

International Regulatory Update

25 - 29 April 2016

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- US regulators propose net stable funding rule for biggest banks
- Recent Clifford Chance briefings: Fintech; Corporate Criminal Liability; and more. [Follow this link to the briefings section.](#)

EU Parliament approves Benchmarks Regulation

The EU Parliament plenary session has [adopted](#) the text of the proposed regulation on indices used as benchmarks in financial instruments and financial contracts. The proposed regulation aims to curb conflicts of interest in setting benchmarks, such as LIBOR and EURIBOR, which influence financial instruments and contracts and could affect the stability of financial markets across Europe. Under the new law, all benchmark administrators will have to be authorised by a competent authority or registered, even if they provide only non-significant benchmarks.

The proposed regulation still needs to be approved by the EU Council before being published in the Official Journal. The regulation will enter into force on the day following its publication.

Capital Markets Union: EU Commission publishes status report

The EU Commission has published a [status report](#) on progress made in the six months since the adoption of the Capital Markets Union (CMU) action plan. Developments highlighted in the report include the proposal for a regulation on securitisation, proposed amendments to the Prospectus Directive, and consultations on retail financial services and business restructuring and insolvency.

Key initiatives planned for 2016 include:

- a report on the regulatory steps taken at national level on crowdfunding;
- a programme of actions to strengthen venture capital markets, including a planned proposal to upgrade existing rules on European venture capital funds (EuVECA) and European social entrepreneurship funds (EuSEF);
- a public consultation intended to collect examples on the financial impact of regulatory and administrative barriers to cross-border distribution of investment funds;
- a review of the Capital Requirements Regulation (CRR) for banks as regards infrastructure calibrations; and
- further work on assessing the need for a coordinated approach to loan origination by funds and the case for a future EU framework.

The Commission has also published the [April 2016 edition](#) of the Economic and Financial Stability and Integration Review (EFSIR) which has the CMU project as its focus and looks at trends in financial markets and funding structures, drivers of market funding and indicators for monitoring the evolution of capital markets in relation to the CMU's action plan.

MiFID2: EU Commission adopts Delegated Regulation

The EU Commission has adopted a [Delegated Regulation](#) under MiFID2, which specifies:

- rules relating to exemptions;
- the organisational requirements for investment firms;
- data provision obligations for reporting service providers;
- conduct of business obligations in the provision of investment services;
- the execution of orders on terms most favourable to the client;
- the handling of client orders;
- SME growth markets;
- thresholds above which position reporting obligations apply; and
- criteria under which the operations of a trading venue in a host Member State could be considered as of substantial importance for the functioning of the securities markets and investor protection.

MiFID2: ECON Committee and EU Council Presidency publish amendments to proposals extending date of application

The EU Parliament Committee on Economic and Monetary Affairs (ECON) has adopted two reports on the EU Commission's proposals for a [Directive](#) and [Regulation](#) to extend the date of application of MiFID2 and MiFIR. The reports set out amendments made in Committee to the proposals and have been tabled for the Parliament's plenary session.

Meanwhile, the Permanent Representatives Committee (Coreper) has agreed the Council's [negotiating stance](#) on the package to amend certain dates in MiFID2 and MiFIR. The Council's approach would amend the deadline for transposition by Member States to 3 July 2017 and the date of application to 3 January 2018.

Coreper has invited the EU Council Presidency to begin trilogue negotiations on the legislative proposals with the EU Parliament and EU Commission.

ECON Committee adopts report on virtual currencies

The ECON Committee has published a [statement](#) following its endorsement of proposals to create a taskforce to regulate virtual currencies.

The ECON Committee's report proposes a taskforce overseen by the EU Commission, which would monitor developments in a precautionary way, so as not to stifle innovation, but propose recommendations for legislation to regulate the virtual currencies sector where necessary. The report will be voted on by the Parliament in a plenary session before being sent to the Commission for consideration.

EBA publishes list of other systemically important institutions

The European Banking Authority (EBA) has published the first [list](#) of other systemically important institutions (O-SIIs) in the EU. Relevant authorities across the EU have drawn up the list on the basis of the criteria provided by the EBA Guidelines which define the size, importance (substitutability or financial system infrastructure), complexity (or cross-border activities) and interconnectedness of the institutions. O-SIIs have been identified as systemically relevant in addition to already identified global systemically important institutions (G-SIIs) based on 2015 data.

The EBA plans to publish updated lists of O-SIIs annually, along with any capital buffer requirements which may need to be set. Any higher capital requirements will become applicable at least one year after the publication of the list of O-SIIs in order to give institutions enough time to adjust to the new buffer requirements.

CRR: EBA consults on disclosure of encumbered and unencumbered assets

The EBA has launched a [consultation](#) on draft amending regulatory technical standards (RTS) on the disclosure of encumbered and unencumbered assets under the Capital Requirements Regulation (CRR).

The aim of the proposed RTS is to provide transparent and harmonised information on encumbered and unencumbered assets across Member States based on a consistent definition of encumbrance, and to ensure market participants can compare institutions in a clear and

consistent manner. The draft standards are based on EBA guidelines on the same topic and consider numerous existing disclosure requirements. They set out the data that is required to be disclosed on encumbered and unencumbered assets and the format and the timing of the publication. This includes the disclosure of some of the data already reported through common reporting (COREP). The RTS require the following information from institutions:

- the encumbered and unencumbered assets in carrying and fair value amounts by broad categories of asset type, with the carrying amount of unencumbered assets broken down by asset quality;
- collateral received by an institution, by broad categories of product type;
- carrying amount of encumbered assets/collateral received and any associated liabilities; and
- narrative information on the importance of asset encumbrance for an institution.

Comments on the consultation are due by 25 July 2016.

Rating agencies: ESMA issues statement on reporting information on SFIs

The European Securities and Markets Authority (ESMA) has issued a [statement](#) on reporting structured finance instruments (SFI) information under the Credit Rating Agencies (CRA) Regulation.

Under Article 8b of the CRA Regulation, ESMA is responsible for creating a website where information on SFI should be published. Commission Delegated Regulation 2015/3 requires that, in order to implement Article 8b, reporting entities must submit data files in accordance with the reporting system of the SFI website and the technical instructions provided by ESMA on its website. ESMA is required to publish the technical instructions by 1 July 2016 as the reporting obligations will apply from 1 January 2017.

Due to several issues, including the absence of a legal basis for the funding of the website, ESMA believes it is unlikely that the SFI website will be available in time for the 1 January 2017. Similarly, ESMA does not expect to publish the technical instructions by 1 July 2016 or to be in a position to publish information relating to SFIs from reporting entities from 1 January 2017.

ESMA expects the proposed securitisation regulation to provide clarity on the future obligation regarding reporting on SFIs, and intends to keep interested parties updated of future developments.

ECB publishes 2016 report on financial integration in Europe

The European Central Bank (ECB) has published the [2016 edition](#) of its annual report on financial integration in Europe, which presents an analysis of integration and related policies.

Overall, the ECB has found that financial integration in the euro area has continued to recover since last year's report, although at a moderating pace. The report also considers selected policy issues for financial integration, including:

- completion of the banking union through the European Deposit Insurance Scheme (EDIS);
- further development and integration of capital markets through the capital markets union (CMU) action plan;
- further harmonisation of financial market data standards; and
- the 'quality' of financial integration, including a special feature review of the literature on capital flows and risk sharing.

The report also includes special features on national options and discretions (O&Ds) in the EU prudential legal framework and their relevance for establishing a level playing field across the Single Supervisory Mechanism (SSM) and the future of the European retail payments market.

HMT consults on draft innovation plan for financial services

HM Treasury (HMT) has launched a [consultation](#) on innovation in financial services. The consultation paper sets out ongoing and proposed work by UK financial regulators to foster a supportive regulatory environment for innovation, facilitating the development of new technologies and disruptive business models in financial services, including fintech.

The consultation is intended to collect views from stakeholders on the work of financial services regulators in relation to innovative technology and disruptive business models in order to understand where there might be gaps in their regulatory approaches and to ensure that regulation is proportionate and promotes innovation, rather than constrains or inhibits it.

Comments are due by 6 May 2016.

FCA proposes measures to improve UK's debt listing regime

The Financial Conduct Authority (FCA) has published a [report](#) proposing a series of measures aimed at improving the effectiveness of the UK's primary listed debt markets. The report was developed following consultation with the UK Debt Market Forum, a group of stakeholders in UK primary debt capital markets. It summarises the key points raised in discussions with the forum and outlines the package of measures the FCA aims to implement in response. The key themes of the report are accessibility and service, the application of the Prospectus Directive (PD) in practice, PD and non-PD markets, and marketing and the proper role of the FCA. Key proposed measures include:

- an extension of the scope of the FCA's Wholesale Debt Approach to reviewing wholesale debt documents;
- an extension of the scope of the FCA's Same Day Service under which it reviews prospectus supplements;
- a proposed new guidance note on omitting the requirement to provide historic financial information on guarantors;
- an 'early engagement team' designed to help prospective overseas issuers better understand the process for listing debt securities;
- a new engagement strategy designed to make the FCA's UK Listing Authority (UKLA) Department staff more accessible to practitioners; and
- various other practical service enhancements aimed at improving the user-friendliness of the FCA's listing processes.

The report also notes that the role of multilateral trading facilities (MTFs) in the UK debt market will continue to be considered as part of the FCA's broader review of the UK listing regime taking place later in 2016.

MAR: FCA publishes policy statement on implementation and consults on changes to DEPP and Enforcement Guide

The FCA has published a policy statement ([PS16/13](#)) on the implementation of the Market Abuse Regulation (MAR) following two consultations, CP15/35 and CP15/38, which closed in February 2016.

The policy statement summarises the feedback received to the consultations and the final rules. Respondents were broadly supportive of the proposals for implementing MAR provided that FCA rules do not overlap with or contradict

EU rules. The FCA has taken into account in its response that the European Securities and Markets Authority (ESMA) is due to publish guidelines in Summer 2016 that will probably overlap with the provisions consulted on in CP15/38.

The FCA has organised its feedback to align with the Sourcebooks in the FCA Handbook and has also set out a list of issues received in feedback that fell out of scope of the consultations, for which the FCA is considering an appropriate approach.

The Handbook changes will come into force on 3 July 2016, the same day as MAR applies. However, the FCA notes that certain Level 2 texts are subject to scrutiny by the EU Parliament and EU Council and the FCA will consider whether any changes are required to the final rules if any amendments to these texts are made. Moreover, ESMA is mandated to draft guidelines that have not yet been finalised and may also require changes to the FCA's rules. The FCA has indicated which Sourcebooks these changes may apply to in its response.

The FCA has also launched a [consultation](#) on changes to the Decision Procedures and Penalties Manual (DEPP) and the Enforcement Guide (EG) for the implementation of MAR. Proposals in the consultation paper include:

- updating the list of 'warning notices and decision notices' and 'supervisory notices' in DEPP to reference new FCA powers;
- deleting DEPP 6.3;
- applying current penalty policy to all breaches of MAR;
- applying current policy on suspensions and restrictions to breaches of MAR and extending the policy to include the new powers of disciplinary prohibition;
- applying the current settlement discount scheme for suspensions and restrictions to disciplinary prohibitions, with the exception that no settlement discount will be available for a permanent disciplinary prohibition;
- amending the definition of 'breach' in the Glossary to refer to behaviour that the FCA can impose sanctions for under Part VIII of Financial Services and Markets Act 2000 (FSMA); and
- certain necessary consequential amendments to DEPP and EG.

Comments on the consultation are due by 22 May 2016.

FCA publishes policy statement on changes to Compensation sourcebook

The FCA has published a policy statement ([PS16/14](#)) that reports on the main issues arising from its consultation on the rules in the FCA Handbook's Compensation sourcebook that govern the Financial Services Compensation Scheme (FSCS), and publishes the final rules.

In November 2015 the FCA consulted on proposed changes to the compensation arrangements available to consumers under the FSCS. The proposals received broad support from many respondents, and the final legal instrument does not differ significantly from the consultative draft.

Changes to the rules include:

- an increase in compensation in relation to some types of non-investment (general and pure protection) insurance mediation claims; and
- amendments to rules regarding trustees of occupational pension schemes who are eligible to claim compensation.

The changes in the rules that form part of the policy statement came into effect on 29 April 2016.

PRA consults on regulatory reporting of financial statements, forecast capital data and IFRS 9 requirements

The Prudential Regulation Authority (PRA) has published a consultation paper ([CP17/16](#)) on its proposals for future reporting of balance sheet, statement of profit or loss (P&L) and forecast capital data (Capital+). The consultation also contains a proposal on the future reporting of P&L data by non-EEA banks authorised to accept deposits through a branch in the United Kingdom.

This consultation contains:

- the PRA's data strategy and its approach to the review of firms' reporting requirements;
- proposals for future reporting of balance sheet, statement of P&L and capital;
- preliminary discussion of the potential impact on reporting requirements by the introduction of International Financial Reporting Standard 9 (IFRS 9); and
- the cost-benefit and impact analyses as required under the PRA's statutory obligations.

The proposed implementation date for the Capital+ proposal in this consultation is 1 July 2017, with the other proposals in this consultation being implemented from 1 January 2018.

The PRA aims to publish a second consultation in late 2016 to set out proposed reporting changes for credit risk, and a third consultation to cover proposals for amended reporting requirements for other risk categories.

Comments on this consultation are due by 29 July 2016.

German Federal Ministry of Finance publishes draft law to reorganise German Federal Agency for Financial Market Stabilisation

The German Federal Ministry of Finance has published a [draft law](#) to reorganise the German Federal Agency for Financial Market Stabilisation (FMSA).

As a result of the Single Resolution Board (SRB) taking over responsibilities for the resolution of significant and cross border banking groups, the role of FMSA as the competent German resolution authority will be reorganised. In this respect, its duties as the competent national reorganisation authority will be taken over by the German Federal Financial Supervisory Authority (BaFin) while the administration of the German Single Resolution Fund will be taken over by the privately organised Financial Agency of Germany, the 'Bundesrepublik Deutschland – Finanzagentur GmbH'.

The reorganisation will take place at the beginning of 2018.

CSSF publishes new FAQs on customer identification and verification through video chat

The Luxembourg financial sector supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), has issued a new [FAQ paper](#) on the identification and verification of a customer's identity through video chat.

The new FAQs specifically address the situation where a financial sector professional (subject to supervision by the CSSF) carries out the identification of customers and the verification of their identity through an online video conference, in order to support and execute certain tasks for the purpose of fulfilling his customer identification and verification of identity obligations as required, amongst other things, by the law of 12 November 2004 on combating money laundering and terrorist financing. The CSSF specifically allows the identification/verification of identity through video chat in certain circumstances and subject to certain conditions (e.g. preliminary measures to be taken,

data quality, security measures, etc.) set out in the FAQs as well as identifying situations in which such identification/verification is not possible.

Luxembourg Ministry of Finance issues guides of good conduct on financial sanctions

The Luxembourg Ministry of Finance has issued two guides of good conduct for the implementation of financial sanctions, one in relation to [sanctions in the context of the fight against terrorist financing](#) (FATF) and one in relation to [financial sanctions outside that context](#).

The guides set out general recommendations with regard to financial sanctions in the FATF, and provide a general overview of financial sanctions which exist on United Nations, as well as on European Union level, along with a list of authorities competent at Luxembourg level.

They further address the obligations of the persons, entities, groups and organisations subject to the scope of financial sanctions regimes to cooperate with the authorities.

Amongst other things, the guides also provide guidance on:

- the legal effect of the various legal financial sanctions acts;
- the territorial application of EU regulations;
- possible proceedings for administrative and judicial recourse against financial sanctions applied;
- administrative requests, in particular for authorisation pursuant to the specific derogations foreseen in EU regulations;
- 'red flags' for potentially problematic transactions; and
- freezing of funds and other economic resources.

In relation to administrative requests, the Ministry of Finance has also published forms for authorisation of fund transfers subject to sanctions foreseen in EU regulations.

Poland implements AIFMD

The President of Poland has [signed](#) the amendments to the Act Amending the Act on Investment Funds and Certain Other Acts, which, among other things, implements the Alternative Investment Fund Managers Directive (2011/61/EU) and UCITS V (Directive 2014/91/EU) into Polish law.

The amended Act includes rules on the operation of alternative investment fund managers (AIFMs) established in the territory of Poland and the rules of the conduct of activity in Poland by AIFMs established in a Member State or third country. The Act also introduces a new category of

entity, an alternative investment fund (AIF) which is an undertaking for collective investment in securities, that is not a fund operating in accordance with Community law regulating collective investment in securities, whose business is collecting assets from many investors in order to invest them in the interest of those investors in accordance with a specific investment policy. Pursuant to the amended Act, specialised open-ended investment funds and closed-ended investment funds as well as a new category of entity, an alternative investment company (AIC), will be deemed alternative investment funds. As a rule, the only subject of business activity of AICs will be collecting assets from many investors in order to invest them in the interest of those investors in accordance with a specific investment policy. AICs will be able to conduct business in the form of a capital company (including a European company) in such case the AIC manager will be a capital company that is an AIC conducting business activity as an internal AIC manager. AICs will also be able to conduct business activity in the form of limited partnerships or mixed joint-stock and limited companies in which the sole general partner is a capital company (including a European company) – in such case the AIC manager can be a capital company that is a general partner in that AIC, conducting business activity as an external AIC manager.

The amended Act also includes provision to:

- regulate issues related to the conducting of the business activity of an AIC and AIC manager, including the organisational structures, introducing AICs to trading, and valuation of assets;
- introduce changes pertaining to depositaries, setting out, among other things, the depositaries' obligations resulting under an agreement for the performance of the function of an AIC depositary; and
- regulate the introduction to trading of EU AIFs, the creation of branches and conducting of business activity by AIC managers in the territory of Member States and in the territory of EEA Member States, as well as the creation of branches and conducting of business activity in the territory of Poland by managers from the EU and legal persons established in the EEA Member States, managing alternative investment funds.

Polish Ministry of Finance presents amendment of Act on Trading in Financial Instruments and certain other Acts

The Ministry of Finance has [presented](#) the bill of an Act aimed primarily at the implementation in the Polish legal system of Directive 2014/57/EU on criminal sanctions for

market abuse (CSMAD). In addition, the regulations proposed in the bill are intended to support the application of the Market Abuse Regulation (EU) No 596/2014 (MAR), and make it possible to apply the Central Securities Depositories Regulation (EU) No 909/2014 (CSD R).

The most significant changes envisaged assume the introduction of penal sanctions for the use of confidential information, offering recommendations or inducements to use confidential information and for financial market manipulations, as well as the introduction of penal sanctions for the illegal disclosure of confidential information.

As far as the CSDR is concerned, the bill assumes the introduction, with the view to applying this Regulation, of provisions at the level of an Act of Parliament which will allow the supervision authority to impose specific administrative sanctions on the central depositaries of securities and the designated credit institutions for non-observance of the provisions of the CSDR.

The bill has been sent for inter-ministerial consultations.

CBRC issues guidance on internal audit for commercial banks

The China Banking Regulatory Commission (CBRC) has issued the '[Guidance on Internal Audit for Commercial Banks](#)', superseding the previous 'Guidance on Internal Audit for Banking Financial Institutions' which took effect on 1 July 2006. The guidance is intended to set up a more comprehensive internal audit regulatory framework for commercial banks, setting out specific requirements on corporate governance, the internal audit process, outsourcing, performance review and accountability as well as assessment by the regulators. Among others, the following key aspects are worth noting:

- the Board of Directors of a commercial bank shall be ultimately responsible for the independence and efficacy of internal audit affairs. The Board should establish an audit committee consisting of at least three directors, and the majority of these audit committee members should be independent directors. The internal audit head of a commercial bank should report to the Board/the Board's audit committee;
- outsourcing of internal audit function is not allowed. However, certain internal audit activities could be outsourced to a third party, provided that restrictions and requirements under the guidance are complied with;

- the internal audit department is required to strengthen communication with the regulators. Among other things, the remediation of all issues identified by regulatory inspections should be verified by internal audit and a corresponding report should be submitted to the regulators; and
- bank groups and rural banking institutions are subject to differentiated regulatory requirements based on their scale, business model and corporate governance structure.

HKEX publishes guidance letter on bonus issues of shares

The Stock Exchange of Hong Kong Limited (SEHK), a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (HKEX) has issued a [guidance letter](#) on bonus issues of shares by listed companies. The guidance letter provides guidance on the SEHK's approach in handling bonus issues of shares by listed companies.

The SEHK notes recent increases in listed companies conducting bonus issues with a large distribution ratio, and significant price and volume fluctuations in the trading of their shares during the ex-entitlement period in a number of these cases. The guidance letter reminds listed companies to properly plan their bonus issues to avoid disorderly trading.

US regulators propose net stable funding rule for biggest banks

The Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) have voted to issue a [proposal](#) that would implement a net stable funding ratio (NSFR) requirement for large and internationally active banking organizations. The NSFR requirement would apply to banking organizations with more than USD 250 billion in assets and USD 10 billion in foreign exposures. Under the NSFR requirement, a covered banking organization would calculate a weighted measure of its available stable funding amount (ASF amount) over a one-year time horizon. The proposed rule would require a covered banking organization's ASF amount to be greater than or equal to a minimum level of stable funding calculated based on the liquidity characteristics of its assets, derivative exposures, and commitments over the same one year time horizon.

The Federal Reserve Board is scheduled to vote on the proposal at a meeting set for 3 May 2016.

RECENT CLIFFORD CHANCE BRIEFINGS

FinTech – The Future for Financial Institutions

Fintech companies, using cutting edge technology, are disrupting traditional banking and finance and competing for their business. Their aim is to be better, faster and cheaper. Financial institutions will either need to compete or collaborate with these challengers.

This briefing paper looks at the legal issues banks face as they move towards generating revenue from their own technology.

http://www.cliffordchance.com/briefings/2016/04/fintech_-_the_futureforfinancialinstitutions.html

Corporate Criminal Liability

This survey of corporate criminal liability seeks, on a jurisdiction-by-jurisdiction basis, to answer some common questions on a subject which features with increasing regularity on boards' and prosecutors' agendas.

The survey looks at whether there is a concept of corporate criminal liability in a number of different jurisdictions. We consider the underlying principles of such liability, the relationship with individual officers' liability, whether there are any specific defences, or mitigating factors, and the type and level of penalties.

http://www.cliffordchance.com/briefings/2016/04/corporate_criminalliability.html

An Evolution in Trade Receivables Financing

Trade receivables financings take advantage of a number of legal mechanisms in order to achieve particular effects. An insolvency remote sale, dominion over collections and ensuring receivables can be collected directly are some of the key features structures seek to include. The cross-border nature of trade receivables financings also often adds to the complexity, with multiple legal systems needing to be taken into consideration.

Recently, a number of these techniques historically adopted for trade receivables financings have been employed in respect of the financing of new asset classes – such as trade finance assets – as well as undergoing an evolution in some cases – for instance to finance trade receivables originated through online peer to peer platforms and refinance supply chain finance exposures.

This briefing paper looks at these asset classes and new structures and how the well trodden legal approaches used

in traditional trade receivables financings are being used and developed to put together transactions to fund them.

http://www.cliffordchance.com/briefings/2016/04/an_evolution_in_trade_receivables_financing.html

The day after Brexit – what will happen if Britain votes to leave the EU?

On 23 June 2016, the UK electorate will answer a simple question: 'Should the United Kingdom remain a member of the European Union or leave the European Union?'

This briefing paper discusses the following questions:

- what will happen if a majority votes to leave the European Union;
- what would happen next, and when; and
- what, if anything, should businesses be doing now?

http://www.cliffordchance.com/briefings/2016/04/the_day_after_brexit_what_will_happen.html

Japan publishes final regulations on margin requirements for non-centrally cleared OTC derivatives

On 31 March 2016, the Financial Services Agency of Japan (JFSA) finalised a set of regulations on margin

requirements for non-centrally cleared OTC derivatives together with its responses to public comments. The in-scope entities are required to collect and post variation margin and initial margin in accordance with the final margin regulations. The margin requirements will be phased in from 1 September 2016. The final margin regulations are in most respects in harmony with the US and EU rules. Some differences remain, such as the timing of collection of margin, method of segregation of IM and comparability determination for purposes of substituted compliance. These, together with the documentation impact of the regulations and the challenges of implementation, will no doubt continue to be the focus of discussions and developments over the next few months as September 2016 approaches.

This briefing paper provides an overview of the finalised margin requirements and the JFSA's responses to public comments.

http://www.cliffordchance.com/briefings/2016/04/japan_publishes_final_regulations_on_margin.html

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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