

Key Regulatory Topics: Weekly Update 16 to 22 October 2020

22 October 2020

Our weekly update on key regulatory topics affecting the financial services sector.

Brexit

Please see the [Other Developments](#) section for the UK Government's announcement of the signing of the UK-Japan Comprehensive Economic Partnership Agreement.

Financial Services Bill 2019-21 published and introduced to Parliament

On 21 October, the Financial Services Bill 2019-21 was published and introduced to Parliament. The text of the Bill has been published, together with explanatory notes, and the Bill has had its first reading in the HoC. The Bill, among other things, will: (i) ensure that the UK's regulatory framework continues to function effectively with the UK having left the EU; (ii) enable the implementation of the full set of Basel III standards; (iii) establish a legislative framework for a new prudential regime for investment firms; (iv) give the FCA the powers it needs to oversee an orderly transition away from the LIBOR benchmark; (v) introduce a new mechanism to simplify the process whereby overseas investment funds can be marketed in the UK by establishing a legislative framework for the Overseas Funds Regime; (vi) deliver a Ministerial commitment to provide long-term access between the UK and Gibraltar for financial services firms, via a Gibraltar Authorisation Regime; (vii) make amendments to UK MiFIR relating to the equivalence regime for third country investment firms; (viii) introduce a number of measures to maintain the effectiveness of the financial services regulatory framework and sound capital markets; and (ix) in relation to financial crime, amend UK MAR, increase the maximum sentence for criminal market abuse, and amend the Sanctions and Anti-Money Laundering Act 2018. The second reading will take place on 9 November.

[HMT press release](#)

[FS Bill](#)

[Explanatory notes](#)

[FS Bill Parliament webpage](#)

HMT consults on phase II of future regulatory framework review

On 19 October, HMT began consulting on the second phase of the future regulatory framework review, to set out an overall blueprint for financial services regulation post Brexit. The key focus is on setting a clear allocation of responsibilities between Parliament, HMT and the financial services regulators: (i) Government and Parliament will be responsible for setting the policy framework for financial services regulation; (ii) the PRA and the FCA will be responsible for designing and implementing the regulatory standards that apply to financial services firms and markets using their existing rule-making powers in FSMA; (iii) the PRA

and FCA will be subject to enhanced transparency requirements obliging them to explain how they have had regard to the public policy issues set out by Parliament in activity-specific policy framework legislation; (iv) the cooperation and coordination arrangements that exist between HMT and the financial services regulators will include more systematic consultation between these institutions at an early stage in the policymaking process. As much as possible, this should result in one coherent source of regulatory requirements for firms in the regulators' rulebooks. The deadline for comments is 19 January 2021. The Government intends to consider the responses received and use these to inform a second consultation, setting out in more detail the proposed approach in H1 2021.

[Read more](#)

Capital markets

ESMA's speech on retail investors and asset management being the pillars of a successful CMU

On 21 October, ESMA published a speech (dated 15 October) given by its Chair Steven Maijoor, focusing on how retail investors and asset management are the pillars of a successful Capital Markets Union (CMU). Mr Maijoor explores how engagement with more retail and household participants could be increased to see the CMU flourish, and the role that the asset management sector can play. Mr Maijoor states that increasing investor trust is a prerequisite to achieve more retail engagement in Europe's capital markets. In respect of investor protection, Mr Maijoor highlights: (i) ESMA will coordinate a Common Supervisory Action exercise on investment funds' costs and fees, and NCAs will simultaneously investigate whether market participants in their jurisdictions adhere to the key regulatory requirements on costs and fees in their day-to-day business; (ii) his support for a fundamental assessment of the role of inducements in the distribution of investment products in the EU, in which the experience of countries that have banned the use of inducements should be carefully considered, and that a similarly careful assessment should be devoted to a proposal to reform the MiFID client categories; (iii) further alignment of MiFID II and the PRIIPs frameworks is needed to facilitate appropriate and understandable disclosures; (iv) his hope that the EC move forward as soon as possible with the technical proposals to improve the PRIIPs KID - this would pave the way to bring UCITS within the scope of the PRIIPs Regulation; (v) MiFID II "research unbundling" rules impact the availability of research for the SME sector; and (vi) ESMA is finishing its work in relation to the ESRB recommendation to coordinate a supervisory engagement with investment funds that have significant exposures to corporate debt and real estate, in order to assess their preparedness for potential future redemption and valuation shocks. Mr Maijoor also addresses the measures that are important for a successful CMU but are not governed by securities markets legislation, in particular that: (a) a powerful impact on households' capital markets participation could be achieved by comprehensive financial education programmes; (b) asset managers and investment funds can play a very important role in the development of private pension systems and facilitating indirect participation of the households in the capital markets; and (c) auto-enrolment schemes can help drive the growth of household participation in capital markets and an adequate long-term return on savings.

[Read more](#)

Conduct

New and updated FCA whistleblowing webpages

On 21 October, the FCA published four new or updated webpages on whistleblowing on: (i) speaking to the FCA – setting out information on the decision to speak to the FCA, how the FCA protects whistleblowers' identities, when an individual should speak to the FCA, and what the FCA will do with whistleblowers' information; (ii) legal advice and whistleblowing – setting out the legal protection available for whistleblowers, and suggesting where they can get advice; (iii) how to make a report – explaining how to report concerns to the FCA's whistleblowing team and what happens to the information that has been provided once a report has been made; and (iv) case studies - setting out some typical case studies based on real incidents handled by the FCA's whistleblowing team, including in relation to misselling, AML checks and reporting the conduct of a senior manager.

[Speaking to the FCA webpage](#)

[Legal advice and whistleblowing webpage](#)

[How to make a report webpage](#)

[Case studies webpage](#)

FCA updates statement on firms' handling of complaints during the Covid-19 pandemic

On 20 October, the FCA updated its statement on firms' handling of complaints during the Covid-19 pandemic. The FCA states that although firms' operations continue to be affected by the pandemic, it considers that they have had enough time to embed new ways of working and that, accordingly, a failure to comply with any of the FCA complaint handling requirements should only arise in exceptional circumstances connected to the impact of Covid-19. Any firm facing difficulties complying should inform their usual supervisory contact and advise the FCA of the steps it is taking to manage and address its non-compliance. The FCA intends to review the statement again by the end of April 2021 at the latest.

[Read more](#)

Consumer/retail

The Alternative Dispute Resolution for Consumer Disputes (Extension of Time Limits for Legal Proceedings) (Amendment etc.) (EU Exit) Regulations 2020

On 22 October, the Government published the Alternative Dispute Resolution for Consumer Disputes (Extension of Time Limits for Legal Proceedings) (Amendment etc.) (EU Exit) Regulations 2020. An explanatory memorandum was also published, which explains that the instrument amends four pieces of EU-derived legislation which extend the time limit for bringing court proceedings where a consumer is engaged in non-binding alternative dispute resolution (ADR). These are: (i) the Prescription and Limitation (Scotland) Act 1973; (ii) the Limitation Act 1980; (iii) the Foreign Limitation Periods Act 1984; and (iv) the Limitation (Northern Ireland) Order 1989. The instrument removes references to the ADR Directive

within these pieces of legislation and makes amendments to ensure that the applicable statutory time limit for launching court proceedings will only be extended in cases where the consumer is resident in the UK and uses the services of an ADR provider authorised within the UK. The instrument also amends the Equality Exit Regulations. The Regulations come into force on IP completion day except for regulation 6 which comes into force immediately prior to IP completion day.

[The Alternative Dispute Resolution for Consumer Disputes \(Extension of Time Limits for Legal Proceedings\) \(Amendment etc.\) \(EU Exit\) Regulations 2020 Explanatory Memorandum](#)

FCA's consultation on changes to FCA Handbook due to Breathing Space Regulations

On 21 October, the FCA began consulting on changes to its Handbook as a result of the Breathing Space Regulations (Breathing Space Moratorium and Mental Health Crisis Moratorium (England and Wales) Regulations 2020). The Regulations establish a scheme giving someone in problem debt the right to legal protections from creditor action for up to 60 days while they receive debt advice and potentially enter into an appropriate debt solution. A consumer can only access the breathing space moratorium after being advised and assessed as eligible by an FCA Authorised debt advice firm or a local authority or by accessing a mental health crisis moratorium. There is no 60-day limit to a mental health crisis moratorium period, which will usually end 30 days after the mental health crisis treatment has concluded. Such consultation proposals include minor changes to FCA's Consumer Credit sourcebook (CONC) in order to provide clarity on some specific issues where there may be duplication or uncertainty about firms' obligations under the Regulations and compliance with the FCA's rules. The deadline for comments is 6 January 2021.

[Read more](#)

FCA's paper on understanding consumer financial wellbeing through banking data

On 20 October, the FCA published Occasional Paper No.58 on understanding consumer financial wellbeing through banking data. In this paper, the FCA investigates the relationship between subjective financial wellbeing, measured by self-reported responses of survey respondents, and objective financial wellbeing, measured by the same respondents' bank account data. The FCA's objective is to better understand how differences in subjective financial wellbeing, in consumers' lived experience, fluctuates with the objective state of their finances. The FCA's findings include that: (i) subjective financial wellbeing is correlated with a number of objective metrics that can straightforwardly be derived from bank account records, such as income, available liquidity and overdraft usage; (ii) people with higher incomes, more liquidity and fewer days in overdraft, report higher financial wellbeing; (iii) the FCA did not find associations with demographic characteristics like gender and age; and (iv) there is no apparent relationship between income volatility and subjective financial wellbeing.

[Read more](#)

FCA's draft additional guidance for insurance and premium finance firms - Covid-19

On 16 October, the FCA proposed additional guidance to assist customers who hold insurance and premium finance products involving regulated credit agreements and who are facing

financial difficulties due to the Covid-19. The measures follow the August 2020 guidance, which expires on 31 October. It outlines the tailored support firms should provide from 1 November to consumers who have already had a payment deferral and for those newly in financial difficulty due to changed circumstances. The deadline for comments was 20 October.

[Read more](#)

Covid-19

Please see the other sections for product specific updates relating to Covid-19.

Financial crime

Please see the section on [Brexid](#) for the publication and introduction to Parliament of the Financial Services Bill 2019-21.

Please see the section on [Conduct](#) for the FCA's new and updated webpages containing information in relation to whistleblowing.

FCA updates MLRs 2017 webpage in relation to bank account portal provisions

On 21 October, the FCA updated its Money Laundering Regulations (MLRs) webpage in order to provide information on the duty to respond to requests for information about accounts and safe-deposit boxes under Part 5A of the MLRs. The duty came into force on 10 September, however, the Bank Account Portal (BAP), by which credit institutions and providers of safe custody services must respond to requests, remains under development. Firms are not therefore expected to comply with the parts of the MLRs relating to the BAP. The FCA expects an update from HMT in early 2021, with the Treasury also intending to give firms notice and opportunities for engagement ahead of a revised date for firms to comply with the MLRs on the BAP.

[Read more](#)

Fintech

Please see the [Payment Services and Payment Systems](#) section for the Financial Market Law Committee's response to HMT's call for evidence on its payments landscape review.

Funds and fund regulation

EC consults on AIFMD review

On 22 October, the EC began consulting on the review of the Alternative Investment Fund Managers Directive (AIFMD). The consultation questionnaire is structured as follows: (i) authorisation/scope - the scope of the AIFM licence, its potential extension to smaller AIFMs and level playing field concerns in relation to the regulation of other financial intermediaries, like MiFID firms, credit institutions or UCITS managers that provide similar services; (ii)

investor protection - the differences between retail and professional, the adequacy of disclosure requirements, the alleged ambiguities in the depositary regime and the lack of the depositary passport; (iii) international issues - how best to achieve the equitable treatment of non-EU AIFs and securing a wider choice of AIFs for investors; (iv) financial stability - how to ensure NCAs and AIFMs have the tools necessary to effectively mitigate and deal with systemic risks; (v) investment in private companies; (vi) sustainability; and (vii) the treatment of UCITS. The deadline for comments is 29 January 2021. The EC intends to put forward a legislative proposal amending the AIFMD in the form of a Directive in Q3 2021.

[Read more](#)

EC consultation on ELTIF Regulation review

On 19 October, the EC began consulting on the review of the European Long-Term Investment Funds (ELTIF) regulatory framework. The review is in response to the relatively low uptake of the ELTIF regime since its inception. The consultation questionnaire covers the following topics: (i) the scope of the ELTIF authorisation and process; (ii) the investment universe, eligible assets and qualifying portfolio undertakings; (iii) borrowing of cash and leverage; and (iv) rules on portfolio composition and diversification. The deadline for comments is 19 January 2021.

[Read more](#)

Markets and markets infrastructure

Council of the EU agrees negotiating mandate on EC's Capital Markets Recovery Package and proposed Directive amending MiFID II – Covid-19

On 22 October, the Council of the EU (the Council) announced that it had agreed its negotiating position on the EC's Capital Markets Recovery Package, which includes the proposed Directive amending MiFID II as regards information requirements, product governance and position limits to help the recovery from Covid-19. In light of the crisis, the EC has proposed a number of amendments to MiFID II rules to simplify information requirements and address the needs of the commodity derivatives market. The Council suggests also exempting non-complex 'plain vanilla' bonds sold to both retail and professional investors from certain product governance-related information requirements under certain conditions. It supports the EC's proposal to suspend best-execution reports by trading venues, in order to free up resources. In addition, the Council's amendments suggest fine-tuning changes to the MiFID rules aimed at supporting the growth of euro-denominated derivatives markets. In the announcement, the Council also summarise their amendments to proposals in relation to: (i) the EU Recovery Prospectus; (ii) the Transparency Directive; and (iii) facilitating the use of securitisation to support banks. On 21 October, the Council published the compromise text of the proposed Directive. On the basis of this negotiating mandate, the presidency will start negotiations with the EP as soon as the EP has adopted its position.

[Press release](#)

[Compromise text](#)

HMT policy statement on amendments to the BMR to support LIBOR transition

On 21 October, HMT published a policy statement on amendments to the Benchmarks Regulation (BMR) to support LIBOR transition, to accompany the introduction of the Financial Services Bill to Parliament. The Bill provides new and enhanced powers for the FCA where it has determined that a critical benchmark is at risk of becoming unrepresentative, or has become unrepresentative, and that its representativeness cannot reasonably be maintained or restored. In particular, in order to provide for the orderly wind-down of the benchmark, the FCA will be able to direct a change in the methodology of a critical benchmark and extend its publication for a limited time period for the benefit of “tough legacy” contracts. In such a scenario, use of that benchmark by UK supervised entities will be prohibited. However, in order to ensure an orderly wind-down of the benchmark for “tough legacy” contracts, the FCA will have discretion to determine specific categories of contracts which will be exempt from this prohibition on use. HMT and the FCA are of the view that this exemption is intended for those contracts that genuinely have no realistic ability to be renegotiated or amended to transition to an alternative benchmark. Before exercising certain new powers, the FCA will be required to issue statements of policy to inform the market about how it intends operationalise the legal framework set out under the BMR. The FCA will be able to engage with industry stakeholders and international counterparts as appropriate through this process.

[Read more](#)

Regulation and Directive on European crowdfunding service providers published in OJ

On 20 October, two pieces of legislation were published in the OJ: (i) Regulation (EU) 2020/1503 on European crowdfunding service providers for business, and amending Regulation (EU) 2017/1129 and Directive (EU) 2019/1937; and (ii) Directive (EU) 2020/1504 amending MiFID II relating to crowdfunding. Both the Regulation and Directive enter into force on 9 November (20 days following OJ publication) and shall apply from 10 November 2021.

[Regulation \(EU\) 2020/1503](#)

[Directive \(EU\) 2020/1504](#)

CFTC and BoE sign new MOU for supervision of cross-border clearing organisations

On 20 October, the BoE announced that it had signed an updated memorandum of understanding (MOU) with the Commodity Futures Trading Commission (CFTC) regarding the cooperation and exchange of information in the supervision and oversight of clearing organisations that operate on a cross-border basis in the US and UK. The two authorities express, through this MOU, their willingness to cooperate with each other in the interest of fulfilling their respective regulatory mandates, particularly in preserving the benefits of cross-border clearing activity. The MOU supersedes a 2009 agreement and follows a 2019 joint statement by the CFTC, BoE, and other UK authorities on continuity of derivatives trading and clearing post-Brexit.

[Press release](#)

[MOU](#)

ESMA adds CSDR to interactive single rulebook

On 20 October, ESMA updated its interactive single rulebook to include Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012 (CSDR). The Interactive Single Rulebook is an online tool that aims to provide a comprehensive overview of and easy access to all level 2 and level 3 measures adopted in relation to a given level 1 text.

[Read more](#)

ESMA's consultation on draft RTS in relation to CCPs under EMIR

On 19 October, ESMA began consulting on draft regulatory technical standards on CCPs under EMIR, specifying the conditions under which additional services or activities to which a CCP wishes to extend its business are not covered by the initial authorisation and therefore require an extension of authorisation and also specifying the procedure for consulting the college (established in accordance with Article 18 of EMIR) on whether or not those conditions are met. The deadline for comments is 16 November. ESMA expects to publish the final report and submit the draft RTS to the EC for endorsement in Q1 2021.

[Read more](#)

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ESRB recommendation on identifying legal entities

On 19 October, the European Systemic Risk Board (ESRB) published a recommendation (dated 24 September) on identifying legal entities. The purpose of this recommendation is to contribute, in line with the ESRB's mandate, to the prevention and mitigation of systemic risks to financial stability in the EU through the establishment of systematic use of the legal entity identifier (LEI) by entities engaged in financial transactions. The ESRB recommends the introduction of an EU legal framework to uniquely identify legal entities engaged in financial transactions by LEIs and to make the use of the LEI more systematic in respect of supervisory reporting and public disclosure. The objectives of the recommendation are: (i) to ensure that all legal entities established in the EU that are involved in financial transactions, obtain and maintain an LEI, as there is not currently a uniform approach and use of the LEI does not extend to non-financial sectors; (ii) to ensure the systematic and comprehensive use of the LEI for identification of entities in the reporting of financial information; and (iii) to promote the awareness and use of the LEI by the general public and facilitate the general public's access to company information through the use of the LEI, and to do this, relevant authorities should further enhance and systematise references to the LEI in their disclosure of information about entities. The ESRB asks the EC to deliver a report on Recommendation A, namely the implementation of the introduction of an EU framework on the use of the legal entity identifier, by 30 June 2023, and asks the addressees of Recommendation B, namely the use of the LEI until the possible introduction of Union legislation, to deliver a report by 31 December 2021.

[Read more](#)

FSB Global Transition Roadmap for LIBOR

On 16 October, the Financial Stability Board (FSB) issued a global transition roadmap intended to inform those with exposure to LIBOR benchmarks of some of the steps they should be taking now and over the remaining period to end-2021 to successfully mitigate the associated risks. These are considered prudent steps to take to ensure an orderly transition by end-2021 and are intended to supplement existing timelines/milestones from industry working groups and regulators. The roadmap includes a number of actions that firms should already have taken, or should promptly take, including: (i) identifying and assessing all LIBOR exposures and dependencies; (ii) agreeing a project plan, which has the industry and regulator recommended best practices built in; and (iii) implementing a plan for communicating with end-users of LIBOR referencing products maturing beyond end-2021 to ensure they are aware of the transition and the steps being taken to support moving those products to alternative rates.

[Read more](#)

Payments services and payment systems

FMLC response to HMT call for evidence on payments landscape review

On 21 October, the Financial Markets Law Committee (FMLC) published its response (dated 20 October) to the HMT's call for evidence in relation to its payment services landscape review. The FMLC urges HMT to consider the uncertainties which may arise in relation to DLT-based innovation in the area of payment systems. The FMLC explains that DLT arrangements have the potential to facilitate certain payments clearing system processes in ways that are less expensive and possibly more resilient than the existing highly centralised processes. The process of transmitting, reconciling and confirming orders can be either eliminated or condensed and can occur without the need for financial intermediaries, increasing the system's efficiency, particularly in relation to real-time retail payment systems. The FMLC highlights that uncertainties in relation to DLT exist as to: (i) whether PSD2 and the Settlement Finality Directive are compatible with the actors participating in, and the activities constituting, DLT-based arrangements – conflicts of laws provisions can not easily be applied to multi-jurisdictional DLT and the notions of register, account or deposit system do not align well with DLT applications; (ii) privacy - since participating entities own so-called "nodes" and share transaction information among themselves; and (iii) arranging integral third party processes to ensure accountability, such as audits. The FMLC also highlights a potential gap in the statutory and regulatory regimes, as they apply to broader payments network activities. Since both Part 5 of the Financial Services (Banking Reform) Act 2013 and Part 5 of the Banking Act 2009 were enacted before the concepts of payment initiation services (PIS) and account information services (AIS) were introduced by PSD2, they were not intended to regulate services that are one or more steps removed from the processing, clearing and settlement of payment orders. The FMLC urges the Government to consider whether these regimes should be extended to cover PIS and AIS. The FMLC also recommends that consideration be given to the regulatory treatment of cross-border payments in fiat currencies, which involve a fiat-to-digital currency exchange and a digital-to-fiat currency exchange at the points of origination and receipt, which are effected between these points on a digital platform in a cryptocurrency. These situations can give rise to legal

uncertainty in relation to the application of consumer protection and conduct of business requirements - given that the payer and payee are dealing in fiat currency, but the transfer itself is made outside a traditional payments system via a cryptocurrency platform.

[Read more](#)

Prudential regulation

EBA's opinion to address possible infection risk stemming from legacy instruments under CRR

On 21 October, the EBA published an opinion on the prudential treatment of so-called "legacy instruments" in view of the end of the CRR's grandfathering period on 31 December 2021. In reviewing legacy instruments and examining clauses that led to their grandfathering, the EBA identified two main issues relating to the conditions governing those instruments that could create infection risk (defined as the disqualification of other layers of own funds or eligible liabilities instruments) by affecting the CRR eligibility of regulatory instruments: (i) relating to interlinkages between capital instruments' distribution payment features and the principle of the flexibility of distribution payments; and (ii) relating to clauses that might contradict the eligibility criterion of subordination. To address the infection risk and preserve the quality of regulatory capital, the EBA envisions two main options, institutions can either: (1) call, redeem, repurchase or buy-back the relevant instrument; or (2) amend their terms and conditions. In a limited number of cases, where institutions could demonstrate to their competent authorities that neither of these two options can be pursued, and taking into account all the relevant circumstances, the EBA also considered a third and last resort option to allow institutions to keep the legacy instrument in their balance sheet while it would be excluded from regulatory own funds and TLAC / MREL eligible instruments. The EBA will monitor the situation of the legacy instruments until the end of the grandfathering period, and will place particular focus on the use of the proposed options across jurisdictions with a view to ensuring a consistent application. In addition, the EBA will consider the transposition of specific provisions of BRRD into national legislation and how this might alleviate concerns about the existence of infection risk linked to subordination aspects.

[Press release](#)

[Opinion](#)

PRA's second consultation paper on implementing CRD V

On 20 October, the PRA began its second consultation (together with various appendices) on proposed changes to its rules, supervisory statements (SS) and statements of policy (SoP) in order to implement CRD V and update aspects of the framework as a result of CRR II. The CRD V measures covered include: (i) a new requirement for the approval and supervision of certain holding companies; (ii) measures to enhance supervisory requirements to measure, monitor, and control interest rate risk in the banking book; (iii) measures revising the framework for applying capital buffers; (iv) amendments to the definition of the maximum distributable amount that constrains a firm's distributions when it uses its capital buffers; and (v) clarifying the quality of capital required to meet Pillar 2 requirements. The CRR measures comprise adjustments to: (a) the process through which variable capital requirements may be applied to firms' real estate exposures (and the public authority responsible for applying

them); and (b) the methods that may be used for the purposes of prudential consolidation. The deadline for comments is 17 November.

[Consultation](#)

[Appendix 1](#)

[Appendix 2](#)

[Appendix 3](#)

[Appendix 4](#)

[Appendix 5](#)

Other developments

UK and Japan sign free trade agreement

On 22 October, the UK Government announced that the UK-Japan Comprehensive Economic Partnership Agreement (CEPA) is due to be signed today. In the announcement, the Government highlights that: (i) CEPA is the first deal the UK has secured since leaving the EU; (ii) it extends further than the current UK-EU arrangement in relation to digital and data, financial services, food and drink and creative industries; and (iii) the Government hopes that it will bring the UK closer to joining the Trans-Pacific Partnership free trade area, with the deal including a commitment from Japan to support the UK.

[Read more](#)

UK-US financial regulatory working group joint statement

On 22 October, HMT published a joint statement on the third meeting of the UK-US financial regulatory working group. The Working Group meeting focused on five key themes: (1) the economic response to, and potential financial stability impacts of, Covid-19; (2) international cooperation and 2021 priorities including benchmark transition; (3) cross-border rules and overseas recognition/equivalence/substituted compliance regimes; (4) sustainable finance; and (5) financial innovation, noting the success of this summer's UK-US Financial Innovation Partnership meeting. Participants will continue to engage bilaterally on these topics, as well as other topics of mutual interest ahead of the next Working Group meeting, which is expected to take place in the first half of 2021.

[Read more](#)

EC 2021 work programme

On 19 October, the EC adopted its 2021 work programme containing the legislative initiatives across President von der Leyen's six headline ambitions. Key financial services-related proposals include: (i) deepening the Capital Markets Union; (ii) completing the Banking Union; (iii) a proposed AML legislative package; (iv) revising MiFID II and MiFIR; and (v)

various European Green deal proposals. Annex I sets out the 44 new policy and legislative initiatives, while Annex II sets out the REFIT initiatives, to simplify existing legislation.

[Press release](#)

[Work programme](#)

[Annexes and factsheets](#)

Financial Stability Board's final report on toolkit of effective practices for cyber-incident response and recovery

On 19 October, the Financial Stability Board (FSB) published its final report on a toolkit to provide financial institutions with a set of effective practices to respond to and recover from a cyber-incident to limit any related financial stability risks. The toolkit, structured across seven components, comprises 49 effective practices that organisations have adopted while taking into account jurisdictions' legislative, judicial and regulatory frameworks, the size of the organisation, the organisation's role in the financial ecosystem and the extent to which stakeholders are affected by a cyber-incident. The FSB has also published an overview of the responses to the public consultation, which summarises the main issues that were raised and describes the changes that have been made as a result.

[Final report and toolkit](#)

[Consultation response overview](#)