

INTERNATIONAL REGULATORY UPDATE 03 – 07 JUNE 2019

- **Banking Union: Banking package measures published in Official Journal**
- **EU Council adopts directive on preventive restructuring frameworks**
- **FSB consults on G-SIBs resolvability**
- **FSB and IOSCO report on market fragmentation**
- **FSB publishes user guide for overnight risk-free rates**
- **FSB welcomes 2019 status report from Task Force on Climate-related Financial Disclosures**
- **IOSCO publishes recommendations on sustainable finance in emerging markets**
- **Recovery of CCPs: CPMI and IOSCO consult on CCP auctions**
- **FSB reports on implications of decentralised financial technologies**
- **FCA publishes policy statement on final and near final rules on securitisation repositories**
- **FCA publishes policy statement on loan-based crowdfunding platforms**
- **FCA publishes rules to promote shareholder engagement**
- **FCA publishes Quarterly Consultation No. 24**
- **PRA and FCA publish statement on firms' preparations for LIBOR transition**
- **Amendments to AMF General Regulation on new regime for ICOs published**
- **German Federal Government establishes Sustainable Finance Advisory Committee**
- **German Federal Ministry of Finance consults on draft law implementing Fifth Anti-Money Laundering Directive**
- **BaFin consults on draft circular on interpretation of STS criteria under Securitisation Regulation**
- **BaFin adopts ESMA guidelines on internalised settlement reporting**
- **Consob and Bank of Italy to comply with ESMA guidelines on CCP conflict of interest management**

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- **Polish Financial Supervision Authority and Centre for Research on Legal Aspects of Blockchain Technology sign cooperation agreement**
- **Polish Financial Supervision Authority approves amendments to National Depository of Securities bylaws regarding registration of non-public securities**
- **SFC issues circular to licensed corporations and associated entities on third-party deposits and payments**
- **FSC introduces deregulatory measures to boost Korea's derivatives market**
- **FSC announces plans to establish financial big data infrastructure**
- **ARRC publishes recommended fallback language for USD LIBOR denominated bilateral business loans and securitizations**
- **Recent Clifford Chance briefings: OECD tax proposals, and more. Follow this link to the briefings section**

Banking Union: Banking package measures published in Official Journal

The following measures comprising the banking package have been published in the Official Journal:

- [Regulation \(EU\) 2019/876](#) amending the Capital Requirements Regulation (CRR 2);
- [Directive \(EU\) 2019/878](#) to amend the Capital Requirements Directive (CRD 5);
- [Directive \(EU\) 2019/879](#) to amend the Bank Recovery and Resolution Directive (BRRD 2); and
- [Regulation \(EU\) 2019/877](#) to amend the Single Resolution Mechanism Regulation (SRMR 2).

The Regulations and Directives enter into force on 27 June 2019.

The Romanian Presidency of the EU Council has separately published a [progress report](#) on measures to strengthen the Banking Union outlined in the June 2016 Roadmap. The report sets out the Romanian Presidency's views on the progress achieved on risk reduction measures and the outcome of discussions on the Commission proposal for the establishment of a European Deposit Insurance Scheme (EDIS). Finland will assume the rotating Presidency of the EU Council on 1 July 2019.

EU Council adopts directive on preventive restructuring frameworks

The EU Council has adopted a [directive](#) on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures.

The directive is intended to reduce the most significant barriers to the free flow of capital stemming from differences in Member States' restructuring and insolvency frameworks, and to enhance the rescue culture in the EU based on the principle of second chance. The new rules also aim to reduce the amount

of non-performing loans (NPLs) on banks' balance sheets and to prevent the accumulation of such NPLs in the future.

The directive will now be formally signed and then published in the Official Journal, after which Member States will have two years to implement the new provisions.

FSB consults on G-SIBs resolvability

The Financial Stability Board (FSB) has published two discussion papers concerning the resolvability of global systemically important banks (G-SIBs).

The [paper on solvent wind-down of derivatives and trading portfolios](#) explores the concept as a recovery option for a G-SIB under stress or as an element of a resolution strategy, including:

- the capabilities G-SIBs should be able to meet to support the preparation and execution of a solvent-wind down plan;
- the evaluation of firm capabilities; and
- cooperation between home and host supervisors.

The [paper on public disclosure of resolution planning and resolvability](#) explores how further transparency may assist to address the moral hazard risk posed by systemically important financial institutions. Although focused on G-SIBs, the paper discusses current practices and approaches to both general and firm-specific resolution-related disclosures, which are also relevant to domestic systemically important banks and other firms subject to resolution planning requirements.

Responses to both papers are due by 2 August 2019.

FSB and IOSCO report on market fragmentation

The FSB and the International Organization of Securities Commissions (IOSCO) have published reports on market fragmentation.

The [FSB's report](#) explores issues around market fragmentation and, where appropriate, tools to address them, focusing on instances where reducing market fragmentation might have a positive impact on financial stability or improve market efficiency without any detrimental effect on financial stability.

The report identifies areas for further work, including:

- exploring ways to enhance the clarity of deference processes in derivatives markets;
- strengthening the understanding of approaches by supervisory and resolution authorities toward pre-positioning of capital and liquidity by international banks;
- considering ways to enhance supervisory communication and information sharing, including approaches and mechanisms to avoid future fragmentation; and
- considering whether there is evidence of market fragmentation with observed consequences for financial stability as part of the FSB's ongoing evaluation of the effect of too-big-to-fail reforms.

The FSB expects to review progress on this further work in November 2019.

[IOSCO's report](#) examines instances of regulatory-driven fragmentation in wholesale securities and derivatives markets that arise as an unintended consequence of financial regulation.

In 2015 IOSCO established a follow-up group to its Task Force on Cross-Border Regulation to examine market fragmentation in wholesale securities and derivatives markets. This report from the follow-up group provides examples of market fragmentation that IOSCO members consider to be significant and potentially harmful to the oversight and supervision of financial markets. The report also follows up on an earlier 2015 IOSCO report on cross-border regulation by examining the progress made by members in using tools associated with deference such as passporting and substituted compliance.

The report identifies potential measures that IOSCO and national authorities could explore to mitigate the risk of market fragmentation on global securities markets, including:

- ways to foster further mutual understanding of one another's legislative frameworks;
- deepening existing regulatory and supervisory cooperation; and
- considering what good or sound practices can be identified regarding deference tools.

The IOSCO Board expects to decide on its approach to these next steps in the second half of 2019.

FSB publishes user guide for overnight risk-free rates

The FSB has published a [user guide](#) to overnight risk-free rates (RFRs).

The user guide provides:

- an overview of RFRs;
- details of how they are calculated; and
- options on how overnight RFRs can be used in cash products.

The guide focuses on RFRs and not on forward-looking term rates. The FSB intends to broaden the overview on RFRs and their usage to other currency areas and encourage the development and adoption of these rates where they are appropriate.

The document is based on a user guide to SOFR published by the Alternative Reference Rates Committee (ARRC) in April 2019 and the recent work of the National Working Group on Swiss Franc Reference Rates (CHF NWG).

FSB welcomes 2019 status report from Task Force on Climate-related Financial Disclosures

The FSB has welcomed the publication of the 2019 [status report](#) by the Task Force on Climate-related Financial Disclosures (TCFD).

The report is intended to provide an overview of current climate-related financial disclosures carried out by companies following the 2017 TCFD recommendations.

The TCFD's review of company reports over a three-year period found that:

- disclosure of climate-related financial information increased since 2016, but is still insufficient for investors;
- more clarity is needed from companies on the potential financial impact of climate-related issues so their clients can make an informed financial decision;
- the majority of companies using scenarios do not disclose information on the resilience of their strategies; and
- mainstreaming climate-related issues requires the involvement of risk management, finance and executive management functions.

The TCFD intends to deliver another status report by September 2020, as requested by the FSB.

IOSCO publishes recommendations on sustainable finance in emerging markets

IOSCO has [published](#) a set of ten recommendations for emerging markets jurisdictions to consider when issuing regulations in the sustainable financial area.

The recommendations, published by IOSCO's Growth and Emerging Markets Committee (GEMC), cover the following categories:

- recommendation 1: integration by issuers and other regulated entities of Environmental, Social and Governance (ESG) specific issues into their overall risk assessment and governance;
- recommendation 2: incorporation by institutional investors of ESG-specific issues into their investment analysis;
- recommendation 3: ESG-specific disclosures, reporting and data quality;
- recommendation 4: definition and taxonomy of sustainable instruments;
- recommendations 5 to 9: specific requirements regarding sustainable instruments; and
- recommendation 10: building capacity and expertise for ESG issues.

The report also provides an overview of the main sustainable related initiatives by regulators in emerging markets.

Recovery of CCPs: CPMI and IOSCO consult on CCP auctions

The Committee on Payments and Market Infrastructures (CPMI) and IOSCO have published a [discussion paper](#) on central counterparty (CCP) default management auctions (CR03/2019). The paper follows an earlier report in 2017 where the Committee agreed that follow-up work should be conducted in the area of CCP default management auctions.

A default management auction may be used by a CCP to transfer a defaulting participant's positions to a non-defaulting participant, restoring the CCP to a matched book. The paper aims to facilitate the sharing of existing practices and views on default management auctions and to advance industry efforts and promote dialogue on the key concepts, processes and operational

aspects used by CCPs in planning and executing effective default management auctions.

The paper focuses on five key aspects of a CCP's default management auction:

- governance;
- considerations for a successful default management auction;
- operational considerations;
- client participation; and
- default of a common participant across multiple CCPs.

Comments to the discussion paper close 9 August 2019.

FSB reports on implications of decentralised financial technologies

The FSB has published a [report](#) on the implications of decentralised financial technologies, such as those involving distributed ledger technology (DLT), or peer-to-peer platforms, on financial stability, regulation and governance.

The report notes that the decentralisation introduced by these technologies normally occurs in the areas of decision-making, risk-taking or record-keeping. It can benefit financial stability in some ways, namely by increasing competition and diversity within the financial system and by decreasing the systemic importance of some existing entities. However, it may also negatively impact financial stability by causing concentrations in the ownership and operation of key infrastructure and technologies and by increasing the degree of procyclicality in decentralised risk-taking. Decentralised structures may also raise new uncertainties around legal liability and consumer protection and pose greater challenges in the areas of recovery and resolution.

The FSB therefore recommends that:

- a more activity-based approach is taken to regulation;
- authorities further consider whether a technology-neutral approach to regulation is appropriate; and
- regulators engage in further dialogue with a wider group of stakeholders, including those in the technology sector that do not typically interact with financial regulators.

FCA publishes policy statement on final and near final rules on securitisation repositories

The Financial Conduct Authority (FCA) has published a [policy statement](#) (PS19/15) outlining the final and near final rules applying to securitisation repositories (SRs).

In particular, the policy statement introduces changes arising from the Securitisation (Amendment) (EU Exit) Regulations 2019 and the Securitisation Regulations 2018 by:

- applying the FCA's existing enforcement processes in the exercise of its disciplinary and investigatory powers;

- applying a decision-making procedure for registering or withdrawing the registration of SRs; and
- imposing a suspension, condition or limitation on an individual or an authorised person for a breach of a requirement set out under the Securitisation Regulations 2018.

The policy statement follows consultation papers to amend the Decision Procedures and Penalties manual (DEPP) and the Enforcement Guide (EP) in relation to SRs ([CP19/11](#) and [CP18/30](#)) and the policy statement outlining the final and near-final rules that implement the EU Securitisation Regulation and Capital Requirements Regulation (CRR) amendment ([PS18/25](#)).

FCA publishes policy statement on loan-based crowdfunding platforms

The FCA has published a [policy statement](#) setting out final rules and feedback to its consultation (CP18/20) on loan-based crowdfunding platforms. In CP18/20 the FCA set out proposed changes to its rules aimed at protecting investors without hindering innovation in the crowdfunding/peer-to-peer (P2P) sector. Responses to the proposals were broadly supportive and the FCA has finalised most of the rules as consulted upon.

Amongst other things, the new rules:

- clarify that P2P platforms will not be prevented from including information about specific investments in their marketing materials;
- provide guidance on what governance arrangements, systems and controls P2P platforms must have in place;
- strengthen rules on wind-down plans for failing P2P platforms;
- require that platforms assess investors' experience of P2P investments if they have not received financial advice;
- place a limit on investments in P2P agreements for retail customers new to the sector, unless they have received regulated financial advice;
- specify the minimum information that P2P platforms need to provide investors; and
- apply the mortgage and home finance conduct of business (MCOB) sourcebook and other related FCA Handbook requirements to P2P platforms that offer home finance products if one or more of the investors is not an authorised home finance provider.

The application of MCOB applies with immediate effect and the rest of the rules must be implemented by 9 December 2019.

FCA publishes rules to promote shareholder engagement

The FCA has published [PS19/13](#), which introduces new rules to improve shareholder engagement and increase transparency around stewardship.

In January 2019 the FCA published CP19/7, which set out its proposals to implement requirements of the revised Shareholder Rights Directive (SRD2) as they apply to the life insurers and asset managers it regulates, and to issuers in respect of certain related party transactions (RPTs).

PS19/3 sets out the feedback the FCA received to its January consultation and its final rules. The main changes relate to the final rules on RPTs. The

FCA received divergent feedback for its broad approach and has made changes that aim to balance the interests of issuers and investors. The changes include:

- reducing the materiality threshold at which issuers will be required to disclose their RPTs and have them approved to give investors greater transparency and protections; and
- reducing the cost to issuers, particularly non-EEA issuers, in meeting the new requirements.

The new rules came into force on 10 June 2019, the deadline to implement SRD2.

FCA publishes Quarterly Consultation No. 24

The FCA has published its [quarterly consultation](#) (CP19/19) on proposed miscellaneous amendments to the FCA Handbook.

In particular, the consultation sets out proposals to:

- modify General Provision (GEN) and fees and levy rate rules (FEES) for 2019/20 in relation to Gibraltar-based firms;
- introduce new notification procedures for changes to the management body;
- amend Handbook form SUP 10C Annex 10D: Statement of Responsibilities; and
- update Handbook form SUP 8 Annex 2 Application form for a waiver or modification of rules.

Comments are due by 7 August 2019.

PRA and FCA publish statement on firms' preparations for LIBOR transition

The Prudential Regulation Authority (PRA) and the FCA have published a [joint statement](#) on firms' preparations for transition from London InterBank Offered Rate (LIBOR) to risk-free rates (RFRs).

This follows the publication of a Dear CEO letter on LIBOR transition by the FCA and PRA in September 2018. Having reviewed the responses by firms to the Dear CEO letter, the FCA and PRA have set out their observations, including good practice and next steps, in the joint statement. The key findings cover:

- comprehensive identification of reliance on and use of LIBOR;
- quantification of LIBOR exposures;
- granularity of transition plans and their governance;
- identification and management of prudential risks associated with the transition;
- identification and management of conduct risks associated with the transition;
- scenario planning;
- the role of market participants in supporting transition; and

- transacting using new RFRs and building in fallbacks.

The FCA and PRA believe that all firms need to plan for the cessation of LIBOR and may wish to review the statement in the context of risk management, contingency planning and governance frameworks.

Amendments to AMF General Regulation on new regime for ICOs published

The PACTE Law (Action Plan for Business Growth and Transformation), which was published in the Official Journal on 23 May 2019, introduced a new framework under French law for digital assets services providers (DASPs) and fundraising via the issuance of virtual tokens (initial coin offerings – ICOs). Among other things, in the context of ICOs, the offeror may now apply to the Autorité des Marchés Financiers (AMF) for an optional visa, in which case the offeror would be required to issue an information document in relation to the ICO. A [Ministerial Order](#) has now been published which amends the General Regulation of the AMF so as to introduce provisions relating to ICOs. In particular, the new provisions clarify that an offer made to less than 150 persons acting for their own account does not constitute a public offer. The new provisions notably specify the content of the information document to be issued in the context of ICOs applying for the AMF’s visa, the conditions for the AMF granting/withdrawing such a visa and the requirements applicable to the related marketing documentation.

A separate text relating to the framework for digital assets services providers is expected to be published later.

German Federal Government establishes Sustainable Finance Advisory Committee

The German Federal Government has [established](#) a Sustainable Finance Advisory Committee. The committee has been set up to advise the German government on the elaboration and implementation of its sustainable finance strategy, concentrate existing expertise and facilitate the dialogue between relevant stakeholders. The committee is composed of representatives from the real economy, civil society, academia and various federal ministries. In the constituent meeting the committee designated Karsten Löffler of the Frankfurt School of Finance & Management as its chairman.

The German government defines ‘sustainable finance’ as financial market participants incorporating sustainability-related issues into their decision-making processes. A sustainable finance strategy is currently being developed in order to strengthen sustainable action in the finance sector. This includes using sustainable finance as a competitive advantage in order to strengthen Germany in the long term as a finance and business location.

German Federal Ministry of Finance consults on draft law implementing Fifth Anti-Money Laundering Directive

The German Federal Ministry of Finance (BMF) has [launched](#) a consultation on a draft law to implement Directive (EU) 2018/843 (AMLD5). The Directive, which is to be transposed into national law by 10 January 2020, amends the Fourth Anti-Money Laundering Directive and specifically addresses issues that have gained attention as a result of the terrorist attacks in Paris and Brussels and the emergence of the ‘Panama Papers’. The requirements regarding national legislation for the prevention of money laundering and terrorist

financing have been increased. The new rules provide for an enlarged group of obliged entities, standardisation of the increased due diligence requirements for high-risk countries, concretisation of the group of 'politically exposed persons' through lists issued by Member States and the EU Commission of prominent public functions, as well as public access to the electronic transparency register and the interconnectedness of European transparency registers.

The draft law is also important for the crypto sector in Germany, since it includes providers of services to hold virtual currencies (wallet providers) in the group of obliged entities. Furthermore, the crypto custody business will be classified in the German Banking Act (KWG) as a financial service requiring authorisation and the crypto value as a financial instrument.

BaFin consults on draft circular on interpretation of STS criteria under Securitisation Regulation

The German Federal Financial Supervisory Authority (BaFin) has published a [consultation](#) on a draft circular adopting the European Banking Authority guidelines (EBA/GL/2018/09 and EBA/GL/2018/08) on the interpretation of the criteria on simplicity, transparency and standardisation (STS) under the Securitisation Regulation (EU) 2017/2402 into its administrative practice.

The consultation ends on 21 June 2019.

BaFin adopts ESMA guidelines on internalised settlement reporting

BaFin has [announced](#) that it will incorporate the European Securities and Markets Authority's (ESMA's) guidelines on internalised settlement reporting under Article 9 of the Central Securities Depositories Regulation (CSDR) into its supervisory practice.

ESMA issued the German version of the guidelines at the end of April. The purpose of the guidelines is to ensure a common, uniform and consistent application of Article 9 of CSDR. The guidelines contain information on the preconditions of the reporting obligation, the scope of data to be reported by settlement internalisers and information on the submission process.

Consob and Bank of Italy to comply with ESMA guidelines on CCP conflict of interest management

The Italian securities regulator [Consob](#) and the [Bank of Italy](#) (the Italian banking regulator), as competent supervisory authorities for Italian CCPs, have indicated that they will comply with the European Securities and Markets Authority's (ESMA's) guidelines on CCP conflict of interest management by incorporating them into their supervisory practices.

The guidelines clarify the concept of conflict of interests and detail the rules and procedures that CCPs should adopt in relation to the identification, prevention and management of conflicts of interest. This intervention is intended to promote a common, uniform and consistent application of EU law (Article 33 of Regulation (EU) No 648/2012 and Articles 3, 5, 6 and 7 of Commission Delegated Regulation (EU) No 153/2013).

The Bank of Italy and Consob have notified ESMA of their intention to comply with the guidelines pursuant to Regulation (EU) No 1095/2010.

Polish Financial Supervision Authority and Centre for Research on Legal Aspects of Blockchain Technology sign cooperation agreement

The Polish Financial Supervision Authority and the Centre for Research on the Legal Aspects of Blockchain Technology have [signed](#) a cooperation agreement, which is intended to support the development of the Polish financial innovation ecosystem through cooperation in the implementation of scientific, research and exploratory projects in the field of financial, regulatory and supervisory technologies based on blockchain technologies and by the parties providing each other with support in the blockchain technologies activity conducted.

Polish Financial Supervision Authority approves amendments to National Depository of Securities bylaws regarding registration of non-public securities

The Polish Financial Supervision Authority has [approved](#) amendments to the Bylaws of the National Depository of Securities, which introduce solutions related to the registration of non-public securities. The amendments relate to the provisions of the Act of 9 November 2018 Amending Certain Acts in Connection with the Strengthening of Supervision of the Financial Market and Protection of Investors on the Financial Market, which come into force on 1 July 2019. They provide for, in particular, the creation of two new types of participation in the depository system – issuing agent and paying agent – and also the introduction of a simplified procedure for registering securities in a deposit through an issuing agent. They also specify the information obligations of issuers of bonds, covered bonds and investment certificates registered in a securities deposit, in connection with the NDS's task of collecting information on the timeliness of fulfilment of performances under the securities and making it public and on the scope of issuers' indebtedness.

SFC issues circular to licensed corporations and associated entities on third-party deposits and payments

The Securities and Futures Commission (SFC) has issued a [circular](#) to reiterate the importance of mitigating the risks associated with third-party payments to or from accounts maintained by clients with licensed corporations and associated entities.

The SFC believes that third-party deposits and payments may be used to facilitate the misappropriation of client assets, money laundering and other misconduct. When a client uses a third party to pay for or receive the proceeds of investment transactions, there is a risk that the arrangement may be used to disguise the true beneficial owner or the source of funds. In several recent enforcement cases, the SFC found that the policies, procedures and controls put in place by licensed corporations for handling third party deposits and payments fell short of the expected standards or were not properly enforced by the managers and staff members responsible.

To assist licensed corporations and associated entities in reviewing the adequacy of their policies and procedures for mitigating the risks associated with third-party deposits and payments, the SFC has summarised in the [appendix](#) to the circular the key control measures which should be in place and provided non-exhaustive examples of effective practices to implement them. These control measures are intended to protect client assets as well as

to detect and prevent money laundering and terrorist financing and other illicit activities involving third-party deposits and payments.

The SFC has clarified that the senior management of licensed corporations, including the Manager-In-Charge of anti-money laundering and counter-terrorist financing, bear the primary responsibility for ensuring their firms maintain appropriate standards and adhere to proper procedures and, where appropriate, the SFC will take action against firms and their senior management who fail to put in place appropriate and effective policies, procedures and controls for handling third-party deposits and payments.

FSC introduces deregulatory measures to boost Korea's derivatives market

The Financial Services Commission (FSC) has introduced [deregulatory measures](#) to make Korea's derivatives markets more vibrant and competitive. The reforms are intended to strengthen the derivative market's role for risk hedging and price discovery, as part of the government's broader efforts to vitalise capital markets and support the real economy.

Amongst other things the key reform measures:

- lower entry barriers for retail investors by abolishing the minimum deposit requirement for professional investors and easing such requirement for non-professional investors – the measure will be implemented by the fourth quarter of 2019;
- ease margin requirements for institutional investors by abolishing the extra margin requirement, which institutional investors are required to deposit in addition to 100% of the volume exceeding the credit limit – the measure will be implemented by the third quarter of 2019;
- enhance convenience for foreign investors by improving the omnibus account system to address complaints filed by foreign investors since it was introduced in June 2017 and introducing compression services, which enable aggregation or netting of multiple over-the-counter (OTC) derivatives trading – the measure will be implemented after 2022;
- strengthen market-making activities by expanding market-making obligations from the nearby futures contract, the future or option with the shortest maturity or settlement date, to the next closest futures contract, as well as granting more incentives to market makers for low-liquidity products – the measure will be implemented by the fourth quarter of 2019;
- list new derivatives products, e.g. KOSPO 200 weekly options, spread trading between 3-year and 10-year KTB futures – the measure will be implemented by the third quarter of 2019;
- facilitate developing and listing of new derivatives products by replacing the current regulatory regime that stipulates details about derivative products with a 'negative-list' approach, which sets out minimum standards to allow more autonomy for securities firms in developing new derivative products – the measure will be implemented by the fourth quarter of 2019;
- expand the scope of centrally-cleared OTC derivatives, e.g. non-deliverable forward, currency rate swap and credit default swap – the measure will be implemented after 2021; and

- introduce a trade repository for OTC derivatives in October 2020 as scheduled.

FSC announces plans to establish financial big data infrastructure

The FSC has [announced](#) its plans to establish a financial big data infrastructure, which is intended to pave the way for further digital innovation and competition in the financial sector and a level playing field for financial companies and fintech start-ups, as part of the government's wider efforts to promote the digital economy with the use of big data.

Amongst other things, the plans include:

- the adoption of an open data system by the Korea Credit Information Services (KCIS) – under this plan, the KCIS will adopt an open data system called 'CreDB', which will be gradually opened to fintech firms, financial companies and research institutions. It will first open a sample of de-identified data, 5% of the entire data base, starting from June 2019. The scope of data sharing will also be gradually expanded to include credit information with insurance companies and corporate credit information. Further, the CreDB will be opened further in the first half of 2020 with a broader sample of customised data tailored to the user's analysis purpose;
- the creation of a financial data exchange by the Financial Security Institute (FSI) – under this plan, the FSI will establish a data exchange to facilitate data transactions among financial companies, credit rating companies, public institutions, fintech firms, research institutions etc. Given the importance of security in data transaction, the FSI will also take the initiative in establishing the data brokerage system, which will be open for a test operation by the end of 2019 prior to its official launch in the first half of 2020; and
- the designation of a specialised agency for financial data to ensure safe use and combination of data across sectors – a revision bill on the Credit Information Use and Protection Act, now pending in the National Assembly, mandates the FSC to designate a specialised data agency, which will take charge of ensuring safe combination of data across sectors. Under the plan, in conjunction with the data exchange, the specialised data agency will offer one-stop services including combining data and intermediating data transactions.

ARRC publishes recommended fallback language for USD LIBOR denominated bilateral business loans and securitizations

The Alternative Reference Rates Committee (ARRC) has published recommended contractual fallback language for US dollar LIBOR denominated [bilateral business loans](#) and [securitizations](#).

This follows a consultation launched in December 2018, to which the ARRC received over 50 responses. The fallback language is for market participants' voluntary use in new contracts that reference LIBOR and was developed with the goal of reducing the risk of serious market disruption in the event that LIBOR is no longer usable.

For bilateral business loans the ARRC recommends two different fallback language approaches:

- the hardwired approach – if LIBOR is no longer usable this provides a clear waterfall for selecting a replacement benchmark and spread adjustment; and
- the amendment approach – this provides a streamlined amendment mechanism that offers flexibility in selecting a replacement benchmark and spread adjustment.

The fallback language also provides an option that acknowledges the relationship between loans that implement a replacement benchmark and related hedging arrangements that borrowers and lenders use to mitigate risks.

The ARRC's recommended fallback language for securitizations proposes a hardwired approach regarding triggering events and the waterfall for rate determination. It also aims to address the unique challenges presented by the securitization market's asset and liability components.

The ARRC intends to consult on proposals for fallback language in consumer products in the future.

RECENT CLIFFORD CHANCE BRIEFINGS

African Continental Free Trade Agreement enters into force

The agreement establishing the African Continental Free Trade Area (CFTA) entered into force on 30 May 2019. The CFTA Agreement was signed by 44 member states of the African Union at a summit in Kigali, Rwanda on 21 March 2018. 30 May 2019 signifies 30 days after the deposit of the twenty-second instrument of ratification with the African Union Commission Chairperson. The CFTA Agreement required ratification by twenty two member states to take effect.

If fully implemented, the CFTA will create a single African market for goods and services, covering an estimated 1.2 billion people with a combined GDP of over USD 2.5 trillion across 55 member states. The CFTA will then be largest free trade zone by numbers of countries since the World Trade Organization was formed.

This briefing paper discusses the next steps and whether a single African Market is achievable.

https://www.cliffordchance.com/briefings/2019/05/african_continental_freetrade_agreement_enter.html

The OECD proposal to revolutionise worldwide taxation – our assessment

Six years ago the OECD started work on BEPS – its project to counter international tax avoidance strategies. Last week, the OECD proposed something much more radical: a proposal to entirely reshape the basis on which tax is allocated between different countries.

This briefing paper outlines the new OECD proposals, and assesses both their potential impact, and the likelihood they will be adopted.

[https://www.cliffordchance.com/briefings/2019/06/the_oecd_proposaltoevoluti
oniseworldwid.html](https://www.cliffordchance.com/briefings/2019/06/the_oecd_proposaltoevoluti
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