRC Securities Law

The Standing Committee of the National People's Congress has amended the PRC Securities Law. The amendments are as follows:

- for tender offer circulars, the requirement of 'prior report to the China Securities Regulatory Commission (CSRC)' has been replaced by 'public announcement' (Article 89);
- the provision relating to the CSRC's review of tender offer circulars has been deleted (Article 90);
- the requirement of the CSRC's approval on changing a tender offer has also been removed (Article 91);
- references to 'the failure to report the tender offer circular to the CSRC' and 'changing tender offer without the CSRC's approval' in the penalty rule have been deleted accordingly (Article 213); and
- references to the PRC Companies Law in Articles 108 and 131 have been updated as the PRC Companies Law was amended on 28 December 2013.

HKEx publishes concept paper on weighted voting rights

The Stock Exchange of Hong Kong Limited (SEHK), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEx), has published a concept paper on weighted voting rights. The concept paper seeks views on whether governance structures that give certain persons voting power or other related rights disproportionate to their shareholding (weighted voting right structures) should be permissible for companies listed or seeking to list on the SEHK's markets.

Currently, both applicants and listed companies must ensure that the voting power of their shares bears a 'reasonable relationship' to the equity interest those shares represent. This means a shareholder cannot have greater voting power than another if both have the same amount of equity in a company. This is commonly known as the 'one-share, one-vote' concept.

Subject to comments and views elicited by the concept paper, the SEHK anticipates the paper may lead to one of the following outcomes:

- a conclusion that no amendment to the listing rules to allow companies to use weighted voting right structures is appropriate at this time and that current practice is supported – in this case, the SEHK would publish conclusions explaining the reasons for any such outcome; or
- support for a material change to the listing rules on the acceptability of weighted voting right structures – in these circumstances, the SEHK would again publish conclusions; any changes to the listing rules would require a second stage formal consultation process including consultation on the details of the scope and language of any proposed listing rule changes.

Comments on the concept paper are due by 30 November 2014.

Four-party agreement for establishment of Shanghai-Hong Kong Stock Connect signed

The SEHK and Hong Kong Securities Clearing Company Limited (HKSCC), wholly-owned subsidiaries of HKEx, have signed an agreement (the Four-party Agreement) with the Shanghai Stock Exchange (SSE) and China Securities Depository and Clearing Corporation Limited (ChinaClear) for the establishment of Shanghai-Hong Kong Stock Connect, a scheme that will allow investors with access to one market to buy and sell eligible shares listed on the other market. Shanghai-Hong Kong Stock Connect has been developed in accordance with the principles set out in the joint announcement by Hong Kong's Securities and Futures Commission (SFC) and the China Securities Regulatory Commission (CSRC) on 10 April 2014 regarding their approval, in principle, of the development of a pilot programme for the establishment of mutual stock market access between Mainland China and Hong Kong.

The agreement is the master document for the cooperation of the four parties and sets out the obligations and responsibilities of each party based on the principles outlined in the joint announcement by the regulators. The agreement, which covers all the fundamentals, is a guide to how the programme will operate, as well as the base for the related rules governing trading and clearing under the programme.

HKEx has indicated that implementation of the arrangements for the establishment of Shanghai-Hong Kong Stock Connect as set out in the agreement, including the detailed terms for the trading and clearing links, is subject to all necessary approvals. The regulators plan to officially launch Shanghai-Hong Kong Stock Connect after the relevant trading and clearing rules have been finalised, the relevant systems have been developed, all regulatory approvals have been granted, market participants have had sufficient opportunity to configure and adapt their systems, and all necessary investor education programmes are in place.

FSA publishes amended regulations on renewable energy and infrastructure funds

The Financial Services Agency of Japan (FSA) has published an amendment to the regulations under the Investment Trust and Investment Corporations Act (ITICA). The amendment expands the scope of 'specified assets', which consist of assets of investment trusts and investment corporations established pursuant to the ITICA. According to the FSA, this amendment is in response to growing investor interest in infrastructure investments, including in infrastructure funds listed on stock exchanges.

The amendment includes the following assets within the scope of 'specified assets':

- renewable energy power generating facilities; and
- rights to manage public facilities.

The amended regulation is effective as of 3 September 2014.

KRX announces remodelling of stock futures and options market

The Korea Exchange (KRX) has announced the remodelling plan for its stock futures and options market. The plan is intended to revamp the single stock futures and options products in the derivatives markets. The plan includes the following proposals:

- expansion of underlying assets and regular/timely changes – stock futures will be expanded from the current 25 stocks to 60 stocks in the KOSPI market, and stock options will be reduced from the current 33 issues to ten issues and will gradually be expanded at a later date;
- addition of new contract of delivery months for stock futures and stock options;
- introduction of 'negotiated block trading', targeting all issues of the stock futures and options except for spread trading;
- for the purpose of attracting quotations on low liquidity contracts, the quotation price unit of stock futures will be expanded twice, making it identical to the quotation price unit of the stock market, while maintaining the current state in the stock options market;
- for the purpose of improving market confidence by securing price continuity, only limit orders will be allowed in stock futures and options market until liquidity is secured;
- the maximum order quantity will be reduced from the current 5,000 contracts to 1,000 contracts;
- the interval of exercise prices of distant month contracts will be expanded twice in order to reflect the possible long-term price of underlying assets; and
- the margin rate will be differentiated according to the volatility of each underlying asset in order to improve the accuracy of risk management and reduce the cost for market participants.

The KRX has indicated that the enhancement of single stock futures will be implemented from 15 September 2014, and that of single stock options will be implemented from 17 November 2014.

FSS announces measures to ensure effective compliance in financial companies

In response to a recent series of financial non-compliance incidents in the financial sector, the Financial Supervisory Service (FSS) has announced a set of measures intended to ensure effective compliance at financial companies. The FSS intends to revise rules and regulations regarding the compliance function within financial companies so that the compliance function can serve as an effective 'control tower' to oversee compliance. In particular, the FSS has indicated that:

- chief compliance officers (CCOs) will be given the appropriate standing, authority and independence within the organisation;
- the bank's senior management and internal auditor will be required to take more responsibility for the effective compliance function;
- compliance will be connected to performance measurement of the financial company;
- the government will improve the infrastructure for preventing financial incidents; and
- efforts to reduce the cost of compliance will be stepped up.

According to the FSS, measures requiring amendments to current laws and regulations will be implemented within 2014, while changes that can be made through amendments to best practices for the compliance function will come first.

FSC announces action plan to promote creative finance

The Financial Services Commission (FSC) has announced an action plan to promote 'creative finance'. The plan is intended to:

- facilitate technology finance;
- revitalise the venture capital market; and

- cultivate an innovation-friendly culture in the financial sector.

Amongst other things, the FSC intends to build momentum in channelling funds to start-ups and tech firms by offering banks strong incentives for credit loans based on tech credit ratings, not just on conventional collateral and guarantees. The Korea Development Bank (KDB) and the Industrial Bank of Korea (IBK) will increase the volume of the 'Technology Loan Fund' to one trillion from the current ten billion won to support banks in facilitating technology finance. Funds will be formed to further encourage investment based on technology evaluation rather than loans as technology finance involves risks of uncertainty. In this regard, an investment fund for technology evaluation worth 300 billion won will be established under the 'Growth Ladder Fund'. Funds will be also raised to purchase intellectual property or investors' equity into tech firms in order to ensure smooth exit of investment.

'Start-Up Fund', a subordinate fund of Growth Ladder Fund, will be increased by 120 billion won from the current 250 billion won. Total investment volume and proportion of government funds invested in start-ups will be increased to 40% and 70% respectively. Additional investment will also be made in start-up companies showing high investment outcome. 'Merger and Acquisition (M&A) Fund', a subordinate fund of Growth Ladder Fund, worth 1 trillion won will be raised in the next three years. 'Secondary Fund' and 'Recovery Fund' will also be established to support divestment and revival of companies under corporate work-out procedure. Further, small and medium enterprises (SMEs) and venture companies will be provided with funds and manpower related to M&A to provide a second chance for growth while supporting divestment of venture capitalists.

Finally, financial supervisory authorities' practice of excessive sanction against financial institutions will be reduced so that banks can provide technology finance more actively and free from concerns about possible disciplinary actions. New criteria will be added to banks' performance evaluation to evaluate banks' efforts for innovation and creative finance such as technology finance capability, new market development or 'corporate social responsibility' (CSR) activities.

The FSC has indicated that the action plan will be put into practice immediately and a review committee will be formed in September 2014 to review and evaluate progress on a continuous basis.

MAS and SGX launch consultations on facilitating bond offerings to retail investors

The Monetary Authority of Singapore (MAS) has published a consultation paper proposing changes to facilitate bond offerings to retail investors. The MAS has identified areas in its regulatory regime that could be streamlined to make it easier for corporates to offer bonds to retail investors while maintaining sufficient safeguards. Currently, any offer of securities to retail investors must be accompanied by a prospectus registered by the MAS. The MAS proposes to refine the current prospectus requirements for offers of plain vanilla bonds made by issuers who meet specified eligibility criteria.

In line with the MAS' proposals, the Singapore Exchange (SGX) has also released a consultation paper on a proposed bond seasoning framework. Under the framework, retail investors will be able to purchase bonds initially offered by eligible issuers to institutional and accredited investors after these bonds have been listed for six months (seasoned bonds). These issuers will also be able to sell to retail investors, without issuing a prospectus, additional bonds with the same terms as the seasoned bonds.

SGX proposes to apply the regulatory framework only to plain vanilla bonds with an initial minimum principal amount of SGD 300 million and a maximum tenure of 10 years.

The proposals will have the following effect:

- seasoned bonds issued by issuers that meet eligibility criteria stipulated by the SGX under the seasoning framework, can be re-denominated into smaller lot sizes and made available to retail investors via secondary trading – subsequent offers of new bonds to retail investors, with the same terms as the seasoned bonds, will be exempted from prospectus requirements; and
- bonds issued by issuers who are able to satisfy specified thresholds that are higher than the eligibility criteria under the seasoning framework can be offered to retail investors without a prospectus.

Comments on both the consultation papers are due by 30 September 2014.

US bank regulators repropose risk-based margin requirements for non-cleared swaps and security-based swaps

The US Federal Reserve Board has, together with four other US prudential regulators, published a revised proposed joint rule for public comment that would establish margin requirements for swap dealers, major swap participants, security-based swap dealers, and major security-based swap participants (covered swap entities).

This proposed rule follows these regulators' initial proposal from May 2011 to establish minimum requirements for the exchange of initial and variation margin between covered swap entities and their counterparties. These requirements would apply to non-cleared swaps and non-cleared security-based swaps entered into after applicable compliance dates. The margin amount would vary based on the relative risk of the counterparty and of the transaction.

This rulemaking is meant to implement sections 731 and 764 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

RECENT CLIFFORD CHANCE BRIEFINGS

EU adopts new rules for CSDs

On 28 August the Regulation on Central Securities Depositories (CSDs) was published in the Official Journal. The Regulation aims to harmonise the authorisation and supervision of CSDs across the EU and to improve settlement discipline in the securities settlement systems (SSSs) that CSDs operate. The Regulation comes into force on 17 September 2014 and its various provisions will begin to apply at different points from January 2015. The Regulation is directly applicable in Member States though Level 2 measures are required to implement a number of its provisions.

This briefing provides an overview of the structure and major features of the Regulation, including its T+2 settlement requirements, new settlement discipline rules and the authorization process for CSDs. The briefing also highlights some key areas of concern both for banks providing custody and settlement services and for entities trading securities in the EU.

http://www.cliffordchance.com/briefings/2014/09/eu_adopts_new_rulesforcsds.html

ASEAN CIS Framework – now operational

On 25 August 2014, the ASEAN Capital Markets Forum announced that the ASEAN CIS Framework for cross border offerings of collective investment schemes (CISs) is now operational in Malaysia, Singapore and Thailand. Qualified fund managers are now able to offer CISs constituted and authorised in their home jurisdiction to retail investors in other member jurisdictions under a streamlined authorisation process.

This briefing discusses ASEAN CISs.

http://www.cliffordchance.com/briefings/2014/08/emir_illustrativeimplementationtimelinean0.html

DIFC Judge rules on the regulatory perimeter of the DFSA and suitability standards in Al Khorafi v. Bank Sarasin-Alpen and Bank Sarasin

The DIFC Court of First Instance has found Bank Sarasin & Co. Ltd, a Swiss incorporated bank with no registered presence in the Dubai International Finance Centre (DIFC), and its Dubai Financial Services Authority (DFSA) authorised DIFC subsidiary, Bank Sarasin-Alpen ME Limited, in breach of the DIFC Regulatory Law with liability to pay compensation to the members of a family who purchased USD 200 million of structured products, which were financed, in part, by loans from Bank Sarasin and from another bank.

The ruling of Sir John Chadwick addresses two areas of DFSA regulation:

- how far does DFSA regulation extend; and
- acceptable practice in treating customers fairly (i.e. assessing suitability) in relation to complicated financial products.

This briefing outlines the judgment of the DIFC Court and providing the key 'take-away' points for DIFC regulated banks and investment firms.

http://www.cliffordchance.com/briefings/2014/09/difc_judge_rulesontheregulatoryperimetero.html

An overview of recent developments at the Saudi Arabian General Investment Authority

The Saudi Arabian General Investment Authority (SAGIA) has introduced several changes in its practices since the appointment of a new Governor in May 2012 and some of the more recent changes may have a significant impact on foreign investors and their foreign investment licence applications.

This briefing discusses these changes, which include:

- the introduction of a fast track service for multinationals and other companies qualifying for this service;
- new requirements for foreign investors applying for or renewing a foreign investment license, especially for the contracting, light manufacturing and restaurant sectors; and

- new policies which make the renewal of foreign investment licenses potentially more difficult.

http://www.cliffordchance.com/briefings/2014/09/an_overview_of_recentdevelopmentsatthesaud.html