

CLIFFORD CHANCE

INTERNATIONAL REGULATORY UPDATE 27 JUNE – 01 JULY 2022

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International Regulatory Group Contacts

[Marc Benzler](#) +49 69 7199 3304
[Caroline Dawson](#) +44 207006 4355
[Steven Gatti](#) +1 202 912 5095
[Lena Ng](#) +65 6410 2215
[Gareth Old](#) +1 212 878 8539
[Mark Shipman](#) + 852 2826 8992
[Donna Wacker](#) +852 2826 3478
International Regulatory Update
Editor
[Joachim Richter](#) +44 (0)20 7006 2503

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

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

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Digital finance: EU Parliament and Council reach provisional agreement on MiCA and AML/CTF measures for cryptoassets

The EU Council and Parliament have [reached](#) a provisional agreement on the EU Commission's proposal to extend the scope of rules on information accompanying transfers of funds to apply to certain cryptoassets.

The proposal is part of a package of legislative amendments designed to strengthen the EU's anti-money laundering and counter terrorist financing (AML/CTF) rules. It requires cryptoasset service providers (CASPs) to collect and make accessible full information about the sender and beneficiary of any cryptoasset transfers, with the intention of improving the traceability of cryptoasset transfers and the identification of suspicious transactions.

Following trilogues, the co-legislators have provisionally agreed to:

- require CASPs to collect information on senders and beneficiaries under the 'travel rule', and to provide the information to competent authorities if an AML/CTF investigation is being undertaken;
- remove the proposed exemptions for low-value transfers, and instead apply the requirements to cryptoasset transfers of any size;
- apply the rules to un-hosted wallets (i.e. those that are held by private users) in instances where they interact with hosted wallets managed by CASPs;
- require CASPs to verify that a customer does indeed own and control an un-hosted wallet, in instances where that customer sends or receives over EUR 1,000 to the wallet;
- exempt person-to-person transfers conducted without a CASP, such as Bitcoin trading platforms, as well as transfers between CASPs, acting on their own behalf;
- apply the rules of the General Data Protection Regulation to the transfer of cryptoasset funds, rather than establishing separate rules;
- require CASPs to implement appropriate internal policies, procedures and controls to mitigate the risks that cryptoassets are used for the evasion of sanctions;

- require Member States to ensure that all CASPs qualify as obliged entities under the AML Directive; and
- align the timetable for the application of this regulation with that of the proposed Markets in Cryptoassets Regulation (MiCA).

The provisional agreement is subject to approval by the Council and Parliament before being formally adopted.

Alongside the agreement, the Council has also [announced](#) that it has agreed its partial position on another aspect of the EU Commission's proposed AML/CTF package, namely its proposal to create a dedicated AML Authority (AMLA). In its position, the Council proposes, among other things, to grant AMLA the authority to directly supervise certain types of credit and financial institutions, including CASPs, if they are considered particularly high-risk. The Council's position is partial as it has not yet agreed on AMLA's location.

Capital Markets Union: EU Council agrees position on European Single Access Point

The EU Council has [agreed](#) its position on the EU Commission's proposals to establish a European Single Access Point (ESAP) for public financial and sustainability-related information about EU companies and investment products.

In its position, the Council:

- envisages a staggered phasing-in of the ESAP platform, with EU regulations and directives gradually falling under its scope in order of priority between 2026 and 2030;
- introduces requirements for a regular assessment of ESAP's functioning, its technical efficiency, and its ability to meet the needs of its users; and
- grants Member States a high degree of flexibility with regard to the collection of information and allows them to rely on existing schemes where possible.

The Council is now ready to enter into trilogue negotiations with the EU Parliament to agree on a final version of the texts.

CRR: RTS on measuring indirect exposures to underlying clients in derivatives published in Official Journal

[Commission Delegated Regulation \(EU\) 2022/1011](#) containing regulatory technical standards (RTS) specifying how to determine the indirect exposures to an underlying client arising from derivatives and credit derivatives contracts under the Capital Requirements Regulation (CRR) has been published in the Official Journal.

The RTS specify one calculation methodology for certain categories of derivative and credit derivative contracts with a single underlying debt or equity instrument, in particular:

- options on debt and equity instruments;
- credit derivative contracts; and
- other derivatives contracts listed in Annex II of CRR2 having as an underlying asset a debt or equity instrument.

The RTS also include a methodology for calculating exposures which arise from multi-underlying derivative contracts.

The RTS will enter into force on 18 July 2022.

CRD/IFD: EBA publishes remuneration, gender pay gap benchmarking and high earners data collection guidelines

The European Banking Authority (EBA) has published final guidelines on the benchmarking exercises on remuneration practices, the gender pay gap benchmarking and high earners data collection guidelines under the Capital Requirements Directive (2013/36/EU) (CRD), the Investment Firms Directive ((EU) 2019/2034) (IFD) and.

The [final guidelines under CRD](#) (EBA/GL/2022/06), last updated in 2014, reflect additional remuneration and disclosure requirements introduced by CRD V regarding the application of derogations to the requirement to pay out a part of variable remuneration in instruments and under deferral arrangements and the benchmarking of the gender pay gap. The guidelines also seek to harmonise the benchmarking of approvals granted by shareholders to use higher ratios than 100% between the variable and fixed remuneration, and include revised data collection templates.

The [final guidelines under IFD](#) (EBA/GL/2022/07) reflect the changes made to the new remuneration framework for investment firms. The approach taken in the guidelines is consistent with the corresponding guidelines for banks under CRD above.

The [final guidelines on the high earners data collection exercises under CRD and IFD](#) (EBA/GL/2022/08) are intended to reflect the amended remuneration framework laid down in CRD V, including the introduction of derogations to pay out a part of the variable remuneration in instruments and under deferral arrangements, and the remuneration regime introduced for investments firms under IFD and the Investment Firms Regulation (IFR).

All three sets of guidelines apply from 31 December 2022 for the data to be collected in 2023 for the financial year ending 2022.

Sustainable finance: ESMA publishes letter on findings from call for evidence on ESG rating providers market

The European Securities and Markets Authority (ESMA) has written a [letter](#) to the EU Commission setting out the findings from its call for evidence on the market structure for EU environmental, social and governance (ESG) rating providers.

From the responses received, ESMA has highlighted the following market characteristics and trends:

- the market comprises a small number of very large non-EU providers, and a large number of significantly smaller EU providers, which are clustered within a small number of Member States;
- users of ESG ratings typically request them from several providers simultaneously in order to increase asset-class or geographic coverage, or to compare assessments;

- the most common shortcomings identified by users were a lack of coverage of a specific industry or type of entity, insufficient granularity of data, and a lack of transparency around the methodologies used;
- there is a high incidence of ESG ratings being requested on an issuer-pays basis;
- ESG-rated entities dedicate at least some level of resourcing to their interactions with ESG rating providers, with the amount dependent on the size of the rated entity; and
- the most common shortcomings identified by entities in their interaction with rating providers were a lack of transparency regarding the basis for ratings, the timing of feedback and the correction of errors.

EMIR: ESMA recognises two US-based Tier 1 CCPs

ESMA has [announced](#) its recognition of two central counterparties (CCPs) established in the US as Tier 1 CCPs under the European Market Infrastructure Regulation (EMIR).

From 27 June 2022, the Fixed Income Clearing Corporation (FICC) which is authorised and supervised by the Securities and Exchange Commission (SEC), and the Options Clearing Corporation (OCC), which is jointly authorised and supervised by the SEC and the Commodity Futures Trading Commission (CFTC), have been recognised as Tier 1 CCPs under Article 25 of EMIR.

Basel Committee consults on prudential treatment of banks' cryptoasset exposures

The Basel Committee on Banking Supervision (BCBS) has published its [second consultation](#) on the prudential treatment of banks' cryptoasset exposures, which builds on the proposals set out in its initial consultation, published in June 2021.

As in the June 2021 consultation, this consultation proposes dividing cryptoassets into two groups. The first (Group 1) would meet certain criteria, such as having stabilisation mechanisms (i.e. stablecoins) or being tokenised versions of traditional assets, and would therefore be eligible for treatment under the existing Basel Framework, with some modifications. The second (Group 2) would consist of cryptoassets which do not meet those criteria, such as unbacked cryptoassets and stablecoins with ineffective stabilisation mechanisms, and which are therefore deemed to pose additional and higher risks.

The second consultation amends and expands the proposals of the first, including by:

- developing the specific standards text which will be included in the Basel Framework for the treatment of Group 1 cryptoassets;
- refining the classification conditions for the cryptoasset groups;
- introducing an add-on to risk-weighted assets (RWA) to cover infrastructure risk for all Group 1 cryptoassets;
- de-linking the capital requirements applicable to cryptoassets from their classification as tangible or intangible assets under accounting standards;

- clarifying which risks will be covered by the operational risk framework and which will be covered by the credit and market risk frameworks;
- introducing detail on the application of liquidity risk requirements, including the treatment of cryptoliabilities (i.e. bank-issued cryptoassets); and
- introducing an exposure limit, which will initially limit a bank's total exposures to Group 2 cryptoassets to 1% of its Tier 1 capital.

Comments are due by 30 September 2022.

Green finance: FCA publishes feedback on ESG integration in UK capital markets

The Financial Conduct Authority (FCA) has published a [feedback statement](#) (FS22/4) summarising the feedback it received to the discussion chapter in its June 2021 consultation paper CP21/18 on ESG integration in UK capital markets and setting out potential next steps. The feedback statement focuses on:

- issues relating to ESG-labelled debt instruments, including prospectus and use of proceeds bond frameworks and the role of verifiers and second party opinion providers; and
- ESG data and rating providers.

The FCA has also published [Primary Market Bulletin 41](#), which elaborates on its response to stakeholder feedback and clarifies its expectations of issuers of ESG-labelled debt instruments.

FCA updates regulated fees and levies for 2022/23

The FCA has published a [policy statement](#) (PS22/7) on the periodic regulatory fees and levies for 2022/23, including its feedback to responses received to its consultation on draft fees and levies rules (CP22/07).

Following CP22/07, the FCA has made some changes including:

- phasing the increase in minimum fees over four years instead of three;
- uplifting the charges for Appointed Representatives in line with inflation; and
- retaining sufficient revenues from financial penalties to cover the FCA's 2021/22 enforcement costs.

These changes have had the effect of reducing the annual funding requirement (AFR) from GBP 640 million to GBP 630.9 million, an increase of GBP 17.2 million (2.8%) over 2021/22, and of reducing the fees payable from GBP 591 million to GBP 581.5 million.

FCA consults on winding down synthetic sterling LIBOR and US dollar LIBOR

The FCA has launched a [consultation](#) (CP22/11) on the transition away from the 1-, 3- and 6-month sterling LIBOR settings and market participants' exposure to US dollar LIBOR.

In September 2021, the FCA announced that it would compel the continued publication of the 1-, 3- and 6-month sterling LIBOR settings for a limited time after end-2021, using a synthetic methodology. The FCA can compel its continued production for up to one year at a time, for a maximum period of ten years.

For US dollar LIBOR, the FCA will need to assess whether the remaining settings can be wound down in an orderly fashion when the panel ends on 30 June 2023, and if not, whether a synthetic US dollar LIBOR rate might be appropriate for certain contracts that are not within scope of LIBOR-related federal legislation.

In CP22/1, the FCA seeks feedback on:

- whether the 1 and 6 month sterling LIBOR settings can cease in an orderly fashion at end-March 2023 instead of end-December 2022, in order to provide adequate notice for the market of these settings ending;
- when the 3-month sterling LIBOR setting can be ceased in an orderly fashion, given the FCA thinks that most asset classes should have had sufficient time to transition, or otherwise prepare for cessation, by the end of 2022; and
- the size and nature of remaining exposures to US dollar LIBOR and whether there are any insurmountable barriers to transitioning any exposures.

The FCA intends to use the feedback received to CP22/1 to inform its decisions on compelling continued publication of the 1-, 3- and 6-month sterling LIBOR settings, and in due course on whether the FCA should require continued publication of US dollar LIBOR on a synthetic basis when the US LIBOR panel ends on 30 June 2023.

Comments are due by 24 August 2022.

PRA publishes regulated fees and levies for 2022/23

The Prudential Regulation Authority (PRA) has published a [policy statement](#) (PS5/22) on the regulated fees and levies for 2022/23.

PS5/22 provides feedback to responses received to the PRA's consultation on its proposed rates (CP4/22). No changes were made to the proposals in CP4/22 as a result of the feedback received.

PS5/22 also contains the PRA's final policy regarding:

- the fee rates to meet the PRA's 2022/23 AFR for the financial period 1 March 2022 to 28 February 2023; and
- amendments to the Fees Part of the PRA Rulebook (Appendix 1).

The PRA's AFR for 2022/23 is GBP 312.5 million, which is GBP 24.9 million higher than the AFR for 2021/22 of GBP 287.7 million. The 25% increase in the AFR is driven primarily by the PRA's expanded role as a rule maker and increased focus on operational resilience.

The implementation date for the [PRA Fees Amendment \(No 1\) Instrument 2022](#) is 1 July 2022.

PRA sets out conclusions of SIMM model review

The PRA has written a [letter](#) to firms' Chief Risk Officers on the use of the standardised initial margin methodology (SIMM) model by firms in scope of the mandatory margining rules for non-centrally cleared derivatives.

The letter sets out the conclusions of the PRA's recent review of the use of the SIMM model by large banks, which broadly intended to assess model compliance against the regulations governing exchange of margin on non-centrally cleared derivatives.

The letter highlights concerns around the existing governance process, in which firms rely primarily on the International Swaps and Derivatives Association (ISDA) for updating SIMM or negotiating add-ons for model underperformance. The PRA believes that this process may result in margin levels which are inadequate to cover for risks at the 99% confidence level required by regulations.

The second concern set out in the letter focuses on the large number of smaller counterparties that will enter in scope of the regulation in September 2022 which may have portfolios with risk profiles materially different from those to which SIMM has been applied previously. The PRA believes that it is critical that SIMM model governance can enable firms promptly to identify and remediate model underperformance.

The PRA expects to see evidence that the risk of under-margining is being addressed, and that firms take the steps identified in an annex to the letter by December 2022 and report findings to their supervisors.

Basel 3.1: PRA sets out proposed timetable for FRTB

The PRA has written to firms setting out its approach on the Fundamental Review of the Trading Book (FRTB).

The [letter](#) follows the PRA's announcement that it will consult on the UK implementation of Basel 3.1, including FRTB, in Q4 2022. It sets out the expected timetable for firms to submit new market risk internal model approach (IMA) applications to the PRA for review and decision.

The proposed timetable is based on an assumed January 2025 implementation date, and the PRA expects to release further details at a later date. Expectations set out in the letter include:

- for existing internal models, current IMA firms will automatically move to the new standardised approach (SA) when the new market rules are implemented by the FRTB, unless they have been granted a new IMA permission;
- for new internal model applications, firms should submit final pre-application materials at least twelve months in advance of the implementation date, and firms submitting after this date should expect to have to use the SA at least for an initial period pending the completion of their model review; and
- for the new SA, firms should submit any related pre-application materials at least twelve months in advance of the implementation date. The PRA also intends to work with ISDA to conduct a further round of benchmarking ahead of the implementation.

The PRA also intends to hold more in-depth reviews with firms as the implementation date approaches, on topics including:

- default risk charge (DRC);
- risk factor eligibility test (RFET);
- non-modellable risk factors (NMRF); and
- profit and loss attribution test (PLAT) and back-testing.

Treasury Sub-Committee consults on strong and simple framework

The UK House of Commons Treasury Sub-Committee on Financial Services Regulations has launched an [inquiry](#) and [call for evidence](#) on the PRA's) proposals for a 'strong and simple' prudential framework for non-systemic domestic banks and building societies.

Views are sought on:

- the scope of the proposed framework, including the activities that it should cover and the classifications of firms;
- whether the proposals are appropriate to safeguard financial stability, and the safety and soundness of individual firms;
- whether the proposals sufficiently simplify the rules;
- implementation in the context of the Basel 3.1 Standards and firms using their own internal ratings based models;
- the effect on competition within the UK market; and
- the wording of the draft instrument giving effect to the proposal.

Comments are due by 11 July 2022.

UK EMIR: BoE publishes final policy on tiering incoming CCPs and comparable compliance

The Bank of England (BoE) has published its [final policy on its approach to tiering non-UK CCPs](#) and [comparable compliance](#) under the UK EMIR.

The [statement of policy](#) on tiering incoming CCPs, that is non-UK CPPs intending to provide clearing services to clearing members or trading venues established in the UK, specifies that incoming CCPs will be assessed to establish the degree to which they might pose risks to UK financial stability. The BoE intends to triage the CCPs against three indicators, which are:

- whether the incoming CCP held at least GBP 10 billion of UK clearing member initial margin;
- whether the incoming CCP held at least GBP 1 billion of UK clearing member default fund contributions; or
- if the incoming CCP has an interoperability arrangement in place with a UK CCP.

Depending on which criteria they meet, the BoE will then undertake further assessments to determine their risk levels. Incoming CCPs that are found to be not potentially systemic to UK financial stability will be designated Tier 1.

The [statement of policy](#) on comparable compliance sets out the BoE's approach for assessing requests from Tier 2 incoming CCPs on whether they satisfy compliance with certain UK EMIR requirements. The BoE intends to grant comparable compliance where it considers equal or comparable supervisory outcomes are achieved through the CCPs' home regimes.

The BoE has also published two policy statements containing feedback to the responses relating to the consultations on the tiering and comparable compliance policy. The implementation date for the final policy is 1 December 2022.

The BoE has also launched consultations on the [fees regime for incoming CCPs](#) and [central securities depositories](#) (CSDs). Comments on both consultations are due by 15 September 2022.

Financial Stability Committee submits ninth report on financial stability in Germany

The Financial Stability Committee (AFS) has submitted its [ninth report](#) on financial stability in Germany to the German Parliament (Bundestag). The AFS is the central committee of macroprudential supervision in Germany. Its main task is to discuss issues relevant to financial stability in Germany, warn of identified risks and advise on counteractive measures.

In the reporting period from 1 April 2021 to 31 March 2022, the AFS focused in particular on the effects of the COVID-19 pandemic, the risks on the residential property market and the activation of macroprudential measures to preventively counteract the increased vulnerabilities in the German financial system. Most recently, the AFS's focus was on the effects of the war in Ukraine on financial stability in Germany.

BaFin publishes revised guidance note on prohibition of blind pool constructions

The German Federal Financial Supervisory Authority (BaFin) has published an [expanded version](#) of its guidance note on the prohibition of blind pools under the German Asset Investment Act (Vermögensanlagegesetz – VermAnlG).

The guidance note is targeted at providers of asset investments and reflects BaFin's supervisory practice. It specifies in particular which information is expected to be included in the prospectuses and investment information sheets in order for an investment object to be considered 'concrete' within the meaning of section 5b para 2 VermAnlG in conjunction with the Asset Investment Prospectus Ordinance (Vermögensanlagen-Verkaufsprospektverordnung - VermVerkProspV) or, for investment information sheets, section 13 VermAnlG. Where this requirement is not fulfilled (blind pools), asset investments may no longer be offered to the public since section 5b para 2 VermAnlG took effect in August 2021.

The expanded guidance note contains new categories of investment objects which have emerged in supervisory practice and require a uniform application. BaFin has, for example, introduced a category for large properties, such as parcel stations, and a category for online trading of small goods. The previous criteria for individual investment objects have been reduced in some cases to facilitate the application of the law. This applies in particular to the category of real estate, where it will for example in future no longer be necessary to provide information on the state of renovation, a land register entry or existing letting. In the category of renewable energy, providers who already know the concrete location of their plants will in future only have to specify the concrete address, amongst other things, and no longer certain location conditions.

To assist providers and depositors, BaFin has also published an investment object [checklist](#) which is to be attached to future submissions.

Spanish Council of Ministers approves draft Bill on reform of Securities Markets and Investment Services Act

The Spanish Council of Ministers has [approved](#) a draft Bill on the reform of the Securities Markets and Investment Services Act to be delivered to the Spanish Parliament (Cortes Generales).

The draft Bill foresees enhancing the financing capacity of the Spanish securities market and strengthening the applicable supervisory regime while maintaining a high level of protection for financial services clients and savers.

In particular, the draft Bill is intended to adapt the regulatory framework to new technological and economic advances and to EU directives, and to regulate new financial instruments and markets for SMEs (such as BME Growth) and the SPACs as listing alternatives.

Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022 gazetted

The Government of the Hong Kong Special Administrative Region has [published](#) the Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Bill 2022 to enhance Hong Kong's regulatory regime for AML/CTF activities.

The Bill introduces a licensing regime for virtual asset service providers and a registration regime for dealers in precious metals and stones, so as to impose statutory AML/CTF obligations on these two sectors. It also addresses miscellaneous and technical issues under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance which have been identified in the Mutual Evaluation and other Financial Action Task Force contexts.

The Bill was introduced into the Legislative Council for first reading on 6 July 2022.

SFC and CSRC announce launch details of ETF Connect

The Securities and Futures Commission (SFC) and the China Securities Regulatory Commission (CSRC) have [jointly announced](#) 4 July 2022 as the launch date of ETF Connect. The SFC and the CSRC have agreed on the arrangements for cross-boundary regulatory cooperation and investor education in relation to the inclusion of exchange-traded funds (ETFs) in Stock Connect. The regulators will also enhance cooperation on enforcement against cross-boundary illegal activities and market misconduct to maintain an orderly market and protect investors. When the inclusion takes effect, trading of eligible Shanghai Stock Exchange-listed ETFs through Shanghai Connect and trading of eligible Shenzhen Stock Exchange-listed ETFs through Shenzhen Connect will be open to all Hong Kong and overseas investors, including institutional and individual investors.

Hong Kong Exchanges and Clearing Limited (HKEX) has [published](#) the initial list of ETFs eligible for Northbound trading, relevant information regarding the inclusion such as trading arrangements and eligibility criteria, as well as frequently asked questions on its designated website on inclusion of ETFs in Stock Connect.

Industry Steering Committee welcomes LCH's extension of central clearing of SORA derivatives to 31-year tenor

The Steering Committee for Swap Offer Rate (SOR) & Singapore Interbank Offered Rate (SIBOR) Transition to Singapore Overnight Rate Average (SORA) has [welcomed](#) the extension of central clearing of over-the-counter SORA derivatives by LCH from 21 years to 31 years. The extension is intended to encourage further development of the SORA derivatives market and deepen liquidity in longer tenors of SORA Overnight Index Swaps (OIS).

The Steering Committee considers the extension timely as client demand for longer-tenor derivatives hedges is expected to rise gradually in tandem with the volume of longer-tenor bonds issued in the Singapore dollar market. This extension also builds on progress in the adoption of SORA in derivatives markets, as the outstanding stock of SORA derivatives exceeded the outstanding stock of SOR derivatives for the first time in January 2022, and monthly trading activity in SORA derivatives is also now comparable to the monthly trading activity in SOR derivatives prior to the SOR transition.

MAS publishes regulations and notices regarding corporate governance and reporting requirements for designated financial holding companies with bank subsidiary

The Singapore Government has published in its official gazette the [Financial Holding Companies \(Corporate Governance of Designated Financial Holding Companies with Bank Subsidiary\) Regulations 2022](#). The regulations set out corporate governance requirements for designated financial holding companies (FHCs) with a subsidiary that is a bank incorporated in Singapore (DFHC with bank subsidiary), including the independence of directors, composition of the board of directors and board committees, and their responsibilities.

In addition, the Monetary Authority of Singapore (MAS) has published the following notices:

- [Notice FHC-N608](#) on Disclosure in Financial Statements, which sets out certain disclosure requirements on the financial statements of DFHCs with bank subsidiary, in addition to the requirements relating to financial statements as specified in the Companies Act 1967;
- [Notice FHC-N609](#) on Auditors' Reports and Additional Information to be Submitted with Annual Accounts, which sets out the requirements on types of audit reports and financial statements to be submitted, content and format of such reports, and reporting timeframe applicable to all DFHCs with bank subsidiary and their external auditors;
- [Notice FHC-N610](#) on Submission of Statistics and Returns, which sets out the requirements for DFHCs with bank subsidiary on submitting returns to the MAS, including reporting forms, completion notes and submission timeframe; and
- [Notice FHC-N615](#) on Appointment of Auditors, which sets out the requirements for DFHCs with bank subsidiary to seek the MAS' approval to appoint or re-appoint an auditor annually to carry out the duties specified in section 39 (1) of the Financial Holding Companies Act 2013.
- [Notice FHC-N106](#) on Appointment of Director, Chairperson, Member of Nominating Committee, and Key Executive Person, which sets out the requirements and guidelines for DFHCs (Licensed Insurer) to seek the MAS's approval for relevant appointments, notify the MAS of additional directorship or key executive person role taken up by a key executive person, and ensure that the proposed appointees for the appointment of directors and key executive persons are fit and proper to fulfil their roles and responsibilities;
- [Notice FHC-N125](#) on Investment Activities, which sets out the requirements and principles that govern a DFHC (Licensed Insurer)'s

oversight of the investment activities within the DFHC (Licensed Insurer) group, including the investments of any entity that is not regulated by the MAS within the insurance group; and

- [Notice FHC-N129](#) on Returns, which sets out the forms, submission requirements and deadlines for the returns to be submitted by a DFHC (Licensed Insurer).

Further, the MAS has issued a [circular](#) to all DFHCs (Licensed Insurer) on the approval of external auditors, setting out the application forms for such approval.

The regulations are effective from 30 June 2022 and the notices are from effective 1 July 2022.

MAS publishes and revises notices on liquidity, net stable funding ratio and risk-based capital adequacy

The MAS has revised its existing [Notices 1015](#) and [649](#), which set out the requirements on minimum liquid assets (MLA) and liquidity coverage ratio (LCR) for merchant banks and banks in Singapore respectively.

In consequence of the revisions made to Notice 649, the MAS has also revised [Notice 648](#) on Issuance of Covered Bonds by Banks in Singapore. Notice 648 has been mainly revised to update the references in paragraph 6B which refer to MAS Notice 649.

In addition, the MAS has [cancelled](#) Notice 613 on Minimum Liquid Assets.

The MAS has also cancelled and reissued its existing [Notice 651](#), [Notice 652](#), and [Notice 653](#), which set out requirements for domestic systemically important banks (D-SIBs) and internationally active banks relating to their LCR and internal liquidity risk measurement and management framework, net stable funding ratio (NSFR), and net stable funding ratio (NSFR) disclosures, respectively.

MAS Notice 651 dated 14 December 2015 and last revised on 7 August 2019, MAS Notice 652 dated 10 July 2017 and last revised on 21 September 2020, and MAS Notice 653 dated 28 December 2017 and last revised on 7 April 2020 will be cancelled. However, the transition provisions in the new Notices provide that some of the provisions in the cancelled Notices will still apply during the transitional period.

The MAS has also issued the following notices:

- [Notice FHC-N637](#) on Risk Based Capital Adequacy Requirements;
- [Notice FHC-N649](#) on MLA and LCR;
- [Notice FHC-N651](#) on LCR Disclosure;
- [Notice FHC-N652](#) on Net Stable Funding; and
- [Notice FHC-N653](#) on Net Stable Funding Ratio.

All the revisions, cancellations made to the Notices and Notice issuances are effective from 1 July 2022.

MAS publishes circular relating to desktop valuation in respect of interim financial reporting under Financial Reporting Guidance 3

The MAS has published a [circular](#) waiving the requirements under paragraph 8.3(e) of Appendix 6 (Property Funds Appendix/PFA) to the Code on Collective Investment Schemes to facilitate the preparation of interim financial statements in accordance with Financial Reporting Guidance 3 (FRG 3).

Considering the industry's feedback on probable cost burdens and multiple valuations in a limited time frame when performing desktop valuations in relation to a newly appointed valuer, the MAS has waived the requirement under paragraph 8.3 (e) of the PFA. The waiver enables Real Estate Investment Trusts (REITs) to appoint a valuer who had valued a property of the REIT for the past two consecutive financial years to perform a desktop valuation of the same property for the purposes of interim financial reporting in the third financial year.

Further, the MAS has also clarified that the annual full valuation for the third consecutive financial year would need to be performed by a different valuer as required under paragraph 8.3(e) of the PFA.

RECENT CLIFFORD CHANCE BRIEFINGS

SFDR and Taxonomy Regulation – does more guidance mean more clarity?

Recently, the asset management industry has benefited from the release of documents intended to clarify provisions contained in Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) and Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation). These texts do not introduce additional requirements but aim to shed some light on the interpretation of SFDR and the Taxonomy Regulation in light of continued uncertainty.

This briefing paper discusses the recent guidance from the EU Commission and the European Supervisory Authorities on the SFDR and Taxonomy Regulation

<https://www.cliffordchance.com/briefings/2022/06/sfdr-and-taxonomy-regulation--does-more-guidance-mean-more-clari.html>

China passed amendments to its Anti-Monopoly Law

China's Anti-Monopoly Law (AML) was first introduced in 2008 and has just been amended for the first time since its introduction (Amended AML).

The final text of the Amended AML, which was published on 24 June 2022, emphasises the fundamental role of competition policy in China's market economy and encapsulates substantial changes such as the introduction of a 'stop-the-clock' mechanism to merger review, a relaxed approach towards resale price maintenance (RPM), a safe harbour for certain vertical agreements, and platform-specific rules. Furthermore, the overall antitrust penalty regime has been substantially strengthened, and fines can be imposed on individuals as well as undertakings, if they organise or facilitate

the conclusion of monopoly agreements. The Amended AML brings China's antitrust regime into a new era, but uncertainties remain in many critical areas.

On 27 June 2022, the Chinese antitrust agency, the State Administration for Market Regulation (SAMR), published six drafts of relevant antitrust regulations and rules for public consultation:

- Regulations on the Merger Control Filing Thresholds;
- Provisions on Prohibition of Monopoly Agreements;
- Provisions on Prohibition of Abuse of Dominance;
- Provisions on Prohibition of Elimination and Restriction of Competition through Abuse of IP Rights;
- Provisions on Prohibition of Elimination and Restriction of Competition through Abuse of Administrative Power; and
- Provisions on Merger Control Review.

The public consultation period will end on 27 July 2022.

This briefing paper discusses the Amended AML and the related public consultation.

<https://www.cliffordchance.com/briefings/2022/06/china-passed-amendments-to-its-anti-monopoly-law.html>

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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

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London, E14 5JJ

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