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Briefing note

International Regulatory Update

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EMIR: EU Commission adopts proposal on authorisation of CCPs and recognition of third-country CCPs

The EU Commission has adopted a proposal for a regulation amending the European Market Infrastructure Regulation (EMIR) as regards the procedures and authorities involved for the authorisation of central counterparties (CCPs) and requirements for the recognition of third-country CCPs.

The proposal is intended to introduce a more pan-European approach to the supervision of EU CCPs, and to ensure further supervisory convergence and accelerate certain procedures. The proposal also seeks to ensure closer cooperation between supervisory authorities and central banks responsible for EU currencies. To achieve this, a new supervisory mechanism, the CCP Executive Session, will be established within the European Securities and Markets Authority (ESMA), which will be responsible for ensuring the coherent and consistent supervision of EU CCPs as well robust supervision of CCPs in third countries.

For non-EU CCPs, the proposal builds on the existing third-country provisions in EMIR and will make the process for recognising and supervising third-country CCPs more rigorous for those which are of systemic importance for the EU. The stated aim is to address challenges in derivatives clearing as its scale and importance grows and to take account of the role played by third-country CCPs in the clearing of financial instruments relevant to EU financial stability, particularly in light of the United Kingdom's withdrawal from the EU.

The proposal introduces a new two tier system for classifying third-country CCPs. Non-systemically important CCPs will continue to be able to operate under the existing EMIR equivalence framework. However, systemically important CCPs (so-called Tier 2 CCPs) will be subject to stricter requirements, including:

- compliance with the necessary prudential requirements for EU-CCPs while taking into account third-country rules;
- confirmation from the relevant EU central banks that the CCP complies with any additional requirements set by those central banks (e.g. the availability or type of collateral held in a CCP, segregation requirements, liquidity arrangements, etc.); and
- the agreement of a CCP to provide ESMA with all relevant information and to enable on-site inspections, as well as the necessary safeguards confirming that such arrangements are valid in the third country.

The Commission has indicated that, depending on the significance of the third-country CCP's activities for the EU and Member States' financial stability, a limited number of CCPs may be of such systemic importance that the requirements are deemed insufficient to mitigate the potential risks. In such instances, the Commission, upon request by ESMA and in agreement with the relevant central bank, can decide that a CCP will only be able to provide services in the EU if it establishes itself in the EU.

EU Council agrees negotiating position on proposed Directive on bank creditor hierarchy and Regulation on IFRS 9 and large exposures

The EU Council has agreed its negotiating stance on the proposed Directive amending the Bank Recovery and Resolution Directive (BRRD) as regards bank creditor hierarchy and the draft Regulation on transitional arrangements to phase in the regulatory capital impact of IFRS 9, which will amend the Capital Requirements Regulation (CRR).

The proposal to amend the BRRD relates to the ranking of unsecured debt instruments in insolvency proceedings and would establish a new class of 'non-preferred' senior debt, eligible to meet the subordination requirement of the total-loss absorbing capacity (TLAC) standard.

The draft Regulation is intended to establish a transitional period in order to mitigate the impact on own funds of the introduction of International Financial Reporting Standard (IFRS) 9, which should be used by EU banks in their financial statements for financial years starting on or after 1 January 2018. Among other things, the draft text agreed by the EU Council proposes to:

- allow banks to add back to their Common Equity Tier 1 (CET1) capital a portion of the increased expected credit loss (ECL) provisions as extra capital during a five-year transitional period; and
- provide a three year phase-out of an exemption from the large exposure limit for banks' exposures to public sector debt denominated in the currency of any other Member State.

The EU Council has indicated that the EU Council Presidency should begin trilogue negotiations with the EU Parliament as soon as the Parliament has approved its own negotiating stance.

MiFID2: ITS on suspension and removal of financial instruments from trading, cooperation agreements in respect of trading venues of substantial importance in a host Member State, and cooperation in supervisory activities and authorisation published in Official Journal

The following Commission Implementing Regulations laying down implementing technical standards (ITS) under MiFID2 have been published in the Official Journal:

- Commission Implementing Regulation 2017/980 specifying standard forms, templates and procedures for cooperation in supervisory activities, for on-site verifications, and investigations and exchange of information between competent authorities – this Regulation will enter into force on 30 June 2017 and will apply from 3 January 2018;
- Commission Implementing Regulation 2017/981 specifying standard forms, templates and procedures for the consultation of other competent authorities prior to granting an authorisation – this Regulation will enter into force on 30 June 2017 and will apply from 3 January 2018;
- Commission Implementing Regulation 2017/988 with regard to standard forms, templates and procedures for cooperation agreements in respect of a trading venue whose operations are of substantial importance in a host Member State – this Regulation will enter into force on 3 July 2017 and will apply from 3 January 2018.
- Commission Implementing Regulation 2017/1005 with regard to the format and timing of publications and communications on the suspension and removal of financial instruments from trading – this Regulation will enter into force on 6 July 2017 and will apply from 3 July 2018.

MiFIR: EU Commission adopts Delegated Regulation on exemption of certain third countries' central banks from pre- and post-trade transparency requirements

The EU Commission has adopted a Delegated Regulation on the exemption of certain third countries' central banks in their performance of monetary, foreign exchange and financial stability policies from pre- and post-trade transparency requirements under MiFIR. Article 1(6) of MiFIR provides an exemption from pre- and post-trade transparency requirements for transactions where the counterparty is a member of the European System of Central Banks (ESCB) and where that transaction is entered into in performance of monetary, foreign exchange and financial stability policy which that member of the ESCB is legally empowered to pursue and where that member has given prior notification to its counterparty that the transaction is exempt. Under Article 1(9), the Commission is empowered to adopt delegated acts in order to extend the exemption to certain third countries' central banks and this Delegated Regulation is intended to specify the list of applicable third countries' central banks.

Adoption of the Delegated Regulation follows a consultation launched on 6 April 2017.

EMIR: Delegated Regulation on list of exempted entities published in Official Journal

Commission Delegated Regulation (EU) 2017/979 with regard to the list of exempted entities under EMIR has been published in the Official Journal.

The Delegated Regulation allows central banks and public bodies charged with or intervening in the management of the public debt from Australia, Canada, Hong Kong, Mexico, Singapore, and Switzerland to be added to the list of exempted entities under EMIR.

The Delegated Regulation will enter into force on 30 June 2017.

ESAs publish annual reports for 2016

The European Supervisory Authorities (ESAs), comprising the European Banking Authority (EBA), European Insurance and Occupational Pensions Authority (EIOPA) and European Securities and Markets Authority (ESMA), have published their annual reports for 2016.

The reports set out the objectives, activities and key achievements of each of the ESAs during the course of 2016, including:

- the EBA's work on Basel III, reflection on post-crisis reforms, assessing risks to the banking sector and enhancing consumer protection;
- EIOPA's work on supervisory convergence, Solvency II, the EU-wide insurance stress test and consumer protection; and
- ESMA's work on supervisory convergence, the single rulebook for EU financial markets and assessing risks to investors, markets and financial stability.

IOSCO reports on wholesale market conduct regulation

The International Organization of Securities Commissions (IOSCO) has published a report examining the regulation of individual conduct in wholesale markets, identifying misconduct risks and setting out core conduct expectations. It also contains a toolkit for minimising misconduct risk (applicable to both wholesale and retail markets), comprised of illustrative examples of approaches and measures used by its members, which includes:

- tailoring enforcement and remedial sanctions, such as orders to participate in market structural reforms and agreed remediation and other undertakings;
- registering and sharing information about individual market professionals with histories of misconduct;
- improving market surveillance and data analysis to identify suspicious trades;
- ensuring individual responsibility and accountability, such as by clearly allocating the responsibilities of senior management, holding a controlling person, supervisor or manager liable for misconduct, and prohibiting reimbursement or indemnification for financial penalties;
- protecting and rewarding whistleblowers;
- imposing specific requirements for managing conflicts of interest;
- requiring firms to undertake self-assessments aimed at identifying and preventing/responding to misconduct; and
- ensuring 'reg-tech' tools are used to enhance surveillance and compliance, such as by regulating high frequency trading (HFT) and direct electronic access (DEA) or establishing legal certainty on computer-based forms of trading abuses.

The report concludes with a broad overview of the ways market regulators operate under the interrelated legal, regulatory and supervisory frameworks in their jurisdictions.

Benchmarks Regulation: FCA consults on LIBOR contributions powers

The Financial Conduct Authority (FCA) has launched a consultation (CP17/15) on its proposed approach to using its compulsion powers for the London Interbank Offered Rate (LIBOR).

The FCA will have new powers to require banks to contribute LIBOR input data under the EU Benchmarks Regulation (2016/1011) when the EU Commission designates LIBOR as a 'critical' benchmark.

CP17/15 seeks feedback on:

- the FCA's general approach to its use of powers to require contributions, should that prove necessary;
- proposals for the way the FCA would establish the population of banks to compel, including defining the market for this purpose and specifics of transaction types, participants and funding centres; and
- a draft rule that the FCA could use if needed to compel banks under domestic UK law.

Comments are due by 12 August 2017.

FCA consults on policy amendments to reflect new powers under AMLD 4 and Funds Transfer Regulation

The FCA has launched a consultation (CP17/13) on proposed amendments to its guidance, policies and procedures to ensure they align with new regulations transposing the fourth Anti-money Laundering Directive (AMLD 4) and the Funds Transfer Regulation (FTR).

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR2017) are due to come into force on 26 June 2017. They grant anti-money laundering (AML) supervisors greater powers to deal with non-compliance with the requirements of AMLD 4, including powers for the FCA to assess the fit and proper status of those running 'Annex I Financial Institutions'. MLR2017 also grant the FCA new enforcement tools to deal with AML and counter terrorist financing (CTF) breaches.

The consultation paper sets out proposed amendments to the FCA's Decision Procedure and Penalties manual

(DEPP) and Enforcement Guide (EG) in light of the proposed MLR2017. The amendments include:

- clarifying the FCA's penalty policy for contraventions of AML/CTF requirements; and
- amending the decision making procedure to reflect the new powers granted under MLR2017 to address failures to meet relevant standards and manage AML/CTF risks effectively.

Comments are due by 7 July 2017.

BaFin publishes draft regulation to amend GroMiKV

The German Federal Financial Supervisory Authority (BaFin) has published a draft regulation amending the German Regulation on Large and Millions Exposures (GroMikV). The draft aligns the scope for risk positions for groups with central liquidity management and for groups of institutions with central risk management with respect to large exposures to group undertakings.

According to BaFin, this amendment is necessary for neutrality reasons as with respect to large exposure regulation, it would make no difference whether the counterparty risk exposure (Adressenausfallrisiko) arises from liquidity transfers within the group or from the default risk of group undertakings.

In addition, the draft regulation also provides for a (re)-limitation with respect to million loan reporting by waiving the use of new reporting templates with comprehensive reporting requirements, which would have become mandatory to use from 1 January 2019. Instead, the currently available reporting template shall be used.

The consultation period ends on 12 July 2017.

Bank of Italy consults on implementation of Payment Accounts Directive

The Bank of Italy has launched a consultation on proposed amendments to the Bank of Italy Regulation on transparency in order to give full implementation to the Payment Accounts Directive (2014/92/EU – PAD).

The main amendments relate to enhancing transparency for customers, including comparability of fees and payment accounts, and continuity of the provision of payment services in the event of transfer of the relevant contractual relationship.

Comments are due by 14 July 2017.

Dutch Ministry of Finance consults on increase of total consideration for securities offerings that are exempted from prospectus requirements

The Dutch Ministry of Finance has issued for consultation draft legislation that, once adopted in final form, would increase the total consideration of a securities offering from EUR 2,500,000 to EUR 5,000,000, in order for such offering to be exempt from the requirement to publish a prospectus that is approved by a competent authority in accordance with the Prospectus Directive (2003/71/EC).

Besides the increased total consideration of the offer, which shall be calculated (i) for all relevant EEA countries where the offer is made combined and (ii) over a period of twelve months, the proposed legislation introduces a requirement for issuers to notify the Netherlands Authority for the Financial Markets (AFM) before making the offering, as well as minimum information requirements.

With the proposal the Ministry aims to facilitate more efficient access to capital markets for small and medium-sized enterprises and to improve and standardise disclosure to investors. Through a standardised information document, issuers shall provide information on the issuer, the nature of the offering, the use of proceeds and the main risks and costs for investors.

The consultation ends on 12 July 2017.

Czech Parliament discusses new regulation of covered bonds in the Czech Republic

The Czech Parliament is presently discussing the draft bill amending the Act on Bonds and other related legislation, which aims to revamp the present regulation of covered bonds in the Czech Republic.

The draft bill introduces a number of changes that will prioritise covered bond holders over other creditors of the issuer. Among the key changes are the exclusion of assets used as security for covered bond receivables from any pre-insolvency execution proceedings initiated against the issuer and the introduction of the forced covered bond administrator, who shall upon initiation of the insolvency proceedings, application of certain crisis measures or other serious events relating to the issuer manage covered bonds and assets used as security for covered bond receivables independently of the insolvency administrator of the issuer.

In addition to increasing minimum overcollateralisation to 102%, the draft bill also aims to ensure that covered bond holders will continue to receive payments in accordance with the original terms, irrespective of commencement of the insolvency proceedings against the issuer.

Polish Financial Supervision Authority and CBRC sign memorandum of understanding

The Chairman of the Polish Financial Supervision Authority (PFSA) and the Vice Chairman of the China Banking Regulatory Commission (CBRC) have signed a memorandum of understanding which specifies the cooperation between the two institutions with regard to the supervision of the banking sector.

The issues covered by the memorandum of understanding relate mainly to cooperation and the sharing of information for the purpose of carrying out banking supervision in the two countries both in normal conditions and in an emergency situation.

China Foreign Exchange Trade System seeks public comments on trading rules for Bond Connect

The National Interbank Funding Centre / China Foreign Exchange Trade System (CFETS) has published a public consultation draft of the Bond Connect Trading Rules of the National Interbank Funding Centre (for Trial Implementation), inviting public comments by 14 June 2017.

The major provisions include the following:

- the Trading Rules only apply to the Northbound Trading Link under the Bond Connect;
- foreign investors participating in the Northbound Trading Link shall meet the access requirements under regulations including the Announcement No.3 of People's Bank of China (PBOC) and the PBOC Circular on Issues Regarding Investment in the Interbank Market with RMB Funds by Foreign Central Banks, International Financial Organisations, and Sovereign Wealth Funds;
- subject to an obligation regarding periodical information reporting to the PBOC Shanghai Head Office, CFETS is authorised to handle the China Interbank Bond Market (CIBM) market entry filing and open transaction accounts for eligible foreign investors;
- the Northbound Trading Link is limited to spot trading, and permissible bonds include all kinds of RMB-denominated bonds traded in the CIBM;
- the Northbound Trading Link adopts the mode of request for quote (RFQ);
- CFETS undertakes the market mentoring duty. Abnormal trading under special supervision includes: (i) frequent quotation with a trading amount that does not reflect the true trading intention; (ii) quotation response price/execution price that significantly deviates from the fair market price; (iii) market manipulation, insider trading and market order disruption in any manner; and (iv) failure to perform the settlement obligation based on trade confirmation, causing multiple settlement failures; and
- CFETS is entitled to complete intellectual property rights over any information and data generated from its system.

Shanghai Clearing House seeks public comments on implementing rules for Bond Connect

The Shanghai Clearing House (SHCH) has published a public consultation draft of the Implementing Rules on Depositary, Custody, Clearing and Settlement under the Connection Cooperation of the Mainland and Hong Kong Bond Markets of the Inter-Bank Market Clearing House Co., Ltd., inviting public comments by 14 June 2017.

Among other things, the public consultation draft provides that:

- the Implementing Rules only apply to the Northbound Trading Link under the Bond Connect;
- SHCH and the Central Moneymarkets Unit (CMU) of the Hong Kong Monetary Authority (HKMA) will adopt multilayer custody arrangements through infrastructure connection, where SHCH serves as the master custodian institution and CMU in Hong Kong as the sub-custodian institution;
- the multilayer custody arrangements utilise nominee account(s) in the name of HKMA opened with SHCH. Bonds purchased by Hong Kong and foreign investors will be registered under these nominee account(s), and HKMA will exercise rights over the bonds in its own name subject to the decisions of the foreign investors;
- foreign investors are entitled to bond interests and rights in accordance with the law;
- delivery-versus-payment (DvP) is prescribed under the Bond Connect;
- SHCH provides a gross clearance and trade-by-trade settlement service for the Bond Connect, under which neither SHCH nor HKMA should be liable for settlement failures due to a shortage of bonds or cash, and it is the foreign investor that should ensure it has sufficient bonds/cash for settlement; and
- central counterparty clearance may be launched by SHCH at a later stage.

Hong Kong becomes new member of Asian Infrastructure Investment Bank

The Hong Kong Government has announced that Hong Kong has become a new member of the Asian Infrastructure Investment Bank (AIIB). The AIIB is a multilateral development bank set up with a mission to foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors. It also aims at encouraging private investment in projects, enterprises and activities contributing to economic development in the region.

SFC and ASIC sign fintech cooperation agreement

The Securities and Futures Commission (SFC) and the Australian Securities and Investments Commission (ASIC) have entered into an agreement to establish a framework for cooperation on financial technology (fintech). The agreement follows the creation of the SFC's Fintech Contact Point in 2016 and the ASIC's Innovation Hub in 2015.

Under the agreement, the SFC and the ASIC will cooperate to share information on emerging fintech trends, developments and related regulatory issues as well as on organisations which promote innovation in financial services. In addition, the agreement provides for a bilateral mechanism for referrals of innovative firms seeking to enter one another's markets.

MAS and ASBA sign MoU on fintech co-operation

The Monetary Authority of Singapore (MAS) and the Association of Supervisors of Banks of the Americas (ASBA) have signed a memorandum of understanding (MoU), which sets out a framework for fintech cooperation between Singapore and ASBA member countries. Under the framework, both parties can explore potential joint innovation projects on technologies such as blockchain and big data. The MAS and ASBA will also facilitate discussions on issues of mutual interest, such as emerging fintech trends and other pertinent issues on innovative financial services.

MAS responds to feedback on regulatory framework for intermediaries dealing in OTC derivatives contracts and marketing of collective investment schemes

The MAS has published its responses to the feedback it received on its June 2015 consultation on the proposed regulatory framework for intermediaries dealing in over-the-counter (OTC) derivatives contracts (OTC intermediaries), execution-related advice, and marketing of collective investment schemes (CIS).

Amongst other things, the MAS has confirmed that:

- it will subject capital markets services (CMS) licensees dealing in OTC or exchange-traded derivatives contracts to the admission criteria set out in the licensing guidelines, except for the minimum five year corporate track record criterion;
- OTC intermediaries will be subject to Regulations 13, 13A and 46 of the Securities and Futures (Licensing and Conduct of Business) Regulations (LCB Regulations), and the MAS has provided clarifications on its proposal to extend Parts III and IV of the LCB Regulations to OTC intermediaries;
- it will not apply the risk disclosure requirement for capital markets products offered to customers that are non-retail investors or related entities of the OTC intermediaries;
- it notes the industry's feedback that OTC intermediaries will face practical challenges in complying with the more specific risk mitigating requirements proposed, and has revised its proposals in this regard. Amongst other things, the MAS will set out certain details relating to trade confirmations and portfolio reconciliations in guidelines. The reporting requirement for material disputes will also be retained;
- OTC intermediaries may use industry standard legal documentation when executing trading relationship documentation (TRD). TRD may take the form of a trade confirmation for single, one-off transactions;
- it will proceed with the proposed base capital requirements for all OTC intermediaries, regardless of their customer type;
- it will proceed with its proposals relating to the representative notification requirement, and will separately engage with the industry on the operational details;
- it will grandfather existing para 9 and para 11 arrangements for the activities of dealing in or advising on OTC derivatives;
- it will remove the regulated activity of 'marketing of CIS' from the Financial Advisers Act and broaden the exemption from the requirement to hold a CMS licence for dealing in securities under the LCB Regulations for a financial adviser which markets CIS; and
- it will introduce a licensing exemption for marketing of CIS only to IIs in the Securities and Futures Act (SFA)

and exempt persons dealing in CIS only with IIs from the SFA business conduct rules.

MAS responds to feedback on proposed enhancements to regulatory requirements on protection of customer's moneys and assets

The MAS has published its responses to the feedback it received on its July 2016 public consultation on proposals to enhance the regulatory requirements governing the protection of customer's moneys and assets held by capital markets intermediaries (CMIs).

Amongst other things, the MAS has clarified that:

- it will not expand the definition of 'customer's moneys' under the Securities and Futures (Licensing and Conduct of Business) Regulations (LCB Regulations) to cover contractual rights arising from transactions entered into by CMIs on behalf of or with a customer;
- the proposal that CMIs conduct due diligence on a deposit-taking financial institution prior to opening a trust account with it, and conduct periodic reviews, should not apply where the deposit-taking financial institution is a clearing house which receives customers' moneys or assets as part of its clearing and trade settlement process, or an entity selected by institutional (II), accredited (AI) or expert investor (EI) customers;
- it will modify the requirement regarding obtaining acknowledgement from overseas financial institutions with which a CMI holds customers' moneys and assets such that the acknowledgement is not tied to the concept of trust;
- CMIs will be required to keep information about the type of segregation (whether omnibus or individual) and the effects of the segregation on customers' ownership rights, and the MAS expects CMIs to be familiar with the customer money and asset rules of the foreign jurisdiction where customers' moneys and assets are held. CMIs should have in place information systems and controls that allow the relevant information to be retrieved as soon as practicable, and keep the information up-to-date;
- CMIs will be required to disclose to customers the manner in which they hold customers' moneys and assets and the risks associated with such arrangements, and where customers' moneys and assets are held in a foreign jurisdiction, the material differences between the Singapore and foreign customer asset protection regimes as well as the potential consequences of such differences;
- CMIs will be required to perform computation daily in respect of customer assets custodised with a central securities depository or customer moneys, and monthly in any other case. Where the value of a capital market product is not available, CMIs will need to perform reconciliation based on the outstanding position in that product;
- CMIs will be required to provide risk disclosures to, and obtain consent from, customers that are not IIs, EIs, AIs, or related entities of the CMI, prior to using customers' assets;
- a retail customer will be allowed to direct CMIs to deposit his moneys and assets in an account which is in the customer's name;
- it will dis-apply the customer money rules for exempt financial institutions; and
- the existing requirements under the LCB Regulations and the MAS' proposals would apply where a customer's trust or custody account is maintained by a fund management company on behalf of a fund or fund management customer.

US House of Representatives passes bill proposing changes to US financial regulatory system

The US House of Representatives has passed H.R. 10, a bill proposing the Financial Creating Hope and Opportunity for Investors, Consumers and Entrepreneurs Act of 2017 (the Financial CHOICE Act). If enacted, the Financial CHOICE Act would make sweeping changes to the reforms put in place by the Dodd-Frank Wall Street Reform and Consumer Protection Act. For example, the legislation would:

- repeal the Volcker Rule;
- narrow the scope of US risk retention requirements to apply only to residential mortgage backed securitizations;
- repeal the conflict of interest rule for securitizations;
- eliminate the Labor Department's fiduciary rule;
- provide regulatory relief from the post-Dodd-Frank supervisory regime and Basel III capital and liquidity standards for banking organizations that choose to maintain high levels of capital;
- replace the orderly liquidation authority with a new bankruptcy code provision for large and failing financial institutions;

- reauthorize the US Securities and Exchange Commission with funding, structural, due process and enforcement related reforms; and
- require public notice and comment for international standard-setting negotiations.

While it appears unlikely that this bill will be enacted in its current form, it represents a potential direction for US legislative reform of financial regulation.

US Department of the Treasury issues report on US financial regulatory system with reform recommendations

The US Department of the Treasury has published the first in a series of reports examining the extent to which the US financial regulatory system promotes the 'Core Principles' articulated by President Trump in a February 2017 Executive Order. The report covers the regulation of banks and other depository institutions.

The report's recommendations include:

- tailoring capital and liquidity requirements for banks based on the size and complexity of a bank's balance sheet and business;
- a regulatory 'off-ramp' relieving well-capitalized banks of compliance obligations with respect to many of the Dodd-Frank Act's reforms;
- improvements to bank supervisory processes and guidance;
- changes to the regulatory regime for non-US banking organizations that have US operations to encourage continued participation in US financial markets and extension of credit to US borrowers;
- amendments to the Volcker Rule to narrow its scope and reduce compliance burdens;
- repealing or substantially revising risk retention requirements; and
- amendments to Regulation AB II to reduce the number of required reporting fields for SEC-registered securitizations.

The Treasury intends to begin working with Congress, US prudential regulators and a variety of other federal agencies to implement these recommendations.

Australian Federal Parliament passes industry funding model for ASIC

The Federal Government has passed the ASIC Supervisory Cost Recovery Levy Bill 2017 and related bills necessary to implement an industry funding model for the Australian Securities & Investments Commission (ASIC). The industry funding model was designed to provide greater stability and certainty in ASIC's funding to ensure it has sufficient resources to carry out its regulatory mandate.

The Federal Government believes there are two significant benefits under the new arrangements:

- those who create the need for and benefit from regulations will bear the costs, rather than ordinary Australian taxpayers; and
- ASIC will be more accountable to consumers and its regulated entities by increasing the transparency of its costs and activities, making ASIC a stronger regulator.

Effective from 1 July 2017, ASIC's regulatory costs will be recovered from all industry sectors regulated by ASIC through annual levies.

RECENT CLIFFORD CHANCE BRIEFINGS

Brexit – Implications from the UK general election

The inconclusive outcome of the UK's general election on 8 June 2017 has magnified the uncertainties surrounding Brexit. For business those uncertainties mean that the prudent planning assumption remains that Brexit will happen and that it may be hard. Equally, business must ensure that the Government understands the needs of business.

This briefing paper discusses the implications of the election result for Brexit.

https://www.cliffordchance.com/briefings/2017/06/brexit_implicationsfromtheukgeneralelection.html

Qatar – the ongoing diplomatic crisis: What do you need to know?

On 5 June 2017, the United Arab Emirates, Bahrain and Saudi Arabia announced a severance of diplomatic ties and closure of transport links with Qatar, swiftly leading to a number of measures being imposed on Qatari nationals and entities.

This briefing paper provides an overview of the practical obstacles which may affect businesses, whether or not they are dealing directly with Qatari businesses or with Qatar generally.

https://www.cliffordchance.com/briefings/2017/06/qatar_the_ongoingdiplomaticcrisiswhatd.html

SEC Information Update to Form ADV FAQs

On 12 June 2017, the staff of the Division of Investment Management of the U.S. Securities and Exchange Commission (SEC) released new guidance in the form of frequently asked questions (FAQs) for investment advisers that submit Form ADV to the SEC pursuant to the Investment Advisers Act of 1940, as amended, either as exempt reporting advisers (ERAs) or registrants (RIAs).

This briefing paper discusses the amendments to the Form ADV and the related FAQs.

https://www.cliffordchance.com/briefings/2017/06/sec_information_updatetoformadvfaqs.html.