

A low-angle photograph of a sailboat's mast and sails against a clear blue sky. The sails are white with dark stitching. The boat's hull is dark blue. The ocean is visible at the bottom of the frame.

# European Regulatory Reform Progress Report – Update 17 June 2011

**C L I F F O R D**  
**C H A N C E**

## European Regulatory Reform Progress Report

The European Union (EU) continues to develop its ambitious agenda for regulatory reform in the financial sector. The EU has played a leading role in the development of the G20's action plan to respond to the financial crisis and many of the actions being taken aim to implement the G20 plan. However, not all initiatives are crisis driven. A number of reviews of existing EU legislation were already scheduled to take place and the European Commission continues to develop new proposals designed to further integrate the Single Market.

Since we published the April 2011 edition of this Progress Report, a number of EU initiatives have been delayed and we now expect that some of the legislative proposals that had been previously scheduled to be issued in June or July will be published after the Summer break. In particular, we then expect to see formal legislative proposals for:

- amendments to the Markets in Financial Instruments Directive (MiFID);
- amendments to the Market Abuse Directive;
- a Securities Law Directive;
- EU rules regulating Central Securities Depositories;
- a crisis management framework (including bank resolution powers); and
- the fourth package of proposed amendments to the Capital Requirements Directive (CRD 4), implementing Basel III.

In addition, the plans for early adoption of the proposals for EU regulations on over-the-counter (OTC) derivatives and central counterparties (CCPs) and on short selling appear to have been frustrated by continuing disagreements between the Council of Ministers and the European Parliament.

Initiatives also continue at a national level. In particular, the UK government has now published its draft legislation for the reform of the institutional structure of UK regulation, while the UK Independent Commission on Banking is expected to publish its final recommendations for changes to the structure of the UK banking industry in September, although the UK Chancellor has already endorsed its key interim proposals.

This paper aims to present a very brief overview of the progress on the regulatory reform agenda, grouping the measures under six headings (institutional structure of supervision, prudential regulation, too big to fail, markets, investment management and retail, and other) and indicating the current status, next main steps and estimated implementation date for each measure. Although the focus is on EU-level reforms, we have included some coverage of national reforms. The colour code indicates whether the measure is in the pre-legislative/policy development, legislative/rule-making, or adoption/implementation phase. The red "New" in the first column indicates that there has been a new or significant development in the featured area since our April 2011 report.

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	Development / pre-legislative phase
	Legislative / rulemaking phase
	Implementation / entry into force

## 1. INSTITUTIONAL STRUCTURE OF SUPERVISION

<b>EU Financial Supervisory Reform</b>	Macro: European Systemic Risk Board (ESRB) Micro: European Supervisory Authorities (ESAs) – EBA, ESMA, EIOPA – replaced CEBS, CESR, CEIOPS with increased powers	<b>Status:</b> Regulations establishing ESRB and ESAs adopted and published in OJ. ESA Chairpersons and Executive Directors confirmed. ESMA, EBA and EIOPA stakeholder groups established. <b>Implementation:</b> ESAs became operational 1 Jan 2011
<b>UK Financial Supervisory Reform</b> <b>NEW</b>	Bank of England (BoE) to have enhanced powers: Financial Policy Committee (FPC) to be established in BoE (macro) and Prudential Regulatory Authority (PRA) operationally independent subsidiary of BoE (micro) Financial Conduct Authority (FCA): retail/wholesale business conduct and markets regulation	<b>Status:</b> HMT's consultation paper published 17 Feb 2011 – closed 14 Apr 2011. FSA moved to a shadow PRA and FCA structure 4 Apr 2011. Government published White Paper and draft legislation for pre-legislative scrutiny 16 Jun 2011. <b>Next:</b> Comments on White Paper and draft legislation due 8 Sep 2011. Government to introduce legislation late-2011? Bill to receive Royal Assent Summer 2012? <b>Implementation:</b> Operational by end-2012/early-2013
<b>Belgian Financial Supervisory Reform</b>	National Bank of Belgium (NBB): in charge of prudential supervision. Banking, Finance and Insurance Commission (CBFA), renamed 'Financial Services and Markets Authority' (FSMA): left in charge of rules of conduct and investor protection.	<b>Status:</b> Royal Decree, dated 3 Mar 2011, published in 9 Mar 2011 Belgian State Gazette <b>Implementation:</b> Operational as of 1 Apr 2011
<b>EU Omnibus II Directive</b>	Proposal for a Directive to amend the Prospectus Directive and the Solvency II Directive to set out the scope for ESMA and EIOPA to exercise their powers, including developing draft technical standards and settling disagreements between national supervisors	<b>Status:</b> EU Commission published proposed amending directive 19 Jan 2011 <b>Next:</b> EU Parliament and Council negotiating text. Final agreement Jan 2012? <b>Implementation:</b> Entry into force Q1 2012?

## 2. PRUDENTIAL REGULATION

<b>EU Capital Requirements Directive (CRD)</b> <b>CRD 2 &amp; 3</b>	CRD 2 – Amendments to CRD to introduce securitisation retention and improved supervision  CRD 3 – Amendments to CRD to address remuneration, trading book and re-securitisation	<b>Status:</b> Adopted and published in OJ <b>Implementation:</b> Member States were to apply changes by 31 Dec 2010  <b>Status:</b> Adopted and published in OJ. CEBS final guidelines on remuneration policies and practices published 10 Dec 2010. FSA Remuneration Code also finalised. <b>Next:</b> ESMA to carry out implementation study Q4 2011 <b>Implementation:</b> CRD 3 remuneration rules and CEBS guidelines from 1 Jan 2011; other CRD 3 requirements by 31 Dec 2011. FSA remuneration rules from 1 Jan 2011.
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	Development / pre-legislative phase
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	Implementation / entry into force

<b>EU CRD 4</b> <b>NEW</b>	Amendments to CRD to implement Basel III framework (capital, leverage, liquidity, etc). Legislative proposal will be a combination of a directive and a regulation.	<b>Status:</b> EU Commission drafting legislation. On 19 May 2011, 7 Member States called for revisions and urged Commission to issue a directive rather than a regulation to allow national discretion for implementation <b>Next:</b> Legislative proposal Jul/late-Summer 2011? <b>Implementation:</b> Basel III timetable indicates from 2013 onward
<b>EU Solvency II</b>	Review of insurance industry's solvency framework, following adoption in Nov 2009 of Solvency II Directive  Omnibus II Directive will give EIOPA enhanced powers to produce draft technical standards relating to Solvency II Directive and will extend implementation of Solvency II by two months to 1 Jan 2013	<b>Status:</b> QIS5 completed and EIOPA reported on results 14 Mar 2011 <b>Next:</b> Final agreement on Omnibus II Jan 2012? EU Commission to publish Solvency II Level 2 measures by end-2011/early-2012? <b>Implementation:</b> Member States to transpose directive by 1 Jan 2013
<b>EU Financial Conglomerates Directive (FCD)</b>	Proposal to amend FCD to give national financial supervisors new powers to oversee conglomerate holding companies	<b>Status:</b> Proposed amending directive published 16 Aug 2010. CEBS, CEIOPS and Joint Committee on Financial Conglomerates published recommendations on supplementary requirements of FCD for supervisory colleges of financial conglomerates. <b>Next:</b> EU Parliament and Council negotiating text. Final agreement Jul 2011? <b>Implementation:</b> Member States to transpose directive by end-2012?

### 3. TOO BIG TO FAIL

<b>Bank Levies (UK, Germany, France and the Netherlands)<sup>1</sup></b> <b>NEW</b>	UK bank levy (to finance general budget) – measures included in Finance (No 3) Bill 2011  German bank levy (to finance a restructuring fund)  French bank levy (to finance general budget) – based on minimum capital requirements of preceding year	<b>Status:</b> Finance (No 3) Bill 2011 presented 29 Mar 2011. HMRC consultation on draft regulations and updated guidance published 31 Mar 2011, along with draft chapter of Bank Levy Manual. Responses were due 10 Jun 2011. Finance Bill second reading 26 Apr 2011. New Finance Bill published 9 Jun 2011, incorporating amendments made during Committee stage. <b>Next:</b> Royal Assent Jul 2011? <b>Implementation:</b> Levy effective 1 Jan 2011. Regulations in force Aug 2011. Formal review 2013.  <b>Status:</b> Bank Restructuring Act published in Federal Law Gazette 14 Dec 2010 <b>Next:</b> Regulation on bank levy to be adopted – expected Jun 2011 <b>Implementation:</b> Act applied from 1 Jan 2011. Levy to be collected for first time on 30 Sep 2011.  <b>Status:</b> Finance Bill 2011, which includes bank levy provisions, published in Journal Officiel <b>Implementation:</b> Levy to apply from 2011 – must be paid by 30 Jun 2011 at latest
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<sup>1</sup> Other EU countries that have introduced bank levies: Austria, Belgium, Cyprus, Denmark, Hungary, Latvia, Portugal and Sweden.  
EU countries in the process of introducing systems of levies and taxes: Ireland, Poland, Slovakia and Slovenia.

	Development / pre-legislative phase
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	Netherlands bank levy (to finance state guarantees)	<b>Status:</b> Dutch finance minister considering whether a levy is necessary <b>Next:</b> A proposal might be published in H2 2011 <b>Implementation:</b> Not yet indicated
<b>EU Taxation of Financial Sector</b> <b>NEW</b>	EU Commission examining options for taxation of the financial sector through a Financial Transactions Tax (FTT) or a Financial Activities Tax (FAT)	<b>Status:</b> EU Commission consultation published 22 Feb 2011 – closed 19 Apr 2011. EU Parliament adopted non-legislative report on 8 Mar 2011 and voted in favour of an FTT as part of EU Budget funding on 8 Jun 2011. <b>Next:</b> Commission to issue impact assessment on FTT and FAT end-Jun 2011? Commission to issue report Q4 2011? <b>Implementation:</b> Not yet indicated
<b>EU Bank Crisis Management and Resolution</b> <b>NEW</b>	Proposal to create EU framework for cross-border crisis management and resolution in banking sector, allowing for bail-ins, establishment of bridge banks and temporary control of banks	<b>Status:</b> Responses to EU Commission's 6 Jan 2011 consultation published <b>Next:</b> Commission to issue legislative proposal on a 'framework for bank recovery and resolution' Autumn 2011? <b>Implementation:</b> Not yet indicated
<b>UK Independent Banking Commission</b> <b>NEW</b>	UK Commission considering structural and related non-structural reforms to the UK banking sector	<b>Status:</b> Interim Report published for consultation on 11 Apr 2011 <b>Next:</b> Consultation responses due 4 Jul 2011. Final report and recommendations to be issued 12 Sep 2011. <b>Implementation:</b> Not yet indicated
<b>Bank Resolution and Recovery Plans (RRPs) and Bank Restructuring (UK, Ireland, the Netherlands, Germany)</b> <b>NEW</b>	<p>UK Financial Services Act 2010 gives FSA powers relating to RRP's ('living wills')</p> <p>Irish government establishing a permanent special resolution regime with legislation to replace the Credit Institutions (Stabilisation) Act 2010, which was introduced as an emergency measure</p> <p>Dutch proposal to create special resolution and restructuring powers</p>	<p><b>Status:</b> Measures being considered. HMT published revised code of practice on special resolution regime under Banking Act 2009.  <b>Next:</b> FSA to consult on implementing rules and set out initial policy Jun/Q3 2011?  <b>Implementation:</b> Not yet indicated</p> <p><b>Status:</b> Central Bank and Credit Institutions (Resolution) Bill 2011 presented 28 Feb 2011 and reached First Stage before lapsing on dissolution of Senate on 26 Apr 2011. Central Bank and Credit Institutions (Resolution) (No. 2) Bill presented 20 May 2011 and currently at First Stage.  <b>Next:</b> Second Stage. Credit Institutions (Stabilisation) Act 2010 powers to expire 31 Dec 2012.  <b>Implementation:</b> Original Bill indicated effective date of 1 Jan 2013, but not specified in No. 2 Bill</p> <p><b>Status:</b> Consultation paper and first draft published 4 Mar 2011 – consultation responses were due 15 Apr 2011  <b>Next:</b> Bill to be issued Sep 2011?  <b>Implementation:</b> Not yet indicated</p>



	Development / pre-legislative phase
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	Restructuring of German credit institutions	<b>Status:</b> Bank Restructuring Act published in Federal Law Gazette on 14 Dec 2010 <b>Implementation:</b> Act applied from 1 Jan 2011
<b>UK Investment Bank Resolution Regime</b> <b>NEW</b>	Special administration regime for failing investment firms	<b>Status:</b> 'The Investment Bank Special Administration Regulations 2011' and 'The Investment Bank (Amendment of Definition) Order 2011' published. Rules setting out procedures laid before Parliament 23 May 2011. <b>Next:</b> HMT to introduce insolvency rules to accompany Regulations in 2011 <b>Implementation:</b> Regulations and Order entered into force 8 Feb 2011. Rules enter into force 30 Jun 2011.
<b>EU Investor Compensation</b>	Proposal to amend Investor Compensation Schemes Directive	<b>Status:</b> Proposed amending directive issued 12 Jul 2010 <b>Next:</b> EU Parliament and Council negotiating text. Final agreement Jun 2011? <b>Implementation:</b> Member States to transpose legislation in 2012?
<b>EU Deposit Guarantee Schemes</b>	Proposal to amend Deposit Guarantee Schemes Directive and to further harmonise deposit guarantee schemes	<b>Status:</b> Proposed amending directive issued 12 Jul 2010 <b>Next:</b> EU Parliament and Council negotiating text. Final agreement Jun 2011? <b>Implementation:</b> Member States to transpose most measures by 31 Dec 2012
<b>EU Insurance Guarantee Schemes</b>	EU Commission considering legislation to ensure that IGS exist in all Member States and that they comply with a minimum set of design features	<b>Status:</b> EU Commission White Paper published 12 Jul 2010. Responses were due 30 Nov 2010. Summary of responses received published 16 Feb 2011. <b>Next:</b> Commission considering options with a view to issuing a legislative proposal <b>Implementation:</b> Not yet specified

#### 4. MARKETS

<b>EU OTC Derivatives Regulation</b> <b>NEW</b>	Proposed Regulation on Over-the-Counter (OTC) Derivatives, Central Counterparties and Trade Repositories	<b>Status:</b> Proposed regulation published 15 Sep 2010. EU Parliament and Council negotiating text. <b>Next:</b> Parliament plenary vote Jul 2011. Final agreement between Parliament and Council expected late 2011 – could involve a second reading. <b>Implementation:</b> Subject to negotiation
<b>EU Securities Law Directive (SLD)</b>	Harmonisation of law on legal certainty of securities holding and transactions	<b>Status:</b> Responses to EU Commission second consultation (set of principles) published May 2011 <b>Next:</b> Commission to issue legislative proposal late Summer 2011? <b>Implementation:</b> Not yet indicated

	Development / pre-legislative phase
	Legislative / rulemaking phase
	Implementation / entry into force

<b>EU Central Securities Depositories (CSD)</b>	EU Commission considering future legislation (likely a regulation) as part of its work to regulate European market infrastructures	<b>Status:</b> Responses to EU Commission consultation were due 1 Mar 2011 <b>Next:</b> Commission to issue legislative proposal late Summer 2011? <b>Implementation:</b> Not yet indicated
<b>EU Close-out Netting Review</b>	EU Commission examining current EU legal framework for close-out netting and implications of proposed EU crisis management framework	<b>Status:</b> EU Commission considering measures <b>Next:</b> Consultation on legislative initiative to allow recognition and enforceability of close-out netting agreements Autumn 2011? <b>Implementation:</b> Not yet indicated
<b>EU MiFID Review</b> <b>NEW</b>	EU Commission review of Markets in Financial Instruments Directive (MiFID) to address market regulation and investor protection. Legislative proposal likely to be a combination of a directive and a regulation.	<b>Status:</b> Responses to EU Commission consultation published Feb 2011. Commission drafting legislation. <b>Next:</b> Legislative proposal Oct 2011 <b>Implementation:</b> Not yet indicated
<b>EU MAD Review</b> <b>NEW</b>	EU Commission review of Market Abuse Directive (MAD) to extend scope and enhance enforcement. Legislative proposal likely to be a combination of a directive and a regulation.	<b>Status:</b> EU Commission drafting legislation <b>Next:</b> Legislative proposal Oct 2011 <b>Implementation:</b> Not yet indicated
<b>EU Market Abuse Framework for Energy Market</b>	EU Commission proposed a market abuse framework for wholesale energy markets for all electricity and gas products not covered by MAD	<b>Status:</b> Proposed regulation and impact assessment published 8 Dec 2010 <b>Next:</b> EU Parliament and Council negotiating text. Final agreement Q3/Q4 2011? <b>Implementation:</b> Expected to enter into force and be operational by 2012?
<b>EU Short Selling Regulation</b> <b>NEW</b>	EU Commission proposed regulation on short selling (including disclosure and restriction on naked short sales) and certain aspects of credit default swaps	<b>Status:</b> Proposed regulation published 15 Sep 2010 <b>Next:</b> EU Parliament and Council negotiating text – final agreement Q3/Q4 2011? <b>Implementation:</b> Once adopted, regulation would apply from 1 Jul 2012
<b>German Short Selling Regulation</b>	Regulation on short selling, including prohibition of naked short selling and disclosure and restriction on covered short sales. Regulation detailing reporting requirements in relation to short selling.	<b>Status:</b> BaFin transparency requirements extended to 25 Mar 2012 <b>Implementation:</b> New law entered into force 27 Jul 2010. Regulation on reporting requirements entered into force 16 Apr 2011.
<b>German Compliance Register Act</b>	Requirement to register for chief compliance officers, sales people responsible and investment adviser employees	<b>Status:</b> Act published in Federal Law Gazette <b>Next:</b> Transitional provisions for registration requirements – up to 18 months <b>Implementation:</b> Entered into force 8 Apr 2011

	Development / pre-legislative phase
	Legislative / rulemaking phase
	Implementation / entry into force

<b>EU Regulation on Credit Rating Agencies (CRAs)</b>	CRA 2 – Amendment to Regulation on CRAs transferring supervision of CRAs to ESMA	<b>Status:</b> Amending regulation published in OJ 31 May 2011 <b>Implementation:</b> Effective from 1 Jan 2011. Regulation entered into force 1 Jun 2011 (day following publication in OJ).
<b>NEW</b>	CRA 3 – Further amendments to Regulation on CRAs to reduce over-reliance on ratings, address potential conflicts of interest due to the 'issuer-pays' model, increase competition, and possibly introduce civil liability	<b>Status:</b> EU Commission consultation closed – responses were due 7 Jan 2011. EU Parliament voted on 8 Jun 2011 in favour of Wolf Klinz's own-initiative-report which advocated increased disclosure, enhanced liability and setting up an independent European rating foundation. <b>Next:</b> Commission to issue legislative proposal Q4 2011? <b>Implementation:</b> Not yet indicated
<b>EU Commodity Markets and Raw Materials</b> <b>NEW</b>	EU Commission developing proposals on the regulation, functioning and transparency of financial and commodity markets. Commission taking steps to implement the Raw Materials Initiative which it adopted in 2008.	<b>Status:</b> EU Commission Communication published 2 Feb 2011. Commission conference on commodities and raw materials held 14 Jun 2011. <b>Next:</b> Commission to present legislative proposal in Oct 2011, including obligation for companies to publish information about their activities <b>Implementation:</b> Not yet indicated
<b>EU Prospectus Directive (PD)</b>	EU Commission conducting scheduled review of application of PD	<b>Status:</b> Amending Directive finalised and published in OJ. Entered into force 31 Dec 2010. <b>Implementation:</b> Member States have 18 months to transpose – until 1 Jul 2012
<b>EU Transparency Directive (TD)</b>	EU Commission conducting scheduled review of application of TD (separate from PD)	<b>Status:</b> EU Commission consultation closed 23 Aug 2010. Commission feedback statement published Dec 2010. <b>Next:</b> Amending legislation to be proposed Oct 2011 <b>Implementation:</b> Not yet indicated
<b>Dutch Disclosure Rules</b> <b>NEW</b>	Netherlands – new disclosure rules for cash settled derivatives relating to listed companies	<b>Status:</b> Legislative proposal submitted to Dutch Parliament <b>Next:</b> Consideration by Parliament <b>Implementation:</b> Likely by 1 Jan 2012

## 5. INVESTMENT MANAGEMENT AND RETAIL

<b>EU AIFM Directive</b> <b>NEW</b>	Directive to regulate managers of alternative investment funds (AIFs), including hedge funds and private equity firms EU Commission preparing separate legislative proposal to align UCITS directive	<b>Status:</b> Formally adopted by EU Parliament and Council. ESMA preparing technical advice which will form basis of Commission's implementing legislation. <b>Next:</b> Publication in OJ Jun 2011 and entry into force 20 days after. ESMA to consult on technical advice in Jul 2011 and report to Commission by 16 Nov 2011. Commission to issue Level 2 implementing legislation early 2012? ESMA to issue draft binding technical standards (rules) in 2012 for Commission's approval <b>Implementation:</b> Member States to transpose into national law by mid-2013
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	Development / pre-legislative phase
	Legislative / rulemaking phase
	Implementation / entry into force

<b>EU UCITS V</b> <b>NEW</b>	EU Commission reviewing framework applicable to Undertakings for Collective Investment in Transferable Securities (UCITS) depositaries regime to align with AIFM Directive and planning to introduce new provisions on remuneration of UCITS managers	<b>Status:</b> EU Commission feedback statement issued in Feb 2011 in response to Dec 2010 consultation <b>Next:</b> Commission to publish legislative proposal and impact assessment Dec 2011? <b>Implementation:</b> Not yet indicated
<b>EU PRIIPs Regime (Packaged Retail Investment Products)</b>	EU Commission aiming to harmonise disclosure and distribution rules for PRIIPs. Disclosure rules to be addressed through new PRIIPs legislation. Distribution rules to be addressed through review of MiFID and IMD frameworks.	<b>Status:</b> Responses to EU Commission consultation on possible legislative steps were due 31 Jan 2011 <b>Next:</b> Legislative proposal for disclosure rules Jul 2011 and for distribution rules Q4 2011? <b>Implementation:</b> Not yet indicated
<b>EU Venture Capital Regime</b> <b>NEW</b>	EU Commission examining options for creation of an internal market for venture capital funds. Legislative proposal could include a European passport that would be made available to venture capital funds to raise capital throughout the EU from professional investors.	<b>Status:</b> EU Commission consultation paper published 15 Jun 2011 outlining possible legislative framework <b>Next:</b> Consultation responses due 10 Aug 2011. Commission to issue legislative proposal before end-2011? <b>Implementation:</b> Not yet indicated
<b>German Regulation on Investments in Assets</b>	Extension of definition of financial instruments to include 'grey' capital market instruments (such as closed-end funds) and application of MiFID distribution standards to those products. Intermediaries marketing closed-ended and open-ended funds to be subject to conduct of business requirements similar to investment firms.	<b>Status:</b> Government draft of act published 6 Apr 2011 <b>Next:</b> German Parliament's two chambers (Bundestag and Bundesrat) to decide on draft act <b>Implementation:</b> Q1 2012?
<b>EU Insurance Mediation Directive Review (IMD)</b>	EU Commission examining current functioning of, and considering possible changes to, IMD PRIIPs distribution rules to be addressed within revised IMD	<b>Status:</b> Responses to EU Commission's Nov 2010 consultation were due 28 Feb 2011 <b>Next:</b> Commission preparing legislative proposal to be issued Dec 2011? <b>Implementation:</b> Not yet indicated
<b>EU Single Mortgage Market<sup>2</sup></b>	EU Commission aiming to create a single, integrated mortgage market and to encourage responsible mortgage lending and borrowing	<b>Status:</b> EU Commission published proposal for a directive, impact assessment, and working paper on national measures and practices to avoid foreclosure procedures on 31 Mar 2011 <b>Next:</b> EU Parliament and Council negotiating legislation – final agreement Q1 2012? <b>Implementation:</b> Not yet indicated

<sup>2</sup> EU Single Market Act initiative (October 2010)

	Development / pre-legislative phase
	Legislative / rulemaking phase
	Implementation / entry into force

<b>EU Access to Basic Banking Services<sup>2</sup></b>	EU Commission objective that all EU citizens/residents have right to basic banking services, including minimum electronic payment facilities	<b>Status:</b> EU Commission consultation closed and summary of responses published 25 Jan 2011. Commission preparing legislative proposal. <b>Next:</b> Legislative proposal Jun/Jul 2011? <b>Implementation:</b> Not yet indicated
<b>EU Bank Charges<sup>2</sup></b>	EU Commission objective to improve transparency and comparability of bank charges	<b>Status/Next:</b> EU Commission announced launch of self-regulatory initiative <b>Implementation:</b> End-2011?
<b>UK Client Assets Regime</b>	Reform of the FSA's client assets regime and FSA review of firms' compliance	<b>Status:</b> FSA Policy Statement (PS10/16) and Client Assets Sourcebook (Enhancements) Instrument 2010 issued 20 Oct 2010 <b>Implementation:</b> Requirements come into force over course of 2011. All firms were to submit information about client money and asset holdings by 31 Jan 2011. Client Assets Rules took effect 1 Mar 2011 (with some transitional relief until Oct 2011).
<b>UK Retail Distribution Review (RDR)</b>  <b>NEW</b>	FSA review of UK retail investment market, launched in 2006, aimed at ending commission fee bias. The new framework will apply to all advisers in the retail investment market, regardless of the type of firm they work for.	<b>Status:</b> Final rules on: disclosure and remuneration (PS10/6) issued Mar 2010; raising professional standards of advisers (PS11/01) issued Jan 2011; group personal pension (PS10/10) issued Jun 2010; and pure protection products (PS10/13) issued Sep 2010. FSA consultation on platform proposals (CP10/29) published 17 Nov 2010 – comments were due 17 Feb 2011 – and additional consultation on platforms published 26 Mar 2011 – comments were due 26 May. FSA consultation on data collection through RMAR and complaints system published 10 May 2011 and comments due 8 Jul 2011. Treasury Committee launched inquiry on 25 Nov 2010 into whether RDR will achieve stated objectives – submissions were due 17 Jan 2011 and oral hearings were held 9 Mar 2011. <b>Next:</b> FSA Business Plan 2011/12 indicates it will: set out final rules on platforms; publish final list of accredited bodies; consult on data requirements; and publish a paper setting out a framework for simplified advice services. Firms required to notify FSA of competence issues with advisors from Jul 2011. <b>Implementation:</b> RDR requirements effective 31 Dec 2012
<b>Netherlands Inducement Ban</b>	Dutch Finance Minister aiming to ban inducements in respect of all investment services	<b>Status:</b> Finance Minister hoping to introduce a ban through the MiFID review <b>Next:</b> If a ban is not included in MiFID, a national proposal will be published <b>Implementation:</b> Not yet indicated

	Development / pre-legislative phase
	Legislative / rulemaking phase
	Implementation / entry into force

## 6. OTHER

<b>EU Corporate Governance in Financial Institutions</b>	EU Commission review of corporate governance in financial institutions, including functioning and composition of boards of directors, risk management, remuneration policies, shareholder involvement, and supervision	<b>Status:</b> Feedback statement on Jun 2010 EU Commission Green Paper consultation published on 12 Nov 2010 <b>Next:</b> EU Commission legislative proposal Q3 2011? <b>Implementation:</b> Not yet indicated
<b>EU Corporate Governance Framework</b>	EU Commission review of corporate governance, including an examination of board functioning and composition, shareholder involvement and the comply-or-explain principle	<b>Status:</b> EU Commission Green Paper consultation published 5 Apr 2011 <b>Next:</b> Consultation responses due 22 Jul 2011. Feedback statement to be issued Q4 2011. Commission to consider whether legislative proposal is necessary. <b>Implementation:</b> Not yet indicated
<b>EU Audit Initiative</b> <b>NEW</b>	EU Commission examining role of audit firms and environment in which audits are conducted, weaknesses in audit sector, and whether role of auditors can be enhanced to mitigate financial risk	<b>Status:</b> EU Commission Green Paper consultation issued 13 Oct 2010 – responses were due 8 Dec 2010. Responses published 4 Feb 2011. Conference held 10 Feb 2011. <b>Next:</b> Commission to issue 'follow-up initiative' Q4? <b>Implementation:</b> Not yet indicated
<b>EU Collective Redress</b>	Longstanding EU Commission debate about introduction of collective redress system in Europe. Commission seeking to identify common legal principles on collective redress to develop a European framework.	<b>Status:</b> EU Commission consultation published 4 Feb 2011 – responses were due 30 Apr 2011 <b>Next:</b> Commission to issue Communication to present 'general principles' and 'future policy lines' Q4? <b>Implementation:</b> Not yet indicated
<b>EU Contract Law</b> <b>NEW</b>	EU Commission examining options for harmonisation of contract laws across Europe and likely to propose an optional European contract law to sit alongside existing national laws	<b>Status:</b> EU Commission Green Paper consultation published 1 Jul 2010 – closed 31 Jan 2011. Commission Expert Group feasibility study, including draft contract code, published May 2011. EU Parliament adopted own-initiative report in favour of optional instrument by means of a regulation on 8 Jun 2011. <b>Next:</b> Feedback on feasibility study due 1 Jul 2011. Commission to issue legislative proposal Oct 2011. <b>Implementation:</b> Not yet indicated
<b>EU Sanctioning Regime</b>	EU Commission considering legislative action to strengthen national sanctioning regimes and improve enforcement of sanctions in financial sector	<b>Status:</b> EU Commission Communication published for consultation 8 Dec 2010 – responses were due by 19 Feb 2011 <b>Next:</b> Legislative proposal Nov 2011? <b>Implementation:</b> Not yet indicated

	Development / pre-legislative phase
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<b>EU Consumer Rights Directive</b>	Merging four existing EU consumer directives into one set of rules, and updating and modernising existing consumer rights	<b>Status:</b> Proposal for a directive issued 8 Oct 2008. EU Parliament paper published on relationship between proposed directive and financial services (dated 20 Nov 2010, issued Jan 2011). <b>Next:</b> EU Parliament and Council considering legislation – final agreement Jul 2011? <b>Implementation:</b> Not yet indicated
<b>EU Savings Taxation Directive Review</b>	EU Commission reviewing Savings Taxation Directive to better ensure the taxation of interest payments which are channelled through intermediate tax-exempted structures, and to enlarge scope of the Directive to include all savings income, as well as products that generate interest or equivalent income	<b>Status:</b> EU Commission published proposal for an amending directive on 13 Nov 2008 <b>Next:</b> EU Parliament and Council negotiating text <b>Implementation:</b> Not yet indicated
<b>Single Euro Payments Area (SEPA)</b>	EU Commission aiming to set SEPA migration end date (SMED). EU Parliament and Council determining actual end date.	<b>Status:</b> EU Commission proposed regulation on SEPA migration end-dates on 16 Dec 2010 <b>Next:</b> EU Parliament and Council negotiating text – final agreement Sep/Q4 2011? <b>Implementation:</b> End-2012 for credit transfers and end-2013 for direct debits?
<b>EU Target2-Securities</b>	ECB operated platform for cross-border securities settlement	<b>Status:</b> Specification and development phases <b>Next:</b> Framework agreement to be adopted by ECB Governing Council <b>Implementation:</b> Operational by Sep 2014?

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