

The image features a stylized network diagram with three human figures. The figures are rendered in a 3D, blocky style. The figure on the left is dark brown, the one in the center is a lighter brown, and the one on the right is a vibrant orange. They are positioned on circular nodes connected by thick white lines that radiate from the center. The background is a gradient from light blue at the top to dark purple at the bottom. In the top left corner, there is a purple arrow-shaped box containing the text '大成 DENTONS'.

大成 DENTONS

# Global Financial Markets Regulatory Review

February 2019

# Editorial note

Dentons is pleased to present the February 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. The reports for each country include links to further information and contact information for Dentons professionals.

Because of our international footprint of more than 9000 lawyers in 175 offices, located in 78 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.

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# Key regulatory Developments in Australia

Source/Date	Brief description
Final report of the Royal Commission into misconduct in the Banking, Superannuation and Services Industry February 1, 2019	<p>The final report has been the subject of much recent comment and press in Australia. It makes findings of misconduct against many of the financial institutions that appeared before the commission. The commission has referred 22 matters to the twin financial regulators, APRA and ASIC, to review and determine whether civil and/or criminal prosecutions should be commenced.</p> <p>The report states that its findings are based on the following four observations:</p> <ol style="list-style-type: none"><li>1. The misconduct has been driven by entities and individuals in pursuit of gain and has been supported by internal systems that financially reward misconduct.</li><li>2. The individuals and the entities acted as they did because they could—there is a huge imbalance of power between the customers and the financial entities.</li><li>3. There is confusion among customers as to whose interest intermediaries are acting for, and the intermediaries are conflicted in their roles.</li><li>4. Financial entities that broke the law were not often held to account.</li></ol> <p>Ultimately accountability for a company's misconduct is the responsibility of its board and senior management.</p> <p>The report makes 76 recommendations, all of which have been agreed to, or at least supported by, the government and the opposition party. Though it is not possible to list them all here, we comment on those that are either more controversial and/or will potentially have a larger impact on the financial services industry.</p> <p><b>Governance</b></p> <p>Financial institutions have been called upon to internally review their governance and culture, including REM models and definitions of accountability. It is likely that all financial institutions will seek to review and change their structures. They (especially those under APRA) have been encouraged to focus on non-financial risks and metrics. It will be interesting to see whether this curbs the high REM structures of the boards, though this seems unlikely.</p>

Source/Date	Brief description
	<p data-bbox="407 205 483 233"><b>BEAR</b></p> <p data-bbox="407 268 1258 472">The BEAR accountability regime (which is relatively new to Australia) will now extend to both superannuation and insurance industries. It will jointly be administered by both regulators. It is likely that this increased focus will lead to more litigation for breaches of the regime. It again places more accountability on the boards to ensure that they adhere to the regime.</p> <p data-bbox="407 506 578 533"><b>Enforcement</b></p> <p data-bbox="407 569 1258 978">While the report did not find that the law was lacking in affording protection for the financial services industry, rather it found that some exceptions in the legislation need to be pared back to enable easier prosecution. It stated that financial services entities need to be accountable and the regulators, when investigating breaches, should start with the question ‘Why not litigate?’ This is even in instances where there have been self-reported breaches. Additionally, it is recommended that certain provisions of voluntary industry codes (to be agreed between ASIC and industry) become law and thus create far more serious consequences for a breach. It is likely that the regulators will receive more funding and empowerment from government with the volume of regulatory proceedings increasing.</p> <p data-bbox="407 1012 1258 1110">Within a three-year period there will be a review of the regulators. If it is found that they are not adequately enforcing, a body will be established to, basically, regulate the regulators.</p> <p data-bbox="407 1144 599 1171"><b>Intermediaries</b></p> <p data-bbox="407 1207 1258 1444">The commission found that mortgage brokers did not add to increased market competition and that they were acting in a position of conflict. It is recommended that trailing commissions be abolished and that a working group be established to review the REM model, with the ultimate recommendation that the customer (as opposed to the financial institution) pay the commission fee. Mortgage brokers [?] will also be subject to the same laws as financial advisers.</p> <p data-bbox="407 1478 1219 1646">As a result, some mortgage-broking companies’ shares plummeted by as much as 30 percent. The government is concerned about this recommendation as it has the potential to eliminate an entire industry. No doubt many groups will be lobbying for changes to this recommendation.</p>

Source/Date	Brief description
	<p><b>Remediation</b></p> <p>A fund will be set up to compensate customers who have suffered losses due to misconduct, such as those who were charged fees for no service. This may operate to curb the class actions that have been filed against financial institutions as well as those yet to come. If customers are compensated then they have suffered no loss.</p> <p>With an election looming, the political landscape is uncertain and it will take some time to implement changes. The markets have reacted favorably to the report, with all major bank shares increasing. There is a sense that the report was too “soft” on the banks, and a number of expected recommendations did not materialize. However, at least one major bank has been “forced” to change its leadership in the wake of the report.</p> <p>With an election looming, the political landscape is uncertain and it will take some time to implement changes. The markets have reacted favorably</p> <p>For further information, <a href="#">click here</a>.</p>

## PUBLIC EVENTS AND CONFERENCES

Source/Date	Brief description
February 19, 2019	Attending the Australian Finance Industry Association (AFIA) Consumer Credit Reporting Symposium.
February 27, 2019	Australian Mortgage Innovation Summit on the influence of industry regulation – regulatory and compliance best practice.
March 4-5, 2019	Responsible Lending and Borrowing Summit. Elise Ivory will be presenting insights about recent breaches.
March 13, 2019	University of New South Wales Lessons from the Royal Commission seminar. Elise Ivory will be part of the panel discussion “Outcomes of the Royal Commission: where to now?”
March 28, 2019	AFIA/Dentons Royal Commission seminar.

## CLIENT ALERTS AND BRIEFINGS

Source/Date	Brief description
February 26, 2019	Dentons client seminar on the impacts of the Royal Commission.

# Regulatory Developments in Europe

## Regulatory Developments in the EU

Source/Date	Brief description
EBA <sup>2</sup> January 17, 2019	<p><b>EBA published final guidance regarding the exposures to be associated with high risk</b></p> <p>The EBA published its final guidelines regarding the types of exposures to be associated with high risk under the Capital Requirements Regulation (CRR).</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> January 17, 2019	<p><b>ESMA published responses to call for evidence on periodic auctions for equity instruments</b></p> <p>The ESMA has published the responses received to its call for evidence on periodic auctions for equity instruments.</p> <p>For further information, <a href="#">click here</a>.</p>
IOSCO <sup>14</sup> January 17, 2019	<p><b>IOSCO Report on Good Practices for Audit Committees in Supporting Audit Quality</b></p> <p>The board of the IOSCO published the IOSCO Report on Good Practices for Audit Committees in Supporting Audit Quality, which seeks to help audit committees promote and support audit quality.</p> <p>For further information, <a href="#">click here</a>.</p>
BCBS <sup>7</sup> January 17, 2019	<p><b>Basel Committee completed its review of “Principles for sound liquidity risk management and supervision”</b></p> <p>The BCBS has completed a review of its 2008 “Principles for sound liquidity risk management and supervision.” The review confirmed that the sound principles remain fit for purpose, and the committee advises banks and supervisors to remain vigilant of liquidity risks in financial markets.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> January 16, 2019	<p><b>ESMA report on accepted market practices under MAR</b></p> <p>The ESMA has published its annual report on the application of accepted market practices (AMP) in accordance with the Market Abuse Regulation (MAR).</p> <p>For further information, <a href="#">click here</a>.</p>

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Source/Date	Brief description
SRB <sup>18</sup> January 16, 2019	<p><b>SRB published second part of 2018 MREL policy</b></p> <p>The SRB has published the second part of its 2018 policy on the minimum requirement for own funds and eligible liabilities (MREL) pertaining to the second wave of resolution plans (i.e., the plans for the most complex banking groups).</p> <p>For further information, <a href="#">click here</a>.</p>
ESAs <sup>13</sup> January 15, 2019	<p><b>ESAs announced multilateral agreement on the exchange of information between the ECB and AML CFT competent authorities</b></p> <p>On January 10, 2019, the ESAs approved the content of the Multilateral Agreement on the practical modalities for exchange of information between the ECB and all competent authorities responsible for supervising compliance of credit and financial institutions with anti-money laundering and countering the financing of terrorism (AML/CFT) obligations under the fourth Anti-Money Laundering Directive (AMLD4).</p> <p>For further information, <a href="#">click here</a>.</p>
European Commission <sup>5</sup> January 14, 2019	<p><b>Public Consultation: Evaluation of the Consumer Credit Directive</b></p> <p>The Commission consults on the Consumer Credit Directive evaluation.</p> <p>For further information, <a href="#">click here</a>.</p>
European Commission <sup>5</sup> January 10, 2019	<p><b>Draft Delegated Regulation: Extension of the ESCB exemption from pre-and post-trade transparency to the People's Bank of China</b></p> <p>For further information, <a href="#">click here</a>.</p>
EBA <sup>2</sup> January 10, 2019	<p><b>EBA published report on cost and performance of structured deposits</b></p> <p>The EBA published a report on the costs and performance of structured deposits in the EU.</p> <p>For further information, <a href="#">click here</a>.</p>
EBA <sup>2</sup> January 10, 2019	<p><b>EBA released its annual assessment of the consistency of internal model outcomes</b></p> <p>The EBA published two reports on the consistency of risk-weighted assets (RWAs) across all EU institutions authorized to use internal approaches for the calculation of capital requirements.</p> <p>For further information, <a href="#">click here</a>.</p>

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Source/Date	Brief description
ESMA <sup>1</sup> January 10, 2019	<p><b>Annual Statistical Report on the cost and performance of retail investment products</b></p> <p>The ESMA published its first Annual Statistical Report on the cost and performance of retail investment products.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> January 9, 2019	<p><b>MIFID II: ESMA issued latest double volume cap data</b></p> <p>The ESMA has updated its public register with the latest set of double volume cap data under MiFID II.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> January 9, 2019	<p><b>ESMA published advice on initial coin offerings and crypto-assets</b></p> <p>The ESMA published its Advice to the EU Institutions—Commission, Council and Parliament—on initial coin offerings and crypto-assets.</p> <p>For further information, <a href="#">click here</a>.</p>
EBA <sup>2</sup> January 9, 2019	<p><b>EBA report on crypto-assets</b></p> <p>The EBA published the results of its assessment of the applicability and suitability of EU law to crypto-assets.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> January 8, 2019	<p><b>ESMA provided standards on supervisory cooperation under the Securitization Regulation</b></p> <p>The ESMA has issued its final RTS regarding cooperation between competent authorities and the European Supervisory Authorities under Regulation (EU) 2017/2402 (the Securitization Regulation).</p> <p>For further information, <a href="#">click here</a>.</p>
EBA <sup>2</sup> January 8, 2019	<p><b>Updated EBA Risk Dashboard</b></p> <p>The EBA published its Risk Dashboard, which summarizes the main risks and vulnerabilities in the EU banking sector using quantitative risk indicators.</p> <p>For further information, <a href="#">click here</a>.</p>
ESAs <sup>13</sup> January 7, 2019	<p><b>ESAs published joint report on regulatory sandboxes and innovation hubs</b></p> <p>The ESAs published a joint report on innovation facilitators (regulatory sandboxes and innovation hubs).</p> <p>For further information, <a href="#">click here</a>.</p>

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Source/Date	Brief description
European Commission <sup>5</sup> January 4, 2019	<p><b>Draft Delegated Regulations under MiFID II and IDD on sustainable finance</b></p> <p>Delegated Regulation amending Delegated Regulation (EU) 2017/565 as regards the integration of Environmental, Social and Governance (ESG) considerations and preferences into the investment advice and portfolio management.</p> <p>For further information, <a href="#">click here</a>.</p> <p>Delegated Regulation amending Regulation (EU) 2017/2359 with regard to the integration of Environmental, Social and Governance (ESG) considerations and preferences into the investment advice for insurance-based investment products.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> January 4, 2019	<p><b>ESMA updated FAQs on MiFID II and MiFIR</b></p> <p>The ESMA has updated its FAQs on MiFID II and MiFIR commodity derivatives topics. These clarify issues related to the MiFID II/MiFIR regime for commodity derivatives, including on position limits, position reporting and ancillary activity.</p> <p>For further information, <a href="#">click here</a>.</p> <p>The ESMA has updated its FAQs regarding transparency issues under MiFID II and MiFIR.</p> <p>For further information, <a href="#">click here</a>.</p>
OJ of the EU December 27, 2018	<p><b>European Securities and Markets Authority Decision (EU) 2018/2064 of 14 December 2018 renewing the temporary prohibition on the marketing, distribution or sale of binary options to retail clients</b> —published in OJ.</p> <p>For further information, <a href="#">click here</a>.</p>
OJ of the EU December 21, 2018	<p><b>Implementing Decision (EU) 2018/2047 on the equivalence of the legal and supervisory framework applicable to stock exchanges in Switzerland in accordance with Directive 2014/65/EU</b> —published in OJ. Entry into force: 10/01/2019.</p> <p>For further information, <a href="#">click here</a>.</p>
EBA <sup>2</sup> December 20, 2018	<p><b>EBA publishes response to letter received on reclassification of grandfathered own-funds instruments</b></p> <p>The EBA published a response to a letter it had received from a law firm regarding the case of a reclassification by an institution of some specific grandfathered own-funds instruments.</p> <p>For further information, <a href="#">click here</a>.</p>

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Source/Date	Brief description
ESMA <sup>1</sup> December 21, 2018	<p><b>Notice of ESMA's Product Intervention Renewal Decision in relation to binary options</b></p> <p>The ESMA adopted a decision under Article 40 of Regulation (EU) No 600/2014 to renew the prohibition on the marketing, distribution or sale of binary options to retail clients.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> December 21, 2018	<p><b>ESMA amended guidelines on the application of C6 and C7 under MiFIDII</b></p> <p>The ESMA has published amended guidelines on the application of C6 and C7 of Annex 1 of MiFID II. The amended guidelines, which are an update to the guidelines originally adopted under MiFID I, will be adapted to the new MiFID II regulatory framework without any change to the substance</p> <p>For further information, <a href="#">click here</a>.</p>
OJ of the EU December 20, 2018	<p><b>Draft Implementing Decisions on the regulatory framework for CCPs and CSDs to prepare for no-deal Brexit</b></p> <p>Commission Implementing Decision (EU) 2018/2030 of 19 December 2018 determining, for a limited period of time, that the regulatory framework applicable to central securities depositories of the United Kingdom of Great Britain and Northern Ireland is equivalent in accordance with Regulation (EU) No 909/2014. Entry into force: 21/12/2018.</p> <p>For further information, <a href="#">click here</a>.</p> <p>Commission Implementing Decision (EU) 2018/2031 of 19 December 2018 determining, for a limited period of time, that the regulatory framework applicable to central counterparties in the United Kingdom of Great Britain and Northern Ireland is equivalent, in accordance with Regulation (EU) No 648/2012. Entry into force: 21/12/2018.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> December 20, 2018	<p><b>ESMA consults on guidelines on settlement fails reporting and standardized procedures and messaging protocols under CSDR</b></p> <p>The ESMA has published two consultation papers seeking stakeholders' views on settlement fails reporting and standardized procedures and messaging protocols under Articles 6(2) and 7(1) of the Central Securities Depositories Regulation (CSDR).</p> <p>For further information, <a href="#">click here</a>.</p>

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Source/Date	Brief description
ESMA <sup>1</sup> December 20, 2018	<p><b>ESMA issued guidelines on non-significant benchmarks</b></p> <p>The ESMA has published its final report on guidelines on non-significant benchmarks under the Benchmarks Regulation (BMR).</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> December 20, 2018	<p><b>ESMA provided an update on the assessment of third-country trading venues for the purpose of post-trade transparency and position limits</b></p> <p>ESMA provided an update on its assessment of third-country trading venues (TCTVs) for the purpose of post-trade transparency and position limits under MiFID II/MIFIR.</p> <p>For further information, <a href="#">click here</a>.</p>
EBA <sup>2</sup> December 20, 2018	<p><b>EBA updated guidelines on reporting requirements for fraud data under Article 96(6) PSD2</b></p> <p>For further information, <a href="#">click here</a>.</p>
EBA <sup>2</sup> December 20, 2018	<p><b>EBA provided preliminary assessment of post-implementation impact of IFRS 9 on EU institutions</b></p> <p>The EBA published some initial observations on the post-implementation impact of IFRS 9 on EU banks.</p> <p>For further information, <a href="#">click here</a>.</p>

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Source/Date	Brief description
European Commission December 19, 2018	<p><b>Commission published Draft Delegated Regulations and Implementing Decisions to prepare for no-deal Brexit</b></p> <p>Delegated Regulation amending Commission Delegated Regulation (EU) 2015/2205, Commission Delegated Regulation (EU) 2016/592 and Commission Delegated Regulation (EU) 2016/1178 supplementing Regulation (EU) No 648/2012 as regards the date at which the clearing obligation takes effect for certain types of contracts.</p> <p>For further information, <a href="#">click here</a>.</p> <p>Implementing Decision determining, for a limited period of time, that the regulatory framework applicable to central counterparties in the United Kingdom of Great Britain and Northern Ireland is equivalent, in accordance with Regulation (EU) No 648/2012.</p> <p>For further information, <a href="#">click here</a>.</p> <p>Implementing Decision determining, for a limited period of time, that the regulatory framework applicable to central securities depositories of the United Kingdom of Great Britain and Northern Ireland is equivalent in accordance with Regulation (EU) No 909/2014.</p> <p>For further information, <a href="#">click here</a>.</p> <p>Delegated Regulation amending Delegated Regulation (EU) 2016/2251 supplementing Regulation (EU) No 648/2012 with regard to the date until which counterparties may continue to apply their risk-management procedures for certain OTC derivative contracts not cleared by a CCP.</p> <p>For further information, <a href="#">click here</a>.</p> <p>Delegated Regulation amending Delegated Regulation (EU) 2015/2205, Delegated Regulation (EU) 2016/592 and Delegated Regulation (EU) 2016/1178 supplementing Regulation (EU) No 648/2012 with regard to regulatory technical standards on the clearing obligation to extend the dates of deferred application of the clearing obligation for certain OTC derivative contracts.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> December 19, 2018	<p><b>ESMA extends time to renew restrictions on CFDs</b></p> <p>ESMA has agreed to renew the restriction on the marketing, distribution or sale of contracts for differences (CFDs) to retail clients for a further three months from February 1, 2019. The restriction went into effect August 1, 2018.</p> <p>For further information, <a href="#">click here</a>.</p>

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Source/Date	Brief description
ESMA <sup>1</sup> December 19, 2018	<p><b>ESMA statement recognition of UK CCPs and CSD in no-deal Brexit</b></p> <p>The ESMA published this Public Statement to clarify its plans for the recognition of Central Counterparties established in the United Kingdom (UK CCPs) as Third Country CCPs (TC-CCPs) under Regulation (EU) No 648/2012 (European Markets Infrastructure Regulation - EMIR) for a no-deal Brexit scenario, where UK CCPs will become TC-CCPs as of March 30, 2019.</p> <p>For further information, <a href="#">click here</a>.</p>
ESMA <sup>1</sup> December 19, 2018	<p><b>ESMA tells firms to provide clients with information on the implications of Brexit</b></p> <p>ESMA has issued a reminder to firms that perform investment services regarding their obligations to clients. Such firms must inform clients about Brexit's implications on the firms' relationships with their clients, and on the impact of Brexit-related measures that a firm has taken or intends to take.</p> <p>For further information, <a href="#">click here</a>.</p>
European Commission <sup>5</sup> December 19, 2018	<p><b>Brexit: European Commission implements "no-deal" Contingency Action Plan in specific sectors</b></p> <p>The European Commission published a communication on implementing its "no deal" Contingency Action Plan.</p> <p>For further information, <a href="#">click here</a>.</p>
BCBS/ CPMI/ IOSCO/ FSB <sup>10</sup> December 19, 2018	<p><b>FSB and standard-setting bodies publish final report on effects of reforms on incentives to centrally clear over-the-counter derivatives</b></p> <p>The FSB, the BCBS, the CPMI and the IOSCO published their final report on incentives to centrally clear over-the-counter (OTC) derivatives.</p> <p>For further information, <a href="#">click here</a>.</p>
European Council/ European Parliament <sup>8</sup> December 18, 2018	<p><b>Non-performing loans: Parliament and Council agreed on EU rules for coverage of expected losses</b></p> <p>European Parliament negotiators and the Austrian Presidency of the Council agreed to introduce EU rules for common minimum coverage of bad loans.</p> <p>For further information, <a href="#">click here</a>.</p>

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Source/Date	Brief description
ESMA <sup>1</sup> December 18, 2019	<p><b>ESMA updated FAQs</b></p> <p>The ESMA has updated its FAQs on the Benchmarks Regulation (BMR).</p> <p>For further information, <a href="#">click here</a>.</p> <p>The ESMA has updated its FAQs on the Credit Rating Agencies Regulation (CRAR).</p> <p>For further information, <a href="#">click here</a>.</p>
EBA <sup>2</sup> December 18, 2018	<p><b>EBA launched consultation to amend regulation on benchmarking of internal models</b></p> <p>The EBA launched a consultation to amend the Commission's Implementing Regulation on benchmarking of internal models to adjust the benchmarking portfolios and reporting requirements in view of the benchmarking exercise it will carry out in 2020.</p> <p>For further information, <a href="#">click here</a>.</p>
ESAs <sup>13</sup> December 18, 2018	<p><b>ESAs published joint EMIR STS standards</b></p> <p>The ESAs published two joint draft Regulatory Technical Standards (RTS) to amend the RTS on the clearing obligation and risk mitigation techniques for non-cleared OTC derivatives.</p> <p>For further information, <a href="#">click here</a>.</p>
European Commission <sup>5</sup> December 17, 2018	<p><b>Delegated Regulation supplementing the Transparency Directive</b></p> <p>The Commission published its Delegated Regulation supplementing Directive 2004/109/ with regard to regulatory technical standards on the specification of a single electronic reporting format.</p> <p>For further information, <a href="#">click here</a> and <a href="#">here</a>.</p>
EBA <sup>2</sup> December 17, 2018	<p><b>EBA calls for more action by financial institutions in their Brexit-related communication to customers</b></p> <p>As a follow up to its June 2018 Opinion on financial institutions' preparedness for the UK withdrawal from the EU, the EBA reminded affected financial institutions to maintain their efforts in effective contingency planning and to increase their efforts in communicating to customers.</p> <p>For further information, <a href="#">click here</a>.</p>

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## Regulatory Developments in Germany

Source/Date	Brief description
BaFin <sup>4</sup> January 2019	<p><b>Federal Financial Supervisory Authority (BaFin)'s monthly journal for January 2019</b></p> <p>Topics include market making, change analysis, insurtechs and special representatives</p> <p>For further information in German, <a href="#">click here</a>.</p>
BaFin <sup>4</sup> January 17, 2019	<p><b>BaFin consulted draft decree on amendment of the GroMiKV</b></p> <p>The consultation amends BaFin's decree governing large exposures and loans of €1 million or more (Groß- und Millionenkreditverordnung-GroMiKV).</p> <p>For further information in German, <a href="#">click here</a>.</p>
BaFin <sup>4</sup> January 10, 2019	<p><b>BaFin consulted circular letter on default definition and estimation of risk parameters</b></p> <p>BaFin has submitted for consultation a draft circular on the application of the definition of default in accordance with Article 178 of the Capital Requirements Regulation (CRR) and on PD estimation, LGD estimation and treatment of defaulted risk positions.</p> <p>For further information in German, <a href="#">click here</a>.</p>
BaFin <sup>4</sup> January 2, 2019	<p><b>Interpretative Guidance on the German Bank Separation Act</b></p> <p>BaFin has submitted the draft of an updated version of the Interpretative Guidance on the German Bank Separation Act.</p> <p>For further information in German, <a href="#">click here</a>.</p>
BaFin <sup>4</sup> January 1, 2019	<p><b>BaFin publishes new general ruling on hard-core capital instruments on credit unions</b></p> <p>The BaFin has published a new general ruling which regulates the extent to which newly issued shares in cooperative banks can be classified as instruments of hard-core capital with the permission of the BaFin. The ruling also covers the conditions under which the repayment of share capital due to terminated cooperative shares is approved in advance.</p> <p>For further information in German, <a href="#">click here</a>.</p>
BaFin <sup>4</sup> December 2018	<p><b>BaFin's monthly journal for December 2018</b></p> <p>Topics include black capital market, banking package, insurance groups under stress, sustainability in investment.</p> <p>For further information in German, <a href="#">click here</a>.</p>



Source/Date	Brief description
German Federal Gazette December 21, 2018	<p><b>Act on the Adaptation of Financial Market Acts to Regulation (EU) 2017/2402 and Regulation (EU) No. 575/2013, as amended by Regulation (EU) 2017/2401 published in the German Federal Gazette</b></p> <p>For further information in German, <a href="#">click here</a>.</p>
BaFin <sup>4</sup> December 21 2018	<p><b>BaFin published information sheet on Sec. 60a of the German Act on the Recovery and Resolution of Credit Institutions (Gesetz zur Sanierung und Abwicklung von Kreditinstituten – SAG)</b></p> <p>For further information in German, <a href="#">click here</a>.</p>
BaFin <sup>4</sup> December 20, 2018	<p><b>BaFin plans renewed national restriction on CFDs for retail investors</b></p> <p>After preparing for the expiry of the product intervention measure imposed by the European Securities and Markets Authority (ESMA) with regard to binary options, BaFin is now doing the same regarding contracts for difference (CFDs). BaFin plans to renew the restriction on the marketing, distribution and sale of CFDs to retail clients in Germany.</p> <p>For further information in German, <a href="#">click here</a>.</p>
German Federal Gazette December 20, 2018	<p><b>Regulation amending the accounting of payment institutions (Zahlungsinstituts-Rechnungslegungs-Verordnung - RechZahIV) published in the German Federal Gazette</b></p> <p>For further information in German, <a href="#">click here</a>.</p>
German Federal Gazette December 19, 2018	<p><b>Regulation amending the Monthly Financial Statements of the German Savings Banks Act (ZAG-Monatsausweisverordnung) and the Ordinance on Audit Reports of Payment Institutions (Zahlungsinstituts-Prüfungsberichtsverordnung) published in the German Federal Gazette</b></p> <p>For further information in German, <a href="#">click here</a> and <a href="#">here</a>.</p>
BaFin <sup>4</sup> December 18, 2018	<p><b>BaFin published “Supervisory focus 2019”</b></p> <p>For the first time, BaFin has published the focal points of its supervisory activities for the coming year. It thus ensures transparency and comprehensibility in prioritizing its topics.</p> <p>For further information in German, <a href="#">click here</a>.</p>

## Regulatory Developments in Poland

Source/Date	Brief description
The Office of the Polish Financial Supervision Authority December 27, 2018	<p><b>Announcement interprets the content of art. 83a para. 1 of the Act on Funds, the investment and management of alternative investment funds.</b></p> <p>The Polish FSA Office draws attention to the key issues arising in connection with the application of the provision.</p> <p>For further information in Polish, <a href="#">click here</a>.</p>
The Office of the Polish Financial Supervision Authority December 21, 2018	<p><b>Position of the Polish FSA Office regarding the adoption and transfer of “inducements” in connection with the provision of services for the reception and execution of orders to purchase investment fund participation units</b></p> <p>The aim of the position is not only to indicate general principles determining the possibility of accepting or providing “inducements,” but also to indicate practical examples illustrating the admissibility or inadmissibility of accepting or providing such “inducements.”</p> <p>The FSA Office emphasizes that the fact of qualifying certain services provided by the distributor to the group of activities that do not justify the collection of “inducements” from investment fund company, it does not exclude the possibility the cash benefit received by the distributor directly from the client based on art. 83d para. 1 point 1 of the Act on Trading.</p> <p>Recognition of a given activity as justifying the acceptance of “inducements” does not mean that FSA Office is deprived of the right to verify compliance with the adoption of “inducements” by individual entities in relation to these activities in individual cases.</p> <p>A full analysis of individual issues cannot be made without examining a specific factual situation, in particular without analyzing the impact of the additional benefit on increasing the quality of the service provided by the distributor relating to the reception and transmission of orders provided for the client (or promises of same to potential clients) and without an evaluation of the benefits for the client or potential client involved in the additional service.</p> <p>Currently, consultations are taking place in Poland between the FSA Office and market participants regarding the development of a common position on this issue.</p> <p>For further information in Polish, <a href="#">click here</a>.</p>

## Regulatory Developments in Luxembourg

Source/Date	Brief description
CSSF <sup>1</sup> January 1, 2019	<p><b>Investment funds</b></p> <p><b>Memorandum of understanding (“MoU”) on Luxembourg – Hong Kong mutual recognition of funds (the “MRF”) signed between the Securities and Futures Commission and the CSSF</b></p> <p>The MoU allows eligible Hong Kong mutual funds and Luxembourg UCITS<sup>2</sup> to be sold and distributed in each other’s market via a streamlined process.</p> <p>The SFC and the CSSF may extend the MRF to other types of funds in the future.</p> <p>To access the text of the press release, <a href="#">click here</a>.</p>
CSSF January 14, 2019	<p><b>Investment funds</b></p> <p><b>Notification forms regarding the provision of services on a cross-border basis by Luxembourg fund managers published by the CSSF</b></p> <p>The notification forms have been produced by the CSSF to standardize and facilitate the authorization processes for UCITS management companies and AIFMs.<sup>3</sup></p> <p>To access the text of the press release, <a href="#">click here</a>. To access the notification forms, please , <a href="#">click here</a>.</p>
Luxembourg Parliament  January 13, 2019	<p><b>AML</b></p> <p><b>Law establishing the beneficial owner register (the “BOR”) published</b></p> <p>The law has implemented article 30 of the 4th AML Directive<sup>4</sup> by providing for the establishment of the BOR, data collection, access rights, as well as criminal sanctions for breaches.</p> <p>To access the text of the circular in French, <a href="#">click here</a>.</p>
CSSF January 11, 2019	<p><b>Investment funds</b></p> <p><b>Joint statement on the treatment of share cancellation under the EU money market funds regulation<sup>5</sup> (the “MMF Regulation”) issued by the Central Bank of Ireland (the “CBI”) and the CSSF</b></p> <p>Through the joint statement, the CBI and the CSSF wish to converge their supervisory approaches and provide guidelines to financial market participants with respect to the cessation of the use of the reverse distribution mechanism (also known as share cancellation or share destruction), a practice considered incompatible with the MMF Regulation by the European Commission.</p> <p>To access the text of the press release, <a href="#">click here</a>.</p>

Source/Date	Brief description
CSSF January 10, 2019	<p><b>Listed companies</b></p> <p><b>Enforcement priorities regarding the 2018 financial reporting for issuers subject to the Transparency Law<sup>6</sup> clarified by the CSSF</b></p> <p>At the start of the listed companies' annual reports preparation process, the CSSF has stressed in its press release 19/02 it will pay particular attention to financial statements drawn up pursuant to the International Financial Reporting Standards. The CSSF elaborates the European common enforcement priorities, identified by the European Securities and Markets Authority.</p> <p>To access the text of the press release, <a href="#">click here</a>.</p>
Luxembourg Parliament December 21, 2018	<p><b>Tax</b></p> <p><b>Law on the fight against tax avoidance practices published</b></p> <p>The law addresses aggressive tax planning by (i) implementing the Directive 2016/1164 laying down rules against tax avoidance practices that directly affect the functioning of the internal market (and) clarifying certain other provisions of the Luxembourg tax legislation which in the past had been used by certain tax residents to erode their tax base.</p> <p>To access the text of the law in French, <a href="#">click here</a>.</p>
CSSF December 21,2018	<p><b>Fintech</b></p> <p><b>White paper on artificial intelligence (AI) published by CSSF</b></p> <p>Based on a research study conducted by the CSSF, it has no binding value vis-à-vis supervised institutions but aims to shed light on AI and some practical use cases for the financial sector. Furthermore, it covers the analysis of the main risks associated with AI technology and provides some key recommendations to take into account when implementing AI inside a business process.</p> <p>To access the text of the white paper, <a href="#">click here</a>.</p>
CSSF December 20, 2018	<p><b>AML</b></p> <p><b>Circular 18/702 on developments regarding the fight against money laundering and terrorist financing (AML/CFT) in the "private banking" sector</b></p> <p>The circular is addressed to banks and other professionals of the financial sector that provide private banking services, including wealth management and related activities. The CSSF has identified an increased risk underlying private banking and provided guidance to concerned actors to tackle the matter.</p> <p>To access the text of the circular in French, <a href="#">click here</a>.</p>

Source/Date	Brief description
CSSF December 17, 2018	<p><b>Payment services</b></p> <p><b>Circular 18/704 on European Banking Authority Guidelines (EBA) on major incident reporting under Directive (EU) 2015/2366 (PSD2), (EBA/GL/2017/10) issued by the CSSF</b></p> <p>The circular draws attention of payment services providers to the EBA guidelines and provides them details on reporting major operational or security incidents under the Payment Services Law.</p> <p>To access the text of the circular, <a href="#">click here</a>.</p>
CSSF December 17, 2018	<p><b>Banks</b></p> <p><b>Circular 18/703 on the introduction of a semi-annual reporting of borrower related residential real estate (RRE) indicators issued by the CSSF</b></p> <p>The circular introduces a macro-prudential risk-monitoring framework for the RRE sector in Luxembourg, by defining and collecting indicators on lending standards. The CSSF will collect the data semi-annually in April and October via a template annexed to the circular.</p> <p>To access the text of the circular, <a href="#">click here</a>.</p>
CSSF December 21,2018	<p><b>Banks</b></p> <p><b>CSSF Regulation 18-06 concerning systemically important institutions authorized in Luxembourg published</b></p> <p>The CSSF identified no global systemically important bank in Luxembourg. However, it determined there are eight other banks of systemic importance based in the Grand Duchy, with Société Générale Bank &amp; Trust being far the biggest, and assigned them according buffer rates.</p> <p>To access the text of the regulation in French, <a href="#">click here</a>.</p>

## Regulatory Developments in the Netherlands

Source/Date	The Netherlands
	<p>In the Netherlands, the Authority for the Financial Markets (<i>Autoriteit Financiële Markten</i>, <b>AFM</b>) and The Dutch Central Bank (<i>De Nederlandsche Bank</i>, <b>DNB</b>) are the lead national regulators for financial services. The AFM supervises the conduct of business of financial institutions and the financial markets, while DNB is responsible for prudential supervision.</p> <p>Conduct of business supervision is focused on orderly and transparent financial market processes, clear relationships between market parties and careful treatment of clients.</p> <p>Prudential supervision is focused on the solidity of financial enterprises and the stability of the financial system.</p> <p><b>DNB Supervisory Outlook 2019</b></p> <p>DNB has recently published the Supervisory Outlook 2019 (<i>Toezicht Vooruitblik 2019</i>). The most important risks, challenges and trends the supervisor envisions that influence the financial sector are:</p> <ul style="list-style-type: none"><li>• political uncertainty;<ul style="list-style-type: none"><li>• Especially Brexit causes political uncertainty. This uncertainty mainly affects the supervised institutions, but also influences the supervisory capacity due to a possible increase in the number of institutions established in the Netherlands and the size of their activities.</li></ul></li><li>• capacity to change;<ul style="list-style-type: none"><li>• It is important that institutions move along with changing market conditions, regulations and new developments such as digitization. When institutions insufficiently adapt to changing circumstances and insufficiently control risks, over time earning potential and financial solidity deteriorate.</li></ul></li><li>• cyberattacks and IT-disruptions;<ul style="list-style-type: none"><li>• The chance and impact of cyberattacks are most prominent at banks because of their role in the payment system and the risk of liquid assets being withdrawn from these institutions. In the case of insurers and pension funds, the reputation of the institutions are particularly at risk.</li></ul></li><li>• financial-economic criminality;<ul style="list-style-type: none"><li>• Recent developments underline that involvement in financial-economic crime is still a real risk. Investigations by DNB show that a substantial effort by financial institutions is required to adequately manage the risks.</li></ul></li></ul>

- re-pricing of risk and changing yield curve; and
  - Due to the trend of rising share and bond prices and the low level of risk premiums included therein, the chance of an upcoming price correction has increased. The impact of such a correction is largely determined by the speed at which market prices change and can vary greatly per financial institution.
- vulnerabilities on the real estate markets
  - In periods of rising real estate prices, the basis for future vulnerabilities often is created. There is a risk of overvaluation, which can lead to future losses.

### **FM Trend Monitor 2019**

The AFM has published a document containing the supervisory trends for 2019: *Trend Monitor 2019 (Trendzicht 2019)*.

AFM's supervisory trends largely correspond with DNB's supervisory trends. The AFM's supervisory trends for 2019 are:

- three sources of political uncertainty;
  - Brexit. The AFM flags that the developments surrounding Brexit do not only lead to the arrival of British financial companies to the Netherlands, but can also have direct consequences for Dutch financial institutions that outsourced services to parties in the UK. The AFM considers it important that financial institutions take their responsibility to prepare themselves for all possible Brexit scenarios.
  - The financial markets are subject to uncertainty regarding monetary policy. The interest rates have been historically low in recent years, however monetary policies in countries such as the USC, Canada and the United Kingdom have been tightened. The AFM expects similar interest rate increases in Europe. This puts pressure on investments and investment categories that have been awarded high valuations as a result of the search for investments with a high enough return to compensate for the low interest rates.
  - The threat of trade wars. This has already been partly reflected in the increases in import tariffs for the US, China and the EU. This threat increases the likelihood of abrupt movements on the financial markets, which may affect the stability and smooth functioning of these markets.

- digitization of the financial sector; and
  - Fintech influences all of the segments in the financial markets. Digitization makes it possible to approach customers in a more focused and personal manner. Consequence: new providers, data streams and distribution possibilities that make financial products and financial advice more accessible. The AFM continues to focus its supervision on the cautious use of customer data, the robustness of more complex value chains and the management of risks in IT-intensive operations.
- the transition to a sustainable society and economy
  - Financial institutions should integrate sustainability into their financial products and services in a responsible and careful manner. Applicable (legal) requirements remain fully applicable to financial products and services with a sustainable character. The AFM therefore focuses on the care with which sustainability is given a place in the financial sector.

### **Market investigations**

DNB has indicated that it will investigate how banks and trust offices (see below) have set up their policies and procedures, so that they have sufficient insight into the risks associated with socially unacceptable actions. The control of financial risks connected to their clients will be investigated.

DNB will be launching an investigation into the manner in which financial institutions counteract involvement in socially undermining and organized crime in the Netherlands. The involvement sees both the (unconscious) facilitation of money laundering and the processing of proceeds from offenses that underlie this (including corruption, drug- and human trafficking).



## 1.1 New legislation

### 1.1.1 Implementation PSD2

1.1 The Payment Service Directive 2 (**PSD2**) has not yet been implemented in Dutch law. PSD2 has been converted to Dutch law by draft, however the provisions are yet to enter into force. The implementation act has passed the House of Representatives (*Tweede Kamer*) and the Dutch Senate (*Eerste Kamer*). The Dutch implementation of PSD2 will enter into force before the end of 2018, or otherwise in the beginning of 2019. Until that date, interested parties can submit a draft of their license application to DNB for providing payment services under PSD2. DNB will already start the assessment of these draft applications. PSD2 licenses will be granted from the moment the legislation actually enters into force.

### 1.1.1 Implementation AMLD5

1.2 During 2019, the 5th Anti-Money Laundering Directive (AMLD5) will be converted to Dutch law. With **AMLD5**, crypto wallets and all platforms that offer the exchange of virtual currencies will be in scope of anti-money laundering legislation. DNB will be responsible for all anti-money laundering supervision on these two parties and will develop this supervision in 2019.

1.3 Furthermore the directive introduces the obligation to provide a central register with the details of bank account holders. In the Netherlands a legislative proposal, the Bill for bank reference referral (*Wetsvoorstel verwijzingsportaal bankgegevens*) is currently being prepared for this.

### 1.3.1 Wtt

An important change for trust offices is the new Trust Offices Supervision Act (*Wet toezicht trustkantoren 2018, Wtt*). The Wtt is expected to enter into force in 2019. The Wtt brings additional requirements for corporate services providers. Due to the Wtt, DNB gains more powers, including the imposition of higher fines and the possibility to publicly disclose imposed enforcement measures.

## Regulatory Developments in the Czech Republic

Source/Date	Brief description
Czech National Bank December 13, 2018	<p><b>Czech National Bank addressed professional requirements of insurance distributors</b></p> <p>The Parliament of the Czech Republic announced a new law on distribution of insurance and reinsurance in the Czech Collection of laws as Act No. 170/2018. This new Act aims to improve the quality of Czech insurance services and to ensure more effective protection of consumers.</p> <p>For further information (in Czech), <a href="#">click here</a>.</p>
Czech National Bank December 21, 2018	<p><b>Czech National Bank issued an official answer addressing emission limits of securities</b></p> <p>Czech National Bank has issued an official answer on limits in case of several emissions of securities for the purposes of assessing whether it is necessary to issue a prospectus..</p> <p>For further information (in Czech), <a href="#">click here</a>.</p>

## Regulatory Developments in Belgium

Source/Date	Belgium
	<p>National Bank of Belgium (NBB) – « Nationale Bank van België, Banque Nationale de Belgique »</p> <p>Financial services and Markets Authority (FSMA) – « Autoriteit voor financiële diensten en markten, Autorité des services et marchés financiers. »</p> <p>Only KBC group and Belfius as Belgium banks are directly included in the EBA stress test, with both of them showing a continued improvement. ING Belgium and BNP Paribas Fortis, which are subsidiaries of foreign banking groups are included in the stress test through their parent institutions.</p> <p>The work programs for the latter are most likely going to be directed from the Netherlands and France and not directly from Belgium. Learn more <a href="#">here</a>.</p> <p>In the insurance sector the last stress test dates from 20 December 2017. Learn more <a href="#">here</a>.</p> <p>The IMF report of 8 March 2018 provides an accurate view. Banks have adopted more traditional business models, with greater emphasis on domestic lending and deposit funding. The insurance sector has seen some consolidation and a gradual move away from traditional insurance products to asset management-type products. The scale of cross-border linkages in the financial system, while still significant, has declined markedly. Learn more <a href="#">here</a>.</p> <p>These new reporting requirements are the result of a fruitful cooperation between the FSMA and the NBB.</p> <p>The FSMA continues its efforts to promote an effective liquidity risk management process and to make swing pricing, anti-dilution levies and redemption gates available as additional liquidity management tools for all Belgium investment funds. A draft legislation has been submitted to the Minister of Finance and the Minister of Economy.</p> <p>The 2017 report on asset management and shadow banking also identified the need to mitigate potential risks related to the interconnectedness between the shadow banking sector and asset management vehicles and other sectors of the economy. Focus is put on the importance of conglomerate supervisors to focus on such interlinkages and on regulatory arbitrage opportunities and the need to ensure that off-balance sheet activities are scoped into the perimeter of financial group supervision as flagged by the IMF. Learn more <a href="#">here</a>.</p>

## Regulatory Developments in Italy

Source/Date	Brief description
CONSOB January 7, 2019	<p><b>MIFIR - Binary options and contracts for difference – CONSOB</b></p> <p>Consob launched a public consultation related to the measures to be adopted pursuant to Article 42 of MiFIR Regulation, concerning the offering of binary options and contracts for difference to retail investors.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
Bank of Italy January 7, 2019	<p><b>PSD2 – Outsourcing to Cloud Service Providers – Bank of Italy</b></p> <p>The Bank of Italy launched a public consultation on the amendments to be made on the supervisory provisions for banks in order to transpose the guidelines issued by EBA, which implemented the Directive (EU) 2015/2366 on Payment Services (PSD2) (EBA/GL/2017/10, EBA/GL/2017/17), and in order to comply with the recommendations on outsourcing to cloud service providers, issued by the same authority (EBA/REC/2017/03).</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
Bank of Italy January 4, 2019	<p><b>PSD2 - Contingency measures for a dedicated interface – Bank of Italy</b></p> <p>The Bank of Italy exempted account-servicing payment service providers from providing a contingency procedure in case of problems of availability or inadequate performance of the dedicated interface ("fallback solution").</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
CONSOB January 2, 2019	<p><b>SREP – CONSOB</b></p> <p>Consob launched a public consultation focused on the information to be disclosed by the banks to the public as a result of the assessment process on the adequacy of capital requirements, known as the Supervisory Review and Evaluation Process (SREP).</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
Bank of Italy December 28, 2018	<p><b>ADR Directive – Amendments to the regulation of Banking and Financial Arbitrator (ABF) - Bank of Italy</b></p> <p>The Bank of Italy launched a public consultation on the amendments that it intends to make to the Interministerial Committee on Credit and Savings (CICR) Resolution no. 275 of 29 July 2008, and to the Bank of Italy's provisions regarding systems for the out-of-court settlement of disputes (ABF regulation), in order to transpose the Directive (EU) 2013/11/UE (ADR) on alternative dispute resolution for consumers.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>

Source/Date	Brief description
Bank of Italy December 27, 2018	<p><b>Payment Account Directive – Amendments Transparency Provisions – Bank of Italy</b></p> <p>The Bank of Italy launched a public consultation, on the amendments to be made on the provisions laying down “Transparency of banking and financial transactions and services – correctness of relationships among intermediaries and customers” issued by the same authority. These amendments are intended to transpose the changes introduced by Directive 2014/92/UE (Payment Account Directive – PAD).</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
Italian Parliament December 23, 2018	<p><b>2019 Budget Law – Italian Parliament</b></p> <p>The Italian Parliament approved the 2019 Budget Law, which entered into force on January 1, 2019. The most relevant tax measures contained in the law are the following: (i) the extension of extra-amortization on certain tangible and intangible assets; (ii) tax credit for training expenses related to the Industry 4.0 development plan; (iii) corporate tax rate provisions for securities companies; (iv) changes to the registration-tax regime; (v) tax credit for advisory expenses related to the Small and Medium Enterprises (SME) listing.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
CONSOB Bank of Italy IVASS December 21, 2018	<p><b>Prohibition of interlocking – update of the criteria - Consob, Bank of Italy, IVASS</b></p> <p>Consob, the Bank of Italy and IVASS, along with the AGCM (the Italian antitrust authority) published a joint document on their websites updating the criteria for applying the prohibition on holding administrative roles in intermediaries that are in direct competition in the financial sector (the so-called prohibition of “interlocking”).</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
IVASS December 21, 2018	<p><b>Costs and deductibles - legal measures – IVASS</b></p> <p>IVASS published an order laying down the parameters for the calculation of values, costs and deductibles in the context of the framework of compensation system.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
Italian Parliament December 18, 2018	<p><b>Law decree regarding “Urgent measures for tax and financial issues”</b></p> <p>Law Decree No. 119 of October 23, 2018, coordinated with Conversion law No. 136 of December 17, 2018 regarding “Urgent measures for tax and financial issues,” was published in the Italian Official Journal No. 152 dated December 18, 2018.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>

Source/Date	Brief description
IVASS December 18, 2018	<p><b>Policies linked to loans (PPI) – letter to the market – IVASS</b></p> <p>IVASS published a letter to the market concerning the methods of calculation of premium refunds not enjoyed in the case of early partial repayment or total repayment of a loan.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
Bank of Italy December 2018	<p><b>FAQs - issues and offerings of financial instruments – Bank of Italy</b></p> <p>The Bank of Italy published the FAQs on “Provisions concerning the reporting of issues and offerings of financial instruments” adopted by the same authority in order to implement Article 129 of the Consolidated Banking Act (Legislative Decree No. 58/1998).</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
IVASS December 18, 2018	<p><b>Letter to market – IVASS</b></p> <p>IVASS published a letter to the market concerning the development of a risk-based model of supervision over the market conduct of undertakings. The letter covers the use of some data contained in the supervisory reporting for prudential purposes (including QRT) and relevant indications and clarifications.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
Italian Government December 12, 2018	<p><b>IORP II – Italian implementation</b></p> <p>The Italian government approved a legislative decree implementing Directive (EU) 2016/2341 of the European Parliament and of the Council of December 14, 2016, on the activities and supervision of institutions for occupational retirement provisions.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>
Bank of Italy December 6, 2018	<p><b>Public consultation concerning acts of regulation – Bank of Italy</b></p> <p>The Bank of Italy published on its website the public consultation related to a draft regulation concerning the adoption of acts pursuant to Article 23 of Law No. 262 of December 28, 2005.</p> <p>For further information in Italian, <a href="#">click here</a>.</p>

Source/Date	Brief description
Italian Parliament December 4, 2018	<p><b>Benchmark Regulation – Dossier</b></p> <p>The Italian Parliament published the dossier of documentation concerning provisions of benchmark (Regulation EU 2016/1011) on transparency of securities financing transactions and of reuse (Regulation EU 2015/2365)</p> <p>For further information in Italian, <a href="#">click here</a>.</p>

## Regulatory Developments in Spain

Source/Date	Brief description
Ministry for Territorial Administrations December 14, 2018	<p><b>Royal Decree-Act 11/2018 implementing EU Directive 2015/849 published</b></p> <p>Through the incorporation of this Royal Decree-Act to our legal framework, macroprudential policies are available to sectoral supervisors.</p> <p>It modifies various Acts—including on Collective Investment Schemes; the regulation of private equity entities; and the regulation, supervision and solvency of credit institutions—by:</p> <ul style="list-style-type: none"> <li>• Granting the National Securities Market Commission the authority to adopt the necessary measures to strengthen the liquidity of collective investment schemes and entities;</li> <li>• Broadening the macroprudential policies of the Bank of Spain;</li> <li>• Attributing macroprudential policies to the Spanish General Directorate of Insurance and Pensions; and</li> <li>• Enabling the National Securities Market Commission to set limits to certain activities of the entities under its supervision.</li> </ul> <p>For further information in Spanish, <a href="#">click here</a>.</p>
Bank of Spain December 21, 2018	<p><b>This circular amends Circular 4/2017 and Circular 1/2003 by adding public and reserved financial information standards and financial statement models.</b></p> <p>For further information (in Spanish), <a href="#">click here</a>.</p>

Source/Date	Brief description
Ministry of Economy and Business December 21, 2018	<p><b>Royal Decree 1464/2018, of December 21</b></p> <p>This Royal Decree advances on the transposition of Directive 2014/65/UE, “MiFID II,” and its development regulation.</p> <p>The main novelties of the Royal Decree are:</p> <ul style="list-style-type: none"> <li>• It establishes the legal regime of regulated markets, its authorization regime and its application requirements, including establishing the obligation for the regulated market to have a market-leading body;</li> <li>• It regulates the position’s limits, detailing its supervision and the applicable restrictions on exceptional cases; and</li> <li>• It details the conditions and the effects of the authorization granted to Authorized Publication Agents (APAs), establishing the necessary requirements for the company’s management body and its applicable conditions.</li> </ul> <p>For further information in Spanish, <a href="#">click here</a>.</p>
National Securities Market Commission December 26, 2018	<p><b>Official circular 5/2018</b></p> <p>With its publication on the Official Spanish Gazette, this circular amends four previous circulars relating to the obligation of collective investment schemes to public report certain information on a periodic basis.</p> <p>It also promotes the electronic processing of annual records by collective investment schemes through the use of a standardized electronic document.</p> <p>For further information in Spanish, <a href="#">click here</a>.</p>



Source/Date	Brief description
Head of State of Spain December 28, 2018	<p><b>Act 11/2018, of 28 December</b></p> <p>This Act amends the Commercial Code, the Corporate Enterprises Act and the Account Auditing Act, and implements Directive 2014/95/EU of the European Parliament and of the Council of October 22, 2014, as part of the nation's legal framework.</p> <p>It significantly extends the number of companies required to submit the status of non-financial information.</p> <p>As of the effective date of this Act, (1) companies with more than 500 employees and (2) those public-interest companies are obliged to submit the status of non-financial information.</p> <p>Three years from the entry into force of this Act, those obliged will be (1) companies with more than 250 employees, (2) those public-interest companies and (3) companies with an annual turnover greater than €40 million, or with a total asset item greater than €20 million.</p> <p>It also provides greater specificity on the content of the non-financial information status to be included in the management report.</p> <p>For further information in Spanish, <a href="#">click here</a>.</p>

## Regulatory Developments in Ukraine

Source/Date	Brief description
The National Bank of Ukraine February 1, 2019	<p><b>In the course of implementing the newly adopted landmark Law of Ukraine “On Currency and Currency Transactions,” the National Bank of Ukraine (the NBU) has adopted eight regulations (the Regulations), which will constitute new currency regulation framework based on the principle “everything is allowed, unless expressly forbidden” vs the former “everything is forbidden, unless expressly allowed.”</b></p> <p>The Regulations cancel/soften a number of existing currency control restrictions, including, but not limited to:</p> <ul style="list-style-type: none"> <li>(1) deadline for settlement under import-export operations is extended to 365 days (previously – 180 days);</li> <li>(2) procedure for registration of cross-border loans is cancelled, instead, substituted with reporting requirement of servicing banks about cross-border loans to the NBU before effecting any payments;</li> <li>(3) requirement for cross-border loans to comply with maximum interest rate set out by the NBU is cancelled;</li> <li>(4) prohibition of early repayment under cross-border loans is cancelled;</li> <li>(5) requirement to obtain individual licenses of the NBU for cross-border transactions (such as for investing abroad, placing money on foreign accounts, making cross-border FX payments, etc.) is cancelled (instead, a system of e-limits is introduced) etc.</li> </ul> <p>The Regulations will enter into force on February 7, 2019.</p> <p>For more information in Ukrainian, <a href="#">click here</a>.</p>
The National Bank of Ukraine December 29, 2018	<p><b>According to the NBU Regulation No.162, starting from April 1, 2019 Ukrainian banks will open accounts for their clients using IBAN standard and must adapt the existing clients’ bank accounts to this standard until October 31, 2019. Ukrainian banks will be also obliged to use IBAN standard for funds transfer, including cross-border transfers.</b></p> <p>For more information in Ukrainian, <a href="#">click here</a>.</p>
The National Bank of Ukraine December 28, 2018	<p><b>The NBU adopted the new regulation for licensing banks in Ukraine (Regulation No.149). Regulation No.149 implements risk-oriented approach in the process of licensing and introduces stricter requirements for financial standing of the parties acquiring or increasing a qualifying holding in the bank, business reputation of managers, launching new types of banking activities etc.</b></p> <p>For further information, <a href="#">click here</a></p>

Source/Date	Brief description
October, 2018	<p><b>UK Temporary Permissions Regime proposals for "no-deal Brexit" announced and application period begins</b></p> <p>In late October 2018 the UK <b>Financial Conduct Authority (FCA)</b> and <b>Prudential Regulation Authority (PRA)</b> put in place the Temporary Permissions Regime (<b>TPR</b>) as a contingency measure in the event that the UK leaves the EU on 29 March 2019 without a transitional arrangement. The TPR will allow inbound firms (including e-money and payments institutions) to continue operating in the UK within the scope of their current permissions for a limited period after exit day, while seeking full UK authorisation. It will also allow funds with a passport to continue marketing in the UK temporarily. It is intended that during this time, they may apply for the necessary permissions to continue to operate in the UK once the TPR expires.</p> <p>Key elements of how the TPR will operate include:</p> <ul style="list-style-type: none"> <li>• The TPR has been implemented as a notification procedure. The notification window for the TPR opened on 7 January 2019 and all notifications need to be made before it closes on 28 March 2019.</li> <li>• Firms will be allocated a period in which to submit their application for UK authorisation. These are expected to be around 2-3 months periods between October 2019 and March 2021.</li> <li>• There is no fee for notifying under the TPR but firms will be required to pay annual fees.</li> <li>• Firms making use of the TPR are likely to be subject to other regulations and obligations, the exact scope of which is not certain. Regulatory guidance indicates most of the current rules are expected to apply with new requirements to indicate on their website that they are in the TPR.</li> </ul> <p>If a firm fails to notify by 28 March the UK Government has published draft legislation for a financial services contracts regime (<b>FSCR</b>). If the UK leaves the EU without a withdrawal agreement, this will enable firms who do not enter the temporary permissions regime to wind down their UK business in an orderly fashion. The FSCR will automatically apply to EEA passporting firms that do not submit a TPR notification, but have pre-existing contracts in the UK which would need FCA permissions to service.</p> <p>The UK FCA also published CP 19/2 on contract continuity in connection with Brexit.</p>
October 15, 2018	<p><b>UK FCA and PRA publish papers on climate change and green finance and managing the financial risks from climate change</b></p>

## Regulatory Developments in the United Kingdom

Source/Date	Brief description
January 2019	<p><b>New senior managers and certification regime (SMCR) comes into force for insurers and new guidance proposed for other firms</b></p> <p>Following the introduction of SMCR for UK banks in 2016, UK insurers, having previously been subject to a more limited version of the regime, became subject to the full regime from 10 December 2018. This is part of the UK's wider work to increase individual accountability following the financial crisis and Libor/FX scandals in respect of which the regulators were criticised for their failure to take action against senior managers.</p> <p>SMCR requires firms to categorise their staff as follows:</p> <ul style="list-style-type: none"><li>• <b>Senior Managers:</b> individuals who must be approved by the regulator(s) who hold Senior Management Functions and are allocated prescribed responsibilities which must be documented in Statements of Responsibilities and a firm-wide Management Responsibilities Map. They are subject to additional Senior Manager Conduct Rules and a duty of responsibility in relation to those areas they are responsible for.</li><li>• <b>Certification Staff:</b> employees whose role could cause significant harm to consumers, the firm or the markets who are required to be certified annually by the firm as fit and proper to perform their role. This covers those in significant management roles and customer-facing roles.</li><li>• <b>Conduct Rules Staff:</b> all (bar ancillary) staff will be subject to a set of 5 high level principles (such as acting with integrity). Breaches resulting in disciplinary action must be reported to the FCA.</li></ul> <p>SMCR will also apply to the much wider population of some c.47,000 FCA-regulated firms from 9 December 2019 albeit some firms' implementation plans are progressing more slowly due to Brexit.</p> <p>There remain areas of uncertainty which are still being consulted upon, for example the FCA recently published CP 19/4 proposing guidance on removing certain administrative roles from the definition of certification functions and clarifying the application of SMCR to the legal function.</p> <p>The changes SMCR brings represent a significant departure from the previous approved persons regime with increased accountability at all levels in firms. A number of other jurisdictions such as Ireland, Singapore and Australia are following the UK in also revamping their individual accountability regimes.</p>

Source/Date	Brief description
January 23, 2019	<p data-bbox="404 205 1089 241"><b>FCA consults on perimeter guidance for cryptoassets</b></p> <p data-bbox="404 268 1266 405">On 23 January, in response to a recommendation by the UK Cryptoasset Taskforce, the UK FCA published a consultation paper (<b>CP 19/3</b>) setting out proposed guidance for market participants on when cryptoassets are likely to be within scope of UK regulation.</p> <p data-bbox="404 436 1232 472">In particular the guidance seeks to clarify where tokens are likely to be:</p> <ul data-bbox="404 499 1219 667" style="list-style-type: none"> <li>• Specified Investments under the Regulated Activities Order;</li> <li>• Financial Instruments under the Markets in Financial Instruments Directive II; or</li> <li>• captured under the Payment Services or E-Money Regulations</li> </ul> <p data-bbox="404 682 1235 850">The FCA defines cryptoassets as: cryptographically secured digital representations of value or contractual rights that use some type of distributed ledger technology and can be transferred, stored or traded electronically. They are then sub-categorised based on structure and intended use into:</p> <ul data-bbox="404 884 1260 1188" style="list-style-type: none"> <li>• <b>Exchange tokens</b> (cryptocurrencies such as Bitcoin which are used as a means of exchange or investment and are usually outside the regulatory perimeter).</li> <li>• <b>Security tokens</b> (provide rights of ownership or entitlement to repayment and will therefore usually come within the perimeter).</li> <li>• <b>Utility tokens</b> (can be redeemed for access to a specific product or service via a DLT platform and will typically fall outside the FCA's regulatory perimeter).</li> </ul> <p data-bbox="404 1203 1252 1308">Whilst the FCA acknowledges the potential benefits of cryptoassets and are committed to supporting their development they also recognise the potential increased financial crime and market integrity risks.</p> <p data-bbox="404 1339 1256 1577">The FCA guidance for consumers is still to approach cryptoassets with caution. Later this year the FCA intends to consult on banning the sale of derivatives linked to certain types of cryptoassets to retail investors. The Government is also planning to consult on whether to expand the regulatory perimeter to include further cryptoassets activities so although particular cryptoassets may be out of scope for now this could change.</p>

# Regulatory Developments in Canada

Source/Date	Brief description
OSC <sup>1</sup> / January 14, 2019	<p><b>Ontario Securities Commission Burden Reduction Task Force</b></p> <p>The OSC and the Ministry of Finance established a Burden Reduction Task Force with a mandate to enhance competitiveness for Ontario businesses by reducing regulatory burden. Consultations will be held to canvass a series of short, medium and long-term actions in the following areas of focus.</p> <ul style="list-style-type: none"><li>• Operational changes for regulatory branches and offices;</li><li>• Rule changes;</li><li>• Enhancing investor experience and outcomes; and</li><li>• Ontario-specific improvements.</li></ul> <p>For further information, <a href="#">click here</a>.</p>
Alberta Consumer Protection Act In force as of 1 January 2019.	<p><b>High Cost Credit</b></p> <p>Bill 31, <i>A Better Deal for Consumer and Businesses Act</i> sets out a new “high-cost” credit regime for consumer lenders in Alberta. Highlights include:</p> <ul style="list-style-type: none"><li>• Applies to credit agreements that provide for a rate of 32% or more</li><li>• License required</li><li>• Imposes additional disclosure obligations</li><li>• Details will be set out in regulations, which have not yet been published.</li></ul> <p>For further information, <a href="#">click here</a>.</p>

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## CLIENTS ALERTS & BRIEFINGS

Source/Date	Brief description
February 2019	<p><b>Ontario Securities Commission Burden Reduction Task Force</b></p> <p>Following on the heels of the Wells Fargo account fraud scandal, media reports of Canadian banks employing similar tactics began to surface in late 2016. In response, the Financial Consumer Agency of Canada (“FCAC”), which oversees federal consumer protection legislation reaffirmed and clarified its expectations regarding express consent for new products and services. When complaints of aggressive sales practices continued to be reported, the FCAC announced in March 2017 that it would conduct an industry review of business practices related to the sale of products and services by federally regulated financial institutions (“FRFIs”).</p> <p>In March 2018, the FCAC released its final report, which while stating that widespread “mis-selling” was not found, listed five key findings. Broadly, these findings indicated a need for:</p> <ul style="list-style-type: none"><li>• Industry-wide enhancements of the management of sales practices risk, including the establishment of formal sales practices governance frameworks; and</li><li>• a modernized FCAC supervisory framework, with stronger supervisory and enforcement functions.</li></ul> <p>The results of the FCAC’s investigation did not reveal any indication of widespread wrongdoing by the relevant Canadian banks. However, the findings in the FCAC’s report, along with an earlier report by the Agency on best practices in financial consumer protection, prompted the federal government to introduce proposed amendments to the Bank Act in November 2018. These amendments set out a more comprehensive “Financial Consumer Protection Framework,” including:</p> <ul style="list-style-type: none"><li>• Changes to banks’ corporate governance by mandating the designation of an independent board committee to oversee aspects of retail sales practices;</li><li>• The introduction of a “fair and equitable” dealings regime, which expands banks’ obligations around a variety of retail sales practices, including the introduction of an obligation to provide “appropriate” products and services, mandating the provision of cooling-off periods during which customers can cancel agreements, and mandatory balance alerts;</li><li>• New consumer protections for personal deposit accounts, such as a prohibition of minimum deposits or the maintenance of a minimum balance; and</li></ul>

Source/Date	Brief description
	<ul style="list-style-type: none"> <li data-bbox="423 197 1268 338">• A formal process regarding redress, setting out the required actions a bank must take if a charge or penalty has been imposed without appropriate notice or in the absence of express consent being given before the provision of the product or service.</li> </ul> <p data-bbox="423 359 1268 667">Additionally, the amendments propose an enhanced complaints regime, which requires banks to more carefully and transparently track complaints (which are broadly defined as “dissatisfaction, whether justified or not, expressed to an institution with respect to a product or service...or the name in which a product or service...is offered, sold, or provided by the institution”). The new regime also prohibits the use of the term “ombudsman” (or other misleading terms). Most Canadian banks have used the term “ombudsman” to describe an internal office that reviews certain escalated consumer complaints.</p> <p data-bbox="423 695 1268 1073">Finally, amendments to the FCAC Act, which set out the Agency’s functions, enforcement and administration powers, are also proposed. These amendments include requirements to publicly disclose the nature of a violation, including relevant names and the amount of the penalty. Maximum penalties would also be increased, from \$50,000 to \$1,000,000 for individuals and from \$500,000 to \$10,000,000 for both financial institutions and payment card networks. While these amendments do not significantly alter the FCAC’s powers and functions, they do serve as signal from the Federal Government that retail sales practices will attract increased and sustained regulatory scrutiny.</p>



# Regulatory Developments in the United States

Source/Date	Brief description
SEC February 19, 2019	<p><b>SEC Votes to Propose Expansion of “Test the-Waters” to All Prospective Issuers</b></p> <p>The new proposed rule would extend the ability of prospective issuers of securities to discuss the offering with certain investors prior to filing of a registration statement, an accommodation that is currently only available to emerging growth companies (EGCs). According to the SEC, the proposed “test-the-waters” rule and related amendments are intended to increase flexibility in communication with institutional investors, and allow issuers to more cost-effectively gauge market interest before incurring costs associated with a securities offering.</p> <p>For more information, the SEC’s release related to this proposed rule change is available <a href="#">here</a>.</p>
Colorado General Assembly February 19, 2019	<p><b>Colorado Legislature Passes Legislation Exempting Digital Tokens Sold to Consumers from Regulation as Securities</b></p> <p>The Colorado Digital Token Act was recently approved by the Colorado General Assembly. It provides limited exemptions from securities registration and broker-dealer and salesperson licensing requirements for those dealing in digital tokens. The law is directed toward tokens with a “primarily consumptive purpose” - that is, businesses targeting the sale of tokens to consumers of their products, rather than for investment purposes.</p> <p>Further information about the bill is available <a href="#">here</a>.</p>
February 4, 2019	<p><b>FINRA reports record high volume of trade data</b></p> <p>According to the <i>Financial Times</i>, the Financial Industry Regulatory Authority (FINRA) reported a daily average of 66.7 billion electronic records in the securities markets in 2018, an increase of 87 percent over the previous year. During a period of increased volatility in December 2018, average volumes reached 135 billion, a dramatic increase from previous record of 75 billion. Some observers have expressed concern that the soaring volume of market data may increase the burden on regulators and make detection of misconduct more difficult.</p> <p>For further information, click <a href="#">here</a> (subscription required).</p>

Source/Date	Brief description
January 15, 2019	<p><b>Lawsuit Alleges LIBOR Manipulation</b></p> <p>A class action complaint was filed in the Southern District of New York alleging that 18 banks involved in setting the London Interbank Offered Rate (LIBOR) have intentionally depressed the benchmark rate by submitting artificially low submissions. Rate-setting duties have been administered by an affiliate of Intercontinental Exchange, Inc. (ICE) since 2014. The complaint alleges that there are no longer sufficient actual transactions in the interbank lending market on which banks can base their submissions, providing an opportunity for the defendant banks to manipulate the rate. Separately, ICE has announced plans to launch a new benchmark to replace LIBOR.</p> <p>The case is <i>Putnam Bank v. Intercontinental Exchange Inc. et al</i>, Case No. 19-cv-439 (S.D.N.Y.)</p>
January 8, 2019	<p><b>New stock exchange seeks to take on major existing markets</b></p> <p>A group of industry-leading investment banks and brokers, including Bank of America Merrill Lynch, Charles Schwab, Citadel Securities, E*TRADE, Fidelity Investments, Morgan Stanley, TD Ameritrade, UBS, and Virtu Financial, are launching a new stock exchange—Members Exchange or MEMX. According to an announcement issued by the founding members on January 7, 2019, MEMX seeks to introduce competition, improve transparency, reduce fixed costs and simplify execution in the equity trading space in the US. The new exchange will require SEC approval before it can open for business.</p> <p>For further information, click <a href="#">here</a>.</p>
U.S. Supreme Court January 4, 2019	<p><b>Supreme Court Grants Cert Petition in Ninth Circuit Tender Offer Case Addressing Intent Standard For Private Right of Action Under the Exchange Act</b></p> <p>In <i>Varjabedian v. Emulex Corp.</i>, the Ninth Circuit previously found that under Section 14(e) of the Exchange Act, 15 U.S.C. 78n(e) (false statements in connection with tender offers), it is sufficient for a private plaintiff to prove negligence, rather than an intent to mislead. The complaint, brought by a class of plaintiffs alleging that the recommendation statement related to a tender offer was misleading, was dismissed by the District Court because it failed to sufficiently plead scienter. The Ninth Circuit, in disagreement with five other Circuits, reversed and remanded for consideration under a negligence standard. The case is slated for argument on April 15, 2019.</p> <p>The granted cert petition is available <a href="#">here</a>.</p>

Source/Date	Brief description
SEC December 7, 2018	<p><b>SEC and PCAOB issues joint statement criticizing regulation of US-listed companies based in China</b></p> <p>In a joint statement issued by the Securities and Exchange Commission and the Public Company Accounting Oversight Board (PCAOB), US regulators expressed concern regarding regulators' ability to oversee the audit work of PCAOB-registered auditing firms in China with respect to financial reporting for US-listed companies with operations based in China.</p> <p>The statement noted that there are hundreds of US-listed companies for which the PCAOB faces obstacles reviewing audit work. While the PCAOB has sought to increase its access to audit workpapers in China, it reports that progress has been slow. According to the statement, "The SEC and the PCAOB have sought constructive dialogues with Chinese officials and regulators over recent years, emphasizing the importance of investor protection and the quality of financial reporting and audit services. Despite these efforts, we have not yet made satisfactory progress."</p> <p>For further information, click <a href="#">here</a>.</p>
Southern District of New York November 30, 2018	<p><b>Dismissal of action against proprietary trading firm reflects challenges CFTC faces prosecuting market manipulation</b></p> <p>After a four-day bench trial, a federal judge in the Southern District of New York dismissed the CFTC's claims against Chicago-based proprietary trading firm DRW Investments, LLC, in a case alleging market manipulation in interest rate swaps trading. The court rejected the CFTC's theory at trial that intent to affect market price is sufficient to prove the "artificial price" prong of a traditional market manipulation claim. However, while the decision was a setback for the CFTC's preferred theory for proving market manipulation, its impact may be limited, as the conduct at issue occurred prior to the adoption of additional manipulation prohibitions under Dodd-Frank and Rule 180.1—which only require proof of reckless conduct (rather than specific intent) and do not require proving an artificial price.</p> <p>For further information, click <a href="#">here</a>.</p>

Source/Date	Brief description
CFTC November 30, 2018	<p data-bbox="423 212 1094 275"><b>CFTC proposes amendments to regulations on swap execution facilities</b></p> <p data-bbox="423 310 1252 716">The Commodity Futures Trading Commission has proposed amendments to regulations relating to swap execution facilities (SEFs). The proposed amendments would allow more flexible execution methods for swaps, while also expanding the scope of swaps subject to the requirement of trading only on a designated contract market (DCM), SEF or exempt SEF. Further, SEF registration requirements would be expanded to include a broader scope of entities, including single-dealer aggregator platforms (SDPs) and swaps broking entities. The proposals are intended to strengthen the existing regulatory framework and increase SEF growth by reducing regulatory complexity and costs. The CFTC is accepting comments on the new proposals through March 15, 2009.</p> <p data-bbox="423 751 837 779">For further information, click <a href="#">here</a>.</p>
SEC November 16, 2018	<p data-bbox="423 806 1159 869"><b>SEC releases statement on issuance and trading of digital asset securities</b></p> <p data-bbox="423 905 1252 1205">The SEC’s Divisions of Corporation Finance, Investment Management, and Trading and Markets jointly issued a Statement on Digital Asset Securities Issuance and Trading to make the point that while the SEC appreciates and encourages technological innovation, market participants must adhere to the Commission’s “well-established and well-functioning federal securities law framework when dealing with technological innovations, regardless of whether the securities are issued in certificated form or using new technologies, such as blockchain.”</p> <p data-bbox="423 1241 1252 1402">The statement goes on to discuss three recent enforcement actions involving fintech—initial offers and sales of digital asset securities, including ICOs; investments in digital asset securities; and secondary market trading of digital asset securities—and the Commission’s views on the issues raised.</p> <p data-bbox="423 1438 951 1472">To read the full public statement, click <a href="#">here</a>.</p>

Source/Date	Brief description
SEC November 2, 2018	<b>Annual reports issued by SEC and CFTC Enforcement divisions emphasize regulatory priorities and reflect increased enforcement activity</b>
CFTC November 15, 2018	<p>The SEC’s Division of Enforcement released its annual report of activity for 2018, which restated the five principles articulated in the previous year’s report: (1) focus on “Main Street” investors; (2) focus on individual accountability; (3) keeping pace with technological change; (4) focusing on remedies that further enforcement goals; and (5) continually monitoring allocation of resources. According to the report, the Commission brought 821 actions in 2018, and obtained judgments and orders totaling more than US\$3.9 billion in disgorgement and penalties. By these and other metrics, the Division’s performance improved in comparison to 2017.</p> <p>The CFTC’s Division of Enforcement also released a report on its activity in 2018. The report emphasized its significant increase in enforcement actions filed—83 cases, up from 45 in 2017 and also beating out the three prior years. The types of actions brought by the Division focused most heavily on retail fraud (30 cases) and manipulative conduct, false reporting and spoofing (26 cases). The Division imposed monetary penalties totaling almost US\$900 million in 2018.</p> <p>For a more detailed look at the SEC Enforcement Division’s report, click <a href="#">here</a>. To view the CFTC Enforcement Division’s report click <a href="#">here</a>.</p>

# Regulatory Developments in Singapore

Source/Date	Brief description
Monetary Authority of Singapore (MAS) January 24, 2019	<b>Code on takeovers and mergers revised to clarify application for dual class share companies</b>  The MAS issued a revised Singapore Code on Take-overs and Mergers to clarify its application to companies with a dual class share structure and with a primary listing on the Singapore Exchange. Key changes to the code include relief for shareholders who trigger a mandatory general offer, greater certainty for the market and safeguards for minority shareholders. The press release is available on the MAS' <a href="#">website</a> .
MAS December 4, 2018	<b>MAS proposes changes to Singapore's foreign related corporations framework</b>  The MAS is proposing changes to the exemption framework for business arrangements between financial institutions in Singapore and their foreign related corporations (the "FRC Framework"). Implemented in 2002, the FRC Framework facilitates arrangements to allow FRCs to provide cross-border financial services to customers in Singapore, without subjecting these FRCs to licensing requirements. The consultation paper is available on the MAS' <a href="#">website</a> .
MAS November 30, 2018	<b>MAS updates guide to digital token offerings</b>  The MAS has published new guidelines pertaining to digital token offerings. The updated guide clarifies the application of securities laws in relation to offers or issues of digital tokens in Singapore. The updated guide is available on the MAS' <a href="#">website</a> .
MAS November 19, 2018	<b>New regulatory framework to enhance payment services in Singapore</b>  The MAS has finalized the new regulatory framework for payment services in Singapore. The Payment Services Bill will provide a more conducive environment for innovation in payment services, while ensuring that risks across the payments value chain are mitigated. The press release is available on the MAS' <a href="#">website</a> .
MAS/SGX November 14, 2018	<b>MAS consults on new regulatory sandbox with fast-track approvals</b>  The MAS has released a consultation paper on the creation of pre-defined sandboxes, known as Sandbox Express, to complement the existing FinTech Regulatory Sandbox, which was launched in 2016. The aim is to enable firms that intend to conduct regulated activities to embark on experiments more quickly, without needing to go through the existing bespoke sandbox application and approval process. The consultation paper and related press release are available on the MAS' website <a href="#">here</a> and <a href="#">here</a> .

Source/Date	Brief description
MAS November 12, 2018	<p><b>MAS introduces new FEAT Principles to promote responsible use of AI and data analytics</b></p> <p>The MAS has released a set of principles to promote fairness, ethics, accountability and transparency (FEAT) in the use of artificial intelligence and data analytics in finance. Known as the FEAT Principles, the document provides guidance to firms offering financial products and services on the responsible use of AI and data analytics, to strengthen internal governance around data management and use. The paper is available on the MAS' <a href="#">website</a>.</p>
SGX October 2, 2018	<p><b>MAS' Cyber Security Advisory Panel proposes ways to enhance financial sector cyber resilience</b></p> <p>The Cyber Security Advisory Panel (CSAP) of the MAS has provided insights and suggestions on how Singapore's financial sector can harness the benefits of new technologies while remaining resilient to cyberattacks, data breaches and other hazards. The press release is available on the MAS' <a href="#">website</a>.</p>

## PUBLIC EVENTS AND CONFERENCES

Source/Date	Brief description
Financial Governance, Risk and Compliance Week 2019 February 26-27, 2019	<p><b>Financial Governance, Risk &amp; Compliance Week Asia 2019</b></p> <p>The 2019 Financial Governance, Risk &amp; Compliance Week will feature two co-located events: the 6th Annual Anti-Money Laundering &amp; Financial Crime Summit and the 3rd Annual Financial Compliance &amp; Risk Summit. For more information, click <a href="#">here</a>.</p>
Global Blockchain Foundation February 21-22, 2019	<p><b>BIS Singapore</b></p> <p>The Blockchain Investors Summit Singapore is set to be the first event of the year with a dedicated focus on security token offerings. BIS Singapore will feature leading institutional investors, hedge funds, sovereign wealth funds, private banks, family offices, corporate investors and cryptocurrency investors. For more information, click <a href="#">here</a>.</p>
Singapore Fintech Festival November 12-16, 2018	<p><b>Singapore FinTech Festival</b></p> <p>The third edition of the Singapore FinTech Festival drew close to 45,000 participants from almost 130 countries. This continues to be the biggest fintech event in the world and provides a global platform for the fintech community to connect, collaborate and co-create. For more information, click <a href="#">here</a>.</p>

## CLIENTS ALERTS AND BRIEFINGS

Source/Date	Brief description
Dentons Rodyk (Singapore)	<b>Impact of the new Developers (Anti-Money Laundering and Terrorism Financing) Bill</b>
December 18, 2018	<p>The article discusses the new Developers (Anti-Money Laundering and Terrorism Financing) Bill and its impact on the real estate sector. The bill puts in place new requirements on developers to further enhance effective monitoring of money laundering and terrorism financing, and to bar persons convicted of money laundering and terrorism financing offenses from being involved in property development activities.</p> <p>For more information, <a href="#">click here</a>.</p>
Dentons Rodyk (Singapore)	<b>Strides towards improved borrower protection and increased regulation in the moneylending industry</b>
December 12, 2018	<p>The article discusses the implementation of the Moneylenders (Amendment) Act 2018, which introduces changes aimed at giving better protection to borrowers, strengthening the regulation of moneylenders and professionalizing the moneylending industry.</p> <p>For more information, <a href="#">click here</a>.</p>
Dentons Rodyk (Singapore)	<b>Impact of the EU-Singapore Free Trade Agreement</b>
October 22, 2018	<p>The article discusses the EU-Singapore Free Trade Agreement, signed on October 19, 2018, and its potential impact on market accessibility and trade. Key benefits for Singapore and EU-based businesses include tariff concessions and removal of technical barriers to trade.</p> <p>For more information, <a href="#">click here</a>.</p>
Dentons Rodyk (Singapore)	<b>Singapore and Indonesia enter into cross-border competition enforcement agreement</b>
September 14, 2018	<p>The article discusses the first ever memorandum of understanding between Singapore's Competition and Consumer Commission and the competition authority of another ASEAN member state. The agreement covers a host of competition enforcement matters.</p> <p>For more information, <a href="#">click here</a>.</p>



# Regulatory Developments in China and Hong Kong (S.A.R.)

Source/Date	Brief description
People's Bank of China (PBOC) <sup>1</sup> December 19, 2018	<p><b>PBOC to establish targeted medium-term lending facility</b></p> <p>The PBOC announced that it will establish a lending facility to financially support small businesses. Eligible companies will be able to borrow from participating large banks at a rate of 3%, with the bank loans backed by the PBOC.</p> <p>For further information in Chinese, please <a href="#">click here</a>.</p>
China Banking Insurance Supervision and Administration Commission (CBIRC) <sup>2</sup> December 2, 2018	<p><b>CBIRC issues administrative measures on wealth management subsidiaries of commercial banks</b></p> <p>The CBIRC issued new measures governing the interactions between a commercial bank and a non-bank subsidiary that performs wealth management services. The measures are intended to prevent confusion between the traditional business and the wealth management business, and thereby to minimize financial risks. These measures are considered more lenient than previous regulatory standards in many respects.</p> <p>For further information in Chinese, please <a href="#">click here</a>.</p>
CBIRC 25 November 2018	<p><b>CBIRC expands the level of opening up against foreign banks and foreign insurance companies</b></p> <p>The banking industry and the insurance industry have been implementing China's "opening up" policy, according to a circular released by the CBIRC. The agency approved more than 10 market-access applications in 2018, including a request by Allianz Insurance Group of Germany to set up Allianz Insurance Holding Limited Company (China), which would be the first foreign insurance holding company in China.</p> <p>For further information in Chinese, please <a href="#">click here</a>.</p>

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Source/Date	Brief description
CBIRC 26 October 2018	<p><b>CBIRC solicits public comment on its draft Administrative Measures on Equity Investments Using Insurance Funds</b></p> <p>The CBIRC is seeking public comment on these draft rules, designed to standardize the usage of insurance funds and prevent financial risks. The revised rules focuses on cancelling the industry restriction on equity investments using insurance funds and requiring insurance companies to consciously choose the invested industries and companies and to strengthen the risk management.</p> <p>For further information in Chinese, please <a href="#">click here</a></p>

## PUBLIC EVENTS & CONFERENCES

Source/Date	Brief description
PBOC January 3, 2019	<p>At its 2019 Working Conference in Beijing, the PBOC made a series of plans and schedules for the upcoming year. Topics included managing monetary policy, enacting policies to ensure the financial industry serves the real economy, minimizing financial risks in certain key areas, promoting the internationalization of renminbi, reforming foreign exchange policy in free trade zone, engaging in international financial development, promoting financial market innovation, raising the level of service in financial industry and strengthening internal management</p> <p>For further information in Chinese, please <a href="#">click here</a>.</p>

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## Regulatory Developments in Hong Kong (S.A.R.)

Source/Date	Brief description
Securities and Futures Commission (“SFC”) February 1, 2019	<p><b>New Measures to Update the SFC’s Licensing Processes</b></p> <p>The SFC announced new measures to enhance its gatekeeping function, including the introduction of revamped licensing forms, a new edition of the SFC’s licensing handbook and mandatory electronic submission of all annual returns and notifications. Applicants for corporate licences will also be required to complete newly-introduced business profile and internal control questionnaires which will allow the SFC to identify potential regulatory issues at an early stage.</p> <p>For further information, <a href="#">click here</a>.</p>
SFC January 15, 2019	<p><b>Mutual Recognition of Funds between Luxembourg and Hong Kong</b></p> <p>The SFC and the Commission de Surveillance du Secteur Financier signed a memorandum of understanding concerning mutual recognition of funds, which would allow eligible Hong Kong public funds and Luxembourg UCITS funds to be distributed in each other’s market through a streamlined process. The memorandum of understanding also established a framework for exchange of information, regular dialogue as well as regulatory cooperation in relation to the cross-border offering of eligible Hong Kong public funds and Luxembourg UCITS funds.</p> <p>For further information, <a href="#">click here</a>.</p>
Hong Kong Monetary Authority (“HKMA”) January 11, 2019	<p><b>The Banking (Securitization) Code Took Effect</b></p> <p>The HKMA issued the Banking (Securitization) Code to provide technical guidance on the qualifying conditions for using the internal assessment approach (introduced in the Banking (Capital) (Amendment) Rules 2018) to calculate the capital requirement for certain securitization exposures. The Banking (Securitization) Code took effect immediately.</p> <p>For further information, <a href="#">click here</a>.</p>
SFC December 12, 2018	<p><b>SFC Concluded Consultation on Over-The-Counter (“OTC”) Derivatives and Conduct Risks</b></p> <p>The SFC released consultation conclusions on proposals to enhance the OTC derivatives regime and to address conduct risks posed by dealing with group affiliates and other connected persons. Under the proposals which will be implemented by the SFC, certain licensed corporations will be subject to requirements in respect of risk mitigation, segregation, portability and disclosure.</p> <p>The full text of the consultation conclusions is available <a href="#">click here</a>.</p>

Source/Date	Brief description
SFC November 1, 2018	<p><b>New Regulatory Approach for Virtual Assets</b></p> <p>With the growing interest of investors in gaining exposure to virtual assets, the SFC provided guidance on the regulatory standards expected of virtual asset portfolio managers and fund distributors, and explored a conceptual framework for the potential regulation of virtual asset trading platform operators.</p> <p>For further information, <a href="#">click here</a>.</p>
HKMA October 30, 2018	<p><b>Guidance on Offline Distribution of Non-Statute-Regulated Structured Investment Products</b></p> <p>The HKMA issued guidelines for authorised institutions on their offline distribution and advisory activities for structured investment products not regulated by the Securities and Futures Ordinance. For instance, the HKMA now expects authorized institutions to adopt the “suitability requirement” when selling such products in an offline environment.</p> <p>For further information, <a href="#">click here</a>.</p>
Competition Commission October 15, 2018	<p><b>Decisions in respect of the Code of Banking Practice</b></p> <p>Having noted that the Code of Banking Practice (“Code”) (issued jointly by The Hong Kong Association of Banks and The DTC Association, and endorsed by the HKMA) was not a legal requirement imposed “by” or “under” the Banking Ordinance, the Competition Commission decided that the Code would not be excluded from the application of the first conduct rule by or as a result of the “legal requirements exclusion” under the Competition Ordinance.</p> <p>The full text of the decision is available <a href="#">here</a>.</p>
SFC October 8, 2018	<p><b>Mutual Recognition of Funds between the United Kingdom (“UK”) and Hong Kong</b></p> <p>The SFC and the Financial Conduct Authority signed a memorandum of understanding, for the purpose of enhancing cooperation in relation to (i) collective investment schemes domiciled in either Hong Kong or the UK and offered to the public in the UK and/or Hong Kong on a cross-border basis, and (ii) management companies of collective investment schemes, based in either Hong Kong or the UK.</p> <p>For further information, <a href="#">click here</a>.</p>

# Navigating 2019

Eurozone, Banking Union and Capital Markets Union policy and supervisory priorities in the year ahead

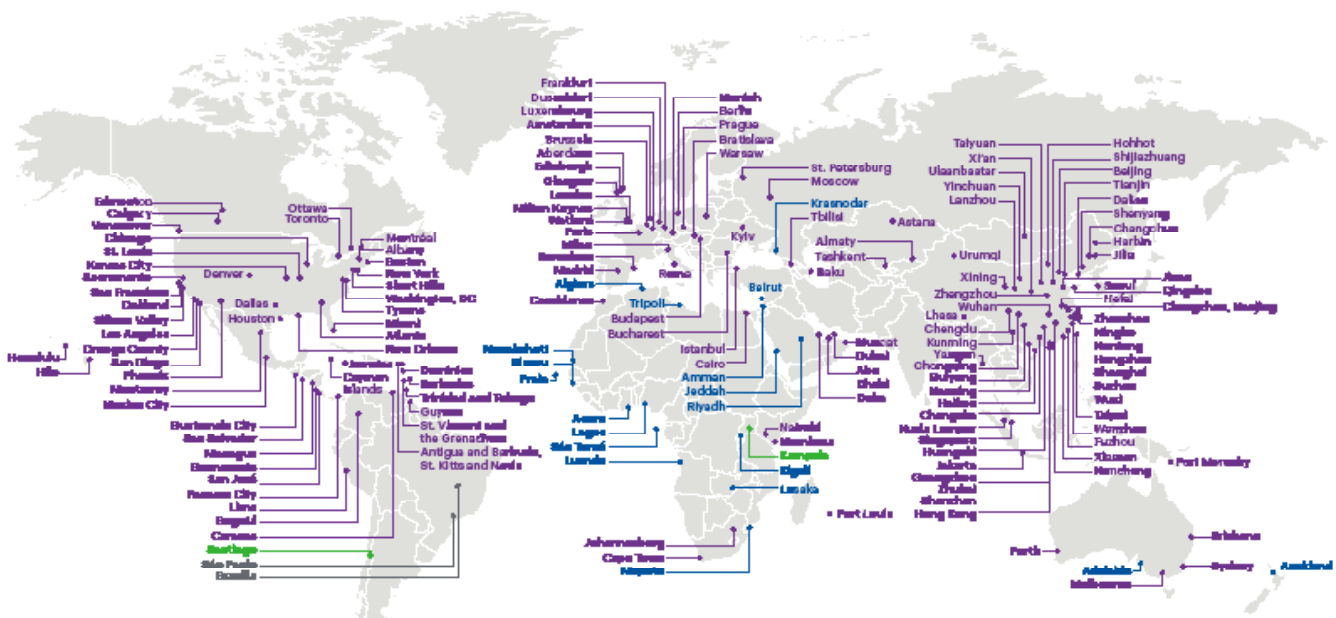
As a tumultuous 2018 drew to a close, EU policymakers responsible for the direction of the Eurozone, Banking Union and Capital Markets Union issued their policy and supervisory priorities along with various action plans for 2019. With all the changes and announcements in 2018, our Eurozone Hub has collated the following supervisory outlook for 2019 as a non-exhaustive “Playbook” for Banking Union Supervised Institutions and other regulated market participants already based in or otherwise relocating to the EU and/or the Eurozone.

This “Playbook” is intended to be a resource that complements specific dedicated coverage from our Eurozone Hub on key developments, and firms may want to refer periodically to this Playbook—regardless of which sector they may be active in—especially as a number of priorities and developments have overlapping supervisory aims, expectations and compliance challenges.



[Download the guide](#)

## Global presence



Locations in purple represent Dentson offices.  
 Locations in blue represent associate firms, offices and special alliances.  
 Locations in green represent proposed combinations that have not yet been formalised.  
 Locations in grey represent small firms in a alliance.

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