CORONAVIRUS: INTERNATIONAL REGULATORY UPDATE 6 – 10 APRIL 2020

- **International**
- **European Union**
- **Czech Republic**
- **France**
- **Luxembourg**
- **Poland**
- **Slovakia**
- **Switzerland**
- **United Kingdom**
- **Australia**
- **Hong Kong**
- **Japan**
- **Singapore**
- **United Arab Emirates**
- **Dubai International Financial Centre**
- **United States**
- **Recent Clifford Chance briefings on the coronavirus crisis: Financial distress triggered by the impact of the coronavirus – tip sheet for financial sponsor appointed directors in the US, and more. Follow this link to the briefings section**.

International

The Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO) have agreed to extend the deadline for completing the final two implementation phases of the margin requirements for non-centrally cleared derivatives by one year. The extension is intended to provide additional operational capacity for firms to respond to the immediate impact of COVID-19. With this extension, the final implementation phase will take place on 1 September 2022, at which point covered entities with an aggregate average notional amount (AANA) of non-

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centrally cleared derivatives greater than EUR 8 billion will be subject to the requirements. As an intermediate step, from 1 September 2021 covered entities with an AANA of non-centrally cleared derivatives greater than EUR 50 billion will be subject to the requirements. The Basel Committee and IOSCO have published a revised version of the margin requirements to reflect this revision.

The Basel Committee has also set out further measures to alleviate the impact of COVID-19 on the global banking system. In particular, the Committee has:

- published technical clarifications to ensure that banks reflect the risk-reducing effect of the extraordinary government support measures that have been put in place in jurisdictions around the world in response to COVID-19 when calculating their regulatory capital requirements;
- called on banks to use the flexibility inherent in expected credit loss (ECL) accounting frameworks to take account of the mitigating effect of the extraordinary support measures, and agreed to amend its transitional arrangements for the regulatory capital treatment of ECL accounting; and
- announced that it will conduct the 2020 global systemically important bank (G-SIB) assessment exercise as planned, based on end-2019 data, but has agreed not to collect the memorandum data included in the data collection template. The Committee has also decided to postpone the implementation of the revised G-SIB framework by one year from 2021 to 2022.

IOSCO's Board has agreed to pause or delay some of its work in 2020 in order to redirect its resources to focus on the multiple challenges securities markets regulators are addressing as a result of the crisis. The work being delayed or paused includes IOSCO's analysis of the use of artificial intelligence and machine learning by market intermediaries and asset managers, the impact of the growth of passive investing and potential conduct-related issues in index provision, issues around market data, outsourcing and implementation monitoring. However, IOSCO intends to proceed with its work on good practices for deference, as well as other projects that are near completion which will not burden limited regulatory or industry resources. IOSCO also intends to examine any specific investor protection issues, market integrity or conduct risks that may arise in the context of the COVID-19 crisis.

IOSCO has also published a statement on the application of accounting standards during the COVID-19 outbreak, emphasising that issuers should evaluate the implications of government-backed relief programmes and economic forecasts when assessing whether there is a significant increase in credit risk and measuring expected credit losses, and that the related financial instruments principles-based disclosure requirements in IFRS standards should result in disclosure that considers the impact of these measures.

European Union

The EU Commission has extended the timelines for responding to its consultations on:

- the review of the MiFID2/MiFIR regulatory framework until 18 May 2020;
- the revision of the Non-Financial Reporting Directive until 11 June 2020;

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- its new digital finance strategy for Europe and fintech action plan until 26 June 2020; and
- its retail payments strategy for the EU until 26 June 2020.

The Commission has also approved:

- a EUR 15 billion Austrian liquidity scheme to support the economy;
- a EUR 255 million Bulgarian public guarantee scheme to support SMEs;
- a HRK 6 billion (approximately EUR 790 million) Croatian liquidity guarantee scheme for companies affected by the coronavirus outbreak. The support, in the form of State guarantees on loans, will be accessible to all companies whose exports represent at least 20% of their yearly revenue. The guarantees will support lending to those companies, but will not take the form of export aid contingent on export activities. The scheme was approved under the State aid temporary framework adopted by the Commission on 19 March 2020, as amended on 3 April 2020;
- a DKK 40 billion (approximately EUR 5.4 billion) Danish State aid scheme that compensates companies particularly affected by the coronavirus outbreak, up to a maximum of DKK 60 million (approximately EUR 8 million) per company;
- a Greek support measure in the form of guarantees on loans, which will be implemented through the issuance of guarantees by the Hellenic Development Bank (HDB) to financial intermediaries and partially guarantee eligible working capital loans originated by financial intermediaries;
- a EUR 1 billion Greek repayable advances scheme open to companies active in all sectors in Greece;
- a EUR 1.2 billion Greek scheme providing grants for SMEs;
- a EUR 140 million Hungarian scheme to support the economy;
- a EUR 110 million Lithuanian guarantee scheme for working capital and investment loans granted by commercial banks to support the economy;
- a Polish guarantee scheme on existing or new loans to support companies affected by the outbreak;
- a EUR 700 million Polish loan and guarantee scheme;
- two Portuguese schemes with a total estimated budget of EUR 13 billion, comprising a direct grant scheme and a State guarantee scheme for investment and working capital loans granted by commercial banks;
- a new Spanish 'umbrella' scheme to support companies affected by the outbreak, consisting of a national temporary framework for State aid based on which the Spanish authorities (at national, regional and local level) will be able to provide liquidity support to self-employed, small and medium-sized enterprises (SMEs) and large companies in the form of direct grants, repayable advances, tax and payment advantages, guarantees on loans and subsidised interest rates for loans;
- a SEK 100 billion (approximately EUR 9.1 billion) Swedish guarantee scheme on new loans granted by commercial banks to support companies affected by the outbreak; and

- a GBP 50 billion UK 'umbrella' scheme to support SMEs and large corporates in the United Kingdom affected by the outbreak.

The European Central Bank (ECB) has adopted a package of temporary collateral easing measures to facilitate the availability of eligible collateral for Eurosystem counterparties to participate in liquidity providing operations, such as the targeted longer-term refinancing operations (TLTRO-III). Amongst other things, this will be achieved by expanding the use of credit claims as collateral, in particular through the potential expansion of the additional credit claims (ACCs) frameworks. The ACC framework provides the possibility to National Central Banks to enlarge the scope of eligible credit claims for counterparties in their jurisdictions. The ECB has also adopted the following temporary measures:

- a lowering of the level of the non-uniform minimum size threshold for domestic credit claims to EUR 0 from EUR 25,000 to facilitate the mobilisation as collateral of loans from small corporate entities;
- an increase, from 2.5% to 10%, in the maximum share of unsecured debt instruments issued by any single other banking group in a credit institution's collateral pool; and
- a waiver of the minimum credit quality requirement for marketable debt instruments issued by the Hellenic Republic for acceptance as collateral in Eurosystem credit operations.

Finally, the ECB has decided to temporarily increase its risk tolerance level in credit operations through a general reduction of collateral valuation haircuts by a fixed factor of 20%. These measures are temporary for the duration of the pandemic. They will be re-assessed before the end of 2020.

The Single Resolution Board (SRB) has published a new blog post from its Chair Elke König on the SRB's approach to minimum requirements for own funds and eligible liabilities (MREL) in light of the COVID-19 crisis. König notes that the SRB is working together with the banks under its remit and national resolution authorities to prepare for the implementation of the 2020 resolution planning cycle, including, in particular, the changes to MREL decisions under BRRD2/SRMR2. As part of this cycle, new MREL targets will be set according to the transition period in SRMR2, i.e. setting the first binding intermediate target for compliance by 2022 and the final target by 2024. The decisions will be based on recent MREL data, and reflect changing capital requirements. As regards existing binding targets (set in the 2018 and 2019 cycles), in the current crisis, the SRB intends to take a forward-looking approach to banks that may face difficulties meeting those targets before new decisions (with 2022 intermediate targets) take effect. Its focus will be on the 2020 decisions and targets, and König encourages banks to continue to make all efforts to provide the necessary data on MREL for the upcoming cycle.

Meanwhile, the EU Council's Committee of Permanent Representatives (Coreper) has agreed its position on a second package of measures intended to free up more money from EU structural funds for crisis-related operations. The Coronavirus Response Investment Initiative Plus offers additional flexibility on the use of structural funds to enable Member States to respond quickly and effectively to the economic and social consequences of the outbreak by transferring money between different funds to meet their particular requirements. The new measures also temporarily remove the existing conditions on which regions are entitled to receive support. As a temporary and exceptional measure, Member States can request up to 100% financing from the EU budget between 1 July 2020 and 30 June 2021 for programmes dealing with the impact of the pandemic.

The European Securities and Markets Authority (ESMA) has issued a public statement directed at fund managers (including UCITS management companies, self-managed UCITS investment companies, authorised AIFMs, non-EU AIFMs marketing AIFs pursuant to Article 42 of the AIFMD, EuVECA managers, and EuSEF managers) concerning their obligations to publish yearly and half-yearly reports. While recognising the importance of periodic reports for timely and transparent disclosure, ESMA is of the view that the burdens on fund managers associated with the COVID-19 outbreak should be taken into account by national competent authorities (NCAs) in a coordinated way. In the current situation, ESMA expects NCAs to adopt a risk-based approach and not prioritise supervisory actions against these market participants in respect of the upcoming reporting deadlines.

ESMA has also decided to extend the response date for the consultation on the MiFID2/MiFIR review report on the transparency regime for non-equity instruments and the trading obligation for derivatives further, from 17 May to 14 June 2020.

Czech Republic

The Czech Chamber of Deputies has approved a draft bill proposing an opt-in-based substantive moratorium on loans, which are defined as deferred payments, loans, facilities and similar financial services. Consumer as well as commercial loans are in scope subject to a number of exceptions provided for in the draft bill. In relation to commercial loans, the moratorium applies only to repayments of principal and not to interest and fees. The moratorium will apply during a 'protection period' from the first day of the calendar month following the date of the opt-in until, at the option of the debtor, 31 July 2020 or 31 October 2020. The legislative report on the draft bill states that the Act should be interpreted as applying to loans provided in the Czech Republic irrespective of whether the lender is a Czech entity and irrespective of the governing law of the loan. The draft bill still needs to be approved by the Senate and signed by the President. It is currently expected that the draft bill will be published and become effective during the week of 13 April 2020.

France

A decree setting out the terms and conditions for the State guarantee to be granted to reinsurance transactions of the Caisse centrale de réassurance has been published in the French Official Journal. The decree clarifies Article 7 of Amending Finance Law (Law no. 2020-289 of 23 March 2020) by defining the terms and conditions under which the State guarantee could benefit reinsurance transactions of certain credit insurance risks carried out by the Caisse centrale de réassurance. Amongst other things, the decree provides for two categories of reinsurance transactions with State guarantee: additional guarantees and substitution guarantees. The decree entered into force on 6 April.

Meanwhile, the High Council for Financial Stability (Haut Conseil de stabilité financière) has lowered the countercyclical capital buffer to 0% as of 2 April 2020.

Luxembourg

The Luxembourg financial sector supervisory authority (CSSF) has published an updated version of its COVID-19 FAQs including new clarifications in terms of investor information in relation to the use of the swing pricing mechanism by Luxembourg regulated UCITS, Part II UCIs and SIFs (UCIs). The CSSF had already indicated on 20 March 2020 that UCIs can increase, under certain conditions and on a temporary basis, the applied swing factor beyond the maximum swing factor laid down in the relevant UCI's prospectus, also in cases where the UCI's prospectus does not offer such a possibility for the maximum swing factor to be exceeded. The CSSF has now specified that, in cases where a UCI's prospectus does not yet offer the possibility to exceed the maximum level laid down in the prospectus, an appropriate communication needs to be sent to the relevant UCIs' investors (through the usual communication channels) before applying the increased swing factor beyond the maximum level laid down in the prospectus and that a copy of this communication to investors must simultaneously be provided to the CSSF. These clarifications have been consolidated in the existing CSSF FAQ on Swing Pricing Mechanism.

Poland

In Poland, the Monetary Policy Council (a body of the National Bank of Poland) has decided to decrease the NBP reference rate by 0.5 percentage points to 0.50%. The Council has set the following NBP interest rates:

- lombard rate 1.00%;
- deposit rate 0.00%;
- promissory note rediscount rate 0.55%; and
- promissory note discount rate 0.60%.

Slovakia

The Slovak Parliament has approved a draft bill that introduces an opt-in based substantive moratorium on the payment of loans. Consumer as well as commercial loans granted to SMEs and individual entrepreneurs are in scope of the draft bill. Affected creditors include Slovak banks, Slovak branches of foreign banks as well as Slovak providers of non-banking loans. The moratorium only applies to Slovak-law governed loan agreements. In relation to commercial loans, the moratorium applies to payments of the principal, interest, as well as to repayment of the entire loan if the loan is to be repaid in a single instalment. The moratorium will also cover loans provided in the form of leasing. Overdrafts and credit lines available under credit cards are excluded. The moratorium applies for a period indicated by the borrower in its application, but for a maximum of 9 months from the day when the next instalment of the loan after the date of application falls due.

Switzerland

The Swiss Financial Market Supervisory Authority FINMA has published further guidance with information for supervised institutions about exemptions and clarifications related to its supervisory practice in the context of the COVID-19 crisis. The exemptions concern certain identification requirements under anti-money laundering regulation and in the insurance area. FINMA is willing to approve requests from insurance companies for a temporary smoothing of the yield curves for various currencies, in order to reduce daily fluctuations of the Swiss Solvency Test (SST). In addition, FINMA is granting insurance companies more time to submit their supervisory reporting to FINMA.

United Kingdom

The Bank of England has announced that the new Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises (TFSME) will open for drawings on 15 April 2020. The TFSME allows eligible banks and building societies to access four-year funding at rates very close to Bank Rate. The scheme is designed to incentivise eligible participants to provide credit to businesses and households to bridge through the current period of economic disruption and includes additional incentives to provide credit to SMEs.

HM Treasury and the Bank of England have agreed to extend temporarily the use of the UK Government's Ways and Means (W&M) facility. As a temporary measure, this will provide a short-term source of additional liquidity to the Government if needed to smooth its cashflows and support the orderly functioning of markets, through the period of disruption from COVID-19. The Government has indicated that it will continue to use the markets as its primary source of financing, and that its response to COVID-19 will be fully funded by additional borrowing through normal debt management operations. Any use of the W&M facility will be temporary and short-term. As well as temporarily smoothing Government cash flows, the W&M facility is intended to support market function by minimising the immediate impact of raising additional funding in gilt and sterling money markets.

The Prudential Regulation Authority (PRA) has issued a statement welcoming the decision from some insurance companies to pause dividends given the uncertainties associated with COVID-19. The statement reiterates the view expressed in the PRA's letter of 31 March that boards considering whether or not to proceed with any dividend payments should pay close attention to the need to protect policyholders and maintain safety and soundness, and that decisions regarding capital or significant risk management issues need to be informed by a range of scenarios, including very severe ones. The PRA has also updated its statement on regulatory reporting and Pillar 3 disclosures in response to the COVID-19 outbreak to extend the deadline of two additional returns; 'Supervisory benchmarking exercise – credit risk' and 'REP005 – High earners report'.

Meanwhile, the Financial Conduct Authority (FCA) has announced a series of measures aimed at assisting companies to raise new share capital in response to the coronavirus crisis while retaining an appropriate degree of investor protection. The package includes a combination of temporary policy interventions and reminders of some existing options for companies and their current and prospective shareholders. These include:

- providing clarity on the FCA's expectations about the due diligence supporting 'working capital statements' in share prospectuses given the economic uncertainties caused by the pandemic;
- the ability to apply to the FCA for waivers to ensure that shareholder approval can be sought for certain transactions without the need to hold a general meeting given government guidelines on social distancing;

- welcoming recent industry work on placings of new shares to agree sensible steps to balance the pre-emption rights of existing shareholders with the need for these transactions to be done as efficiently as possible given the economic environment; and
- encouraging eligible companies to make use of the new simplified prospectus introduced by the Prospectus Regulation.

Following a short consultation, the FCA has also confirmed a package of targeted temporary measures to help people with some of the most commonly used consumer credit products. The measures are intended to give firms the flexibility to provide temporary financial relief to those facing payment difficulties during the pandemic.

In addition, the FCA has published:

- its expectations to help solo-regulated firms apply the Senior Managers and Certification Regime (SM&CR). The FCA recognises that firms directly affected by coronavirus will need to keep their governance arrangements under review and make appropriate changes as circumstances change. The FCA does not require firms to have a single Senior Manager responsible for their coronavirus response and expects firms to allocate these responsibilities in the way which best enables them to manage the risks they face;
- its expectations for dual-regulated firms with the PRA;
- its expectations regarding funds in light of coronavirus and its positions on issues relevant to funds. These include confirmation that annual and half-yearly reports can be delayed, issues relating to virtual general meetings, ensuring compliance with VaR limits and confirmation that the FCA is willing to accept electronic signatures; and
- a new webpage on client assets and coronavirus summarising questions it has received and its position on various matters around handling cheques, CASS audit reports, physical asset reconciliations, depositing client money, notification of CASS breaches, CASS firm classification, and delays to improvement programmes.

The Payment Systems Regulator (PSR) has provided an update on its work supporting cash access during the pandemic, including a list FAQs from across the sector in relation to cash and payments. Its immediate priority is to work with the other members of the Joint Authorities Cash Strategy (JACS) group, along with authorities and industry to support cash access for consumers that need it now, while also ensuring the safety of firms' workforces.

Australia

The Australian Prudential Regulation Authority (APRA) has issued a letter to all authorised deposit-taking institutions (ADIs) and insurers to outline its expectations regarding capital management during the period of disruption caused by COVID-19. In particular, APRA expects ADIs and insurers to:

- limit discretionary capital distributions in the months ahead, including deferrals or prudent reductions in dividends;
- take a forward-looking view on the need to conserve capital and use capacity to support the economy;

- use stress testing to inform these views, and give due consideration to plausible downside scenarios (periodically refreshed and updated as conditions evolve); and
- initiate prudent capital management actions in response, on a pre-emptive basis, to ensure they maintain the confidence and capacity to continue to lend and support their customers.

APRA has also issued a letter to inform all applicants for new banking or insurance and superannuation licences that it is temporarily suspending issuing new licenses for at least six months, except in the rare case that the granting of a licence is necessary for APRA to carry out its mandate. APRA has indicated that, as the operating environment stabilises, it will keep its approach under review and advise current applicants when the granting of licences will restart. However, APRA expects this temporary suspension could last at least six months and delay its licences by at least this timeframe. APRA has indicated that, during this time, it will continue to assess current licence applications so the delay on launching when the hold is lifted is minimised.

Hong Kong

The Hong Kong Monetary Authority (HKMA) has issued a circular regarding its liquidity measures in response to the COVID-19 outbreak. The HKMA notes that while the financial markets and banking system in Hong Kong have continued to operate in an orderly manner, there has been occasional tightness in the Hong Kong dollar money market due to fluctuations in demand and supply of funding, seasonal factors as well as the recent strain in USD funding. To ensure the continued smooth operation of the interbank market and the banking system, the HKMA has taken or plans to take measures to assist the industry in managing liquidity. These measures encompass three aspects, namely:

- the HKMA's liquidity facilities framework;
- the Federal Reserve's temporary repurchase agreement facility for foreign and international monetary authorities (FIMA Repo Facility); and
- supervisory expectation on the use of liquidity buffers under the liquidity coverage ratio (LCR) and liquidity maintenance ratio (LMR) regimes.

The HKMA requires authorised institutions to put in place internal policies and procedures for using the HKMA's liquidity facilities, especially the standby liquidity facilities under the liquidity facilities framework. Regarding the FIMA Repo Facility, the HKMA is in the process of devising a mechanism for authorised institutions to obtain US dollar liquidity from the HKMA after the facility has come into operation. A separate announcement about the operational details will follow. Regarding the utilisation of liquidity buffers under the LCR and LMR regimes, authorised institutions are required to ensure that the flexibility embedded in the regulatory liquidity framework is integrated into their relevant internal processes, and that they can efficiently utilise the liquidity buffers when there is a need to do so.

The HKMA has further issued circulars to all authorised institutions (AIs) and stored value facility (SVF) licensees to set out the type of support, guidance and assistance in relation to money laundering and terrorist financing (ML/TF) risk management that it is providing to support swift and effective implementation of measures in response to COVID-19. The content of the circulars reflects the statement published by the Financial Action Task Force (FATF) on 1 April 2020 encouraging governments to work with financial institutions and other businesses in support of the COVID-19 aid and containment efforts whilst remaining alert to new and emerging risks.

The HKMA acknowledges that COVID-19 poses unprecedented challenges, which impact the normal operations of the anti-money laundering and counter-financing of terrorism (AML/CFT) systems and customer due diligence processes of AIs and SVF licensees. In line with the FATF's observations, the HKMA provides guidance with regard to the following:

- remote on-boarding and simplified due diligence – the HKMA encourages AIs and SVF licensees to continue to work closely with it to provide greater convenience for account opening and continued access, physically and digitally, to essential banking services to the public amidst the fight against COVID-19; and
- vigilance regarding COVID-19 related financial crime risks – the HKMA has advised AIs and SVF licensees to remain vigilant to emerging ML/TF risks and ensure that they continue to focus on priority areas and effectively mitigate risks through information sharing and detecting and reporting suspicious transactions to the Joint Financial Intelligence Unit (JFIU).

The HKMA has indicated that it will continue to work constructively with AIs and SVF licensees to keep its assessment of the situation up to date and address practical AML/CFT issues that may be related to COVID-19 in the most pragmatic manner, including through the provision of further guidance to support current industry efforts.

Meanwhile, the Securities and Futures Commission (SFC) has updated its series of frequently asked questions (FAQs) relating to:

- mandatory provident fund (MPF) products – new Question 1 added under Section 3;
- pooled retirement funds – new Question 1 added under Section 3;
- investment-linked assurance schemes (ILAS) – new Question 1 added under Section 3; and
- paper gold schemes (PGS) – new Question 1 added under Section 2.

The new questions are intended to provided information on temporary relief measures the SFC has implemented with regard to MPF products, pooled retirements funds, ILAS and PGS applications and post-authorisation matters in light of the COVID-19 outbreak. The guidance relates to the acceptance of soft copy and unsigned documents and the application fee arrangement for new applications.

Japan

Following the declaration of a state of emergency by the Government of Japan, the Bank of Japan has announced that it will, in cooperation with relevant parties such as the national and local governments as well as financial institutions, continue providing essential central banking services while responding appropriately to the circumstances.

The Tokyo Stock Exchange (TSE) has also confirmed that, despite the declaration of a state of emergency by the Government of Japan, trading on all markets of the TSE will be scheduled to continue as normal. The TSE expects listed companies carefully to consider and continue timely and appropriate disclosure of important company information, in order to avoid distorted price formation based on inaccurate and unclear information in the market and to foster sound and proper investment decisions by investors. In light of the current circumstances, the TSE also expects listed companies to disclose their financial results as soon as finalised, regardless of the 'within 45 days' practices, and asks them to reconsider the financial results announcement schedule regardless of the original schedule.

The Japan Financial Services Agency (FSA) has published a statement of the Minister for Financial Services regarding the need to maintain the functioning of the financial system and financial markets during the pandemic. The Minister has asked financial institutions to make appropriate efforts to secure necessary business continuity, maintain financial functions that support economic activities and protect customers. The Minister has also asked exchanges to take appropriate measures to continue necessary operations with a view to maintaining market functions.

Singapore

Singapore's Ministry of Health (MOH) has announced that all business activities that cannot be conducted through telecommuting from home will be suspended from 7 April 2020 to 4 May 2020 (inclusive). However, essential services and their related supply chains, as well as entities that form a part of the global supply chain, are exempted from the suspension. Following the announcement, the Monetary Authority of Singapore (MAS) has confirmed that financial services is one of the essential services exempted from the suspension of activities. All financial markets in Singapore will remain open and available to all customers and counterparties in Singapore and globally, and payment services will be unaffected. All financial institutions will continue to operate with reduced staffing on their premises, in line with the MOH's advisory on maximising telecommuting. Banking services will also continue to be available through online channels, ATMs and bank branches. Insurance, broking, custody, asset management, and financial advisory services will continue to be available. However, some branches of banks and finance companies and customer service centres of insurance companies may close temporarily because of reduced customer traffic. The MAS has further advised financial institutions to ensure that their customer-facing locations adhere to all relevant guidance on safe distancing issued by the MOH.

The MAS has announced a SGD 125 million support package to sustain and strengthen capabilities in the financial services and fintech sectors amid the current economic slump. The support package is intended to help to position financial institutions (FIs) and fintech firms for stronger growth when the threat of COVID-19 recedes and economic activity normalises. The support package is effective from 8 April 2020. The support package, funded by the Financial Sector Development Fund, has the following three main components:

- supporting workforce training and manpower costs – the MAS will launch a new training allowance grant (TAG) to encourage FIs and fintech firms to make use of the downtime in business activity to train and deepen the capabilities of their employees;
- strengthening digitalisation and operational resilience – the MAS will set up a new digital acceleration grant (DAG) to support digitalisation in smaller FIs and fintech firms. The DAG is intended to help these firms adopt digital

solutions to strengthen operational resilience, process efficiency, risk management and customer service; and

- enhancing fintech firms' access to digital platforms and tools – the MAS will provide all Singapore-based fintech firms six months' free access to API Exchange (APIX), an online global marketplace and sandbox for collaboration and sales. Through APIX, fintech firms and FIs can integrate and test solutions via a cloud-based architecture. The MAS has indicated that it will work with the Singapore Fintech Association (SFA) to set up a new digital self-assessment framework for its outsourcing and technology risk management guidelines hosted on the APIX.

The MAS has also announced that it will adjust selected regulatory requirements and supervisory programmes to enable financial institutions to focus on dealing with issues related to the COVID-19 pandemic and supporting their customers during this period. In particular, the MAS will:

- adjust banks' capital and liquidity requirements, to help sustain their lending activities;
- allow financial institutions to take into account the government's fiscal assistance and banks' relief measures in setting more realistic accounting loan loss allowances;
- defer financial institutions' implementation of the final set of Basel III reforms, margin requirements for non-centrally cleared derivatives, and other new regulations and policies, to ease financial institutions' operational burden;
- provide financial institutions more latitude on submission timelines for regulatory reports and defer non-urgent industry projects; and
- suspend regular onsite inspections and supervisory visits until further notice.

Following this announcement, the MAS has revised its existing Notice 652 and Notice 653 on the net stable funding ratio. MAS Notice 652 has been revised to lower the required stable funding (RSF) factors for all loans to non-financial corporates, retail customers and small business customers that have a residual maturity of less than six months from 50% to 25%, for the period between 8 April 2020 and 30 September 2021 (both dates inclusive), as well as to gradually phase back these RSF factors from 25% to 50% by 1 April 2022. In particular, the notice has been revised mainly to incorporate a new paragraph 36A relating to the RSF calculation methodology, which provides that despite paragraph 36(e) of the notice, a reporting bank will be required to assign to all loans to non-financial corporates, retail customers and small business customers that have a residual maturity of less than six months the following RSF factors:

- between 8 April 2020 and 30 September 2021 (both dates inclusive), 25%;
- between 1 October 2021 and 31 December 2021 (both dates inclusive), 35%; and
- between 1 January 2022 and 31 March 2022 (both dates inclusive), 45%.

MAS Notice 653 has been revised in consequence to the amendments made to MAS Notice 652. The revised notices are both effective from 8 April 2020.

The MAS has also revised:

- Notice 637 on Risk Based Capital Adequacy Requirements for Banks Incorporated in Singapore – the revision is intended to allow full recognition of regulatory loss allowance reserves (RLAR) as Tier 2 Capital until 30 September 2021 (though this may be extended if necessary). Previously, RLAR was only granted limited recognition as Tier 2 Capital. The amendments to Notice 637 are effective from 31 March 2020; and
- its existing notice on minimum entry and examination requirements for representatives of holders of capital markets services (CMS) licence and exempt financial institutions under the Securities and Futures Act (SFA 04-N09). Notice SFA 04-N09 has been revised to provide exemption relief from the relevant Capital Markets and Financial Advisory Services (CMFAS) Exam requirements of the Notice during the COVID-19 pandemic. The revised Notice SFA 04-N09 is effective from 8 April 2020.

Finally, the MAS has issued a statement that clarifies the application of the loan-to-value (LTV) limits and total debt servicing ratio (TDSR) for residential mortgages and mortgage equity withdrawal loans (MWLs). The clarification is mainly intended to help small and medium-sized enterprises (SMEs) and other businesses explore options to meet their cash flow needs. Amongst other things, in its statement, the MAS has provided the following clarifications:

- SME borrowers will not be subject to the TDSR if they apply for payment deferments on their secured property loans – the payment deferment relief was announced by the MAS on 31 March 2020 as part of the financial industry's relief package for SMEs; and
- businesses that take up MWLs secured on residential or non-residential properties will not be subject to the TDSR and LTV limits – this is provided under the MAS' current rules to facilitate the provision of credit to businesses, some of which may rely on MWLs to finance their operations.

Meanwhile, the Accounting and Corporate Regulatory Authority (ACRA) has announced that it will grant a 60-day extension of time for all listed and non-listed companies whose annual general meetings (AGMs) are due during the period from 16 April 2020 to 31 July 2020. Companies which had previously been granted an extension of time to hold their AGMs within this period will also be given a further 60 day extension from the last date of extension. The annual returns (AR) filing due dates for the period May 2020 to 31 August 2020 for all listed and non-listed companies will also be extended for 60 days. These extensions have been granted as some companies may have difficulties holding their AGMs and filing their ARs in light of the COVID-19 situation. The ACRA has indicated that it will also not impose any penalties on these companies whose AGMs are due during the period from 1 April to 15 April 2020 if they hold the AGM within 60 days of the due date. There is no need for these companies to apply for the extension of time with the ACRA. The ACRA will, at a later date, consider if there is a need to grant an extension of time for companies that have AGM due dates that are beyond July 2020.

Similarly, the Singapore Exchange Regulation (SGX RegCo) has announced that, in consultation with the ACRA and the MAS, it will grant an automatic 60-day extension of time to all issuers with a financial year-end on 31 March. For companies whose financial year-ends are earlier, the 60-day extension will apply, but the AGMs will need to be held before 29 September. The SGX requires issuers to issue their annual reports to shareholders and to it at least

14 days before the date of the AGM. This, however, does not apply to issuers with 31 December 2019 financial year-ends, who will still need to issue their annual reports by 15 April 2020 and hold their AGMs by 29 June 2020. Issuers do not need to apply to the ACRA (if they are Singapore-incorporated companies) or the MAS (if they are listed business trusts or real estate investment trusts) for the extension. Further, issuers will be required to notify the SGX RegCo of the following:

- their relevant financial year-end and the indicative timeline to convene their AGM; and
- the Board of Directors' confirmation that the time extension will not be in contravention of any laws and regulations governing the issuer and its constitution (or the equivalent in the issuer's country of incorporation).

SGX RegCo has encouraged issuers to provide at least 21 days' notice to shareholders of general meetings to allow shareholders to consider the matters, and to pose questions if necessary and vote via proxy. If there are any material adjustments subsequently made by auditors resulting in material variance from the previously announced unaudited full-year results, this must also be immediately disclosed pursuant to the Mainboard/Catalist Rule.

United Arab Emirates

In the United Arab Emirates, the UAE Central Bank has announced that:

- the availability of the Central Bank's zero cost weekly repo facility to licensee banks has been extended from 15 September 2020 to 31 December 2020;
- reliefs on using certain capital buffers for liquidity have been extended from 15 March 2021 to 31 December 2021;
- the use of up to 1/3 of a licensee bank's liquidity buffers is permitted;
- the use of up to 50% of reserves requirements for demand deposits is permitted;
- implementation of certain Basel III standards has been deferred to 31 March 2021; and
- consultation of licensees was expected to be finalised on 8 April on the application of a prudential filter to IFRS 9 expected loss provisions to minimise the effect of IFRS 9 on regulatory capital.

Dubai International Financial Centre

Meanwhile, the Dubai Financial Services Authority has announced:

- temporary relief from capital requirements for authorised firms who do not hold client assets or insurance monies;
- extended deadlines for filing certain regulatory returns and reports; and
- the waiver of certain fees payable by applicants or licensees to the regulator.

The DFSA has also announced that it is working closely with the UAE Central Bank and the Dubai International Financial Authority on a variety of measures.

CLIFFORD CHANCE

United States

The federal bank regulatory agencies have issued two interim final rules to provide temporary relief to community banking organisations. The agencies are acting to implement Section 4012 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which requires the agencies to temporarily lower the community bank leverage ratio to 8%. The two rules will modify the community bank leverage ratio framework so that:

- beginning in the second quarter 2020 and until the end of the year, a banking organisation that has a leverage ratio of 8% or greater and meets certain other criteria may elect to use the community bank leverage ratio framework; and
- community banking organisations will have until 1 January 2022 before the community bank leverage ratio requirement is re-established at greater than 9%.

Under the interim final rules, the community bank leverage ratio will be 8% beginning in the second quarter and for the remainder of calendar year 2020, 8.5% for calendar year 2021, and 9% thereafter. The interim final rules also maintain a two-quarter grace period for a qualifying community banking organisation whose leverage ratio falls no more than 1% below the applicable community bank leverage ratio.

The federal bank regulatory agencies have also announced an interim final rule to encourage lending to small businesses through the Small Business Administration's Paycheck Protection Program (PPP). The PPP was established by the CARES Act and provides loans to small businesses so that they can keep their workers on the payroll during the disruptions caused by the coronavirus. The interim final rule modifies the agencies' capital rules to neutralise the regulatory capital effects of participating in the Federal Reserve's PPP facility because there is no credit or market risk in association with PPP loans pledged to the facility. Consistent with the agencies' current capital rules and the CARES Act requirements, the interim final rule also clarifies that a 0% risk weight applies to loans covered by the PPP for capital purposes.

The federal financial institution regulatory agencies and the state financial regulators have issued a joint policy statement clarifying that they do not intend to take supervisory or enforcement action against mortgage servicers for delays in sending certain early intervention and loss mitigation notices and taking certain actions relating to loss mitigation set out in the mortgage servicing rules, provided that servicers are making good faith efforts to provide these notices and take these actions within a reasonable time. The policy statement and guidance are intended to facilitate mortgage servicers' ability to place consumers in short-term payment forbearance programmes such as the one established by the CARES Act.

The federal and state regulators have also issued a revised interagency statement encouraging financial institutions to work constructively with borrowers affected by COVID-19 and providing additional information regarding loan modifications. The revised statement clarifies the interaction between the interagency statement issued on 22 March 2020, and the temporary relief provided by Section 4013 of CARES Act. Section 4013 allows financial institutions to suspend the requirements to classify certain loan modifications as troubled debt restructurings (TDRs). The revised statement also provides supervisory interpretations on past due and nonaccrual regulatory reporting of loan modification programs and regulatory capital.

Meanwhile, the Federal Reserve Bank of New York has opened the registration process for the Commercial Paper Funding Facility (CPFF) and released an expanded set of frequently asked questions (FAQs) on the facility's operations. The CPFF began funding purchases of commercial paper on 14 April 2020. The CPFF provides a liquidity backstop to US issuers of commercial paper through a special purpose vehicle (SPV) that will purchase eligible three-month corporate, asset-backed, and municipal commercial paper from eligible issuers using financing provided by the New York Fed. Eligible issuers must register and pay the facility fee in order to sell commercial paper to the SPV, using the registration instructions and materials that are now available.

The Securities and Exchange Commission (SEC) has issued an exemptive order under the Investment Company Act. This temporary conditional exemptive relief seeks to facilitate credit support to BDC portfolio companies impacted by the COVID-19 pandemic by providing BDCs with additional temporary flexibility to issue and sell senior securities and participate in certain joint enterprises or other joint arrangements that would otherwise be prohibited by section 57(a)(4) of the Investment Company Act and Rule 17d-1 thereunder.

Jay Clayton, the SEC Chairman, and Bill Hinman, Director of the Division of Corporation finance, have issued a public statement on the importance of disclosure for investors, markets and the fight against COVID-19. Amongst other things, the statement emphasises that company disclosures should respond to investor interest in where companies stand today, operationally and financially, how companies' COVID-19 response, including their efforts to protect the health and well-being of their workforce and their customers, is progressing, and how their operations and financial condition may change as the efforts to fight COVID-19 progress. The SEC staff has encouraged earnings and related disclosures that are as timely, accurate and robust as practicable under the circumstances. In their statement, Clayton and Hinman urge public companies, in their earnings releases and analyst calls, as well as in subsequent communications to the marketplace, to provide as much information as is practicable regarding their current operating status and their future operating plans under various COVID-19-related mitigation conditions, noting that detailed discussions of current liquidity positions and expected financial resource needs would be particularly helpful to investors and markets. They add that where companies and financial institutions are receiving financial assistance under the CARES Act or other similar COVID-19 related federal and state programs and these or other types of financial assistance have materially affected, or are reasonably likely to have a material future effect upon, financial condition or results of operations, the affected companies should provide disclosure of the nature, amounts and effects of such assistance.

The Chief Accountant of the SEC, Sagar Teotia, has issued a public statement confirming that eligible financial institutions that elect to take advantage of temporary deferrals or suspensions of the application of two GAAP standards (regarding measurement of credit losses on financial instruments and accounting for troubled debt restructurings) as permitted in the CARES Act will not be in violation of US GAAP. Teotia acknowledges that the accounting and financial reporting implications of COVID-19 may require companies to make significant judgments and estimates, many of which can be challenging in an environment of uncertainty. The SEC's Office of the Chief Accountant has consistently not objected to well-reasoned judgments that entities have made, and he has indicated that the staff will continue to apply this perspective. The accounting areas that may involve significant judgments and estimates in light of the evolving status of the COVID-19 pandemic include:

- fair value and impairment considerations;
- leases;
- debt modifications or restructurings;
- hedging;
- revenue recognition;
- income taxes;
- going concern;
- subsequent events; and
- adoption of new accounting standards (e.g., the new credit losses standard).

Teotia has also emphasised the importance of making the required disclosures about judgments and estimates involving these and other issues.

The Commodity Futures Trading Commission (CFTC) has issued a customer advisory warning the public that unregistered brokers selling binary options, foreign exchange programmes, and cryptocurrencies are fraudulently targeting people who have lost their jobs due to the coronavirus outbreak. This is the second advisory the CFTC has issued in response to the pandemic.

The Delaware Governor has issued an emergency order applicable to public reporting companies, which provides that if a public company has already sent out notice of a meeting of shareholders that indicates a physical location, but the board wants to change the shareholder meeting to a virtual-only meeting, the board may notify shareholders of the change solely by a document publicly filed by the company with the SEC and prompt posting of the press release on the company's website after its release. In addition, with regard to adjournment, the order provides that, if it is impracticable to convene a currently noticed meeting of shareholders at the physical location specified in the original notice, the company may adjourn the meeting to another date or time, to be held by remote communication, by providing notice of the date and time and the means of remote communication in an SEC filing with a press release promptly posted on the company's website after its release.

RECENT CLIFFORD CHANCE BRIEFINGS

Polish Anti-crisis Act

The Ministry of Development in cooperation with other ministries and state institutions has urgently drafted provisions to assist firms and employees in mitigating the effect of the economic crisis caused by the COVID-19 pandemic. The Anti-crisis Act came into force on 31 March 2020. The package of solutions prepared by the government concerns a number of areas, covering, amongst other things, employment, company law, civil law, the operation of the justice system and public administration, competition law, tax law and public procurement law.

This briefing sets out the most important types of aid and the most material amendments concerning entrepreneurs that are set out in the Act.

https://www.cliffordchance.com/briefings/2020/04/coronavirus--polish-anti-crisis-act.html

Relaxation of legal requirements to corporate procedures and share buy-backs in Russia

The numerous restrictions imposed in connection with the coronavirus pandemic and the worsening economic situation have necessitated urgent changes to Russian legislation in various areas. Along with changes to tax legislation and insolvency legislation, important changes have been made to corporate legislation.

In particular, the regulations governing the holding of general meetings, the submission and disclosure of financial statements, share buy-backs, and a number of other corporate procedures have been relaxed.

This briefing discusses the relaxation of legal requirements for corporate procedures and share buy-backs in Russia.

https://www.cliffordchance.com/briefings/2020/04/covid-19--relaxation-of-legal-requirements-to-corporate--procedu.html

Moratorium for non-mortgage loans or credits

The Official State Gazette of 1 April 2020 published Royal Decree-Law 11/2020, of 31 March, adopting supplementary urgent measures in the economic and social sphere to address COVID-19.

The measures include the application of a measure called 'suspension' for obligations derived from non-mortgage loans or credits in which the borrower is a natural person who is financially vulnerable.

This briefing discusses the moratorium for non-mortgage loans or credits.

https://www.cliffordchance.com/briefings/2020/04/coronavirus--moratorium-for-non-mortgage-loans-or-credits.html

Financial distress triggered by the impact of the coronavirus – tip sheet for financial sponsor appointed directors in the US

The economic challenges brought about by the sudden and wide-ranging economic impact of the coronavirus have resulted in boards facing unprecedented situations and challenges ahead. Directors, irrespective of whether appointed by a financial sponsor or other stakeholder, need to act in accordance with their fiduciary duties, as determined by, among other things, the laws of a corporation's state of incorporation and a corporation's governing documents.

This briefing aims to serve as a reminder of what those duties generally entail prior to and during financial distress, and highlights some of the key considerations and steps that can be taken by directors in ensuring that they continue to comply with their fiduciary duties.

https://www.cliffordchance.com/briefings/2020/03/financial-distress-triggered-by-the-impact-of-the-coronavirus-ti.html www.cliffordchance.com

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