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European Council appoints new Commission

The European Council has adopted a [decision](#) appointing the new EU Commission.

Ursula von der Leyen (Germany) has been appointed as the new President. Josep Borrell (Spain) has been appointed as Vice-President and the High Representative of the Union for Foreign Affairs and Security Policy.

The new Commission is appointed from 1 December 2019 (when the decision came into force) to 31 October 2024.

In relation to the UK's withdrawal from the EU, the European Council noted that the UK's failure to suggest a candidate for a UK Commissioner as required under EU law could not undermine the regular functioning of the EU and its institutions, and could not therefore constitute an obstacle to the appointment of the Commission. On 13 November 2019, the EU Commission launched infringement proceedings against the UK on the basis that its failure to suggest a candidate is a breach of its obligations arising under the Treaty on European Union (TEU) and Decision (EU) 2019/1810 extending the Article 50 period to 31 January 2020.

Banking Union: EU Council Presidency publishes progress report

The Finnish Presidency of the EU Council has published a [progress report](#) on measures to strengthen the Banking Union during the second semester of 2019.

The report sets out the Presidency's assessment of the outcome of discussions held at the 19 November 2019 meeting of the Ad Hoc Working Party on the Strengthening of the Banking Union (AHWP) relating to, among other things:

- data collection for risk-based contributions under the European Deposit Insurance Scheme (EDIS) proposal;
- the forthcoming study on options and national discretions under the Deposit Guarantee Scheme Directive and their treatment in the context of EDIS;
- the implementation of the Banking Package, noting challenges connected to the transition to the amended BRRD/SRMR framework; and
- the action plan to tackle non-performing loans (NPLs), including the current status of legislative measures proposed by the Commission.

NPLs: EU Council agrees negotiating position on new mechanism for out-of-court enforcement

The Committee of Permanent Representatives (Coreper) has approved the EU Council's [negotiating position](#) on proposals for a new mechanism for out-of-court enforcement for non-performing loans (NPLs). The proposals are intended to provide legal instruments for banks to recover collateral more quickly, and take the form of a directive setting out a common framework and minimum requirements for the mechanism. The mechanism would be available for business loans only and would have to be agreed between a credit institution and borrower upfront, normally when the loan is granted.

Trilogue negotiations on the proposed directive can proceed once the Parliament has agreed its stance.

EBA publishes guidelines on ICT and security risk management

The European Banking Authority (EBA) has published its [final guidelines](#) on information and communication technology (ICT) and security risk management.

The guidelines:

- set out expectations of how financial institutions should manage the ICT and security risks that they are exposed to;
- aim to provide financial institutions with a better understanding of supervisory expectations for the management of ICT security risks; and
- address the management of payment service providers' (PSP) relationship with payment service users (PSU) to ensure that users are made aware of the security risks linked to the payment services, and are provided with the tools to disable specific payment functionalities and monitor payment transactions.

The guidelines integrate and build on the requirements set out in the EBA's December 2017 guidelines on security measures for operational and security risks of payment services. The December 2017 guidelines were addressed to PSPs and only applied to their payment services. For this reason, the EBA's guidelines on ICT and security risk management have been formulated to be addressed to a broader range of financial institutions under the EBA's remit, including investment firms.

The guidelines will apply from 30 June 2020. The December 2017 guidelines will be repealed on the date that these guidelines become applicable.

Basel Committee issues statement on proportionality

The Basel Committee on Banking Supervision (BCBS) and the Basel Consultative Group (BCG) have issued a [joint statement](#) setting out their views on how a proportionate regulatory framework should be applied by regulators in BCBS and BCG jurisdictions as part of the Basel Framework.

The Basel Committee's core principles for effective banking supervision embed the role of proportionality, specifying that supervisory practices should be commensurate with the risk profile and systemic importance of the banks being supervised.

The statement reminds regulators that a proportionate regulatory framework should reflect the relative differences in risk and complexity across banks and the markets they operate in, and that jurisdictions are free to apply more conservative requirements. A proportionate framework should also consider supervisory capacity and resources, particularly when implementing more complex standards.

Basel Committee consults on amendments to CVA risk framework

The BCBS has launched a [consultation](#) on proposed amendments to its credit valuation adjustment (CVA) risk framework. The proposals include:

- adjustments to align the CVA risk framework with the current market risk framework, which was revised in January 2019 – these adjustments include:
 - changes to the risk weights in the CVA standardised approach (SA-CVA) for interest rate risk, foreign exchange risk and certain exposures subject to counterparty and reference credit spread risk;
 - a new approach to calculate capital requirements for instruments with market values that depend on credit and equity indices; and
 - a new formula for aggregating the CVA capital requirement;
- excluding securities financing transactions where the CVA risks stemming from such positions are not material and certain client-cleared derivatives from the scope of portfolios subject to CVA risk capital requirements;
- reducing the margin period of risk for some centrally-cleared client derivatives in the SA-CVA; and
- adjusting the calibration of the SA-CVA and the basic approach (BA-CVA).

Comments are due by 25 February 2020.

Basel Committee publishes principles for operationalisation of a sectoral countercyclical capital buffer

The BCBS has published its [guiding principles](#) for the operationalisation of a sectoral countercyclical capital buffer (SCCyB).

Introduced under the Basel III standard, a countercyclical capital buffer (CCyB) regime allows national authorities to put in place a countercyclical buffer requirement to ensure the banking system has an additional buffer of capital to protect it against future losses related to downward phases of credit cycles.

The SCCyB allows national authorities to temporarily impose additional capital requirements which directly address the build-up of risks in a specific sector. The impact of a SCCyB would depend on a bank's exposure to a targeted credit segment, such as real estate loans. It may be effective in building resilience early and in a specific manner, to more efficiently minimise unintended side effects, and be used more flexibly than broad-based tools.

The Committee's principles are only relevant for jurisdictions that choose to implement a SCCyB at the national level as the guidance is not accompanied by a corresponding inclusion of a SCCyB in the Basel standards.

FSB publishes amended regulatory framework for haircuts on non-centrally cleared SFTs

The Financial Stability Board (FSB) has published an [updated version](#) of its November 2015 regulatory framework for haircuts on non-centrally cleared securities financing transactions (SFTs).

The document has been amended to include updated implementation timelines for recommendations 14-18 and changes to the technical guidance in Annex 2.

FSB reports on effects of financial regulatory reforms on SME financing

The FSB has published a [report](#) evaluating the effects of financial regulatory reforms on the financing of SMEs as part of its broader evaluation on financial intermediation.

As banks are the primary source of external SME financing, the initial Basel III capital and liquidity requirements agreed in 2010 are the most relevant and implemented reforms.

While there is some differentiation across jurisdictions, the evaluation found that, for the reforms in scope, no material and persistent negative effects on SME financing were identified. While there is some evidence that more stringent risk-based capital (RBC) requirements under Basel III slowed the pace and in some jurisdictions tightened the conditions of SME lending at those banks that were least capitalised ex ante relative to other banks, these effects are not consistent across jurisdictions and were generally found to be temporary.

Stakeholder feedback suggests that SME financing trends are not driven by factors such as public policies and macroeconomic conditions and not by financial regulation.

The evaluation draws on [responses](#) to the FSB's June 2019 consultation, input from SMEs, trade associations and other stakeholders, and an empirical analysis of data from commercial providers and FSB member authorities.

FCA consults on extending Senior Managers Regime to benchmark administrators

The Financial Conduct Authority (FCA) has launched a [consultation \(CP19/31\)](#) on how to apply the Senior Managers Regime (SMR) to benchmark administrators.

Benchmark administrators are a new category of authorised firm and have been granted a one-year extension from the wider roll out of the SMR. The new rules come into force for these firms on 7 December 2020.

The FCA proposes that all benchmark administrators are automatically classified as 'Core' firms under the regime. This means that they will have to apply up to four senior manager functions (SMFs) and allocate two prescribed responsibilities to the relevant senior managers. However, the FCA is proposing that benchmark administrators can use the FCA's existing waiver process to apply for 'limited scope' categorisation if appropriate. The FCA is not proposing to apply the certification regime to benchmark administrators.

For both core and limited scope benchmark administrators, the FCA's conduct rules will apply to almost all employees. However, the FCA is proposing to tailor the conduct rules for certain commodity benchmark administrators.

The FCA aims to finalise its approach by Q3 2020. Comments are due by 28 February 2020.

SRD2: FCA publishes policy statement on proxy advisors

The FCA has published a [policy statement \(PS19/28\)](#) containing feedback to responses and final policy following its consultation (CP19/21) on proposed amendments to its Decision Procedure and Penalties manual (DEPP) and Enforcement Guide (EG) to reflect the changes introduced by the Proxy Advisor (Shareholder's Rights) Regulations 2019. These regulations implement part of the revised Shareholders Rights Directive (SRD2) and grant the FCA new responsibilities over proxy advisors.

In CP19/21, the FCA consulted on proposed decision making procedures to:

- remove an advisor from the public list of proxy advisors if they stop providing services but have not given notice to be removed from the list; and
- investigate and discipline proxy advisors that must meet the 2019 regulations but are not authorised by the FCA or the Prudential Regulation Authority under the Financial Services and Markets Act 2000 (FSMA).

Respondents were largely supportive of the proposals but required further clarification in some areas. The FCA has therefore amended the policy as consulted on to set out the procedures for:

- deciding when to publish a statement about a proxy advisor who has breached a relevant requirement;
- deciding when to impose a financial penalty on a proxy advisor;
- deciding when to impose a restitution requirement; and
- using its powers under the Proxy Advisor (Shareholder's Rights) Regulations 2019.

The new policy entered into force immediately.

FCA publishes guidance on approving financial promotions

The FCA has published [guidance](#) on approving the financial promotions of unauthorised persons. The guidance summarises existing requirements, particularly those set out in the Conduct of Business Sourcebook (COBS) 4. The FCA reminds authorised firms of their obligations to ensure that financial promotions communicated by unauthorised persons are 'fair, clear and not misleading', including consideration of:

- the presentation and substance of the communication;
- the authenticity and viability of the proposition described in the communication;
- the appropriate use of terms such as 'guaranteed', 'protected', 'secured' or 'asset-backed' and the ability of potential investors to sufficiently understand how such a protection would operate;

- the sufficient disclosure of potential risks, along with potential benefits; and
- the FCA's requirements regarding financial promotions through social media.

The guidance also sets out the steps the FCA may take when it identifies a financial promotion that does not meet its requirements, including asking the firm to amend or withdraw the promotion and opening an enforcement investigation.

MAR: FCA consults on inside information practice note for government departments, industry regulators and public bodies

The FCA has launched a consultation on a best practice note for government departments, industry regulators and public bodies on identifying, controlling and disclosing inside information.

The proposed best practice note, set out in [Primary Market Bulletin No. 25](#), seeks to clarify how certain provisions of the Market Abuse Regulation (MAR) apply to these organisations.

The deadline for comments is 15 January 2020.

The Bulletin also contains information on firms' obligations to avoid doing business with a certain individual (also known as 'cold-shouldering').

French decree on digital assets service providers published

A French [decree](#) implementing the provisions regarding digital assets service providers (DASPs) and token offerings (ICOs) provided for in Articles 85 to 87 of the PACTE law (law no. 2019-486 of 22 May 2019) has been published in the Official Journal.

With regard to access to deposit and payment services for token issuers that have obtained a permit and duly registered or licensed DASPs, the decree provides for a remedy before the ACPR in case of breaches by credit institutions of their obligations to implement proportionate and non-discriminatory measures to grant them efficient and unobstructed access to deposit and payment services (Article 1).

The text also makes adjustments to the Monetary and Financial Code as a result of the new canvassing or quasi-canvassing of digital assets framework, now reserved to licensed service providers or token issuers who have received a permit (Article 2).

Finally, the text specifies the definitions of the various services on digital assets established by law and the applicable rules and procedures for a service provider to be registered or licensed (Article 3).

The text entered into force on the day following its publication.

German Bundestag Finance Committee tightens draft law implementing MLD 5

The Finance Committee of the German Bundestag has tightened certain measures envisaged in the Federal Government's draft law implementing the Fifth Anti-Money Laundering Directive (Directive (EU) 2018/843). The Finance Committee agreed on the [draft law](#) after incorporating several amendments to

provide, among other things, for more transparency in the area of real estate transactions.

The amendments include an obligation on foreign companies that contract to buy real estate in Germany to notify their beneficial owners to the Transparency Register (unless this information has already been provided to a register of another EU Member State). Notaries will be required to refuse the notarisation of such contracts unless this notification obligation has been complied with.

The draft law further includes restrictions on confidentiality obligations of the liberal professions and stronger regulation of cash transactions. In addition, it enlarges the group of obliged entities.

Bank of Italy consults on amendments to its central risks database

The Bank of Italy has launched a [consultation](#) process on a set of proposed amendments to its Circular no. 139 of 11 February 1991 governing the central risks database and the relevant instructions for intermediaries.

These amendments mainly concern the modalities of access to this database and are intended to simplify the submission of requests for information.

Moreover, this set of new provisions also responds to the twofold need of:

- protecting the confidentiality of the data stored in the central risks database; and
- improving the efficiency of access to the central risks data.

Comments must be submitted within 60 days of the publication of the consultation document.

AFM publishes best practices on reflecting on decision making

The Netherlands Authority for the Financial Markets (AFM) has published a [set of best practices](#) on reflecting on decision making. According to the AFM, good reflection practices reduce the risk of blind spots that stand in the way of balanced decision-making and can contribute to attention to customer interests and the development of products that are in the customer's interest. The AFM has set out recommendations for creating an environment which gives space for reflection, by focusing on culture, governance and leadership.

FINMA implements small banks regime

The Swiss Financial Market Supervisory Authority (FINMA) is implementing the [small banks regime](#) as of 1 January 2020: small, particularly liquid and well capitalised banks are to be exempted from certain regulatory requirements. FINMA is adjusting eight FINMA circulars for this purpose.

This follows a pilot project with 68 participating institutions which will end on 31 December 2019.

The small banks regime seeks to increase efficiency in regulation and supervision for small, particularly liquid and well capitalised institutions. The goal is to reduce the regulatory burden on such institutions without jeopardising their stability and safety. Banks wishing to participate in the small banks regime must therefore be extremely well capitalised and enjoy high liquidity. In return, they are to benefit from a significantly less complex

regulatory regime under the Capital Adequacy Ordinance that allows them, for example, to forego the calculation of risk-weighted assets. There will also be various reductions in the qualitative burden in accordance with the adjusted FINMA circulars. Due to the exemptions and relaxations, institutions participating in the small banks regime can expect to be able to save costs.

FINMA will inform banks and securities dealers in Supervisory Categories 4 and 5 in writing over the next few days about the further procedure and the registration process for the small banks regime.

HKMA issues circular on feedback from recent reviews on selling of investment funds

The Hong Kong Monetary Authority (HKMA) has issued a [circular](#) providing feedback on its recent reviews on selling of investment funds. The circular is intended to provide further guidance to help registered institutions to prevent, detect and mitigate misconduct risks in the selling of investment funds.

Further to its circular dated 8 April 2016 on 'Feedback from recent reviews of the selling of investment products' and circular dated 21 December 2018 on 'Misconduct Risks in Selling of Investment Funds', the HKMA has conducted reviews of relevant controls and practices of registered institutions in respect of selling of investment funds. Amongst other things, the HKMA has provided the following feedback:

- selling practices, monitoring and review – the HKMA states that soliciting or recommending customers into frequent switching of investment funds can hardly be justified, especially those making little or no economic sense to the customers. Registered institutions have been advised to keep their policies and control under review, take any necessary action to ensure the misconduct risks are managed properly, and guard against any potential investment fund churning activities. Moreover, the HKMA has indicated that it will continue to monitor registered institutions' selling practices in its on-going supervision; and
- incentive system and feedback mechanism – the HKMA notes that deficiencies in the incentive system and the feedback mechanism may have contributed to some of the malpractices and control issues. It has reminded registered institutions that they should properly design their incentive systems such that proper risk culture and business conduct of staff are encouraged and incentivised, and that improper risk taking and misconduct are deterred.

FSC and FSS announce measures to strengthen investor protection with regard to high-risk investment products

The Financial Services Commission (FSC) and the Financial Supervisory Service (FSS) have announced [measures](#) to strengthen investor protection with regard to high-risk financial investment products in light of recent derivatives-linked funds (DLFs) mis-selling cases. The reform measures are intended to enhance consumer protection and maintain stability in the financial system, without jeopardising private equity funds' critical function of supplying venture capital.

Amongst other things, the reform measures seek to:

- strengthen consumer protection by:
 - tightening standards for deciding a public offering fund, and supervision over sales process and practice;
 - strengthening the regulatory regime for ‘highly complex’ investment products, and requirements of recording and cooling-off period;
 - prohibiting banks from selling ‘highly complex’ private funds; and
 - improving protection for professional investors;
- enhance accountability and supervision of financial companies by:
 - clarifying management accountability of financial companies and strengthening internal control rules;
 - establishing guidelines on sales of highly complex financial products;
 - tightening regulation standards for asset management companies selling funds established and operated by them upon ‘order, direction, request’ of sellers;
 - toughening punishment for mis-selling of financial products; and
 - increasing monitoring and supervision by regulatory authorities; and
- set out supplementary protective provisions for investors.

The regulators have indicated that the comprehensive implementation plan will be finalised after they have received feedback from stakeholders.

New Bill on financial consumer protection moves ahead at National Assembly

The FSC has [announced](#) that the National Policy Committee of the National Assembly has approved the Financial Consumer Protection Bill, which is intended to enhance the rights of financial consumers and improve overall public trust in the financial industry.

Amongst other things, the key provisions of the Bill include the following:

- six sales regulations to be applied to all financial products – under the Bill, the six major sales regulations (i.e. regulations relating to the principles of suitability and adequacy, a financial institution’s duty to explain product details and other relevant information, prohibition of unfair practices, undue recommendation, and false or exaggerative advertisements) currently applied to selected financial products by separate laws, such as the Financial Investment Services and Capital Markets Act, will be applied to all financial products;
- strict punishment for violations of the six sales regulations – in particular, the Bill:
 - establishes a legal basis to impose punitive fines for violating the major sales regulations (except ‘the principle of suitability’ and ‘the principle of adequacy’ regulations), as well as a penalty of up to KRW 30 million for violating the principle of suitability and the principle of adequacy regulations; and

- integrates divergent penalty criteria currently under different laws into a unitary penalty system;
- prevention of consumer detriment from misselling and effective remedies – the Bill introduces a new set of consumer rights and arrangements to prevent consumers from falling prey to misselling and other unfair sales practices, and will provide more effective remedies in the aftermath; and
- enhanced access to financial advisory services and investment information – in particular, under the Bill:
 - a new type of financial advisory service will be launched based on the principle of independence to provide general consumers easier access to professional and unbiased advisory services;
 - the FSC will be required to conduct an analysis of public awareness and capability on financial matters and develop financial education policies on a regular basis; and
 - financial authorities will be able to provide a comparison of interest rates and fees between different financial products as well as information about the performance of financial institutions regarding consumer protection.

The FSC has indicated that the Bill will be debated in the Legislation and Judiciary Committee and during a plenary session of the National Assembly and will become effective one year from the public announcement.

Revision Bill to introduce anti-money laundering requirements on cryptoassets moves ahead at National Assembly

The FSC has [announced](#) that the National Policy Committee of the National Assembly has approved a revision Bill on reporting and using specified financial transaction information on cryptoassets. The revised bill is intended to impose anti-money laundering (AML) requirements on crypto-asset business operators and stipulates requirements with which financial institutions must comply in transactions with cryptoasset business operators.

Amongst other things, the key features of the revised Bill include the following:

- requirements for cryptoasset business operators – cryptoasset business operators will be required to report their transactions to the Korea Financial Intelligence Unit (KoFIU) under the FSC, subject to basic AML requirements (e.g. customer due diligence, suspicious transaction reporting, etc.), and to follow additional obligations such as keeping separate transaction details for users. If cryptoasset business operators fail to report to KoFIU, they may face criminal penalties of a maximum of five years of imprisonment or a fine of up to KRW 50 million;
- requirements for financial institutions – financial institutions will be required to conduct customer due diligence on crypto-asset business operators and check whether they report their cryptoasset business to KoFIU and maintain customer deposits in a separate account. If cryptoasset business operators fail to report their business to the KoFIU or are deemed as high-risk for money laundering, financial institutions will be obliged to refuse or terminate such transactions; and

- supervision and inspection – the KoFIU Commissioner will be in charge of supervision while the responsibilities for inspection may be delegated to the FSS.

The FSC has indicated that the revision Bill will be reviewed by the Legislation and Judiciary Committee before it is presented at a plenary session for the final passage. If passed at the National Assembly, the Bill will take effect one year after its promulgation to give cryptoasset business operators and financial institutions time to adapt and prepare for the new regulatory regime.

The Bill will also give existing cryptoasset business operators a six-month transition period to report to KoFIU after it takes effect.

Singapore and Republic of Korea sign MOU to enhance cybersecurity cooperation

Singapore and the Republic of Korea have [signed a memorandum of understanding](#) (MOU) to enhance cooperation and information sharing on cybersecurity. The MOU is intended to strengthen both jurisdictions' ability to address and tackle the transboundary challenge of cybersecurity.

The MOU facilitates more exchanges and information-sharing between Singapore and the Republic of Korea across the strategic, policy and technical domains, including in the areas of protection of critical information infrastructure, promotion of the cybersecurity ecosystem, as well as human resource development.

RECENT CLIFFORD CHANCE BRIEFINGS

LIBOR – Loan market update

With just over two years to go until the FCA no longer compels banks to submit quotes for LIBOR, regulatory pressure towards transition away from LIBOR continues. Compared with other financial markets in which issuances in risk-free rates (RFRs) are moving towards becoming the norm, there have been relatively few transactions based on RFRs in the loan markets. The recent issuance of LMA exposure draft documentation may be the catalyst for movement towards resolution of the outstanding questions and further movement towards the use of RFRs.

This briefing paper considers the LMA documentation and some of the other issues relating to transition in the loan market.

<https://www.cliffordchance.com/briefings/2019/11/libor---loan-market-update.html>

The WTO appellate body crisis – A way forward?

Faced with criticism from the United States, the World Trade Organization's (WTO) appeals system is grinding to a halt. By the end of the year, the appellate body is likely to have too few appointed members to hear appeals (a division of three members is required for each case). Unless the United States agrees to the appointment of new members, the WTO's appellate body will cease hearing new disputes, and the continued effectiveness of the dispute settlement system may be threatened.

This briefing paper provides an overview of the appellate body crisis by setting out the legal framework that governs the appeals process and discusses some

of its perceived shortcomings. The briefing also considers the recent decisions by the EU, Canada and Norway to establish interim arbitration mechanisms.

<https://www.cliffordchance.com/briefings/2019/11/the-wto-appellate-body-crisis--a-way-forward-.html>

Equator Principles IV finalised

The Equator Principles Association has published a finalised version of Equator Principles IV (EPIV) following consultation.

EPIV broadens the scope of the Equator Principles to cover a wider range of loans, including project refinancing and acquisition financing, as well as tightening standards in high-income OECD countries and addressing human rights and climate change issues in more detail. While the form of EPIV broadly follows the form of the draft published in June 2019, a few significant changes have been made.

This briefing paper discusses the changes. A summary of major changes since Equator Principles III is also included in the appendix.

<https://www.cliffordchance.com/briefings/2019/11/equator-principles-iv-finalised.html>

Lloyds bank shareholders not misled over HBOS takeover

English courts have shown their customary reluctance to reassess retrospectively commercial decisions in finding that it was not unreasonable for Lloyds Bank's directors to recommend the Bank's takeover of HBOS during the financial crisis. The Bank's circular to shareholders should have mentioned a couple of additional matters, but their omission did not affect the outcome of the shareholders' vote.

This briefing paper discusses the decision.

<https://www.cliffordchance.com/briefings/2019/11/lloyds-bank-shareholders-not-misled-over-hbos-takeover.html>

Russian currency control – more liberalisation but on a reciprocal basis

Russia has broadened the permission for crediting individual and corporate accounts of its currency residents with foreign banks located in Eurasian Economic Union (EAEU) members and jurisdictions exchanging information under the OECD's Common Reporting Standard (CRS) with retroactive effect, while 'penalising' its own residents for having accounts in banks located in, and borrowing from residents of, non-exchanging states.

This briefing paper discusses the most recent amendments.

<https://www.cliffordchance.com/briefings/2019/11/currency-liberalisation.html>

Greater China region – The development of the green bond market

The governments and agencies within the greater China region have continued at their respective pace with the advancement of China's green financing.

Over the course of the past five years, regulators in the greater China region, including those of Mainland China and the Special Administrative Regions of Hong Kong and Macau, have announced and implemented a number of policies and guidelines in support of the overall policy direction on green financing.

This briefing paper discusses the policies and guidelines.

<https://www.cliffordchance.com/briefings/2019/11/greater-china-region-the-development-of-the-green-bond-market.html>

Reform of foreign direct investment regulations in Japan – expansion of pre-transaction approval regime

Japan has been tightening the regulation of foreign direct investments since Spring 2019, though the threshold for the acquisition of shares in a Japanese listed company in regulated sectors above which foreign investors are required to obtain prior approval has remained at 10%. Until now that is. From Spring 2020, the threshold will be reduced to 1%. While certain proposed exemptions may be applicable, foreign investors, especially those who intend to proactively communicate with the management of target companies in regulated sectors, should bear these changes in mind and account for this in timing considerations.

This briefing paper discusses the changes.

<https://www.cliffordchance.com/briefings/2019/11/reform-of-foreign-direct-investment-regulations-in-japan--expans.html>

SEC proposes amendments to improve accuracy of proxy voting advice and to modernize shareholder proposal rules

On 5 November 2019, the US Securities and Exchange Commission voted to propose amendments to its proxy solicitation rules relating to the regulation of proxy advisory firms. The Commission also voted to propose amendments to Rule 14a-8 of the US Securities Exchange Act of 1934, as amended, to update the rules that govern the process by which shareholder proposals may be included on company proxy statements.

This briefing paper discusses the amendments.

<https://www.cliffordchance.com/briefings/2019/11/sec-proposes-amendments-to-improve-accuracy-of-proxy-voting-advi.html>

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