

International Regulatory Update

15 – 19 January 2018

IN THIS WEEK'S NEWS

- EU Commission publishes first progress report on reducing levels of NPLs
- Benchmarks Regulation: Commission Delegated Regulations published in Official Journal
- Interchange Fees: RTS on application of independence requirements for card schemes and processing agents published in Official Journal
- MiFID2: RTS on consolidated tape for non-equity financial instruments published in Official Journal
- ESMA calls for evidence on CfD and binary option investor protection concerns
- IFRS 9: EBA publishes final guidelines on transitional arrangements disclosures
- Wire Transfers Regulation: ESAs publish joint guidelines on missing or incomplete payer or payee information
- AMF unveils #Supervision2022, its 5-year strategic plan
- AMF sets position limits for commodity derivatives contracts
- MiFID2: AMF modifies its guide on funding of research
- BaFin publishes template for notification requirement for algorithmic trading and direct electronic access
- PSD2: Legislative Decree on payment services published in Italian Official Gazette
- SFC consults on proposed amendments to takeovers rules
- HKMA consults on rules for loss-absorbing capacity requirements under Financial Institutions (Resolution) Ordinance
- JFSA consults on review of its supervisory approach
- JFSA to introduce new licensing requirements for high frequency trading
- FSC announces measures to vitalise KOSDAQ market
- FSC proposes amendments to Enforcement Decree of Financial Investment Services and Capital Markets Act
- Korean government issues statement on virtual currency exchanges
- MAS and SGX consult on revisions to Code of Corporate Governance

Clifford Chance's International Regulatory Update is a weekly digest of significant regulatory developments, drawing on our daily content from our Alerter: Finance Industry service.

If you would like to continue to receive International Regulatory Update or would like to request a subscription for a colleague, please [click here](#).

To request a subscription to our Alerter: Finance Industry service, please email [Online Services](#).

If you would like to know more about the subjects covered in this publication or our services, please contact:

International Regulatory Group Contacts

[Chris Bates](#) +44 (0)20 7006 1041

[Nick O'Neill](#) +1 212 878 3119

[Marc Benzler](#) +49 69 7199 3304

[Steven Gatti](#) +1 202 912 5095

[Paul Landless](#) +65 6410 2235

[Mark Shipman](#) + 852 2826 8992

[Donna Wacker](#) +852 2826 3478

International Regulatory Update Editor

[Joachim Richter](#) +44 (0)20 7006 2503

To email one of the above, please use firstname.lastname@cliffordchance.com

Clifford Chance LLP, 10 Upper Bank Street,
London, E14 5JJ, UK
www.cliffordchance.com

- MAS consults on proposed revisions to regulatory framework for large exposures of Singapore-incorporated banks
- SGX consults on quarterly reporting framework
- AFMA announces launch of Australian FX Global Code Register
- Recent Clifford Chance briefings: Venezuela's debt crisis and its creditors' options, and France's pioneering blockchain legal framework. [Follow this link to the briefings section.](#)

EU Commission publishes first progress report on reducing levels of NPLs

The EU Commission has published a [communication](#) to the EU Parliament, EU Council and European Central Bank (ECB) setting out its first progress report on the reduction of non-performing loans (NPLs) in Europe, alongside an accompanying [staff working document](#), a [factsheet](#) and [FAQs](#). The progress report is the first published since the publication of the Council action plan on reducing NPLs and forms part of the risk-reduction agenda for the EU banking sector and strengthening the Banking Union.

Overall, the Commission has found that NPL ratios have been falling in almost all Member States, although the situation differs significantly across Member States. It highlights recent developments across NPLs in the EU as a whole and measures within individual Member States. The report also shows that progress is on track with implementing the Council's action plan.

The Commission has also announced that it intends to adopt a package of measures to reduce the level of existing NPLs and to prevent future build-up, which will focus on:

- supervisory actions;
- reform of restructuring, insolvency and debt recovery frameworks;
- the development of secondary markets for distressed assets; and
- fostering restructuring of the banking system.

Benchmarks Regulation: Commission Delegated Regulations published in Official Journal

Four EU Commission Delegated Regulations supplementing the Benchmarks Regulation (EU 2016/1011) have been published in the Official Journal.

In particular, the Delegated Regulations specify:

- how the criteria of Article 20(1)(c)(iii) are to be applied for assessing whether certain events would result in significant and adverse impacts on market integrity, financial stability, consumers, the real economy or the financing of households and businesses in one or more Member States ([Delegated Regulation \(EU\) 2018/64](#));
- technical elements of the definitions laid down in paragraph 1 of Article 3 of the Benchmarks Regulation, in particular regarding the circumstances in which a figure shall be considered to be made available to the public and what constitutes administering the arrangements for the determination of a benchmark ([Delegated Regulation \(EU\) 2018/65](#));
- how the nominal amount of financial instruments other than derivatives, the notional amount of derivatives and the net asset value of investment funds are to be assessed ([Delegated Regulation \(EU\) 2018/66](#)); and
- the conditions to assess the impact resulting from the cessation of or change to existing benchmarks ([Delegated Regulation \(EU\) 2018/67](#)).

The Delegated Regulations will come into force on 6 February 2018.

Interchange Fees: RTS on application of independence requirements for card schemes and processing agents published in Official Journal

A Commission [Delegated Regulation \(2018/72\)](#) setting out regulatory technical standards (RTS) under the Interchange Fees Regulation (2015/751 - MIF Regulation) has been published in the Official Journal. The RTS relate to requirements to be complied with by payment card schemes and processing entities in order to ensure their independence in terms of accounting, organisation and decision making processes.

The European Banking Authority (EBA) submitted draft RTS on 26 July 2016 and the Commission notified the EBA of its intention to endorse the draft RTS following amendments on 5 January 2017. The EBA accepted certain amendments, but did not include all of the Commission's amendments in its revised draft RTS. The Commission maintained its view that the amendments are necessary for the RTS to comply with the MIF Regulation and adopted the RTS with all of the amendments on 6 October 2017.

The RTS will enter into force on 7 February 2018.

MiFID2: RTS on consolidated tape for non-equity financial instruments published in Official Journal

A Commission [Delegated Regulation \(2018/63\)](#) setting out RTS with regard to the scope of the consolidated tape for non-equity financial instruments has been published in the Official Journal.

The Regulation amends RTS 13 (Delegated Regulation (EU) 2017/571) on the authorisation, organisational requirements and the publication of transactions for data reporting services providers.

The RTS will enter into force on 6 February 2018.

ESMA calls for evidence on CfD and binary option investor protection concerns

The European Securities and Markets Authority (ESMA) has issued a [call for evidence](#) on investor protection concerns arising from the sale, distribution or marketing of contracts for difference (CfDs) and binary options to retail clients. The publication follows a statement on 15 December 2017 in which ESMA set out that it is considering measures under Article 40 of MiFIR to restrict the marketing, distribution or sale to retail clients of CfDs, and to prohibit the marketing, distribution or sale to retail clients of binary options. ESMA is concerned by the risk of loss, complexity and marketing techniques related to these products. The call for evidence is intended to gather evidence from firms and investors on the expected impact of the proposed measures.

ESMA's proposals on retail client restrictions for CfDs include:

- applying leverage limits on the opening of a position by a retail client;
- standardising the percentage of margin at which providers are required to close out a retail client's open CfD;
- introducing negative balance protection to limit retail client losses;
- restricting incentives for trading provided by providers; and
- standardising risk warnings on products.

ESMA is also considering whether CfDs in cryptocurrencies should be included in the proposed measures.

Comments on the consultation are due by 5 February 2018.

IFRS 9: EBA publishes final guidelines on transitional arrangements disclosures

The EBA has published [final guidelines](#) on disclosure of transitional arrangements relating to the new International Financial Reporting Standard on Financial Instruments (IFRS 9) and analogous expected credit loss models (ECLs).

The guidelines set out a template (IFRS 9-FL) for institutions' disclosures under Article 473a of the Capital Requirements Regulation (CRR) regarding the impact of the IFRS 9 transitional arrangements on their own funds and capital and leverage ratios. The guidelines also take into account the Basel Committee on Banking Supervision (BCBS) disclosure template for information on the impact of transitional arrangements for the implementation of ECLs on banks' regulatory capital and leverage ratios.

The guidelines apply from 20 March 2018 until the end of the transitional period (31 December 2022).

Wire Transfers Regulation: ESAs publish joint guidelines on missing or incomplete payer or payee information

The Joint Committee of the European Supervisory Authorities (ESAs), comprising the EBA, ESMA and the European Insurance and Occupational Pensions Authority (EIOPA), has published [joint guidelines](#) under Article 25 of the Wire Transfers Regulation (2015/847 – WTR or FATF2). The guidelines set out the factors that payment service providers (PSPs) and intermediary payment service providers (IPSPs) should consider when establishing and implementing procedures to detect and manage transfers of funds that lack required information on the payer and/or the payee, including risks relating to money laundering or terrorist financing where the required information is missing or incomplete.

The guidelines are addressed to PSPs, IPSPs and competent authorities, which should use the guidelines when assessing the adequacy of the procedures put in place by PSPs and IPSPs to comply with requirements under the WTR.

Competent authorities have until 16 March 2018 to notify the ESAs on whether they comply or intend to comply with the joint guidelines, or specify reasons for non-compliance.

AMF unveils #Supervision2022, its 5-year strategic plan

The Autorité des Marchés Financiers (AMF) has unveiled [#Supervision2022](#), its 5-year strategic plan. Under the plan, the AMF will:

- commit to a strong, more integrated and more competitive Capital Markets Union of 27;
- promote innovation and assist market participants; and
- contribute to the financing of the economy via attractive markets and an attractive financial marketplace.

AMF sets position limits for commodity derivatives contracts

The AMF has published two instructions setting the position limits applicable to commodity derivatives positions traded on [Euronext \(DOC-2017-12\)](#) and [Powernext \(DOC-2017-11\)](#) in accordance with MiFID2.

Two types of limits have been set by underlying commodity: the first one applies to positions on the contracts with the closest maturity (spot month); the second one applies to aggregated positions of other maturities (other months). For agricultural commodities, the limits have been set in a way intended to help reinforce the integrity of markets during the last trading days of the spot month while allowing the roll of positions over the other months.

Following the process established at European level, ESMA has issued a positive opinion on the limits applicable to agricultural commodity derivatives under the supervision of the AMF. As regards the limits applicable to derivative contracts traded on Powernext, ESMA is expected to issue an opinion shortly. Should the AMF make any changes to these limits as a result of the ESMA opinion, a 2-month transitional period will be provided.

These instructions came into effect on 3 January 2018.

MiFID2: AMF modifies its guide on funding of research

The AMF is introducing two changes to its [guide](#) on the funding of research by investment service providers in order to clarify the conditions under which research produced in the context of a primary issuance can be considered as a minor non-monetary benefit and take into account the questions and answers (Q&As) document published by the EU Commission on 26 October 2017.

MiFID2 introduces new measures governing the funding of research in order to protect investors and limit the risks of conflicts of interests. It excludes from the ban on inducements all minor non-monetary benefits, on the basis that they present a low risk of creating conflicts of interest.

To assist stakeholders in the implementation of these measures, the AMF published an explanatory guide in July 2017.

A first modification to this guide clarifies the conditions under which research produced in the context of a primary issuance can be considered as a minor non-monetary benefit. The AMF indicates that, for this purpose, the research documents shall be made available to prospective investors.

A second modification is intended to take into account the Q&As published by the EU Commission on 26 October 2017. These Q&As provide clarification, among other things, regarding the situation where the research provider is not subject to MiFID2.

BaFin publishes template for notification requirement for algorithmic trading and direct electronic access

As of 3 January 2018, investment services institutions (Wertpapierhandelsunternehmen) engaged in algorithmic trading or offering direct electronic access to a trading venue will be required to submit a notification to the competent supervisory authorities.

Notifications must be submitted to the German Federal Financial Supervisory Authority (BaFin) if the investment services institution concerned is supervised by BaFin or if multilateral trading facilities or organised trading facilities subject to BaFin's supervision are involved. BaFin has prepared a [standard template](#) which needs to be used to satisfy the notification requirements.

Companies that are engaged in algorithmic trading as trading participants on a German stock exchange or that offer direct electronic access to a German stock exchange must submit their notification to the exchange supervisory office responsible for the relevant stock exchange.

PSD2: Legislative Decree on payment services published in Italian Official Gazette

[Legislative Decree no. 218 of 15 December 2017](#) implementing the revised Payment Services Directive (PSD2) has been published in the Italian Official Gazette no. 10 of 13 January 2018.

Amongst other things, the Legislative Decree amends Legislative Decree no. 385 of 1 September 1993 (Italian Banking Act) and Legislative Decree no. 11 of 27 January 2010 (which implemented PSD1 in Italy).

The Decree entered into force on 13 January 2018. However, certain temporary regimes have been provided

for, with some of the provisions coming into force between July 2018 and January 2020.

SFC consults on proposed amendments to takeovers rules

The Securities and Futures Commission (SFC) has launched a [public consultation](#) on proposed amendments to the Codes on Takeovers and Mergers and Share Buy-backs. The proposed changes are intended to afford a fair treatment for shareholders and protect the interests of those who participate in Hong Kong's securities markets.

Amongst other things, the consultation proposes the following:

- introducing provisions which clarify:
 - the obligations of parties when dealing with the Executive, the Panel and the Takeovers Appeal Committee; and
 - the power of the Executive, the Panel and the Takeovers Appeal Committee to make compliance rulings as pre-emptive measures to prevent breaches to protect shareholders;
- amending the definition of associate to eliminate overlap and potential inconsistencies that arise out of the similarities between the definition of associate and the definition of acting in concert; and
- raising the voting approval threshold for whitewash waivers from a simple majority of independent votes to 75% and to introduce an explicit requirement to require separate resolutions to be put to independent shareholders for the underlying transaction(s) and the whitewash waiver.

Comments on the consultation paper are due by 19 April 2018.

HKMA consults on rules for loss-absorbing capacity requirements under Financial Institutions (Resolution) Ordinance

The Hong Kong Monetary Authority (HKMA) has launched a [public consultation](#) on a set of proposed rules relating to loss-absorbing capacity (LAC) requirements for authorised institutions under the Financial Institutions (Resolution) Ordinance.

The Ordinance was enacted by the Legislative Council in June 2016, with its main provisions coming into force on 7 July 2017. The Ordinance establishes a cross-sectoral resolution regime for certain financial institutions in Hong Kong and is designed to meet the international standards

set by the Financial Stability Board (FSB) in its Key Attributes of Effective Resolution Regimes for Financial Institutions.

One of the key resolution tools under the Ordinance is the ability for the HKMA to 'bail-in' certain liabilities of a failing authorised institution. In order to ensure that the bail-in power can be used effectively to support orderly resolution, authorised institutions need to have sufficient LAC. The proposed rules in the consultation paper seek to set out minimum LAC requirements for authorised institutions and are designed to align with the international standards on LAC set by the FSB in its Total Loss-absorbing Capacity Term Sheet.

Amongst others, the consultation paper invites views on the scope of institutions that will be covered, calibration of minimum requirements, eligibility criteria for LAC instruments, restrictions on the sale and distribution of LAC instruments and safeguards.

Subject to the outcome of the consultation, the HKMA intends to introduce the rules as subsidiary legislation under the Ordinance into the Legislative Council for negative vetting later in 2018.

JFSA consults on review of its supervisory approach

The Financial Services Agency of Japan (JFSA) has published a [draft report](#) on how it intends to transform its supervisory approach by replacing checklists with 'engagement'. The draft report is based on the recommendations made in March 2017 by a panel of experts commissioned by the JFSA to review its supervisory approach.

The initiative is intended to transform the JFSA and its supervisory approaches by:

- expanding the scope of its supervisory approaches from a backward-looking, element-by-element compliance check to substantive, forward-looking and holistic analysis and judgment. More specifically, the JFSA intends to:
 - focus enforcement activities on assessment of the overall effectiveness rather than on item-by-item compliance checks;
 - conduct dynamic supervision based on forward-looking analysis; and
 - promote disclosure and engage with firms to support the pursuit of best practices;

- focusing on issues of firm-wide priority rather than trying to check each and every item on common checklists;
- shifting from periodic on-site inspection to continuous and seamless monitoring, and enhancing the coordination between on-site and off-site activities;
- accumulating in-depth knowledge on each firm and specialised analytical skills;
- engaging with a broader range of stakeholders;
- enhancing its own governance, quality control of supervision and making effective use of outside feedback;
- using theme-specific discussion papers for deeper engagement;
- repealing the Inspection Manuals after the end of fiscal year 2018; and
- restructuring its internal organisation, human resource policy and information infrastructure to successfully implement the new supervisory approaches.

Comments on the draft report are due by 14 February 2018.

JFSA to introduce new licensing requirements for high frequency trading

The JFSA has [announced](#) an amendment to the relevant rules of the Financial Instruments and Exchange Act of Japan (FIEA) in order to introduce new licensing requirements for high frequency trading (HFT). The relevant amendment will become effective on 1 April 2018.

After the amendment to the FIEA and relevant rules comes into effect, in order to carry out HFT, an entity will be required to be registered as an HFT operator unless the entity is already registered as a certain type of financial instruments business operator (among others). However, an entity which already carries out HFT as at 1 April 2018 is not required to be registered until 31 August 2018.

A foreign entity which would like to be an HFT operator is required to appoint a representative in Japan or an agent in Japan. Although there is no licensing requirement to become a representative or an agent, the JFSA requires the appointment of an appropriate person or entity which has a certain level of knowledge with respect to the FIEA and the capability accurately to liaise between the HFT operator and the regulator.

FSC announces measures to vitalise KOSDAQ market

The Financial Services Commission (FSC) has [announced](#) measures to vitalise the Korean Securities Dealers

Automated Quotations (KOSDAQ) market to support the growth of start-ups and venture businesses. The measures are intended to attract institutional investors, overhaul KOSDAQ listing requirements, strengthen KOSDAQ's autonomy and independence, and improve market soundness and investor trust.

Some of the key measures include the following:

- the Korea Exchange (KRX), Korea Securities Deposit and relevant securities industry organisations will raise a fund of KRW 300 billion, named 'KOSDAQ Scale-up Fund', to invest in KOSDAQ-listed companies by the first half of 2018;
- a new market index that incorporates KOSPI and KOSDAQ-listed companies will be introduced by February 2018;
- the following changes will be made to the KOSDAQ listing requirements by the first half of 2018:
 - listing requirements that hinder listings of start-ups will be abolished;
 - listing requirements will be eased to allow KOSDAQ listing of a company if the company meets certain threshold requirements in one of three criteria: pre-tax profit, market capitalisation and equity capital; and
 - to facilitate more listings under the 'Tesla standard', underwriters with a track record of such listings will be exempted from the rules that oblige them to buy back shares for 90% of their initial public offering (IPO) price if retail investors exercise their put-back options within six months following the IPO;
- the KRX will revise its rules, by the first half of 2018, to make organisational and operational reforms to encourage competition between the KOSDAQ and KOSPI markets;
- KOSDAQ listing regulations will be revised, by the first half of 2018, to strengthen the post-IPO supervision to ensure that easing of listing requirements does not undermine market soundness and investor trust in KOSDAQ; and
- to better protect investors and prevent a conflict of interests, the KOSDAQ listing regulations will be revised, by the first half of 2018, to subject the largest shareholders and underwriters to stricter rules that forbid them from selling shares for a certain period of time following the IPOs.

FSC proposes amendments to Enforcement Decree of Financial Investment Services and Capital Markets Act

The FSC has [announced](#) amendments to the Enforcement Decree of the Financial Investment Services and Capital Markets Act as a follow-up to the revisions to the Financial Investment Services and Capital Markets Act that took effect on 31 October 2017. The proposed amendments are intended to facilitate crowdfunding with higher individual investment limits and a shortened resale restriction period.

The key proposals include the following:

- retail investors' investment limit per issuer over the past one-year period will be raised from KRW 2 million to KRW 5 million and accumulative investment limit per annum from KRW 5 million to KRW 10 million;
- social enterprises as defined in the Social Enterprise Promotion Act may raise capital through crowdfunding platforms without any minimum number of years in business – furthermore, they will be eligible for investment by start-up and venture business-focused private equity funds; and
- the resale restriction period for investors who purchased their securities in a secondary transaction will be shortened from one year to six months, which corresponds to the resale restriction period for investors who purchased their securities from the issuer.

Comments on the proposed amendments are due by 19 February 2018.

Korean government issues statement on virtual currency exchanges

The Korean government has released an [official statement](#) regarding measures related to cryptocurrency exchanges. The government has stated that it has banned the use of anonymous virtual accounts in cryptocurrency transactions, and will require real-name accounts for all cryptocurrency trading.

The government has also warned traders of the risks posed by some cryptocurrency exchanges as virtual currencies are not legal tender and their value is not guaranteed by any entity.

Further, the government has indicated that the policies related to cryptocurrency exchanges have been discussed and it will make a decision on a proposed shutdown of all cryptocurrency exchanges after sufficient consultation with all related organisations.

MAS and SGX consult on revisions to Code of Corporate Governance

The Monetary Authority of Singapore (MAS) has launched a [public consultation](#) on proposed revisions to the Code of Corporate Governance. These are based on the recommendations of the Corporate Governance Council, which are intended to support sustained corporate performance and innovation, and strengthen investor confidence in capital markets.

A key focus of the Code revisions is to reinforce board competencies through encouraging board renewal, strengthening director independence and enhancing board diversity. Other proposed Code revisions include greater emphasis on disclosures of the relationship between remuneration and value creation, and the need for companies to consider and balance the needs of all stakeholders. The MAS also proposes to clarify the intent of the 'comply-or-explain' regime, the expectations on listed companies' corporate governance disclosures, and to establish an industry-led Corporate Governance Advisory Committee.

Consequential amendments to the Singapore Exchange's (SGX's) listing rules (SGX-ST Listing Rules) are also set out in the consultation paper. SGX is seeking feedback on the proposed amendments to the SGX-ST Listing Rules. The key proposed amendments include:

- requiring first-time directors to undergo training in the roles and responsibilities of a director;
- requiring that independent directors comprise at least one-third of the board;
- requiring companies to disclose the designations of all directors (i.e. independent, non-executive, executive etc.) and their roles as members or chairmen of boards or board committees;
- setting out the tests for directors' independence (including lowering the shareholding threshold from 10% to 5%);
- requiring companies to disclose if the Chairman and Chief Executive Officer are immediate family members;
- requiring all directors to submit themselves for re-nomination and re-appointment at least once every three years;
- enhancing disclosures on the adequacy and effectiveness of companies' internal controls and risk management systems;

- requiring specific information to be announced by companies on the appointment and re-election of directors; and
- requiring companies to disclose why dividends are not issued.

Comments on the consultation paper are due by 15 March 2018.

MAS consults on proposed revisions to regulatory framework for large exposures of Singapore-incorporated banks

The MAS has launched a [public consultation](#) on proposed revisions to the regulatory framework for large exposures of Singapore-incorporated banks. The proposed revisions are based on the Basel Committee on Banking Supervision's (BCBS's) 'Supervisory framework for measuring and controlling large exposures', which aim to, amongst other things, limit the maximum loss that a bank faces arising from a counterparty default. These revisions will replace the requirements currently set out in the MAS Notice 639 for Singapore-incorporated banks. Banks which are incorporated outside Singapore will continue to be subject to the requirements under the existing MAS Notice 639 until the divide between the Domestic Banking Unit and the Asian Currency Unit is removed.

Amongst other proposals, the MAS proposes to:

- tighten the capital base of the large exposures limit from 25% of eligible total capital to 25% of Tier 1 capital;
- subject exposures to banks (except for intraday interbank exposures) to the large exposures limit;
- exempt exposures to a related corporation of a Singapore-incorporated bank that is a bank or its parent financial holding company, except for exposures to a Singapore-incorporated bank's subsidiaries that are banks with residual maturity exceeding one year;
- set a lower limit of 15% of Tier 1 capital on the exposures of a global systemically important bank (G-SIB) that is headquartered in Singapore to another G-SIB, in line with the Basel large exposures framework;
- require the aggregation of persons as a 'connected counterparty group', and also require banks to assess possible 'financially-dependent counterparties', of any counterparty whose exposure exceeds 5% of Tier 1 capital;
- retain the substantial exposures limit on all exposures except for exposures to banks and other exempt exposures outlined in Section 6 of the Banking Act,

and define a substantial exposure as an exposure to a counterparty or single counterparty group which is at least 10% of Tier 1 capital;

- align the methodology for measurement of exposures to structures such as collective investment units, securitisation vehicles and other types of structures to the Basel large exposures framework;
- require banks to report specified exposure values falling within certain criteria on a semi-annual basis; and
- implement the amendments to the MAS Notice 639 by 1 January 2019, consistent with the BCBS timeline.

Comments on the consultation paper are due by 12 February 2018.

SGX consults on quarterly reporting framework

The SGX has launched a [public consultation](#) on the relevance of the quarterly reporting (QR) framework and whether it should be retained, and if so, refinements to the QR framework to better address the concerns raised by market participants. Broadly, the proposed changes relate to the market capitalisation threshold and a shareholder mandate to discontinue QR.

If QR is retained, the SGX proposes the following options:

- companies with market capitalisation of at least SGD 150 million (currently SGD 75 million) will do QR; or
- companies with market capitalisation of at least SGD 150 million and a shareholder directly or indirectly holding at least 15% of the companies' shares will do QR.

Among other things, the SGX further proposes that if QR is retained:

- shareholders of a reporting company can vote to discontinue QR for a period of three years, and such mandate may be renewed after a period of three years;
- content of the first and third quarter reports will be simplified to the balance sheet, income statement, cash-flow statement, commentary of significant trends and competitive conditions, and to provide the negative assurance from the board of directors; and
- new issuers may be exempted from QR until the third annual general meeting after the listing date, by seeking a shareholder mandate on the same.

Subject to feedback and the approval of the MAS, the proposals may be implemented together or separately. If adopted, the SGX expects to implement a new QR requirement in the second half of 2018.

Comments on the consultation paper are due by 9 February 2018.

AFMA announces launch of Australian FX Global Code Register

The Australian Financial Markets Association has launched a [public register](#) for statements of commitment to adhere to the FX Global Code for use by participants in the Australian wholesale foreign exchange market. The register was developed in collaboration with ACI Australia.

The Code, launched in May 2017, provides a common set of guidelines to promote the integrity and effective functioning of the wholesale foreign exchange market.

The register facilitates the declaration by market participants of their commitment to conduct their FX market activities in a manner consistent with the principles of the Code.

RECENT CLIFFORD CHANCE BRIEFINGS

Venezuela — navigating the storm

Venezuela's position is politically and economically opaque, but given the humanitarian problems in the country, many predict that it is only a matter of time before Venezuela defaults systematically on its debts or starts serious restructuring discussions. The country's creditors need to

think now about their plans and strategies for dealing with whatever might eventually emerge.

This briefing outlines Venezuela's position, sanctions considerations, and possible strategies and outcomes for creditors.

https://www.cliffordchance.com/briefings/2018/01/venezuela_navigatingthestorm.html

France pioneers blockchain legal framework for unlisted securities

While blockchain was first developed for the creation of virtual currencies such as bitcoin, it is also a technology that allows for transactions to be instantaneously concluded through the use of cryptographic keys. In order for businesses involved in the financial sector to take advantage of this disruptive technology, the current legal framework needs to undergo some modifications.

Addressing this, the French government has published an order on the use of a shared electronic recording device for the representation and transmission of financial securities.

This briefing examines the order, its scope, and the challenges ahead.

<https://www.cliffordchance.com/briefings/2018/01/france-pioneers-blockchain-legal-framework-for-unlisted-securities.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.

www.cliffordchance.com

Clifford Chance, 10 Upper Bank Street, London, E14 5JJ

© Clifford Chance 2018

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571

Registered office: 10 Upper Bank Street, London, E14 5JJ

We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications

If you do not wish to receive further information from Clifford Chance about events or legal developments which we believe may be of interest to you, please either send an email to nomorecontact@cliffordchance.com or by post at Clifford Chance LLP, 10 Upper Bank Street, Canary Wharf, London E14 5JJ

Abu Dhabi ■ Amsterdam ■ Bangkok ■ Barcelona ■ Beijing ■ Brussels ■ Bucharest ■ Casablanca ■ Dubai ■ Düsseldorf ■ Frankfurt ■ Hong Kong ■ Istanbul ■ London ■ Luxembourg ■ Madrid ■ Milan ■ Moscow ■ Munich ■ New York ■ Paris ■ Perth ■ Prague ■ Rome ■ São Paulo ■ Seoul ■ Shanghai ■ Singapore ■ Sydney ■ Tokyo ■ Warsaw ■ Washington, D.C.

Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh.

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.