

The background features a network of white lines connecting circular nodes on a light blue gradient. Three stylized human figures are positioned at nodes: a dark brown one on the left, a light orange one at the top center, and a bright orange one on the right. The Dentons logo is in the top left corner.

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Global Financial Markets Regulatory Review

December 2019

Editorial note

Dentons is pleased to present the December 2019 edition of the Global Financial Markets Regulatory Review. This regularly published report provides key financial markets regulatory developments as well as other legal developments related to financial markets around the world.

Reported items include proposed legislation, rule changes, disciplinary actions, litigation, and other news. The report combines insights from Dentons lawyers with extensive financial markets experience located in major global financial centers.

Because of our international footprint of more than 10,000 lawyers in 170+ locations in 70+ countries, Dentons can service most cross border legal issues faced by global companies. We hope you will find this report useful, and we look forward to the opportunity to share our expertise with our clients around the world.

Contents

04 ... Key regulatory developments in Australia

13 ... Key regulatory developments in the EU

13 ... Key regulatory developments in Europe

25 ... Key regulatory developments in Germany

29 ... Key regulatory developments in Italy

33 ... Key regulatory developments in Luxembourg

37 ... Key regulatory developments in the Netherlands

39 ... Key regulatory developments in Ukraine

42 ... Key regulatory developments in the United Kingdom

44 ... Key regulatory developments in Spain

45 ... Key regulatory developments in the United States

48 ... Key regulatory developments in Canada

62 ... Key regulatory developments in Singapore

64 ... Key regulatory developments in Hong Kong

Key regulatory developments in Australia

Source/Date	Brief description
AUSTRAC applies for civil penalty orders against Westpac 20/11/2019	<p>On 20 November 2019, AUSTRAC applied to the Federal Court of Australia for civil penalty orders against Westpac Banking Corporation (Westpac).</p> <p>The civil penalty orders relate to systemic non-compliance with the AML/CTF Act. AUSTRAC alleges Westpac contravened the AML/CTF Act on over 23 million occasions.</p> <p>AUSTRAC Chief Executive Officer, Nicole Rose, says that AUSTRAC's decision to commence civil penalty proceedings was made following a detailed investigation into Westpac's non-compliance.</p> <p>It is alleged that Westpac's oversight of the banking and designated services provided through its correspondent banking relationships was deficient. Westpac's oversight of its AML/CTF Program, intended to identify, mitigate and manage the money laundering and terrorism financing risks of its designated services, was also deficient. These failures in oversight resulted in serious and systemic non-compliance with the AML/CTF Act.</p> <p>Westpac failed to:</p> <ol style="list-style-type: none">1. appropriately assess and monitor the ongoing money laundering and terrorism financing risks associated with the movement of money into and out of Australia through correspondent banking relationships. Westpac has allowed correspondent banks to access its banking environment and the Australian Payments System without conducting appropriate due diligence on those correspondent banks and without appropriate risk assessments and controls on the products and channels offered as part of that relationship.2. report over 19.5 million International Funds Transfer Instructions (IFTIs) to AUSTRAC over nearly five years for transfers both into and out of Australia. The late incoming IFTIs received from four correspondent banks alone represent over 72% of all incoming IFTIs received by Westpac in the period November 2013 to September 2018 and amounts to over A\$11 billion dollars. IFTIs are a key source of information from the financial services sector that provides vital information into AUSTRAC's financial intelligence to protect Australia's financial system and the community from harm.3. pass on information about the source of funds to other banks in the transfer chain. This conduct deprived the other banks of information they needed to understand the source of funds to manage their own AML/CTF risks.4. keep records relating to the origin of some of these international funds transfers.

5. carry out appropriate customer due diligence on transactions to the Philippines and South East Asia that have known financial indicators relating to potential child exploitation risks. Westpac failed to introduce appropriate detection scenarios to detect known child exploitation typologies, consistent with AUSTRAC guidance and their own risk assessments.

These proceedings are ongoing.

ASIC has provided guidance to assist companies meet their obligation to have a whistleblower policy.

As part of the corporate sector whistleblower reforms, public companies, large proprietary companies, and proprietary companies that are trustees of registrable superannuation entities must have a whistleblower policy available to their officers and employees by 1 January 2020.

ASIC gives guidance on companies' whistleblower policies and relief to small not-for-profits

Regulatory Guide 270 Whistleblower Policies (**RG 270**) helps these companies establish policies that support and protect whistleblowers. RG 270 sets out the components that a whistleblower policy must include to comply with the law. These include:

13/11/2019

- types of matters covered by a policy
- who can make and receive a disclosure
- how to make a disclosure
- legal and practical protections for disclosers
- investigating a disclosure
- ensuring fair treatment of individuals mentioned in a disclosure.

The Reserve Bank of Australia released the September 2019 Assessment of the ASX Clearing and Settlement Facilities. The Assessment concludes that ASX's clearing and settlement (**CS**) facilities 'observed' or 'broadly observed' all relevant requirements under the Reserve Bank's Financial Stability Standards (**FSS**) as at 30 June, 2019, with the exception of the standard relating to general business risk, which was rated as 'partly observed' in each facility.

Assessment of ASX Clearing and Settlement Facilities – September 2019

On balance, the Bank has concluded that the facilities have conducted their affairs in a way that causes or promotes overall stability in the Australian financial system. However, the facilities will need to place a high priority on addressing the recommendations related to general business risk. The Bank has made a number of other recommendations for the ASX CS facilities to address in order to observe or continue to observe the FSS.

The Assessment also describes progress made by the ASX CS facilities in addressing recommendations of the 2018 Assessment, including to strengthen ASX's technology governance and management of operational risk via its Building Stronger Foundations program.

Data Sharing and Release Legislative Reforms Discussion Paper is open for public comment
September 2019

A discussion paper on reforming how public sector data is used was released for public comment from 3 September, 2019, to 15 October 2019. The discussion papers addresses:

- the attempts to streamline Australia’s data sharing framework by introducing an independent National Data Commissioner, a National Data Advisory Council and Data Sharing and Release legislation;
- the public benefits of data sharing;
- the privacy-preserving safeguards in place, including the Data Sharing Principles;
- transparency mechanisms, including public registers and annual reports; and
- the regulatory approach, including offences, defenses, complaints and penalties.

The Australian Transaction Reports and Analysis Centre orders audit of PayPal Australia’s compliance with financial crime laws
24/09/2019

The Australian Transaction Reports and Analysis Centre (**AUSTRAC**) has ordered the appointment of an external auditor to examine ongoing concerns in regard to PayPal Australia’s compliance with the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (the **AML/CTF Act**).

These concerns relate to PayPal Australia’s compliance with its International Funds Transfer Instruction reporting obligations, which require regulated entities to report the transfer of funds or property to or from Australia.

International Funds Transfer Instructions reported by the financial services sector provide AUSTRAC with vital intelligence that enables AUSTRAC and its partners to combat serious crimes such as child sex exploitation.

The external auditor must report to AUSTRAC within 120 days of being appointed and will examine PayPal Australia’s compliance with its:

- AML/CTF Program obligations
 - International Funds Transfer Instruction (**IFTI**) reporting obligations
 - Record keeping obligations
-

European Securities
and Markets Authority
and ASIC to co-operate
on benchmarks
21/09/2019

The European Securities and Markets Authority (**ESMA**) and ASIC are pleased to announce that they have signed a Memorandum of Understanding (**MoU**) setting out cooperation arrangements in respect of Australian benchmarks.

The EU Benchmarks Regulation (**BMR**) prescribes a European common framework to ensure the integrity and accuracy of benchmarks used in the EU.

On 29 July, 2019, under Article 30 of Regulation (**EU**) 2016/1011, the European Commission recognized Australia's legal and supervisory framework applicable to the administrators of certain financial benchmarks as equivalent to the corresponding requirements under the BMR, and recognized that those requirements are subject to effective supervision and enforcement.

This decision will allow benchmarks declared significant by ASIC (BBSW, S&P/ASX200, Bond Futures Settlement Price, CPI, and Cash Rate) to be used in the EU by EU-supervised entities.

The MoU sets out appropriate cooperation arrangements to complement the EU's equivalence decision, as well as to ensure effective information exchange and supervisory coordination. Under it, both authorities agree to provide each other with the fullest cooperation permissible under their laws and regulations in relation to all relevant information and supervisory activities regarding the covered benchmarks.

Both authorities agree to confidentiality requirements for any information shared, requests made, and contents of the requests made, under the MoU.

SIC remakes
'sunsetting' class
order about changing
scheme constitutions
17/09/2019

ASIC has remade the existing relief on changing scheme constitutions.

The existing relief under Class Order [CO 09/552] Changing Scheme Constitutions was to end on 1 October 2019.

The new instrument, *ASIC Corporations (Changing Scheme Constitutions) Instrument 2019/700*, continues to provide relief in certain situations to vary how the constitution of a registered scheme may be modified, or repealed and replaced with a new constitution. *ASIC also issued ASIC Corporations (Repeal) Instrument 2019/885*, which repeals [CO 09/552].

The new instrument will continue the effect of the previous instrument with some minor amendments, which include simplifying the drafting to give greater clarity.

The relief was remade following ASIC's public consultation in Consultation Paper 320 Remaking ASIC Class Order on Changing Scheme Constitutions: [CO 09/552] (**CP 320**). ASIC did not receive any submissions in response to CP 320.

ASIC has used its product intervention power to ban a model of lending in the short-term credit industry that has been found to cause significant consumer detriment.

In its first deployment of this power, ASIC targeted a particular business model where a short-term credit provider and its associate charged fees under separate contracts.

ASIC makes product intervention order banning short-term lending model to protect consumers from predatory lending

12/09/2019

The law allows short-term credit providers to remain exempt from credit licensing, conduct and responsible lending obligations under the National Consumer Credit Protection Act 2009, if the fees charged for a loan of up to 62 days do not exceed 5% of the loan amount and 24% per annum interest.

Under the short-term lending model, the short-term credit provider charged costs within these limitations, however its associate charged significant upfront, ongoing and default-related fees under a separate contract for management and administrative services in relation to the loan. When combined, these fees can add up to almost 1000% of the loan amount.

The order does not seek to modify the existing exemption for short-term credit; rather, it ensures that short-term credit providers and their associates do not structure their businesses in a manner which allows them to charge fees which exceed the prescribed limits for regulated credit.

Consultation on ISO 20022 Migration for the Australian Payments System – Responses and Options Paper

12/09/2019

The Reserve Bank of Australia and the APC released the ISO 20022 Migration for the Australian Payments System – Responses and Options Paper. This follows the Issues Paper published earlier this year, which sought views on the migration of messaging used in some parts of the Australian payments system to the International Organization for Standardization (ISO) 20022 payments messaging standard.

ASIC has extended to 31 March, 2020, licensing relief for foreign financial services providers (**FFSPs**) to allow them to provide certain financial services to Australian wholesale clients without needing to hold an Australian financial services licence.

The licensing relief that has been extended by ASIC is:

ASIC extends relief for foreign financial services providers

10/09/2019

- *ASIC Corporations (Repeal and Transitional) Instrument 2016/396* and *ASIC Corporations (CSSF-Regulated Financial Services Providers) Instrument 2016/1109*. FFSPs relying on this relief can provide specified financial services to Australian wholesale clients if their home regulatory regime has been assessed by ASIC as sufficiently equivalent to the Australian financial services licensing regime; and
- *ASIC Corporations (Foreign Financial Services Providers—Limited Connection) Instrument 2017/182*. This instrument provides licensing relief for FFSPs that are only required to hold a licence because they have engaged in conduct that is intended to induce an Australian wholesale client to use the provider's financial services.

ASIC has filed an appeal with the Full Federal Court of Australia against the decision of the Honourable Justice Perram regarding ASIC's allegations against Westpac Banking Corporation (**Westpac**) for contraventions of responsible lending provisions of the National Consumer Credit Protection Act 2009 (Credit Act).

On 1 March, 2017, ASIC commenced Federal Court proceedings alleging that during the period between December 2011 and March 2015 Westpac failed to properly assess whether borrowers could meet their repayment obligations before entering into home loan contracts.

ASIC to appeal
Westpac responsible
lending Federal
Court decision

On 13 August, 2019, the Federal Court found Westpac had not breached the responsible lending provisions of the Credit Act, as Justice Perram decided that a lender 'may do what it wants in the assessment process'.

10/09/2019

Following this decision, the ASIC Commissioner has advised:

'The Credit Act imposes a number of legal obligations on credit providers, including the need to make reasonable inquiries about a borrower's financial circumstances, verifying information obtained from borrowers and making an assessment of whether a loan is unsuitable for the borrower. ASIC considers that the Federal Court's decision creates uncertainty as to what is required for a lender to comply with its assessment obligation, nor does ASIC regard the decision as consistent with the legislative intention of the responsible lending regime. For those reasons, ASIC will appeal to the Full Court of the Federal Court.'

Australian Securities and Investments Commission v Bank of Queensland Limited 2019 (NSD 1420/2019)

Australian Securities and Investments Commission v Bendigo and Adelaide Bank Limited 2019 (NSD 1421/2019)

04/09/2019

The Australian Securities and Investments Commission (**ASIC**) commenced proceedings in the Federal Court of Australia against the Bank of Queensland and Bendigo and Adelaide Bank concerning unfair contract terms in small business contracts.

ASIC alleges that certain terms used by these parties in contracts with small businesses are unfair. If the court agrees with ASIC, the specific terms will be void and unenforceable by these parties in these contracts.

ASIC alleges that certain terms used by these parties are unfair, as the terms:

- cause a significant imbalance in the parties' rights and obligations under the contract;
- were not reasonably necessary to protect the parties' legitimate interests; and
- would cause detriment to the small businesses if the terms were relied on.

Some of the unfair terms pleaded by ASIC include clauses that give lenders, but not borrowers, broad discretion to vary the terms and conditions of the contract without the consent of the small business owner, along with clauses that allow the bank to call a default, even if the small business owner has met all of its financial obligations.

ASIC is also seeking a declaration from the Federal Court that the same terms in any other small business contract are also unfair.

The Australian Prudential Regulation Authority (APRA) updated its Enforcement Approach to outline how it will increase transparency around the use of its formal enforcement powers.

The Australian Prudential Regulation Authority updates Enforcement Approach to provide clarity around transparency and data reporting

03/09/2019

The revised document also sets out APRA's intention to take stronger action against institutions that fail to meet their legal obligations to report data to APRA in full and on time.

APRA's Enforcement Approach was published in April 2019 following a review of the regulator's historical approach to enforcement led by Deputy Chair John Lonsdale. It sets out APRA's "constructively tough" enforcement appetite, and its willingness to use its powers more assertively to hold regulated entities and their leaders to account.

APRA's enforcement actions can range from the imposition of licence conditions and infringement notices, to disqualifications of accountable persons under the Banking Executive Accountability Regime.

The Australian
Competition and
Consumer Commission
releases proposed CDR
Rules (banking)

02/09/2019

The Australian Competition and Consumer Commission (**ACCC**) has released its lock down Consumer Data Rules as well as an accompanying explanatory statement and phasing table.

The ACCC's proposed rules will be provided to the Treasurer of Australia for approval. The lock down rules have been prepared following a consultation period on the draft rules published in March 2019. The proposed rules include a phasing table with the commencement date of the first stage of product reference data disclosure being pushed back to 31 January, 2020, instead of 1 July, 2019, as initially planned. From 31 January, 2020, the initial data holders NAB, CBA, ANZ and Westpac, as well as any voluntary participating authorized deposit-taking institutions, will be required to share product reference data publically.

The CDR will be rolled out in banking and financial sectors in phases, with the final phases commencing 1 February 2022. Consumer data requests from accredited persons will commence between 1 February and 30 June, 2020, and from eligible consumers between 1 July, 2020, and 31 January 2021.

In its most recent and final iteration of the rules, the ACCC has made some notable changes.

Interpretation

"Eligible" CDR consumers

While under the CDR a consumer is a defined term under the Act, the ACCC introduced the concept of "eligible" CDR consumers, limiting the availability of the right to make a consumer data request to CDR users in the banking sector who are 18 or older and have an account with the data holder that is open and can be accessed online.

Data minimization

While data minimization was defined under the draft exposure rules, the principle has been clearly set out in section 1.8 of the rules. Accredited persons must comply with the data minimization principle as reformulated in the proposed rules. In the latest version of the rules, the rule has been qualified to apply to the information an accredited person seeks to collect, rather than the information actually collected. This may reduce the burden placed on accredited persons in that they will not be in breach of this principle for information they collected but did not solicit.

Public Events & Conferences

Source/Date	Brief description
Informa Credit Law Conference 4 – 6/09/2019	The 29th annual Informa Credit Law Conference was held on the Gold Coast on 4-6 September 2019. Dentons was proud to be the major sponsor of this conference, with a number of Partners presenting on key topics including responsible lending, design and distribution obligations, best interests duty and the AFCA's approach.
Credit Law Conference Highlights Seminar 24/09/2019	Partner Elise Ivory and Special Counsel Jon Denovan presented the highlights from the leading credit conference - the recent 29th Annual Credit Law Conference. Topics included ASIC's update, responsible lending review, AFCA approach and much more.

Clients Alerts & Briefings

Source/Date	Brief description
Analysing the ASIC v Westpac case 29/08/2019	The judgment in the ASIC v Westpac case was one that shook up the financial sector when ASIC's responsible lending case was rejected by Justice Parram. Partner Elise Ivory and Special Counsel Jon Denovan provide a practical analysis of whether the judgment really is the win that many lenders consider it to be. To access the full article, please click here .

Key regulatory developments in the EU

Key regulatory developments in Europe

Source/Date	Brief description
ESMA 15/11/2019	ESMA updated its Q&As on the Securitization Regulation The ESMA has updated its Questions and Answers on the Securitization Regulation (Regulation 2017/2402). For further information, click here .
BCBS 14/11/2019	Basel Committee consults on Pillar 3 disclosure templates related to banks' market risk and sovereign exposures The Basel Committee on Banking Supervision published two consultative documents related to Pillar 3 disclosure. For further information, click here .
EBA 13/11/2019	EBA launched consultation on draft amended technical standards on passport notification The EBA published a Consultation Paper on the draft amended Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS) on passport notification. For further information, click here .
European Commission 12/11/2019	Draft Delegated Regulation supplementing Regulation (EU) 2017/2402 and laying down regulatory technical standards specifying the information to be provided in accordance with the STS notification requirements For further information, click here and here .
ESMA 11/11/2019	ESMA advises EC on the supervisory regime for third country CCPs The ESMA, the EU's securities markets regulator, has published three sets of technical advice to the European Commission regarding third country central counterparties (TC-CCPs) under the revised European Market Infrastructure Regulation (EMIR 2.2). For further information, click here .

OJ of the EU
08/11/2019

Delegated Regulation (EU) 2019/1868 amending Regulation (EU) No 1031/2010 to align the auctioning of allowances with the EU ETS rules for the period 2021 to 2030 and with the classification of allowances as financial instruments pursuant to Directive 2014/65/EU – published in OJ

Entry into force: 28/11/2019. For further information, click [here](#).

Council of
the EU
08/11/2019

Capital Markets Union: Council adopted legislative reforms

The Council adopted a set of legislative reforms that are part of the progress towards capital markets union. The texts concern: the creation of a new category of benchmarks contributing to sustainable finance; transparency obligations for sustainable investments; a new prudential framework for investment firms; a harmonized framework for covered bonds; rules promoting access to SME growth markets.

For further information, click [here](#).

EBA
08/11/2019

EBA published technical package on reporting framework 2.9.1

The EBA published a new release of reporting framework 2.9.1, which includes the validation rules, the DPM data dictionary and the XBRL taxonomy.

For further information, click [here](#).

EBA
08/11/2019

Report on trends in asset quality of the EU banking sector

The EBA published a Report on trends in asset quality of the EU banking sector, which show it has significantly improved over the last four years.

For further information, click [here](#).

BCBS
08/11/2019

Basel Committee consults on guidelines on cooperation between prudential and AML/CFT supervision

The Basel Committee on Banking Supervision published a consultative document entitled Introduction of guidelines on interaction and cooperation between prudential and AML/CFT supervision.

For further information, click [here](#).

EBA
07/11/2019

EBA published 2020 EU-wide stress test methodology and draft templates

The EBA published the final methodology and draft templates for the 2020 EU-wide stress test along with the key milestones of the exercise.

For further information, click [here](#).

<p>OJ of the EU 06/11/2019</p>	<p>Commission Delegated Regulation (EU) 2019/1851 supplementing Regulation (EU) 2017/2402 with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitization – published in OJ</p> <p>Entry into force: 26/11/2019. For further information, click here.</p>
<p>ESMA 05/11/2019</p>	<p>MiFID II: ESMA consults on position limits in commodity derivatives</p> <p>The ESMA has launched a Consultation Paper on position limits and position management in commodity derivatives.</p> <p>For further information, click here.</p>
<p>ESMA 31/10/2019</p>	<p>ESMA published validation rules and XML schemas for SFTR reporting</p> <p>The ESMA has published further technical details for the reporting of Securities Financing Transactions (SFTs) as required under the SFT Regulation (SFTR).</p> <p>For further information, click here.</p>
<p>ESMA 30/10/2019</p>	<p>MiFID II - New Publication Date for Systematic Internalizer and Bond Data</p> <p>The ESMA will publish the systematic internalizer (SI) and bond market liquidity data on 8 November; this follows the latest developments around the departure of the UK from the EU.</p> <p>For further information, click here.</p>
<p>EBA 30/10/2019</p>	<p>EBA published an Opinion proposing to further strengthen depositor protection in the EU</p> <p>The EBA published its second opinion addressed to the EU Commission on the implementation of the Deposit Guarantee Schemes Directive (DGSD) in the EU.</p> <p>For further information, click here.</p>
<p>EBA 29/10/2019</p>	<p>EBA called on the European Commission to take action to facilitate the scaling up of cross-border activity</p> <p>The EBA published a report identifying potential impediments to the cross-border provision of banking and payment services in the EU.</p> <p>For further information, click here.</p>
<p>SRB 28/10/2019</p>	<p>Single Resolution Board Publishes 2020 Work Programme</p> <p>The SRB has published its 2020 Work Programme, setting out its priorities and core tasks for the year ahead.</p> <p>For further information, click here.</p>

ESAs seek to promote consistent application of the PRIIPs Regulation to bonds

ESAs
24/10/2019

The ESAs have issued a Supervisory Statement in order to promote a consistent application by national competent authorities (NCAs) of the scope of the Regulation for packaged retail and insurance-based investment products (PRIIPs Regulation) to bond markets.

For further information, click [here](#).

EBA published Opinion on disclosure to consumers buying financial services through digital channels

EBA
23/10/2019

The EBA published an Opinion addressed to the EU Commission with recommendations to ensure that disclosure requirements in EU law take account of the increasing use of digital marketing channels for financial services and the resultant issues potentially affecting consumers.

For further information, click [here](#).

EBA published Opinion on the regulatory treatment of non-performing exposure securitizations

EBA
23/10/2019

The EBA published an Opinion on the regulatory treatment of securitizations of non-performing exposures (NPE). For further information, click [here](#).

Targeted consultation on the alternative standardized approach for market risk

European
Commission
21/10/2019

The Commission started a targeted consultation on the alternative standardized approach for market risk.

For further information, click [here](#).

FSB
18/10/2019

The Financial Stability Board (FSB) published its note on regulatory issues of stable coins

The FSB published an issues note on regulatory issues of stable coins.

For further information, click [here](#).

ESMA
17/10/2019

EMIR data quality peer review published by ESMA

The ESMA has published the results of a peer review it conducted into supervisory actions of six National Competent Authorities (NCAs) regarding their approaches for enhancing the quality of derivative data reported under EMIR.

For further information, click [here](#).

European Commission
16/10/2019

Commission published draft Delegated Regulation supplementing the Securitization Regulation

Delegated Regulation supplementing Regulation (EU) 2017/2402 with regard to regulatory technical standards specifying the information and the details of a securitization to be made available by the originator, sponsor and SSPE.

For further information, click [here](#) and [here](#).

EBA
16/10/2019

The European Banking Authority (EBA) launched a consultation on guidelines for the application of the structural FX provision

EBA launched a consultation on draft guidelines on the application of the structural FX provision.

For further information, click [here](#).

EBA
16/10/2019

EBA consults on supervisory reporting changes related to CRR2 and backstop regulation (Framework 3.0)

The EBA launched a public consultation on revised Implementing Technical Standards on supervisory reporting, which aim to keep the reporting requirements in line with changes in the regulatory framework and with the evolving needs of supervisory authorities' risk assessments.

For further information, click [here](#).

EBA launched consultation on comprehensive Pillar 3 disclosures

EBA
16/10/2019

The EBA launched a public consultation on the new comprehensive Implementing Technical Standard for financial institutions' public disclosure, designed to promote market discipline.

For further information, click [here](#).

EBA published its Opinion on the deadline and process for completing the migration to strong customer authentication (SCA) for e-commerce card-based payment transactions

EBA
16/10/2019

The EBA published an Opinion on the deadline for the migration to SCA under the revised Payment Services Directive (PSD2) for e-commerce card-based payment transactions.

For further information, click [here](#).

European Supervisory Authorities (ESAs) consult on changes to the key information document for PRIIPs

ESAs
16/10/2019

The ESAs have issued a Consultation Paper on amendments to existing rules underpinning the Key Information Document (KID) for Packaged Retail and Insurance-based Investment Products (PRIIPs).

For further information, click [here](#).

Basel Committee report on Basel III implementation progress

BCBS
16/10/2019

The Basel Committee on Banking Supervision has issued the 17th progress report on adoption of the Basel regulatory framework.

For further information, click [here](#).

FSB published annual report on implementation and effects of financial regulatory reforms

FSB
16/10/2019

The FSB published its 2019 annual report on the implementation and effects of the G20 financial regulatory reforms.

For further information, click [here](#).

Council adopted new clearing house rules

Council of the EU
15/10/2019

The Council adopted revised rules for clearing houses in the single market. The new framework sets out how EU and third country clearing houses should be supervised in the future, taking particular account of the effects of Brexit on the European financial system.

For further information, click [here](#).

FSB report on implementation of over-the-counter (OTC) derivative reforms

FSB
15/10/2019

The FSB published its annual progress report on the implementation of the agreed G20 reforms to OTC derivatives markets.

For further information, click [here](#).

Commission launched a consultation on implementing the final Basel III reforms in the EU

European Commission
11/10/2019

This initiative is aimed at amending the Capital Requirements Regulation and will be part of a legislative package together with a proposal to amend the Capital Markets Directive. The package will implement the final elements of the Basel III framework.

For further information, click [here](#).

Commission launched a consultation on the review of the EU benchmark regulation (BMR)

European Commission
11/10/2019

The Commission has published a consultation on a review of the BMR.

For further information, click [here](#).

EBA published its work program for 2020

EBA
10/10/2019

The EBA published its detailed annual work program for 2020, describing the specific activities and tasks of the authority for the coming year and highlighting the key strategic areas of work from 2020 to 2022.

For further information, click [here](#).

ESMA published Annual Report on the application of waivers and deferrals under MiFIR

ESMA
09/10/2019

The ESMA has published its Annual Report on the application of waivers and deferrals under MiFIR.

For further information, click [here](#).

Communication on Brexit published by EBA

EBA
08/10/2019

The ESMA has published data for the systematic internalizer calculations for equity, equity-like instruments and bonds under MiFID II and MiFIR.

For further information, click [here](#).

ESMA adopted Market Abuse Regulation (MAR) standards on supervisory cooperation

ESMA
08/10/2019

The ESMA has issued its final report on a set of Regulatory Technical Standards on the application of the MAR.

For further information, click [here](#).

ESMA published final report on CSDR Guidelines on standardized procedures and messaging protocols

ESMA
08/10/2019

The ESMA has published its final report on the Guidelines on standardized procedures and messaging protocols.

For further information, click [here](#).

Regulation (EU) 2019/1677 of the European Central Bank of 27 September 2019 amending Regulation (EU) No 1333/2014 concerning statistics on the money markets – published in OJ

OJ of the EU
08/10/2019

Entry into force: 28/10/2019.

For further information, click [here](#).

The European Central Bank (ECB) published its supervisory priorities for 2020

ECB
07/10/2019

For further information, click [here](#).

ESMA updated its Q&A on Market in Financial Instruments Regulation (MiFIR) data reporting

ESMA
07/10/2019

The ESMA has updated its Questions and Answers on data reporting under MiFIR.

For further information, click [here](#).

Joint Opinion on the risks of money laundering and terrorist financing affecting the EU's financial sector

ESAs
04/10/2019

The three European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) published their second joint Opinion on the risks of money laundering and terrorist financing affecting the European Union's financial sector.

For further information, click [here](#).

ESMA consults on MiFIR alignment following the introduction of EMIR Refit

ESMA
04/10/2019

The ESMA has launched a consultation on possible amendments to the trading obligation under MiFIR following the introduction of EMIR Refit.

For further information, click [here](#).

<p>ESMA 04/10/2019</p>	<p>ESMA Opinion clarifies application of pre-trade transparency and price determination in frequent batch auctions (FBAs)</p> <p>The ESMA published an opinion on FBAs and the double volume cap mechanism.</p> <p>For further information, click here.</p>
<p>ESMA 03/10/2019</p>	<p>ESMA consults on the commercial terms for providing client clearing services under EMIR</p> <p>The ESMA has published a consultation paper on draft technical advice to the European Commission on specifying the conditions under which commercial terms are to be considered fair, reasonable, non-discriminatory and transparent (FRANDT) where clearing service providers offer clearing services to clients.</p> <p>For further information, click here.</p>
<p>ESMA 03/10/2019</p>	<p>ESMA updated its Q&As on investor protection issues</p> <p>The ESMA has updated its Questions and Answers on the implementation of investor protection topics under MiFID II/ MiFIR.</p> <p>For further information, click here.</p>
<p>ESMA 03/10/2019</p>	<p>ESMA consults on MAR review</p> <p>The ESMA has published a consultation paper on the provisions of the MAR as requested by the European Commission.</p> <p>For further information, click here.</p>
<p>ESAs 02/10/2019</p>	<p>ESAs Joint Committee defined its priorities for 2020</p> <p>The Joint Committee of the ESAs published its 2020 Work Programme.</p> <p>For further information, click here.</p>
<p>ESMA 02/10/2019</p>	<p>ESMA updated its MiFID II Q&As on transparency and market structures issues</p> <p>The ESMA has updated its Q&As regarding transparency and market structures issues under MiFID II and MiFIR.</p> <p>For further information, click here.</p>
<p>ESMA 02/10/2019</p>	<p>ESMA updated its Central Securities Depository Regulation (CSDR) Q&A</p> <p>The ESMA has updated its Q&As regarding the implementation of the CSDR.</p> <p>For further information, click here.</p>

ESMA updated its EMIR Q&A

ESMA
02/10/2019

The ESMA has issued an update of its Q&A on practical questions regarding data reporting issues, stemming from the EMIR.

For further information, click [here](#).

EBA published the regular Basel III capital monitoring report and an update on the compliance of EU banks with liquidity measures

EBA
02/10/2019

The EBA published two reports, which monitor the impact of implementing the final Basel III reforms and the current implementation of liquidity measures in the EU.

For further information, click [here](#).

Basel III monitoring results based on end-2018 data published by the Basel Committee

BCBS
02/10/2019

The Basel Committee published the results of its latest Basel III monitoring exercise (based on data as of 31 December 2018).

For further information, click [here](#).

ECB guide to internal models under the Single Supervisory Mechanism (SSM)

ECB
01/10/2019

The ECB has published its guide to internal models under the SSM.

For further information, click [here](#).

ESMA prepares for new responsibilities in 2020

ESMA
01/10/2019

The ESMA has published its 2020 Work Programme, setting out its priorities and areas of focus for the next 12 months in support of its mission to enhance investor protection and promote stable and orderly financial markets.

For further information, click [here](#).

ESMA published translations for Prospectus Guidelines on risk factors

ESMA
01/10/2019

The ESMA has issued the official translations of its Guidelines on risk factors under the Prospectus Regulation.

For further information, click [here](#).

Commission adopted draft Delegated Regulation amending Delegated Regulation (EU) 2019/815 with regard to updates of the taxonomy to be used for the single electronic reporting format

European Commission
30/09/2019

For further information, click [here](#) and [here](#).

ESMA launched a call for evidence on the effects of product intervention measures

ESMA
30/09/2019

The ESMA has launched a call for evidence on the effects of product intervention measures regarding contracts for differences (CFDs) and binary options on market participants and clients.

For further information, click [here](#).

ESMA issued an opinion on product intervention measures by Cyprus

ESMA
30/09/2019

The ESMA has issued an opinion on product intervention measures taken by the National Competent Authority (NCA) of Cyprus.

For further information, click [here](#).

European Insurance and Occupational Pensions Authority (EIOPA) issued opinion on sustainability within Solvency II

EIOPA
30/09/2019

The EIOPA published an Opinion on Sustainability and Solvency II. The Opinion addresses the integration of climate-related risks in Solvency II Pillar I requirements.

For further information, click [here](#).

EBA consults on its proposals to create a STS framework for synthetic securitization

EBA
25/09/2019

The EBA launched a 2-month public consultation on its proposals for a simple, transparent and standardized (STS) framework for synthetic securitization.

For further information, click [here](#).

ESMA responded to European Commission on Annual Review of RTS 2

ESMA
24/09/2019

The ESMA has responded to the European Commission regarding the Annual Review of RTS 2. RTS 2 requires ESMA to submit annual reports to the European Commission assessing the operation of some transparency thresholds for bonds and derivatives.

For further information, click [here](#).

ESMA updated its financial instrument reference database (FIRDS)

ESMA
24/09/2019

The ESMA released a new version of its FIRDS.

For further information, click [here](#).

ESMA published updated results of the annual transparency calculations for equity and equity-like instruments

ESMA
24/09/2019

The ESMA had made available updated results of the annual transparency calculations for equity and equity-like instruments.

For further information, click [here](#).

EBA launched its 2019 EU-wide transparency exercise

EBA
23/09/2019

The EBA launched its regular EU-wide transparency exercise.

For further information, click [here](#).

Joint ESA report on risks and vulnerabilities in the EU financial system

ESAs
12/09/2019

The European Union's banking, insurance, pensions and securities sectors continue to face a range of risks, says the latest report on "Risks and Vulnerabilities in the EU Financial System" published by the Joint Committee of the ESAs.

For further information, click [here](#).

ESMA published responses to its call for evidence on certain investor protection topics

ESMA
11/09/2019

ESMA published responses to its call for evidence on the impact of the inducements and costs and charges disclosure requirements under MiFID II.

For further information, click [here](#).

ESMA published responses to its Consultation on cost of market data and consolidated tape

ESMA
11/09/2019

The ESMA published responses to its Consultation on MiFID II/MiFIR review report on the development in prices for pre- and post-trade data and on the consolidated tape for equity instruments.

For further information, click [here](#).

The International Organization of Securities Commissions (IOSCO) recommends synchronizing clocks used for timestamping with universal time (UTC)

IOSCO
11/09/2019

The Board of the IOSCO is requesting feedback on a proposed recommendation that trading venues and their participants synchronize the clocks they use for timestamping a reportable event by using UTC.

For further information, click [here](#).

Key regulatory developments in Germany

Source/Date	Brief description
BaFin November 2019	<p>Publication of the Monthly Journal from the Federal Financial Supervisory Authority (BaFin)</p> <p>Topics (selection): Consumer Protection Forum / Fintech Market Observation / Interview with CSFO / Annual Insurance Supervision Conference.</p> <p>For further information in German, click here.</p>
BaFin 11/11/2019	<p>BaFin consults draft on minimum requirements for the business organization of small insurance companies</p> <p>BaFin has submitted for consultation the draft of its Circular on the minimum supervisory requirements for the business organization of small insurance undertakings pursuant to Section 211 of the German Insurance Supervision Act (Aufsichtsrechtlichen Mindestanforderungen an die Geschäftsorganisation von kleinen Versicherungsunternehmen nach § 211 VAG (MaGo – kleine VU)).</p> <p>For further information in German, click here.</p>
BaFin 08/11/2019	<p>BaFin published its Circular on determination of high-risk types of risk positions</p> <p>BaFin has published its Circular 13/2019 (BA) on the definition of high-risk risk position types pursuant to Article 128 (3) of the Capital Requirements Regulation (CRR) (Rundschreiben 13/2019 (BA) zur Festlegung von mit hohem Risiko verbundenen Risikopositionsarten gemäß Artikel 128 Absatz 3 der Verordnung (EU) Nr. 575/2013 (CRR)). The circular will enter into force on 1 January 2020.</p> <p>For further information in German, click here.</p>
BaFin 07/11/2019	<p>Market survey on derivatives with crypto-assets as underlying asset</p> <p>As part of its statutory mandate for collective consumer protection, BaFin conducts a market survey on derivatives with crypto-assets as underlying assets in order to gain insights into the market for derivatives on crypto-assets and their risk assessment. Comments can be submitted electronically or by post until Friday, 13 December 2019.</p> <p>For further information in German, click here.</p>

German Federal Gazette	Second decree amending the Financial Investment Brokerage Ordinance (Zweite Verordnung zur Änderung der Finanzanlagenvermittlungsverordnung) – published in the German Federal Gazette.
21/10/2019	For further information in German, click here .
German Ministry of Finance	First national risk analysis (NRA) on combating money laundering and terrorist financing published
21/10/2019	The Federal Ministry of Finance has published the first NRA to combat money laundering and terrorist financing. The NRA is a core element of the risk-based approach of the Financial Action Task Force (FATF) and the Fourth EU Money Laundering Directive. It analyses the strengths and weaknesses in the fight against money laundering and terrorist financing in Germany and contributes to further raising national risk awareness. For further information in German, click here .
BaFin October 2019	Publication of the Monthly Journal from the Federal Financial Supervisory Authority (BaFin)
	Topics (selection): “A money laundering scandal can lead a bank into insolvency” / Penalties in securities supervision / Digital ecosystems / Financial leasing. For further information in German, click here .
BaFin	BaFin will not implement its Circular 14/2018 (Rundschreiben 14/2018 „Leitlinien zur Offenlegung der Liquiditätsdeckungsquote zur Ergänzung der Offenlegung des Liquiditätsrisikomanagements gemäß Artikel 435 der Verordnung (EU) Nr. 575/2013 (EBA/GL/2017/01)“ regarding liquidity requirements
07/10/2019	BaFin will not implement the EBA guidelines on liquidity requirements for credit institutions. For further information in German, click here .
BaFin	BaFin has published its capital management supervisory requirements for IT (Kapitalverwaltungsaufsichtlichen Anforderungen an die IT (KAIT))
02/10/2019	For further information in German, click here .

BaFin 01/10/2019	<p>BaFin has published a Guidance Notice on external bail-in implementation (<i>Merkblatt zur externen Bail-in-Implementierung</i>)</p>
	<p>The BaFin has published its Circular 9/2019 (A) on reporting information for settlement planning (<i>Rundschreiben 9/2019 (A) zur Meldung von Informationen für die Abwicklungsplanung</i>).</p> <p>For further information in German, click here.</p>
BaFin September 2019	<p>Publication of the Monthly Journal from the Federal Financial Supervisory Authority (BaFin)</p>
	<p>Topics (selection): IT supervision at banks / Andrea Enria visits BaFin / BaFin-Tech / consumer protection package.</p> <p>For further information in German, click here.</p>
BaFin 24/09/2019	<p>BaFin has published its Guidance Notice on dealing with sustainability risks for consultation (<i>Merkblatt zum Umgang mit Nachhaltigkeitsrisiken</i>)</p>
	<p>With its Guidance Notice, the supervisory authority wants to provide companies with orientation in dealing with the increasingly important topic of "sustainability risks" - using numerous examples and questions.</p> <p>For further information in German, click here.</p>
German Federal Government 18/09/2019	<p>Federal Government adopted its new blockchain strategy</p>
	<p>The Federal Ministry of Economics and Energy (<i>Bundesministerium für Wirtschaft und Energie (BMWi)</i>) and the Federal Ministry of Finance (<i>Bundesministerium der Finanzen (BMF)</i>) have drawn it up with the involvement of the other ministries. With its blockchain strategy, the Federal Government intends to exploit the opportunities offered by this technology and mobilize its potential for digital transformation.</p> <p>For further information in German, click here.</p>

BaFin
16/09/2019

BaFin published its Circular 10/2019 (WA) (Rundschreiben 10/2019 (WA) zu Kriterien für die Befreiung von der Prüfungspflicht nach § 38 Absatz 4 Satz 2 KAGB gemäß § 38 Absatz 4 Satz 6 KAGB) on audit requirements for capital management companies

BaFin outlines in its Circular the conditions that must be fulfilled in order to be able to exempt capital management companies from the obligation to have the auditor carry out a separate audit of services provided and ancillary services.

For further information in German, [click here](#).

German Federal
Bank/ German
Ministry of Finance

TIBER-DE framework

With TIBER-DE, the Bundesbank is implementing the "Framework for Threat-Intelligence Based Ethical Red Teaming" (TIBER-EU) for Germany developed by the central banks of the European System of Central Banks (ESCB). The framework for TIBER-DE was developed jointly with the BaFin and the German Federal Office for Information Security. With TIBER-DE, banks, insurance companies, financial market infrastructures and their most important service providers can put their own cyber defense to the test in future.

For further information in German, [click here](#).

Key regulatory developments in Italy

Source/Date	Brief description
Bank of Italy/ Consob 04/11/2019	Regulation (EU) 236/2012 – Bank of Italy / Consob communication Bank of Italy and Consob updated the joint Bank of Italy /Consob communication dated 5 June, 2013, regarding the application of the ESMA Guidelines on the exemption for market making activities and primary market operations under Regulation (EU) 236/2012 on short selling and certain aspects of credit default swaps. For further information in Italian click here
Italian Parliament 02/11/2019	European Law – mandate to the government The Law 4 October 2019 No. 117, concerning the mandate for the government to implement European directives and other European legislative acts, has been published in the Italian Official Journal. For further information in Italian click here
Consob 31/10/2019	Shareholder Rights Directive 2 – public consultation Consob published a public consultation on changes to the regulation on transactions with related parties, to markets regulation and to issuers’ regulation with reference to the transparency of remunerations, to asset managers and to consultants on voting, aimed at implementing Directive (EU) 2017/828 (Shareholder Rights Directive 2). For further information in Italian click here
Italian Government 26/10/2019	AML – Legislative Decree No. 125/2019 Legislative Decree No. 125 of 4 October 2019 was published in the Official Journal on 26 October 2019. The Decree implements Directive (EU) 2015/849 (fourth Anti-Money Laundering Directive) and Directive (UE) 2018/843 (fifth Anti-Money Laundering Directive). For further information in Italian click here
Consob 26/10/2019	Amendment to Consob’s Crowdfunding Regulation Consob issued Resolution No. 21110, which amends the Crowdfunding Regulation dated 26 June 2013 (Consob Resolution No. 18592). For further information in Italian click here and here

<p>COVIP</p> <p>25/10/2019</p>	<p>Penalty procedure – public consultation</p> <p>Covip published a public consultation concerning a new scheme of regulation for the COVIP penalty procedure, pursuant to Article 19-quinquies, paragraph 8, of Legislative Decree 5 December 2005, no. 252 (Italian law on supplementary pension scheme).</p> <p>For further information in Italian click here</p>
<p>Italian Ministry of Economy and Finance</p> <p>25/10/2019</p>	<p>Public consultation – financial consultants</p> <p>The Italian Ministry of Economy and Finance launched a public consultation concerning the draft decree related to the professionalism, independence, integrity and capital requirements to be fulfilled by financial consultants in order to apply for enrolment in the related register.</p> <p>For further information in Italian click here and here</p>
<p>IVASS</p> <p>23/09/2019</p>	<p>Public consultation – Insurance Distribution Directive implementation</p> <p>IVASS published the following consultation papers related to the implementation in Italy of the European Directive 2016/97 (i.e. Insurance Distribution Directive):</p> <ul style="list-style-type: none"> • Draft Regulation related to product oversight and governance requirements for insurance undertakings and insurance distributors; • Consultation papers concerning the amendments to be made to the IVASS Regulations No. 23/2008, 24/2008, 38/2018, 40/2018 and 41/2018. <p>For further information in Italian, click here and here.</p>
<p>Consob</p> <p>23/09/2019</p>	<p>Public consultation – Insurance Distribution Directive implementation</p> <p>Consob published a consultation paper related to the amendments on Consob Intermediaries’ Regulation: the amendments proposed concern the information duties and rules of conduct to be adopted in the activity of distribution of insurance-based investment products.</p> <p>For further information in Italian, click here.</p>
<p>Ministry of Economy and Finance</p> <p>21/09/2019</p>	<p>Indemnity Fund for savers - claims submission instructions</p> <p>The Ministry of Economy and Finance published a consultation paper concerning the secondary legislation implementing Article 111-bis of the Legislative Decree No. 385 1 September 1993 (i.e. the Italian Consolidated Law on Banking) related to banking entities operating in ethical and sustainable finance.</p> <p>For further information in Italian, click here.</p>

Bank of Italy	Supervisory provisions for banks – update
18/09/2019	<p>The Bank of Italy published the 29th update to the Circular of 17 December 2013 no. 285 “Supervisory Provisions on Banks”.</p> <p>The update deletes some guidelines on several matters (i.e. own funds, securitization transactions, counterparty risk and credit valuation adjustment risk) contained in Section II of the circular.</p> <p>For further information in Italian, click here and here.</p>
Bank of Italy	Supervisory reports – financial and credit institutions – update
18/09/2019	<p>The Bank of Italy published the 71th update to Circular of 22 November 1991 no. 154 Supervisory reports of the financial and credit institutions. Reporting schemes and instructions for the submission of information flows”.</p> <p>For further information in Italian, click here and here.</p>
Consob	ESMA Guidelines on risk factors – Warning Notice
18/09/2019	<p>Consob published Warning Notice No. 4/2019 informing market participants of its intention to comply with ESMA Guidelines on risk factors pursuant to the new prospectus regulation (Regulation (UE) No. 1129/2017) that came into effect on 21 July 2019.</p> <p>For further information in Italian, click here.</p>
Bank of Italy	Supervisory Reports – update
17/09/2019	<p>The Bank of Italy published:</p> <ul style="list-style-type: none"> the 12th update to the Circular of 30 July 2008, no. 272 “Account Matrix” laying down provisions on the compiling of statistical and supervisory reports to be submitted by Italian banks and Italian branches of foreign banks to the Bank of Italy. For further information in Italian, click here and here. the 18th update to the Circular of 5 August 1996, no. 217 laying down provisions on the compiling of regulatory reports for Italian financial intermediaries, payment institutions and electronic money institutions; For further information in Italian, click here and here. the 20th update to the Circular of 21 October 1993, no. 189 laying down provisions on the compiling of statistical and supervisory reports for Italian collective investment undertakings; For further information in Italian, click here and here. the 22th update to the Circular of 2 July 1991, no. 148 laying down provisions on the compiling of statistical and supervisory reports for Italian securities market intermediaries; For further information in Italian, click here and here. the 25th update to the Circular of 7 August 1990, no. 115 laying down instructions on the compiling of regulatory reports on a consolidated basis. For further information in Italian, click here and here.

Bank of Italy
– Financial
Information Unit

05/09/2019

Anti-money laundering: User’s Manual on objective communications

The Financial Information Unit of the Bank of Italy published the User’s Manual containing the sending modalities of objective communications.

For further information in Italian, click [here](#).

CONSOB

03/09/2019

Amendments on Consob markets’ regulation

Consob published the resolution No. 21028 through which have been approved certain amendments on the regulation concerning markets and trading venues (Consob resolution No. 20249 dated 28 December 2017).

For further information in Italian, click [here](#).

Key regulatory developments in Luxembourg

Source/Date	Brief description
	AML²
	AML market entry forms introduced for Luxembourg-regulated investment funds and investment fund managers (“IFMs”)
CSSF ¹ 07/11/2019	<p>A completed Funds AML market entry form must be attached to any application for setting up a Luxembourg-based investment fund supervised by the CSSF, i.e. UCITS³, Part II UCI⁴, SIF⁵, SICAR⁶, ELTIF⁷, EuSEF⁸, EuVECA⁹ or MMF¹⁰.</p> <p>A completed IFM AML market entry form must be attached to any application for setting up a Luxembourg-based authorized or registered IFM.</p> <p>To access the text of the relevant press release, please click here.</p> <p>To access the relevant forms, please click here.</p>
	Brexit
	Reference date for hard Brexit extended by the CSSF
CSSF 06/11/2019	<p>Following the decision of the European Council of 30 October 2019, to extend the period for the United Kingdom’s withdrawal from the European Union, the CSSF has extended the reference date for a potential hard Brexit to 31 January 2020.</p> <p>Moreover, the CSSF has encouraged UK entities that wish to continue to provide services in Luxembourg after a hard Brexit to apply for the special transitional regime, if they have not done so already.</p> <p>To access the text of the relevant press release 19/54, please click here.</p>

1 Commission de Surveillance du Secteur Financier, the Luxembourg financial supervisory authority.

2 Anti-money laundering.

3 Undertakings for collective investment in transferable securities, subject to part I of the Law of 17 December 2010 on undertakings in collective investment.

4 Undertakings for collective investment in transferable securities, subject to part II of the Law of 17 December 2010 on undertakings in collective investment.

5 Specialized investment funds, subject to the Law of 13 February 2007 on specialized investment funds.

6 Investment companies in risk capital (Sociétés d’Investissement en Capital A Risque), subject to the Law of 15 June 2004.

7 European long-term investment funds, subject to Regulation (EU) 2015/760 of 29 April 2015 on European long-term investment funds.

8 European social entrepreneurship funds, subject to Regulation (EU) No 346/2013 on European social entrepreneurship funds.

9 European venture capital funds, subject to Regulation (EU) No 345/2013 on European venture capital funds.

10 Money market funds, subject to Regulation (EU) 2017/1131 on money market funds.

CSSF¹

PRIIPs²

18/10/2019

Part II UCIs³, SIFs⁴ and SICARs⁵ (the “Non-UCITS Regulated Funds”) reminded of obligation to complete an assessment of how PRIIPs impacts them

The mandatory assessment is available through the CSSF’s eDesk portal and must be completed by 31 October at the latest. The assessment can be performed by the Non-UCITS Regulated Funds, as well as their administrative agents and management companies.

To assess the text of the relevant press release 19/50, please click [here](#).

CSSF

EMIR⁶

14/10/2019

Results of the 2018 EMIR questionnaire to the investment fund managers (“IFMs”) published

The self-assessments revealed shortcomings in the IFMs’ monitoring and oversight procedures, with a small segment of IFMs having potentially significant deficiencies. The CSSF announced it will assess compliance with EMIR requirements in the near future, as well as act towards improving the data quality of trade reporting.

To access the text of the relevant press release 19/49, please click [here](#).

To access the questionnaire, please click [here](#).

Government /
Parliament

Public finance

14/10/2019

Draft law n° 7501 on the financial planning for the period 2019-2023 submitted to parliament

With steady GDP growth and healthy public finances, including a surplus social security system, the Luxembourg government has committed to always keeping public debt under 30%, while increasing infrastructure investments, such as housing.

To access the text of the draft law (only available in French), click [here](#).

Government /
Parliament

Public finance

14/10/2019

Draft law n° 7500 on the budget for 2020 submitted to parliament

Some of the draft law’s key priorities include: (i) the limitation to a maximum of five years of the term of old tax rulings adopted before the inception of the new procedure; (ii) increased support for research, development and digitalization; (iii) substantial investments in infrastructure, including roads and railways; and (iv) measures related to environmental protection.

To access the text of the draft law (only available in French), click [here](#).

CSSF

Investment funds

11/10/2019

Communications to UK alternative IFMs (“AIFMs”) issued by the CSSF in relation to Brexit

The communications are addressed to UK AIFMs, which manage Luxembourg-based alternative investment funds (“AIFs”). Only AIFMs that had duly notified the CSSF before 15 September will be able to benefit from a special transitional regime if the UK leaves the EU without an agreement. Any UK AIFM may, however, continue to manage a Luxembourg AIF as a third-country manager under certain conditions.

To access the text of the relevant press release 19/48, which contains the communications, click [here](#).

CSSF

Prudential supervision

10/10/2019

CSSF regulation 19-08 on the setting of countercyclical buffer rates for the third quarter of 2019 published

The CSSF maintains the rate at 0.25% for relevant exposures based in Luxembourg. Despite the general resilience of banks, measured by their levels of capitalization and leverage, the CSSF remains vigilant due to systemic risks arising from the acceleration in the credit cycle, especially from lending to non-financial companies and households. The buffer rate is applicable as of 1 January 2020.

To access the text of the regulation (only available in French), click [here](#).

CSSF

AML⁷

09/10/2019

Unabridged version of National Risk Assessment of MoneyL and Terrorist Financing (the “NRA”) made available by CSSF

The NRA, which is confidential, assists supervised entities in carrying out their own risk evaluation in accordance with the applicable AML rules.

Due to inherent increased risk detected by the NRA in certain sub-sectors, the CSSF will publish additional risk reports on private banking and collective investment by the end of 2019 and reports on the professionals of the financial sector as well as payment and e-money institutions in 2020.

To obtain the complete NRA, a supervised entity should contact the CSSF at nra@cssf.lu.

To obtain the summary NRA, click [here](#).

To access the text of the relevant press release (only available in French), click [here](#).

Government / **Competition law**
Parliament
01/10/2019

Draft law n° 7479 on the organization of the national competition authority, repealing the law of 23 October 2011 on competition, submitted to parliament

The draft law aims to both implement the ECN+ Directive⁸ and recast the current domestic legislation on competition. Most notably, the draft law foresees changing the legal form of the national competition authority (the “**NCA**”) from “independent administrative authority” (*autorité administrative indépendante*) to “public institution” (*établissement public*). The NCA will also obtain regulatory powers and increase the number of its staff.

To access the text of the draft law (only available in French), [click here](#).

CSSF **Investment funds**
01/10/2019

Possibility to use current communication channels to apply for new UCITS⁹ and Non-UCITS Regulated Funds (together, the “**Regulated Funds**”) extended.

Applications for new Regulated Funds may be submitted to the CSSF until 31 October, 2019, both (i) via email or secured e-file channels using the current dedicated Excel form, or (ii) via the new eDesk/UCI approval dedicated application. As from 1 October 2019, applications will only be able to be done through the eDesk portal.

To access the text of the relevant press release 19/45, [click here](#).

CSSF **Investment funds**
27/09/2019

Frequently asked questions on the Luxembourg law of 12 July 2013 on AIFMs (the “FAQ”) updated

The FAQ document clarifies certain questions in relation to the PRIIPs.

To access version 15 of the FAQ, [click here](#).

Clients Alerts & Briefings

Source/Date	Brief description
26/09/2019	<p>Article on the swing pricing mechanism</p> <p>The CSSF recently provided answers to frequently asked questions (together, the “FAQ”) regarding the use of the swing pricing mechanism by Luxembourg-based regulated funds.</p> <p>In our article, we first take a closer look at the fundamentals of swing pricing and the substance of the FAQ, and then try to estimate the FAQ’s impact on market practice in Luxembourg.</p> <p>To access the full article click here.</p>

Key regulatory developments in the Netherlands

Source/Date	Brief description
	Answering parliamentary questions about reports of possible defaults at banks
Dutch Ministry of Finance 12/11/2019	<p>The Dutch Minister of Finance, Mr Wokke Hoekstra, answered several questions by the Dutch parliament in relation to growing concerns about a possible new banking crisis within Europe and the questionable sustainability of European supervision law in comparison with US laws.</p> <p>For further information in Dutch, click here.</p>
	Working group on euro risk-free rates recommends fallback arrangements for users of €STR
European Central Bank 12/11/2019	<p>The ECB established a private sector working group, which has determined certain fallback arrangements for products making use of €STR, the new overnight euro risk free rate. The ECB working group recommends that market participants consider existing methodological review procedures of €STR and the policies and procedures in case of the possible cessation of the €STR, along with fallback provisions provided in the EONIA to the so-called '€STR Legal Action Plan'.</p> <p>For further information in English, click here.</p>
	New President of the European Central Bank
European Central Bank 01/11/2019	<p>The European Central Bank (ECB) published a new flash on Christine Lagarde's first day in office as President of the ECB. Ms Lagarde, former managing director of the International Monetary Fund (IMF), was appointed by the European Council on 18 October, 2019, for an eight-year term.</p> <p>For further information in English, click here.</p>
	Consultation document and request for information Solvency II 2020 review
Dutch Central Bank 05/11/2019	<p>The European Insurance and Occupational Pension Funds Authority (EIOPA) submitted Solvency II for consultation on 15 October 2019. The DCB requested the market of insurance companies to provide their feedback before 6 December 2019.</p> <p>For further information in Dutch, click here.</p>

Dutch
Authority
for Financial
Markets

29/10/2019

Ensuring that collateralized lending is in the client's interest

The AFM expresses its concerns about securities-based loans in combination with high-interest rates and high-leverage ratios. The AFM stresses that banks and investment firms should carefully examine their securities positions to ensure that such positions are and remain in compliance with applicable laws.

For further information in Dutch, click [here](#).

Dutch Central
Bank (DNB)

03/10/2019

Feedback from the Authority for Financial Markets (AFM) and DNB on the transition to alternative interest rate benchmarks

The Dutch Central Bank (DCB) and the Dutch Authority for Financial Markets (AFM) published a newsletter in order to create more awareness of the new alternative interest rate benchmark, named the Euro short-term rate (€STR). Both the DCB and the AFM say that financial institutions should be well prepared for the transition to alternative benchmarks such as €STR.

For further information in Dutch, click [here](#).

Upcoming Events & Conferences

Source/Date	Brief description
Dutch Association for Financial Law (VvFR), 28/11/2019	Meeting of members of the Dutch Association for Financial Law (VvFR) about Anti-money laundering (AML) and ultimate beneficial owners (UBO's), hosted by VvFR.

Key regulatory developments in Ukraine

Source/Date	Brief description
Parliament of Ukraine 29/10/2019	<p>On 29 October, 2019, the Parliament of Ukraine ratified the Agreement between the Government of Ukraine and the Government of the United States of America to Improve International Tax Compliance and to Implement FATCA (the “FATCA Agreement”).</p> <p>Pursuant to the FATCA Agreement, Ukraine should ensure the following:</p> <ul style="list-style-type: none">• Financial institutions operating in Ukraine should reveal the accounts that are governed by the obligation to file reports and the owners of which are US taxpayers (both individuals and legal entities);• The appointing authority will be in charge of collection of the respective information related to such accounts, and its further transfer to the competent US authority on an annual basis;• The relevant information pertaining to such accounts will be transferred to the respective US authority with certain exceptions (information for the time period commencing 2014). <p>The FATCA Agreement shall enter into force when Ukraine serves notice to the US in connection with the completion of all national procedures required for its implementation.</p> <p>For full text of the FATCA Agreement in English, please click here</p>
National Bank of Ukraine 29/10/2019	<p>The NBU further liberalized the foreign exchange control regime, having lifted the limit for FX purchase by individuals.</p> <p>Commencing 5 November, 2019, individuals are allowed to purchase foreign currency and banking metals without limits. Previously, only an amount equal to UAH 150,000 (approx. USD 6,000) per day could be purchased by individuals.</p> <p>Additionally, the NBU lifted the requirement for individuals to submit documentation confirming the grounds for purchase of foreign currency.</p> <p>For more information in Ukrainian, please click here</p>

On 17 October, the Law “On the Introduction of Amendments into Certain Laws of Ukraine for the Stimulation of Investment Activity in Ukraine” (the “Investment Law”) has entered into full effect.

In order to improve the investment climate and investment activity in Ukraine, the Parliament of Ukraine passed the Investment Law, which introduced the concept of security trust.

Under a security trust a settlor of the trust transfers its property to a trustee with the purpose of securing the principal obligation under a loan agreement.

Among the key features of the security trust are:

- Only loans can be secured by a security trust;
- A security trust can be transferred to a third party that fulfils the principal obligations;
- Only private property can be subject to a security trust;
- Securities and a corporate trust cannot be transferred into a security trust;
- Unless a security trust agreement provides additional requirements, a trustee may foreclose an asset in 20 days from the debtor’s default if none of its obligations has been fulfilled, and in 30 days from the debtor’s default, if part of the debtor’s obligations has been fulfilled.

The Investment Law also introduced other particularities with regard to the security trust concept.

For the full text of the Investment Law in Ukrainian, please click [here](#)

Parliament
of Ukraine
03/10/2019

The Ukrainian Parliament adopted the Law “On the Introduction of Amendments into Certain Laws of Ukraine for the Improvement of State Regulation of Financial Services Markets” (the “Split Law”)

The Split Law envisaged the liquidation, prior to 01 July, 2020, of the National Commission carrying out the State Regulation of Financial Services Markets and the re-allocation of its functions among the National Bank of Ukraine (the “NBU”) and the National Securities and Stock Market Commission (the “NSSMC”).

Specifically, commencing 1 July, 2020, the NBU will regulate and oversee the activities of insurance companies, financial companies, pawnshops, credit unions and credit bureaus. At the same time, the NSSMC will regulate and oversee the activities of private pension funds and construction financing funds.

For more information in Ukrainian, please click [here](#)

For the full text of the Split Law in Ukrainian, please click [here](#)

Parliament
of Ukraine
12/09/2019

Parliament
of Ukraine
19/09/2019

The Ukrainian parliament adopted the Law “On Introduction of Amendments into Certain Laws of Ukraine on Improvement of the Procedure for Financial Restructuring” (the “Financial Restructuring Improvement Law”)

The law is aimed at optimizing and clarifying the procedure for financial restructuring. Among key changes are:

The possibility of conducting a common restructuring procedure for several debtors that are related parties but have different creditors. The previous requirement for such debtors to have at least a joint creditor – financial institution has been removed;

A clarification of the concentration ratio requirements, which should ease the restructuring procedure in terms of approval by the Antimonopoly Committee of Ukraine;

A clarification of the possibility to assign claims to a debtor at any time during financial restructuring;

A clarification that key procedural decisions passed at the initiation of a financial restructuring (establishment of creditor’s committee, etc.) do not require a debtor’s signature but can be signed only by the creditors;

An extension of the period during which encumbrancers are entitled to satisfy all their claims in case the collateral lacks value.

A clarification of the possibility for creditors to submit, without the debtor’s consent, a written application to the corresponding secretariat seeking the cessation of negotiations regarding financial restructuring in the absence of mutual consent.

The Financial Restructuring Improvement Law also extends the Law “On Financial Restructuring” for a period of three years, until 19 October 2022.

The full text of the Financial Restructuring Improvement Law is available (in Ukrainian) [here](#).

National Bank
of Ukraine
09/09/2019

The National Bank of Ukraine (the “NBU”) cancelled limits for some operations

The NBU cancelled monthly limits of €5 million set with respect to repatriation of funds received from selling securities and equity rights, as well as funds received as a result of reduction of charter capital of a legal entity, or foreign investor’s withdrawal from a legal entity.

For more information in English, please click, [here](#).

Key regulatory developments in the United Kingdom

Source/Date	Brief description
UK Jurisdiction Taskforce, November 2019	<p>UK Jurisdiction Taskforce publishes legal statement about cryptoassets and smart contracts</p> <p>In May of this year, the UK Jurisdiction Taskforce (UKJT) published a consultation paper on the current legal status of cryptoassets and smart contracts. Following responses from the consultation, the UKJT have published a legal statement. In summary, the statement highlights that cryptoassets have all the legal characteristics of property and ought to be treated as such. Additionally, the statement explains that smart contracts are capable of satisfying the basic requirements of an English law legal contract and so smart contracts can be interpreted using the ordinary principles of contractual interpretation.</p> <p>For further information, click here.</p>
FCA 26/11/2019	<p>FCA's temporary ban on promotion of speculative mini-bonds</p> <p>The FCA has put in place temporary measures to ban the marketing of speculative mini-bonds to retail investors. The prohibition will be set out in a new section of the Conduct for Business Sourcebook (COBS 4.14). The prohibition will apply to those unlisted debentures and preference shares where the issuer uses the funds raised to invest in another company, purchase or develop property or lend to another party.</p> <p>For further information, click here.</p>
FCA 26/11/2019	<p>FCA guidance on approving financial promotions for unauthorized firms</p> <p>Where a firm that is not authorized by the PRA or FCA makes a financial promotion in the UK, it must (subject to certain exemptions) be approved by an authorized firm. The FCA has published a new webpage setting out guidance to authorized firms on how they should approach approving such financial promotions. The FCA reminds firms that they should consider both the presentation and substance of the promotion to ensure that it is fair, clear and not misleading, and should not accept at face value information provided by the unauthorized firm. Firms are also reminded of the FCA's finalized guidance on financial promotions in social media.</p> <p>For further information, click here.</p>

FCA statement on Regulatory Technical Standards (RTS) for Strong Customer Authentication (SCA) in the event of a no-deal Brexit

FCA,
October 2019

The EU Regulatory Technical Standard for Strong Customer Authentication (SCA-RTS) fully came into effect on 14 September, 2019, and will become part of UK law under the Withdrawal Act 2019 on exit day. The Payment Services Regulation 2017 (PSRs) makes provisions for firms to comply with a UK-RTS (which will be made by the FCA) instead of the EU-based SCA-RTS. In the event of a no-deal exit, the FCA will create the UK-RTS and make relevant changes to the Handbook on exit day.

For further information, click [here](#).

Memorandum of Understanding on post-Brexit third-country equivalence and exemption determinations

FCA, PRA,
HM Treasury
and Bank of
England,

17/10/2019

The memorandum sets out how the FCA, PRA, HM Treasury and Bank of England expect to co-ordinate the discharge of their respective functions relating to equivalence and exemption determination under the post-Brexit UK regulatory regime, and the provision of information or advice relating to these determinations. The Treasury will be generally be responsible for determining the equivalence of, and the application of exemptions to, any country or territory outside the UK,

with the Bank of England, PRA and FCA responsible for providing support, information and advice to the Treasury. The regulators are also responsible for recognizing non-UK firms which operate in the UK under an equivalence determination, where this is provided for in legislation.

For further information, click [here](#).

FCA speech on state of play of financial services sector and Brexit preparations

FCA,
16/09/2019

On 16 September, 2019, the FCA published a speech by the FCA Chief Executive. The speech notes the progress that has been made in preparing for Brexit, either under a withdrawal agreement or no-deal scenario. The speech identifies seven issues that require further action from the UK or EU before Brexit. These are:

- Share trading obligations
- Derivatives trading obligations
- Clearing
- Uncleared derivatives
- Data exchange
- Progress on contract repapering
- Retail financial services

The speech highlighted that the FCA will take a pragmatic approach to issues as they arise and will maintain market integrity and protect customers.

For further information, click [here](#).

Key regulatory developments in Spain

Source/Date	Brief description
National Securities Market Commission (CNMV) 12/11/2019	Questions and answers on the withdrawal of the UK from the EU without an agreement being reached and RDL 5/2019 published by the National Securities Market Commission published by the CNMV For further information in Spanish, click here .
Bank of Spain 04/11/2019	Conference speech held at the <i>Digitalization and Investment in Intangible Capital: The Spanish Case within the EU</i>, jointly organized with the European Investment Bank and the Bank of Spain published For further information in English, click here .
CNMV 16/10/2019	Consultation paper of the Joint Committee of European Supervisory Authorities for the Revision of the Key Investor Data Document of PRIIPs published The deadline for this consultation is 13 January 2020. Interested parties should send their contributions through the ESMA website. For further information in Spanish, click here .

Key regulatory developments in the United States

Source/Date	Brief description
SEC 25/11/2019	<p>SEC proposes modernization of regulation on use of derivatives by registered funds and business development companies</p> <p>The U.S. Securities and Exchange Commission (SEC) voted to propose a new rule designed to enhance the regulation of the use of derivatives by registered investment companies, including mutual funds, exchange-traded funds (ETFs) and closed-end funds, as well as business development companies. The proposed rule would provide an updated and more comprehensive approach to the regulation of funds use of derivatives. SEC Chairman Jay Clayton recognized the importance of derivatives in effective portfolio management, and stated that “by standardizing the framework for funds’ derivatives risk management, the proposal would benefit investors, funds and our markets, including by providing for more effective risk management across funds and enhanced investor protections.”</p> <p>For more information, click here.</p>
CFTC 25/11/2019	<p>CFTC Division of Enforcement issues annual report for FY 2019</p> <p>The U.S. Commodity Futures Trading Commission’s Division of Enforcement (DOE) issued its Annual Report for Fiscal Year 2019. In this report, the Division identified a slight increase in the number of actions filed by the CFTC compared to prior years, and an increase in monetary relief awarded (more than \$1.3 billion). According to the report, approximately 65 percent of all cases filed during FY 2019 related to commodities fraud, manipulation, or spoofing.</p> <p>The report can be obtained here.</p>
CFTC 12/11/2019	<p>CFTC chairman announces intent to lead in regulation of digital assets and blockchain</p> <p>Speaking at a conference on 12 November, CFTC Chairman Heath Tarbert said that he wants the U.S. to lead global regulation of digital assets and blockchain, while acknowledging the uncertain regulatory environment that currently exists in the U.S, due to overlapping oversight and different objectives by federal and state regulators. Tarbert stated that the CFTC communicates with the SEC about these issues on a nearly daily basis. He said that he wants to “at least create an environment where innovation can flourish, and whatever risks there are, we’re able to mitigate those.”</p> <p>For more information, click here.</p>

SEC proposes modernization of advertising and cash solicitation rules for investment advisers

SEC

04/11/2019

The SEC voted to propose amendments addressing investment adviser advertising and compensation of those soliciting investments. The proposed changes to the advertising rule would replace the current rule structure with a principles-based approach, and would include tailored requirements for presentation of performance results based on the advertisement's intended audience. The revised solicitation rule would cover all forms of compensation, rather than just cash, and would update other aspects of the rule. The public comment period will remain open for 60 days following publication in the Federal Register.

For more information, click [here](#).

SEC announces extension of temporary measure to facilitate cross-border implementation of MiFID II research provisions

SEC

04/11/2019

Under a previously-issued no-action letter set to expire on 3 July, 2020, SEC staff stated they would not recommend enforcement action under the Investment Advisers Act of 1940 against broker-dealers receiving payments in hard dollars or through research payment accounts from clients subject to MiFID II. The SEC has now announced an extension of this no-action letter, which will now be recognized until July 3, 2023.

For more information, click [here](#).

SEC issues statement on market structure innovation for thinly traded securities

SEC

17/10/2019

The SEC issued a statement inviting exchanges and other market participants to submit innovative proposals designed to improve the secondary market structure for exchange-listed equity securities trading in lower volumes. The Commission's statement lays out various considerations that may be helpful for a proposal to address, including whether and under what circumstances it would be appropriate to suspend unlisted trading privileges on multiple exchanges and whether exemptive relief from Regulation NMS and other rules under the Securities Exchange Act of 1934 would improve trading and liquidity.

For more information, click [here](#).

U.S. financial regulatory agencies join Global Financial Innovation Network (GFIN)

CFTC

SEC

FDIC

OCC

24/10/2019

The CFTC, SEC, Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC) announced that they are joining the Global Financial Innovation Network. GFIN, which was formally launched in January 2019 by an international group of financial regulators and related organizations, supports financial innovation in the interests of consumers. According to the U.S. regulators' announcement, their participation in GFIN will promote "knowledge-sharing on innovation in financial services, [and] U.S. members of GFIN will seek to advance financial and market integrity, consumer and investor protection, financial inclusion, competition, and financial stability."

The U.S. regulators' announcement can be found [here](#).

For more information on GFIN, click [here](#).

CFTC chairman provides comments on cryptocurrency regulation

CFTC
11/10/2019

In an interview at a market summit in October, Chairman Heath Tarbert of the CFTC provided comments on various regulatory topics, including cryptocurrencies. Chairman Tarbert provided clarification on the regulatory status of Ether, a cryptocurrency generated by the Ethereum blockchain platform. He stated that the CFTC views Ether as a commodity that falls under the jurisdiction of the CFTC, similar to Bitcoin.

For further information, click [here](#).

U.S. agencies finalize changes to simplify Volcker Rule

Fed BOG
CFTC
FDIC
OCC
SEC
08/10/2019

Several financial regulatory agencies announced finalized revisions to the Volcker Rule, which generally prohibits banking entities from engaging in proprietary trading. Under the revisions, which are designed to simplify compliance with the rule, regulatory requirements will be tied to the extent of firms' trading activities. The agencies do not expect that the types of trades that are considered proprietary trading under the rule will change significantly. The revised rules will be effective from January 1, 2020, with a compliance date of January 1, 2021.

For more information, click [here](#).

SEC proposes amendments to rules related to trading in over-the-counter securities to enhance retail investor protections

SEC
26/09/2019

The SEC voted to propose amendments to Exchange Act Rule 15c2-11, which sets out certain requirements with which a broker-dealer must comply before it can publish quotations for securities in the over-the-counter ("OTC") market. The proposed amendments are designed to provide greater transparency to the investing public by requiring that information about the issuer and the security be current and publicly available before a broker-dealer can begin quoting that security.

For more information, click [here](#).

SEC extends "test-the-waters" provision to all issuers

SEC
26/09/2019

The SEC voted to adopt a new rule that extends the "test-the-waters" accommodation - currently a tool available to emerging growth companies or "EGCs" - to all issuers. Under the new rule, all issuers will be allowed to gauge market interest in a possible initial public offering or other registered securities offering through discussions with certain institutional investors prior to, or following, the filing of a registration statement.

Key regulatory developments in Canada

Source/ Date	Brief description
Financial Transactions and Reports Analysis Centre of Canada (“ FINTRAC ”) news release 22/11/2019	<p>Money Services Businesses (“MSB”) that deal in virtual currency can now voluntarily register with FINTRAC</p> <p>A MSB are those persons who are in the business of offering any of the following services to the public in Canada:</p> <ul style="list-style-type: none">• foreign exchange dealing;• money transferring;• issuing or redeeming money orders, traveller’s cheques or anything similar; or• dealing in virtual currency (coming into force June 1, 2020). <p>Before beginning to operate in Canada, a MSB must register their business with FINTRAC, regardless if that MSB is registered with a province or territory. FINTRAC is allowing MSBs dealing in virtual currency (such as cryptocurrency exchanges) to voluntarily register in advance of June 1, 2020, when registration will be mandatory.</p> <p>For further information, click here.</p>
Financial and Consumer Services Commission (“ FCNB ”) news release 22/11/2019	<p>Amendments proposed to Securities Act to enhance investor protection</p> <p>The proposed amendments to the <i>Securities Act</i> (New Brunswick) (the “Act”) incorporate four changes:</p> <ul style="list-style-type: none">• the implementation of a comprehensive regime to regulate domestically significant financial benchmarks, reducing risk in the capital markets;• increased authority available to the self-regulatory organizations that govern the securities industry, enhancing investigatory and enforcement provisions;• the addition of language prohibiting aiding, abetting and counselling any other person to contravene securities laws; and• the repeal of section 190 of the Act to ensure consistent application of limitation periods under the Act and maintain harmonization with other Canadian securities regulators. <p>For further information, click here.</p>

Bill Morneau remains finance minister

20/11/2019

Prime Minister Justin Trudeau's new cabinet was sworn in on November 20, 2019. Bill Morneau remains the finance minister. Ottawa MP Mona Fortier joined the cabinet as associate finance minister.

Prime Minister Justin Trudeau has yet to release the minister of finance mandate letter for his current term but the previous mandate letter can be found [here](#).

Ontario Securities
Commission
("OSC") regulatory
news release

19/11/2019

OSC makes doing business easier for Ontario market participants

In November 2018, the OSC established a **Burden Reduction Task Force** (the "**Task Force**") to identify ways to enhance competitiveness for Ontario businesses by saving time and money for issuers, registrants, investors and other capital market participants. The OSC is moving forward with 107 initiatives in its Reducing Regulatory Burden in Ontario's Capital Markets report (the "**Report**") which address 34 underlying concerns identified by the Task Force that will likely affect all market participants.

The Task Force recognizes that many of the businesses that they regulate are small or medium sized, and that their cost of regulatory compliance is disproportionately high relative to that of larger businesses. The Report highlights that such companies and registrants will benefit from:

- expanded and improved service standards, particularly in respect of compliance reviews;
- a confidential prospectus review process prior to announcing an initial public offering or other financing; and
- an ability to hire a Chief Compliance Officer ("**CCO**") who acts in that role for other, unaffiliated registrant firms.

The Task Force will provide increased flexibility to innovative businesses, recognizing that the current disharmonized crowdfunding rules across the CSA limit the viability of this startup financing tool. The Report highlights that innovative businesses and startups will benefit from:

- more flexibility from staff in how the OSC approaches registration, resales in the secondary market, and other regulatory requirements;
- for individuals applying to be CCO of fintech firms, assessments of their qualifications and experience that take into account their broader business experience and its alignment with the firm's business model; and
- for startups seeking financing, harmonization of the crowdfunding rules.

The Task Force realizes a more tailored approach will help address the unique issues faced by large firms with multiple business units, which are most affected by duplication and lack of harmonization among regulatory bodies. The Report highlights that such businesses will benefit from:

- reduced duplicative filing requirements in investment funds and registration rules;
- proposals to codify routine exemptive relief for investment funds;

- measures to facilitate registration of multiple CCOs for large registrants with multiple business divisions; and
- the ability for public companies to conduct at-the-market offerings.

Timing

Initiatives that fall entirely within the OSC’s purview will be implemented within a year. Other changes require legislative amendments, harmonization with other regulators, or long-term investments in technology requiring a longer time frame. Several burden reduction initiatives have already been implemented by the OSC, including;

- removal of fees for delayed outside business activity filings in **May**;
- pre-file program for mining issuers’ technical disclosure in **June**;
- removal of requirements for investment fund managers to apply to act as trustees in **June**; and
- flexible fees certification process for market participants in **September**.

For further information, click [here](#).

Methods to verify the identity of an individual and confirm the existence of a corporation or an entity other than a corporation guidance

The requirement to verify the identity of an individual and confirm the existence of a corporation or of an entity other than a corporation under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (“**PCMLTFA**”) and associated regulations applies to all reporting entities. FINTRAC’s guidance provides:

FINTRAC guidance
14/11/2019

- a summary of the methods to identify individuals and associated record keeping obligations;
- a summary of who can identify an individual on your behalf;
- a summary of how to confirm the existence of a corporation or of an entity other than a corporation;
- examples of acceptable photo identification documents; and
- examples of reliable sources of information for the dual-process method.

For further information, click [here](#).

Canadian securities regulators sign fintech co-operation agreement with the Monetary Authority of Singapore

Canadian Securities Administrators (“**CSA**”) press release
12/11/2019

The CSA and the Monetary Authority of Singapore (“**MAS**”) are extending the work of the **CSA Regulatory Sandbox Initiative** and the **MAS Fintech and Innovation Group** to support fintech innovation. Members of the CSA have signed a fintech co-operation agreement with MAS that creates a referral mechanism for innovative businesses, and will enhance and clearly define information sharing between these jurisdictions.

For further information, click [here](#).

Canadian securities regulators outline corporate governance disclosure expectations for cannabis issuers

Securities regulatory authorities in British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan (the “**participating jurisdictions**”) published supplementary guidance related to the disclosure of financial interests in significant corporate transactions to assist cannabis issuers and other issuers in emerging growth industries with corporate governance. The Notice focuses on two issues:

*Disclosure of financial interests in mergers, acquisitions or other significant corporate transactions (“**M&A Transactions**”)*

The cannabis industry has experienced significant growth and M&A Transaction activity over the past few years. Early financings are often funded by high net worth individuals or friends and family of the founders. As the market continues to expand, many cannabis issuers and their directors and executive officers also participate in the financing of other cannabis issuers, leading to unusually high levels of cross-ownership of financial interests. This cross-ownership results in a conflict of interest that must be disclosed to allow investors to determine whether the M&A Transaction occurred on its own merits.

Independence of board members

Independent directors must not have a direct or indirect ‘material relationship’ with the reporting issuer, defined as a relationship which could, in the view of the board, be reasonably expected to interfere with the exercise of a director’s independent judgement. The Notice encourages reporting issuers to adopt a written code of conduct that addresses ethical situations that may arise during the normal course of business.

For further information, click [here](#).

CSA Multilateral
Staff Notice 51-359
(the “**Notice**”)

12/11/2019

BCSC to get strongest collection and enforcement powers in Canada

The provincial government in British Columbia announced changes to its *Securities Act* (the “**Act**”), giving the BCSC some of the strongest enforcement and collection powers in Canada to protect investors and punish wrongdoers. Collectively, the proposed amendments include more than 100 changes to the Act, representing the most extensive set of amendments since it was enacted in 1996. In addition to improving the BCSC’s enforcement and collection powers, the amendments seek to modernize the legislative framework and include a new regime for regulating derivatives that is harmonized with other jurisdictions across Canada. The amendments will come into force through regulation.

For further information, click [here](#).

British Columbia
Securities
Commission
(“**BCSC**”) news
release

21/10/2019

Payments Canada seeks feedback on policy proposals for Canada's new high-value payments system

As part of their **modernization program**, Payments Canada is developing Lynx, Canada's new high-value payments system, which will replace Canada's current Large Value Transfer System ("LVTS"). Lynx is expected to:

- facilitate irrevocable secure payment transfers between Payments Canada and its member financial institutions;
- be a real-time gross settlement system ("RTGS") that will comply with the Bank of Canada's **Risk-Management Standards for Designated Financial Market Infrastructures**;
- support Canada's current needs and be adaptable to future technical changes and business processes; and
- provide a safe and secure foundation that supports a dynamic payments environment.

Payments
Canada news

09/10/2019

Payments Canada is looking to consult members and stakeholders on its proposed policy elements, which will inform the drafting of the bylaw that will provide the legal basis for the Lynx system. In addition to providing an overview of the expected financial risk framework for Lynx, the key policies that will underpin Lynx include:

- access (eligibility to participate directly in the system);
- finality of a payment to a payee; and
- deduction of service charges from the original amount of a Lynx payment.

The comment period closed on November 15, 2019.

For further information, click [here](#).

CSA Notice
and Request
for Comment,
Proposed
Amendments
to National
Instrument 52-108
and Companion
Policy 52-108

03/10/2019

Canadian securities regulators propose changes to auditor oversight rules

The CSA published for comment proposed amendments (the “**Proposed Amendments**”) to National Instrument 52-108 - Auditor Oversight (“**NI 52-108**”) intended to improve the Canadian Public Accountability Board’s (“**CPAB**”) ability to perform audit inspections by increasing access to audit working papers.

Audit firms in foreign jurisdictions (which are not subject to CPAB oversight) that complete audit work product that forms part of an auditor’s report for a reporting issuer are known as ‘component auditors’. CPAB has faced challenges in getting access to component auditor work product for inspection. Under the Proposed Amendments, a reporting issuer will be required to take all reasonable steps to direct component auditors that meet significant thresholds (“**significant component auditors**”) to enter into access agreements that will allow CPAB to inspect their audit work product if the significant component auditor does not voluntarily provide access to CPAB when requested. The terms and conditions set out in a CPAB access agreement, including the manner and conditions for when access is to be provided, must be agreed to by CPAB and the significant component auditor. A significant component auditor that does not enter into a CPAB access agreement following the prescribed transition period will no longer be able to contribute to an auditor’s report for a reporting issuer.

The comment period will close on January 2, 2020.

For further information, click [here](#).

Canadian securities regulators implement investor protection reforms, strengthening the client-registrant relationship across Canada

The CSA published amendments (the “**Amendments**”) to National Instrument 31-103 - Registration Requirements, Exemptions and Ongoing Registrant Obligations (“**NI 31-103**”) in order to implement client-focused reforms (“**CFRs**”) across Canada that place the interests of the client first in client-advisor relationships.

CFRs are intended to better align the interests of securities advisers, dealers and representatives (“**registrants**”) with the interests of their clients, improve outcomes for the clients, and make the terms of the client-registrant relationship more transparent. Under the Amendments, registrants will be required to:

- address material conflicts of interest in the best interest of the client;
- put the client’s interest first when making a suitability determination; and
- do more to clarify for clients what they should expect from their registrants.

Background

CFRs follow a multi-year policy and consultation process, which led to the publication of proposals for comment on June 21, 2018 (the “**2018 Proposals**”). Following stakeholder feedback, including active participation by the Investment Industry Regulatory Organization of Canada (“**IIROC**”) and the Mutual Fund Dealers Association of Canada (“**MFDA**”), the CSA revised specific aspects of the 2018 Proposals to provide flexibility for registrants to comply with their obligations in a way that reflects their business models and their clients’ needs and objectives.

Summary of select amendments

- **Referral arrangements.** The CSA removed restrictions on referral arrangements and referral fees.
- **Publicly available information.** The CSA removed the proposed new provision to make certain information publicly available.
- **Conflicts of interest.** The CSA added a materiality qualifier in the conflicts of interest provisions, including guidance to explain when such conflict of interests are ‘material’.
- **Suitability.** The CSA made changes to parts of the NI 31-103 and added guidance in CP 31-103 to help registered firms to scale the CFRs to their particular operations.
- **Know your client (“KYC”).** The CSA made the KYC gathering exemption for non-individual permitted clients consistent with the expanded exemption in the suitability provisions and clarified how KYC requirements can apply to registrants’ different business models.
- **Know your product (“KYP”).** Guidance was added to more fully address the scalability of the KYP requirements, depending on the nature and complexity of the securities involved.

CSA Notice
of Amendments
to National
Instrument 31-103
and Companion
Policy 31-103

03/10/2019

- **Relationship disclosure information (“RDI”).** The CSA clarified that the required discussion of impacts of fees and charges on a client’s investment returns is only required to be at a general level and relates to potential impacts.

Phased transition period

Amendments relating to conflicts of interest and the associated RDI provisions are taking effect on December 31, 2020, and the remaining amendments are taking effect on December 31, 2021. IIROC and MFDA will amend their respective member rules, policies and guidance to be consistent with the amendments.

For further information, click [here](#).

Consultation on the draft regulations respecting mortgage brokerages

The AMF published draft regulations to the *Act Respecting the Distribution of Financial Products and Services* (the “**Distribution Act**”). On May 1, 2020, mortgage brokers that are currently subject to the Real Estate Brokerage Act (“**REBA**”) and the regulations of the *Organisme d’autoréglementation du courtage immobilier du Québec* (the “**Organization**”) will become representatives within the meaning of the Distribution Act and will be regulated by AMF. AMF has chosen to apply the existing framework for the other sectors governed by the Distribution Act to mortgage brokerages while proposing to add additional rules that take into account the sector’s particular characteristics.

Autorité des
marchés financiers
 (“**AMF**”) Notice
and Request
for Comment

03/10/2019

A notice and request for comment published with the draft regulations explains the rules respecting career entry, registration, professional development and the pursuit of mortgage brokerage activities. It also clarifies the process by which supervision of mortgage broker and mortgage agency activities will be transferred to the AMF. AMF is proposing that holders of a mortgage broker’s licence issued under REBA prior to April 30, 2020, will become representatives who hold a certificate issued under the Distribution Act on May 1, 2020. AMF is further proposing to enable anyone who, prior to May 1, 2020, began the process leading to authorization to carry on mortgage brokerage activities with the Organization to continue that process with the Authority. Finally, individuals who have successfully completed their basic training with the Organization would be able to register for the Authority’s examinations and then complete the probationary period before applying for a certificate.

The comment period closed on November 16, 2019.

For further information, click [here](#).

ASC adopts start-up crowdfunding Blanket Order

Alberta Securities
Commission
("ASC") Blanket
Order 45-
521 - Start-up
Crowdfunding
Registration
and Prospectus
Exemptions
(the "**Blanket
Order**")

02/10/2019

On February 21, 2019, the ASC, together with other members of the CSA, **announced** they are working on a harmonized national instrument respecting start-up crowdfunding that includes both a prospectus and registration exemption. However, given the timeline for implementing a national instrument, the ASC has adopted the Blanket Order as an interim measure to remove unnecessary barriers to financing and better facilitate access to capital for start-ups and other small businesses.

The Blanket Order is modelled on **British Columbia Instrument 45-535 - Start-up Crowdfunding Registration and Prospectus Exemptions** and substantially harmonized with the blanket orders in Manitoba, New Brunswick, Nova Scotia, Québec and Saskatchewan (together, with British Columbia, the "**participating jurisdictions**"). The most significant aspect of the Blanket Order is the introduction of a dealer registration exemption that can be relied on by crowdfunding portals that are not already registered dealers. The Blanket Order is intended to allow Alberta issuers and investors an opportunity to participate in multijurisdictional start-up crowdfunding offerings in the participating jurisdictions.

For further information, click [here](#).

Canadian securities regulators announce review of automatic securities disposition plans ("ASDPs")

CSA press release

24/09/2019

ASDPs allow insiders to make preplanned sales of securities of an issuer through an arms-length administrator in accordance with the insider's predetermined set of instructions. While provincial and territorial securities laws provide an insider trading defence for trades made under ASDPs, there is no national framework governing such plans. The CSA will consider whether the regulatory framework should be enhanced and harmonized across Canada and whether relief should continue to be granted from insider reporting for trades done under ASDPs and, if so, under what conditions. Until the CSA completes its review, CSA staff are unlikely to recommend new insider reporting relief for trades done under ASDPs. Existing insider reporting relief will be unaffected.

For further information, click [here](#).

Canadian securities regulators propose eight initiatives to reduce regulatory burden for investment funds

The CSA published for comment proposed rule amendments aimed at implementing eight initiatives (the “Initiatives”) that seek to eliminate duplicative requirements, streamline regulatory processes, codify frequently granted exemptions and eliminate the need for certain regulatory approvals. These Initiatives represent the second phase of the CSA’s ongoing work to reduce regulatory burden for investment funds, following the first phase publication on **May 24, 2018**.

Summary of the Initiatives

1. **Consolidate the simplified prospectus and the annual information form.** This Initiative proposes to consolidate Form 81-101F2 - Contents of Annual Information Form and Form 81-101F1 - Contents of Simplified Prospectus, eliminating the requirement to file two separate disclosure documents.
2. **Introduce the investment fund designated website.** This Initiative proposes to require reporting investment funds to designate a qualifying website on which the investment fund intends to post regulatory disclosures. The qualifying website will have to meet two requirements: (i) that it is publicly accessible; and (ii) that it is established and maintained either by the investment fund, or by its manager, an affiliate or an associate of its manager, or another investment fund that is a part of its investment fund family.
3. **Codify exemptive relief granted in respect of notice-and-access applications.** This Initiative proposes to introduce a notice-and-access system for the solicitation of proxies.
4. **Minimize filings of personal information forms (“PIF”).** This Initiative proposes to eliminate the PIF requirements for specified individuals in National Instrument 41-101 – General Prospectus Requirements (“NI 41-101”) and National Instrument 81-101 – Mutual Fund Prospectus Disclosure (“NI 81-101”) for investment fund issuers as that information is already provided in Form 33-109F4 - Registration of Individuals and Review of Permitted Individuals.
5. **Codify exemptive relief granted in respect of conflict applications.** This Initiative proposes amendments to codify frequently granted exemptive relief in respect of conflict of interest prohibitions. Subject to conditions, the following eight exemptions will be codified, which will permit:

CSA Notice
and Request
for Comment,
Reducing
Regulatory Burden
for Investment
Fund Issuers –
Phase 2, Stage 1

12/09/2019

- a. fund-on-fund investments by investment funds that are not reporting issuers;
 - b. investment funds that are reporting issuers to purchase non-approved rating debt under a related underwriting;
 - c. in specie subscriptions and redemptions involving related managed accounts and mutual funds;
 - d. inter-fund trades of portfolio securities between related reporting investment funds, investment funds that are not reporting issuers and managed accounts at last sale price;
 - e. investment funds that are not reporting issuers to invest in securities of a related issuer over an exchange;
 - f. reporting investment funds and investment funds that are not reporting issuers to invest in debt securities of a related issuer in the secondary market;
 - g. reporting investment funds and investment funds that are not reporting issuers to invest in long-term debt securities of a related issuer in primary market distributions; and
 - h. reporting investment funds, investment funds that are not reporting issuers and managed accounts to trade debt securities with a related dealer.
6. **Broaden pre-approval criteria for investment fund mergers.** This Initiative proposes to introduce amendments to National Instrument 81-102 - Investment Funds (“NI 81-102”) to broaden the pre-approval criteria for investment fund mergers. This will codify a type of regulatory approval that is often granted when a proposed merger does not satisfy all of the pre-approval criteria in NI 81-102.
7. **Repeal regulatory approval requirements relating to change of manager.** This Initiative proposes to repeal the regulatory approval requirements for a change of manager, a change of control of a manager, or a change of custodian that occurs in connection with a change of manager. The purpose of these requirements is to provide the CSA with an opportunity to assess the integrity and proficiency of the proposed manager, but this is generally satisfied by reviewing the information circular prepared in connection with the requisite security holder vote.
8. **Codify exemptive relief granted in respect of fund facts delivery applications.**
- a. *Managed accounts and permitted clients.* The CSA proposes to introduce an exemption from the fund facts delivery requirement for conventional mutual fund purchases made in managed accounts or by permitted clients that are not individuals.
 - b. *Portfolio rebalancing plans.* The CSA proposes to codify exemptive relief from the Form 81-101F3 - *Contents of Fund Facts Document* (“**Form 81-101F3**”) delivery requirement for subsequent purchases of conventional mutual fund securities under model portfolio products and portfolio rebalancing services.
 - c. *Automatic switch programs.* The CSA proposes to codify exemptive relief from the Form 81-101F3 delivery requirement for purchases of conventional mutual fund securities made under automatic switch programs.
 - d. *Proposed amendments to conform Form 81-101F3 with Form 41-101F4 - Information Required in an ETF Facts Document.* The CSA proposes amendments to certain disclosure requirements to allow for conformity between forms.

The comment period will close on December 11, 2019.

For further information, click [here](#).

Debt Management Strategy Consultations – 2020-21

The Debt Management Strategy for 2019-20 contained higher treasury bill and bond issuance in light of higher overall borrowing requirements. The year-end target for the treasury bill stock was raised to \$151 billion, compared to \$134 billion at the end of 2018-19, to support liquidity in this key funding sector. Meanwhile, gross bond issuance is expected to be \$119 billion in 2019-20, about \$19 billion higher than in 2018-19.

Bank of Canada
(the “Bank”)
market notice

10/09/2019

The Department of Finance (“DOF”) and the Bank are seeking the views of government securities distributors, institutional investors, and other interested parties on issues related to the design and operation of the Government of Canada’s domestic debt program for 2020 - 2021 and beyond. Feedback received through these consultations will help federal debt managers design a debt strategy for 2020-21 that will continue to strike a prudent balance between cost and risk, and to strive to maintain a liquid, well-functioning Government of Canada securities market. The Government of Canada’s borrowing needs and issuance strategy will be published before March 31, 2020, likely in the 2020 Budget.

The comment period closed at the end of October 2019.

For further information, click [here](#).

Canadian securities regulators issue guidance on climate change-related disclosure

The CSA published the Notice to provide guidance to reporting issuers for identifying and improving their disclosure of material risks, opportunities, financial impacts and governance processes related to climate change. The Notice does not create any new legal requirements but reinforces and expands upon guidance provided in CSA [Staff Notice 51-333 - Environmental Reporting Guidance](#) and should be read in conjunction with that notice.

Board and management

The Notice highlights the respective roles and responsibilities of the board and management, which include strategic planning, risk oversight and management, and the review and approval of an issuer’s annual and interim regulatory filings. The board and management are encouraged to assess their expertise with respect to sector-specific climate change-related risks to allow them to ask the right questions and make informed decisions about risk management and disclosure.

Materiality

Materiality is the determining factor in any assessment of whether information is required to be disclosed in an issuer’s continuous disclosure. Guiding principles include:

- **No bright-line test.** There is no uniform quantitative threshold at which a particular type of information becomes material. Materiality varies between industries and even between issuers within an industry according to their particular circumstances. Issuers should consider both quantitative and qualitative factors.

CSA Staff Notice
51-358 - *Reporting
of Climate
Change-related
Risks* (the “Notice”)
01/08/2019

- **Context.** Materiality depends on the nature and amount of the item judged in the particular circumstances of its omission or misstatement. Some facts are material on their own. In other situations, materiality must be considered in light of all the facts available.
- **Timing.** Determining materiality is a dynamic process that depends on the prevailing relevant conditions at the time of reporting.
- **Trends, demands, commitments, events and uncertainties.** Materiality in cases of a known environmental trend, demand, commitment, event or uncertainty turns on an analysis of the probability that it will occur and the anticipated magnitude of its effect.

Voluntary disclosure

Reporting issuers may choose to voluntarily disclose climate change-related information in their continuous disclosure or in other publications. In choosing to provide such voluntary disclosure, issuers should consider the following:

- Boards and management should ensure that the materiality of information contained in any voluntary disclosure is assessed and, if the information is material, it must be disclosed in the issuer's regulatory filings.
- Voluntary disclosure should not contain any misrepresentations and should not obscure material information.

Forward-looking information

Forward-looking information requirements do not relieve reporting issuers from disclosing material climate change-related risks even if they are expected to occur or crystallize over a longer time frame.

For further information, click [here](#).

Amendments to the Regulations under the PCMLTFA

Regulations Amending Certain Regulations Made Under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, 2019: SOR/2019-240
10/07/2019

In 2018, the DOF released a set of proposed amendments to help address and close the gaps that exist in Canada's Anti-Money Laundering and Combating the Financing of Terrorism ("**AML/CFT**") regime following the **FATF review of Canada**.

The 2019 final amending regulations ("**Finalized Regulations**") aim to regulate all reporting entities engaged in virtual currency transactions, prepaid cards and foreign money services business, providing greater detail than the amendments originally proposed in 2018.

The Finalized Regulations also impact regulations made pursuant to the PCMLTFA that outline the reporting requirements for suspicious transaction reports ("**STR**") and electronic funds transfer reports ("**TFR**"): the **STR Regulation** and the **TFR Regulation**.

For further information, click [here](#).

FINTRAC reinforces its partnership with IIROC

FINTRAC
news release

30/05/2019

FINTRAC's memorandum of understanding ("MOU") with IIROC has been strengthened to allow for greater cooperation and information sharing in the fight against money laundering and terrorist activity financing, while reducing the compliance burden for Canadian securities dealers. FINTRAC and IIROC will be able to share compliance-related information under the MOU in order to strengthen the compliance of securities dealers with the PCMLTFA.

For further information, click [here](#).

IIROC and CSA provide update on conflicts of interest arising from soliciting dealer arrangements

The CSA initially published [CSA Staff Notice 61-303 and Request for Comment - Soliciting Dealer Arrangements](#) in April 2018. Following further feedback from stakeholders, IIROC and the CSA determined that the publication of guidance contained in the Notice would provide the most effective means of addressing regulatory concerns associated with managing conflicts of interest arising from soliciting dealer arrangements.

Soliciting dealer arrangements are agreements that incentivize IIROC dealer members to encourage security holders of a reporting issuer to:

- vote in connection with a transaction requiring security holder approval;
- tender their securities in connection with a takeover bid; or
- participate in any other corporate transactions that require a requisite quorum.

Such arrangements can raise regulatory concerns about the ability of participating IIROC dealer members to comply with IIROC's conflicts rule and related guidance. In some cases, conflicts of interest arising from such arrangements can be managed by the appropriate policies and procedures. However, there are other arrangements where the conflicts are unmanageable and should be avoided. When disclosing a conflict concerning a soliciting dealer arrangement, IIROC dealer members must ensure that, at minimum, the disclosure is:

- in writing, and provided in a timely manner so the client has sufficient time to make a fully informed decision;
- specific to the arrangement and the conflicts it raises, and provides the client with sufficient information to make an informed decision;
- understandable to the client; and
- prominent, complete, in one place and in plain language.

For further information, click [here](#).

IIROC Notice 19-0092 - Managing Conflicts of Interest arising from Soliciting Dealer Arrangements (the "Notice")

23/05/2019

Key regulatory developments in Singapore

Source/Date	Brief description
MAS 13/11/2019	<p>MAS partners financial industry to create framework for responsible use of AI</p> <p>MAS announced that it is working with financial industry partners to create a framework for financial institutions to promote the responsible adoption of Artificial Intelligence and Data Analytics (AIDA).</p> <p>For more information in English, please click, here.</p>
MAS 12/11/2019	<p>Canadian securities regulators and MAS strengthen cooperation in fintech</p> <p>MAS and eight members of the Canadian Securities Administrators (CSA) signed a cooperation agreement to strengthen collaboration in fintech between Singapore and CSA's member jurisdictions. The members are the securities regulatory authorities in Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, Ontario, Québec and Saskatchewan.</p> <p>For more information in English, please click, here.</p>
MAS 21/10/2019	<p>MAS and CBIRC enhance supervisory cooperation and cross-border regulatory oversight</p> <p>MAS and the China Banking and Insurance Regulatory Commission (CBIRC) reaffirmed their commitment to deepen supervisory cooperation. MAS' Deputy Managing Director Mr Ong Chong Tee and CBIRC's Vice Chairman Mr Liang Tao signed the CBIRC-MAS Supervisory Memorandum of Understanding (MOU) to enhance supervisory cooperation and facilitate exchange of information between MAS and CBIRC in the areas of banking and insurance supervision and crisis management.</p> <p>For more information in English, please click, here.</p>
MAS 30/09/2019	<p>MAS' Cyber Security Advisory Panel highlights need for managing cyber risks in IT supply chains</p> <p>MAS' Cyber Security Advisory Panel (CSAP) convened to discuss the latest cybersecurity challenges and strategies related to the financial industry in Singapore. CSAP members highlighted the need to strengthen the cyber risk culture in financial institutions, enhance cyber monitoring and surveillance capabilities, and better manage cybersecurity risks in IT supply chains.</p> <p>For more information in English, please click, here.</p>

Public Events & Conferences

Source/Date	Brief description
MAS / The Association of Banks in Singapore / SingEx Holdings 11 – 15/11/2019	Singapore FinTech Festival 2019 The world's largest fintech festival and global platform for the fintech community to connect, collaborate, and co-create with one another. For more information in English, please click, here .
FINExpo 26/10/2019	Crypto Expo Singapore 2019 The event brought together crypto startups, experts and enthusiasts to discuss the latest trends in the industry. It provided participants with the opportunity to take part in one of the biggest blockchain shows filled with exhibitor booths, loungers, bars, a speaker hall and workshop rooms, as well as to meet with the best crypto experts and people from global companies.

Clients Alerts & Briefings

Source/Date	Brief description
Dentons Rodyk (Singapore) 21/11/2019	MAS consults on regulating payment token derivatives offered by approved exchanges MAS issued a consultation paper on 20 November, 2019, to consult on regulating payment token derivatives offered by approved exchanges with the aim of introducing a regulated derivative product, referencing payment tokens that would be offered by approved exchanges. This article discusses the contents of the consultation paper. For more information in English, please click, here .
Dentons Rodyk (Singapore) 01/11/2019	Playing fair: avoiding deceptive pricing practices In an age of intense market competition, businesses have resorted to various novel marketing and pricing practices to capture the attention of consumers. Many of these practices may potentially run afoul of the law and businesses are now being put on notice that such practices are being scrutinised and may be subject to enforcement action. The article also discusses the Competition and Consumer Commission of Singapore. For more information in English, please click, here .

Key regulatory developments in Hong Kong

Source/Date	Brief description
Hong Kong Monetary Authority (“HKMA”) 22/11/2019	<p>HKMA issued circular on recent reviews on selling of investment funds</p> <p>HKMA issued a circular on certain key observations identified in the selling of investment funds by the Registered Institutions. Control deficiencies or malpractices identified in respect of suitability assessments and selling practices included: soliciting or recommending customers into highly frequent trading of investment funds and thus incurring substantial commissions in the customer accounts.</p> <p>For more information in English, please click, here.</p>
Securities and Futures Commission (“SFC”) 21/11/2019	<p>SFC provided guidance on market misconduct</p> <p>SFC issued a statement to remind listed corporations to ensure that their announcements and other documents do not contain false, incomplete or misleading information about their counterparties in pending corporate transactions. Further, SFC issued a circular to provide asset managers with guidance on, inter alia, considering if a proposed private fund and discretionary account arrangement or transaction is dubious.</p> <p>For more information in English, please click, here and here.</p>
SFC 06/11/2019	<p>SFC issued paper on new approach to virtual asset trading platforms</p> <p>SFC issued a position paper setting out a new regulatory framework for virtual asset trading platforms under which platforms that operate in Hong Kong and offer trading of at least one security token may apply for a licence for Type 1 (dealing in securities) and Type 7 (providing automated trading services) regulated activities.</p> <p>For more information in English, please click, here.</p>
HKMA 05/11/2019	<p>HKMA issued circular on consumer protection in respect of use of big data analytics and artificial intelligence</p> <p>HKMA issued a circular to provide authorized institutions with a set of guiding principles on consumer protection aspects in relation to the use of big data analytics and artificial intelligence. Such guiding principles focused on four major areas, namely governance and accountability, fairness, transparency and disclosure, as well as data privacy and protection.</p> <p>For more information in English, please click, here.</p>

HKMA provided guidance on artificial intelligence

HKMA

01/11/2019

HKMA published a circular setting out high-level principles on artificial intelligence which banks are expected to follow when designing and adopting their artificial intelligence and big data analytics applications. The high-level principles included, inter alia, the accountability of the board and senior management for the outcome of artificial intelligence applications, as well as conducting periodic reviews and on-going supervision.

For more information in English, please click, [here](#).

SFC issued circular to licensed corporations on external electronic data storage

SFC

31/10/2019

The circular issued by the SFC sets out requirements for keeping regulatory records exclusively with external electronic data storage providers without a duplicate set of records at the premises of the licensed corporations. Such requirements include the need to seek approval from SFC. Furthermore, the circular emphasized that the authenticity, integrity and reliability of regulatory records, as well as the ability to access them promptly, were crucial if the records were required to be produced in legal proceedings initiated by SFC or the Department of Justice.

For more information in English, please click, [here](#).

SFC concluded consultation on the enhanced Investor Compensation Regime

SFC

08/10/2019

SFC released consultation conclusions on the proposed enhancements to the Investor Compensation Regime, including raising the compensation limit from HK\$150,000 to HK\$500,000 per investor per default and adjusting the coverage of the Investor Compensation Regime such that it would cover the northbound leg of Stock Connect and exclude the southbound leg. Subject to the Legislative Counsel's negative vetting process, the proposals are expected to be implemented in early 2020.

For more information in English, please click, [here](#).

SFC issued terms and conditions for licensed corporations which manage portfolios that invest in virtual assets

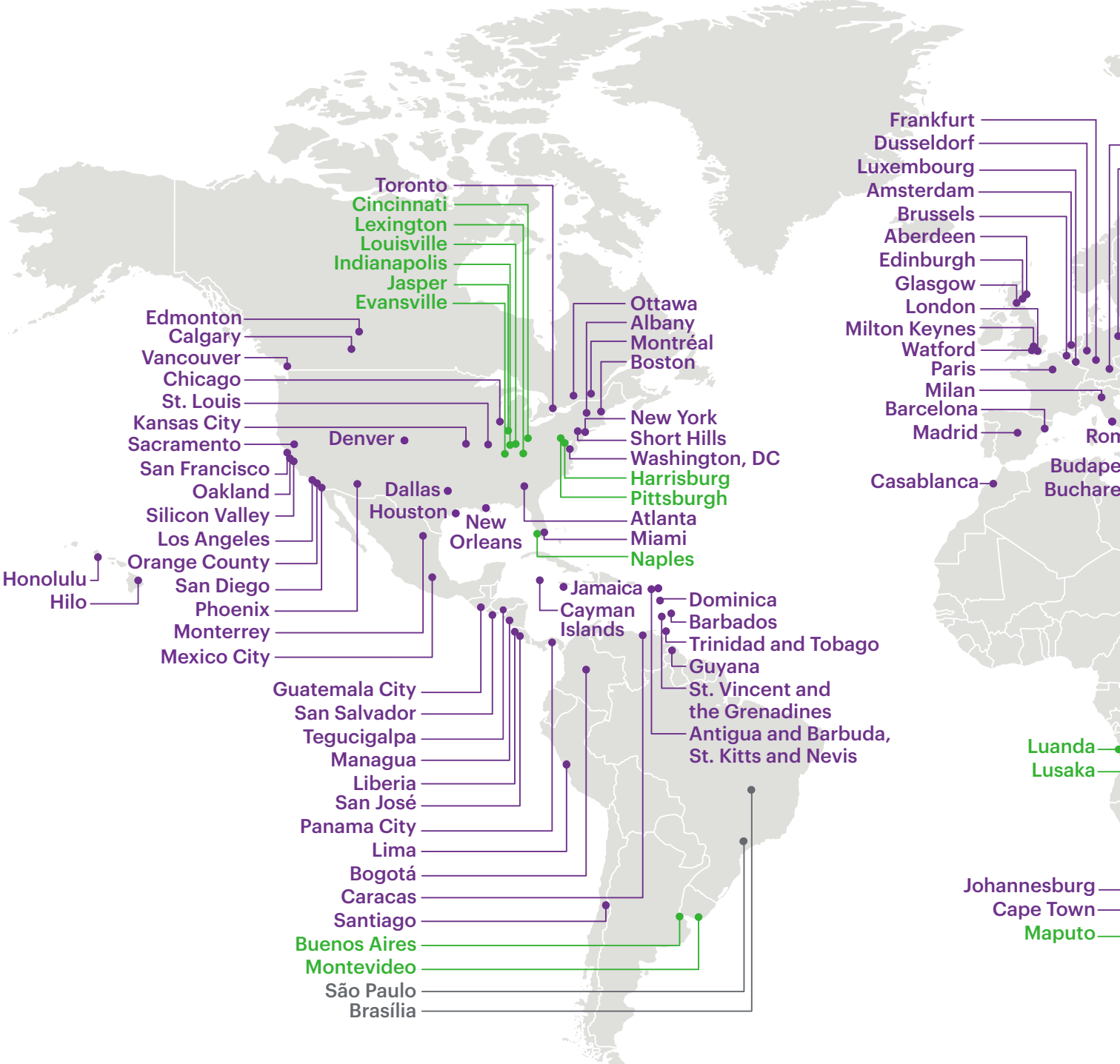
SFC

04/10/2019

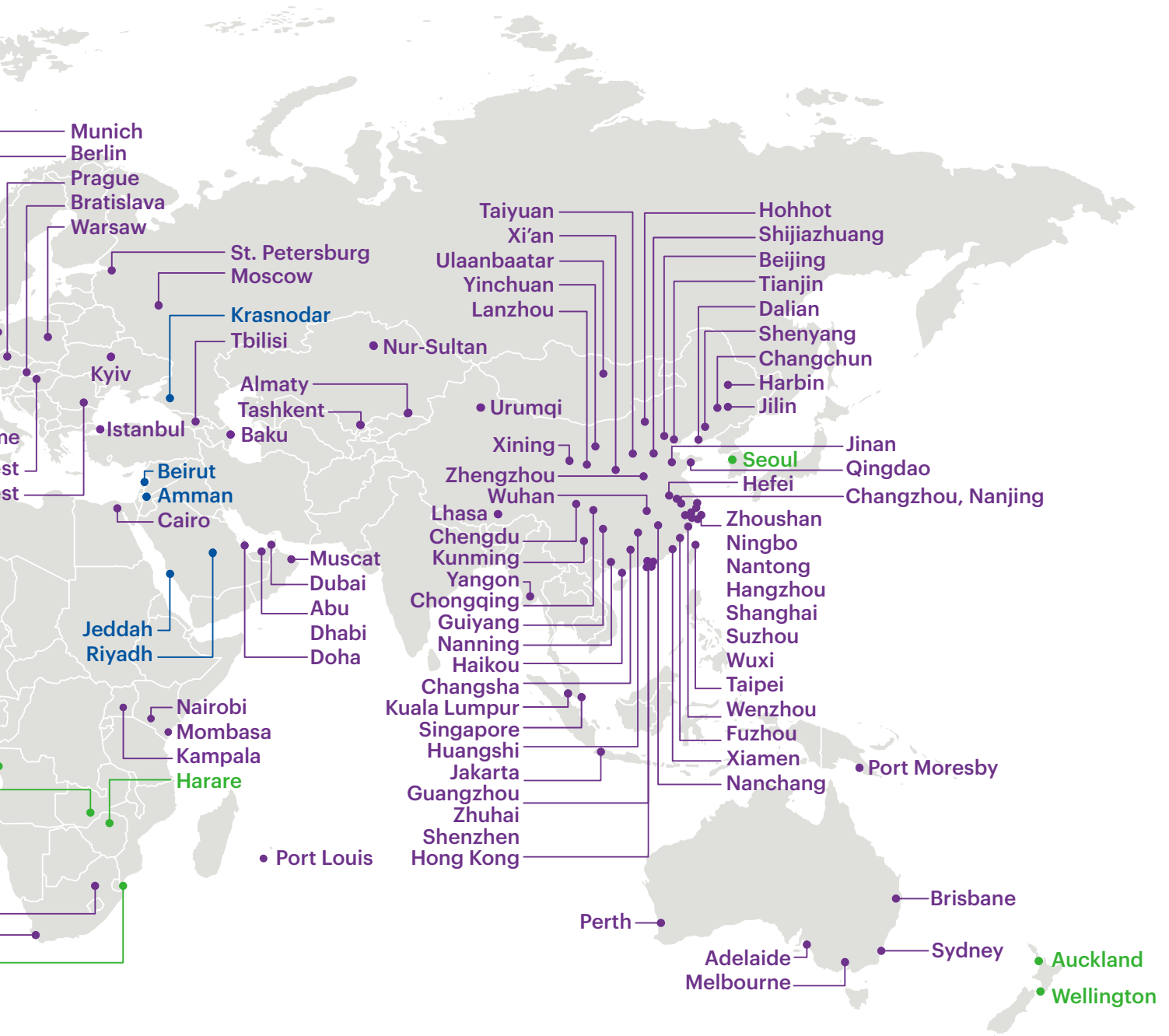
SFC issued the proforma set of terms and conditions imposed on licensed corporations that manage or plan to manage portfolios with a stated investment objective to invest in virtual assets, or an intention to invest 10% or more of the gross asset value of the portfolio in virtual assets. Such terms and conditions covered aspects such as the organization and structure of the licensed corporation and the practices of virtual asset fund management.

For more information in English, please click, [here](#).

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