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MAR: RTS on cooperation arrangements with third countries published in Official Journal

[Commission Delegated Regulation \(EU\) 2021/1783](#), which introduces new regulatory technical standards (RTS) under the Market Abuse Regulation (MAR) containing a template document for cooperation arrangements with third countries, has been published in the Official Journal.

The RTS require national competent authorities (NCAs), where possible, to use the template document when concluding new cooperation arrangements, or updating existing arrangements, with third-country regulatory authorities responsible for related spot markets under Article 26 of MAR. They also require NCAs to include any arrangements regarding the transfer of personal data to third-country supervisory authorities under Article 46(3) of the General Data Protection Regulation (GDPR) within the text of the wider cooperation arrangement.

The Regulation enters into force on 31 October 2021.

PSD2: EBA repeals guidelines on security of internet payments

The European Banking Authority (EBA) has [repealed](#) its [guidelines](#) on the security of internet payments.

The guidelines were issued before the revised Payment Services Directive (PSD2) came into force in 2016 and have since been superseded by PSD2 and related EBA supporting instruments.

According to the EBA, PSD2 articulates more specific requirements concerning the security of payments and mandates the EBA to develop several legal instruments, including the RTS on strong customer authentication and common and secure communication (SCA&CSC).

The EBA has asked NCAs to take the corresponding steps necessary to repeal the guidelines at a national level.

EBA reports on benchmark rate transition risks

The EBA has published a [thematic note](#) on the transition risks of benchmark rates, particularly in relation to the phasing out of LIBOR and EONIA.

The EBA reports that a very high percentage of EU and EEA banks' derivatives exposures is linked to LIBOR, reaching nearly EUR 50 trillion (notional amount). In addition, around EUR 1 trillion of loans and advances are linked to various tenors of LIBOR and EUR 0.2 trillion to EONIA rates. CHF LIBOR referenced loans are a particular focal point in this analysis as political risks add to the existing legal transition risks for these loans.

The note identifies pockets of transition risks for EU and EEA banks due to their significant exposures linked to LIBOR and EONIA rates. Surveys by the EBA among banks and competent authorities reveal that legal challenges accompanying the transition of existing business of the asset side, as well as required changes in bank internal operations and systems, remain key areas of concern.

The EBA urges all parties involved in the benchmark rates transition process to cooperate, including banks, their clients, and other counterparties as well as regulators and supervisors.

Synthetic securitisations: ESMA publishes final report on draft technical standards for STS notification templates

The European Securities and Markets Authority (ESMA) has published its [final report](#) on draft amendments to the content and format of the simple, transparent and standardised (STS) template notifications under the EU Securitisation Regulation. In particular, the amendments provide guidance on the treatment of on-balance sheet (synthetic) securitisations, in light of their introduction to the STS framework.

The final report sets out the final draft RTS and implementing technical standards (ITS), which largely follow the versions consulted upon by ESMA in May 2021. The draft RTS specify the information that the originator, sponsor and Securitisation Special Purpose Entity are required to provide in order to comply with the STS notification requirements for synthetic securitisations under the Securitisation Regulation. The ITS specify the templates to be used for notifying ESMA. They are intended to build on existing STS notification technical standards for traditional securitisations whilst accounting for features specific to synthetic securitisations.

The report has been submitted to the EU Commission for endorsement. In the interim, originators may use the temporary STS synthetic notification templates, which were first published in May 2021, and were updated following consultation feedback in April 2021.

FCA sets out remote or hybrid working expectations for firms

The Financial Conduct Authority (FCA) has published a [new webpage](#) setting out its expectations for how firms plan and continue to meet regulatory responsibilities in a remote working environment.

The expectations apply to existing firms, firms applying to be authorised, and firms proposing to submit further applications, such as a waiver, variation of permission or change of control application.

In relation to existing firms planning remote or hybrid working, the FCA will evaluate them on a case-by-case basis, expects them to consider how they operate their business and engage with the FCA, including notifying the FCA of any material changes, and sets out indicative and non-exhaustive lists of matters firms are expected to consider.

In relation to firms applying for authorisation, the FCA notes that while the information required has not changed, applications should cover specific details, also set out as an indicative and non-exhaustive list, on remote working arrangements.

The FCA also notes that its expectations are likely to evolve as more is understood about how firms intend to operate.

HM Treasury concludes review of payments landscape

HM Treasury has published its [response](#) to the call for evidence on the Payments Landscape Review, concluding the Government's review of the payments landscape.

HM Treasury has set out its vision for a payments sector at the forefront of technology, ensuring customer protection and choice, operational resilience,

competition, and harnessing innovation. It has identified four priority areas and actions for the Government, regulators, and industry, including:

- strengthening consumer protections within Faster Payments through a new payments architecture (NPA) and ensuring the right level of protection for consumers to address what happens when a payment goes wrong;
- unlocking open banking enabled payments safely and securely to allow consumers to pay for goods and services in shops and online directly from their accounts and enabling fintech opportunities;
- enhancing cross-border payments; and
- future-proofing the regulatory and legislative framework that governs payments to ensure it is agile and proportionate, promotes and fosters innovation, provides the conditions for technology to continue to drive enhancements in payments, and ensures consumer protection and that payments networks are resilient.

PSR publishes policy statement on consumer protection in interbank payments

The Payment Systems Regulator (PSR) has published a [policy statement](#) on consumer protection in interbank payments, following its [call for views](#) in February 2021.

The PSR is not proposing to intervene in the market at this stage because the total volume and value of interbank use cases remain low, and it believes that most risks are currently likely to be managed to acceptable levels through existing protections.

The PSR does expect all Faster Payments participants to:

- prioritise improved co-ordination to reduce the immediate risk of payment fraud;
- tell customers about the protections they have; and
- identify and share payment risk levels with other participants and to act responsibly and accordingly to minimise consumer harm.

The PSR intends to continue supporting the Open Banking Implementation Entity (OBIE), Pay.UK, and Faster Payments participants in improving prevention and compensation measures.

PRA publishes final policy on implementation of Basel standards

The Prudential Regulation Authority (PRA) has published a [policy statement](#) on the final rules on the implementation of the Basel standards.

The statement includes the final PRA Rulebook instruments, statements of policy, supervisory statements, reporting templates and instructions, and the analysis supporting the PRA's final policy material. The policy has not changed from the near-final draft published in [PRA PS17/21](#), except for:

- the removal and deletion of specific cross-references and rules following HM Treasury's decision to revoke certain onshored Capital Requirements Regulation (CRR) articles;

- the removal of the definition of 'Capital Requirement Regulation (CRR) consolidation entity', as the PRA published the final definition and associated rules in PS20/21 in September 2021; and
- minor typographical amendments and factual corrections.

The statement will be relevant to UK banks, building societies, and PRA-designated investment firms, as well as UK financial holding companies and UK mixed financial holding companies of certain PRA-authorized firms.

The policy contained within the statement will take effect on 1 January 2022.

PRA freezes O-SII buffer rates until December 2023

The PRA has [announced](#) its decision to freeze the existing buffer rates that apply under the systemic buffer relating to other systemically important institutions (O-SIIs) until December 2023.

The O-SII buffer applies to ring-fenced banks (RFB) and large building societies. The freeze follows the PRA's December 2020 decision to maintain rates at 2019 levels and to set no new O-SII buffer rates until December 2022. The rates set in 2019 should now apply until December 2023 and the PRA does not expect its 2022 review to result in any changes to the rates.

The PRA intends to reassess O-SII buffer rates in December 2023 based on end-2022 financial results, and any decisions made will take effect from January 2025.

PRA modifies Capital Buffers Part of PRA Rulebook

The PRA has made available a [modification by consent](#) of 5.3 and 5.5 of the Capital Buffers Part of the PRA Rulebook.

The modification mirrors the existing modification applicable to the PRA authorized firm subsidiary, to ensure the capital stack operates as intended. The modifications remove the need for compliance with Chapter 4 of the Capital Buffers Part of the Rulebook, where the following has been imposed on the company on a consolidated basis:

- for 5.3, a Pillar 2A requirement, a globally systemically important institution (G-SII) buffer, or an O-SII buffer; and
- for 5.5, a Pillar 2A requirement of an O-SII.

Parent financial holding companies and parent mixed financial holding companies will be asked to consent to the rule modification by email prior to their approval.

UK Secondary Capital Raising Review launches call for evidence

The UK Secondary Capital Raising Review has launched a [call for evidence](#) on how to improve the efficiency of secondary capital raisings by UK listed companies.

The call for evidence follows recommendations from Lord Hill in his [UK Listing Review report](#) published on March 2021 to bring together an expert group to look into ways of giving listed companies better access to capital through secondary transactions.

The review is seeking feedback on whether:

- the overall duration of the secondary capital raising process can be reduced;
- new technology can be used to ensure shareholders can receive relevant information rapidly and exercise their rights;
- the greater transparency around short selling brought in after the financial crisis has benefited the rights issue process and whether more can be done;
- there are any other ways of improving the capital raising process by UK publicly traded companies which are consistent with the UK's commitment to high standards;
- any outstanding recommendations from the 2008 'Rights Issue Review Group' should be pursued; and
- other fund-raising mechanisms may be worth considering in the UK to facilitate enhanced retail investor participation in capital raisings.

Alongside the call for evidence, HM Treasury has published a [terms of reference](#) document setting out the scope and objectives of the review.

Comments are due by 16 November 2021 and the review intends to publish a report with its recommendations in the spring of 2022.

FSB publishes letter to G20 and final MMF report

The Financial Stability Board (FSB) has published a [letter](#) from its Chair to G20 finance ministers and central bank governors ahead of their meeting which took place on 13 October 2021 and a [final report](#) with policy proposals to enhance money market fund (MMF) resilience.

The letter provides updates on the FSB's work on:

- increasing the resilience of non-bank financial intermediation (NBFII), including delivering the final MMF report, and identifying policy topics for further consideration, such as liquidity risk and management in open-ended funds, the impact of margin calls and the structure of core funding markets; and
- addressing challenges in cross-border payments, including submitting a progress report on its October 2020 roadmap, proposed targets for addressing the challenges of cost, speed, transparency and access experienced by end-users by end-2027, an intention to begin a review of its high-level recommendations for global stablecoin arrangements in 2022, and submitting a report on cyber incident reporting.

The MMF report sets out a framework and policy toolkit for FSB members to assess vulnerabilities in their jurisdictions, including mechanisms to:

- impose on redeeming fund investors the cost of their redemptions;
- absorb credit losses;
- address regulatory thresholds that may give rise to cliff effects; and
- to reduce liquidity transformation.

The FSB, along with the International Organization of Securities Commissions (IOSCO), intends to take stock of progress made by the end of 2023, with a

view to assessing the effectiveness of measures taken by 2026, and to carry out follow-up work complementing MMF policy reforms to enhance the functioning and resilience of short-term funding markets.

FSB publishes roadmap progress and targets for enhancing cross-border payments

The FSB has published a [progress report](#) on the first year of the G20 roadmap for enhancing cross-border payments and [specific quantitative global targets](#) for addressing the challenges faced by cross-border payments.

The targets focus on improvement in the end-user experience and aim to address challenges such as cost, speed, transparency, and access. The FSB intends to develop an implementation approach for monitoring progress toward the targets in 2022.

According to the report, most of the milestones set by the roadmap for 2021 have been successfully completed or are close to finalisation. Some timelines have been extended due to the breadth of the work and efforts to conduct sufficient external outreach.

The next stage of work in 2022 includes the development of specific proposals for material improvements of underlying systems and arrangements and the development of new systems. The FSB believes that the practical work involved will require global coordination and sustained political support, as well as investment in systems, processes, and technologies. It also stresses that public and private sectors will need to begin planning and budgeting for the enhancements soon.

FSB welcomes 2021 status report from Task Force on Climate-related Financial Disclosures

The FSB has welcomed the publication of the 2021 [status report](#) by the Task Force on Climate-related Financial Disclosures (TCFD) on TCFD-aligned disclosures by firms.

Following a review of over 1,650 companies' reports from 69 jurisdictions in eight industries, the report broadly finds that although disclosure has increased, consistent with global momentum around climate-related reporting, significant progress is still needed as on average only one in three companies made TCFD-aligned disclosures.

The TCFD has also published alongside the report:

- [guidance](#) on metrics, targets and transition plans to support financial statement preparers in disclosing decision-useful information and linking those disclosures with estimates of financial impacts; and
- [updates](#) to the implementation guidance on its 2017 recommendations, including disclosures on companies' plans to transition to a net zero economy, and elevating the following categories of cross-industry metrics as particularly important for assessing financial impact: Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, metrics on climate-related transition and physical risks and opportunities, capital deployment, internal carbon price, and remuneration.

The TCFD intends to deliver its next status report to the FSB in September 2022.

G7 publishes policy principles and statement on central bank digital currencies and digital payments

G7 Finance Ministers and Central Bank Governors have published a set of public policy [principles](#), along with a [statement](#), on retail central bank digital currencies (CBDCs) and digital payments. The group notes that innovation in digital money and payments has the potential to bring significant benefits but also raises considerable public policy and regulatory issues.

The thirteen principles set out within the report are intended to support and inform jurisdictions and international organisations when considering retail CBDC design and domestic policy. The principles are split into two categories. The first, 'foundational issues', covers considerations around: monetary and financial stability; legal and governance frameworks; data privacy; competition; operational resilience and cybersecurity; illicit finance; financial spillovers; and energy and environment. The second, 'opportunities', covers: support for the digital economy and innovation; financial inclusion; payments to and from the public sector; cross-border functionality; and international development. The final section of the report discusses some of the dependencies that might be encountered in designing a retail CBDC, such as the interaction between protecting users' privacy and countering illicit finance, and how they might be approached.

The statement affirms the G7's commitments regarding CBDCs and digital payments, including:

- supporting CBDC designs which focus on transparency and sound economic governance and which 'do no harm' to the existing mandates of central banks;
- working with other international organisations and standard setting bodies to further analyse the public policy implications of retail CBDCs and to develop common standards for the regulation of global stablecoins;
- ensuring that private digital money initiatives, including stablecoins, are responsible and safe and are not allowed to operate until the relevant legal, regulatory and oversight requirements are met; and
- delivering the necessary enhancements to support the implementation of the G20 roadmap for cross-border payments.

Consob consults on amending Issuers' Regulations and implementing EU rules on prospectuses

The Commissione Nazionale per le Società e la Borsa (Consob) has launched a market [consultation](#) concerning amendments to the Issuers' Regulations in order to implement the EU Prospectus Regulation, which was recently amended further to the enactment of certain new regulatory provisions. The changes were also aimed at enabling companies, including SMEs, to raise capital in a short time and with contained costs against the background of the pandemic.

Consob is also taking the opportunity to make new amendments for more regulatory coordination in relation to the supervision of advertising activities relating to a public offer contained in article 101, paragraph 1, of the Italian Financial Act.

MAS implements exemption frameworks for cross-border business arrangements of capital markets intermediaries involving FRCs and foreign offices

The Monetary Authority of Singapore (MAS) has published its [responses](#) to the feedback received on:

- its [March 2021](#) public consultation on the introduction of a proposed exemption framework for cross-border business arrangements between a financial institution (FI) in Singapore and its foreign head offices or branches (Foreign Offices) (Branch Framework), as well as on the proposed notification and annual reporting forms, the draft regulations and notices, for both the Branch Framework and the exemption framework for cross-border business arrangements between Singapore FIs and their foreign related corporations (FRCs) (FRC framework); and
- its [May 2021](#) public consultation on proposed anti-money laundering and countering the financing of terrorism (AML/CFT) notices which set out the AML/CFT requirements under the Branch Framework and FRC Framework (collectively, the Exemption Frameworks).

The MAS has considered the feedback received, and where appropriate, incorporated them into the final Exemption Frameworks which were effective from 9 October 2021.

Also, to operationalise the Exemption Frameworks, the following regulations, notices, as well as notification and annual reporting forms have been published:

- Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 (SF(ECBA)(FRC)R), Securities and Futures (Exemption for Cross-Border Arrangements) (Foreign Offices) Regulations 2021 (SF(ECBA)(FO)R), Financial Advisers (Exemption for Cross-Border Arrangements) (Foreign Related Corporations) Regulations 2021 (FA(ECBA)(FRC)R), and Financial Advisers (Exemption for Cross-Border Arrangements) (Foreign Offices) Regulations 2021 (FA(ECBA)(FO)R) (collectively, the Exemption Regulations);
- Notices on Requirements in relation to Cross-border Arrangements under the SF(ECBA)(FRC)R (SFA 04-N17), the SF(ECBA)(FO)R (SFA 04-N18), the FA(ECBA)(FRC)R (FAA-N22), and the FA(ECBA)(FO)R (FAA-N23), respectively;
- Notices to Specified Persons in relation to Cross-border Arrangements under the SF(ECBA)(FRC)R, the SF(ECBA)(FO)R, the FA(ECBA)(FRC)R, and the FA(ECBA)(FO)R on Prevention of Money Laundering and CFT (SFA 04-N19, SFA 04-N20, FAA-N24 and FAA-N25 respectively); and
- Annual Declaration for Arrangements with FRCs and/or Foreign Offices Notified under the Exemption Regulations (Form FR), Notification for Change in Particulars to Arrangements with FRCs and/or Foreign Offices Notified under the Exemption Regulations (Form FC), and Notification for Arrangements with FRCs and/or Foreign Offices under the Exemption Regulations (Form FN).

The MAS Notices SFA 04-N19, SFA 04-N20, FAA-N24, FAA-N25 and Exemption Regulations were effective from 9 October 2021.

Further, the MAS has published a set of frequently asked questions (FAQs) which are intended to clarify the requirements set out under the Exemption Frameworks.

MAS revises form regarding notice of change of particulars by exempt corporate finance advisers

MAS has [revised](#) its existing form regarding notice of a change of particulars by a person exempted from holding a capital markets services licence to carry on business in advising on corporate finance (Form 23).

The Form 23 has been revised to bring about the following key changes:

- questions relating to the fit and proper criteria in section VI are to be additionally answered in respect of controllers and substantial shareholders of the exempt person;
- where a shareholder or partner of the exempt person is a corporation, the information to be provided in respect of such shareholder or partner in section III has been streamlined; and
- the particulars of key officers and representatives to be provided in section V have been streamlined.

APRA issues report outlining results of pilot industry-wide risk culture survey

The Australian Prudential Regulation Authority (APRA) has shared with each participating entity a [report](#) outlining insights from its new industry-wide risk culture survey, which was piloted with ten general insurance entities.

APRA's pilot risk culture survey, conducted in March and April 2021, provides insights from employees on perceived risk behaviours and the effectiveness of the risk management structures within their entities. The survey also provides the opportunity to benchmark results across a number of regulated entities within an industry sector (for example, insurance), providing an opportunity for entity leaders and APRA supervisors to understand how the entity's results compare to others in its peer group.

APRA expects participating entities to use the insights from the survey and compare them with their own internal indicators (such as employee survey results, risk culture metrics and internal risk culture reviews), and other data points (such as non-financial risk metrics) to build a more comprehensive picture of their risk culture.

In addition, APRA requires a participating entity to focus on the specific relevant areas highlighted in the report to gain a deeper understanding of the underlying causes of employee perceptions and mindsets, so that meaningful initiatives to strengthen the entity's risk culture can be implemented.

Further, APRA has indicated that it plans to roll out the risk culture survey to other insurance, banking and superannuation entities over the next 12 months.

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