

FINANCIAL REGULATORY DEVELOPMENTS FOCUS

In this week's newsletter, we provide a snapshot of the principal U.S., European and global financial regulatory developments of interest to banks, investment firms, broker-dealers, market infrastructure providers, asset managers and corporates.

[Click here](#) if you wish to access our Financial Regulatory Developments website.

The latest Governance & Securities Law Focus is available [here](#).

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AML/CTF, Sanctions and Insider Trading

European Commission Proposes Legislation Broadening Access to Centralized Financial Information

On April 17, 2018, the European Commission published a proposal for a directive aimed at increasing security within EU member states and across the EU by improving access to financial information, including bank account information, to the relevant authorities and bodies in charge for the prevention, investigation and prosecution of serious forms of crimes. It is envisaged that this will enhance their ability to conduct financial investigations and analysis and improve their cooperation. In addition, the proposal contains measures to improve the ability of Financial Intelligence Units to carry out their tasks under the 4th Money Laundering Directive.

Currently, most EU national authorities competent for the prevention, detection, investigation or prosecution of criminal offences do not have direct access to information on the identity of bank account holders held in centralized account registries or data retrieval systems. Indeed, such registries and systems are currently only operational in 15 EU member states and the relevant authorities only have direct access in six of those member states. This lack of or lack of access to, centralized information means the relevant authorities must send blanket information requests to all financial institutions. Delays in replies to these blanket requests can significantly hamper criminal investigations.

The 5th Money Laundering Directive will make it obligatory for member states to establish centralized bank account registries or data retrieval systems. The Commission proposes to provide direct access to such central mechanisms to the relevant authorities, including tax authorities, anti-corruption authorities and asset recovery offices. The proposal also sets out measures to facilitate the use of financial and other information to prevent and combat serious crime more effectively and to facilitate cooperation between FIUs and other relevant authorities, whilst maintaining a high level of protection of fundamental rights, in particular the right to protection of personal data.

The proposal follows a public consultation by the Commission which ran from October 2017 to January 2018. The Commission has published separately a summary of the responses it received to that consultation.

The proposal will now be considered by the European Parliament and the Council.

The Commission proposal is available at: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/what-we-do/policies/european-agenda-security/20180417_directive-proposal-facilitating-use-information-prevention-detection-investigation-prosecution-criminal-offences_en.pdf, the impact assessment is available at: <http://ec.europa.eu/transparency/regdoc/rep/10102/2018/EN/SWD-2018-114-F1-EN-MAIN-PART-1.PDF> and the Summary of consultation responses is available at: https://ec.europa.eu/home-affairs/sites/homeaffairs/files/20171017_responses-summary.pdf.

Bank Prudential Regulation & Regulatory Capital

US Federal Reserve Board Vice Chairman for Supervision Randal Quarles Delivers Semi-Annual Supervision and Regulation Testimony to Congress

On April 19, 2018, U.S. Board of Governors of the Federal Reserve System Vice Chairman for Supervision Randal Quarles testified before the U.S. Senate Committee on Banking, Housing, and Urban Affairs regarding the Federal Reserve Board's regulation and supervision of financial institutions. Vice Chairman Quarles submitted identical remarks to the U.S. House Financial Services Committee two days earlier on April 17, 2018. Vice Chairman Quarles noted the progress that has been made in improving the safety and soundness of the financial system, especially with respect to the largest and most systemically important firms. Vice

Chairman Quarles discussed that the Federal Reserve Board continues to stress the importance of robust risk-management practices, and the role that the Federal Reserve Board plays in the responsible development of technological innovations in the financial industry. With respect to the Federal Reserve Board's regulatory and supervisory agenda, Vice Chairman Quarles stressed that safety, soundness and efficiency are not mutually exclusive concepts. Vice Chairman Quarles discussed the regulatory initiatives already completed or underway to improve regulatory efficiency, such as the proposed recalibration of the enhanced supplementary leverage ratio, but also noted that further improvements can be made with respect to the living will and application processes. Vice Chairman Quarles also reiterated the need for transparency in Federal Reserve Board supervision and regulation, explaining that the Federal Reserve Board is in the process of developing a revised framework for determining control under the Bank Holding Company Act that is more transparent and easier to understand and apply. Vice Chairman Quarles discussed that a third goal of the Federal Reserve Board is increased simplicity, referencing the recent stress capital buffer rulemaking, as well as the need to tailor the implementation of the Volcker Rule and further reduce the regulatory burden on smaller community banks. Vice Chairman Quarles concluded his remarks by summarizing the Federal Reserve Board's engagement with international regulatory bodies, explaining that this engagement promotes global financial stability and consistent regulation among U.S. financial institutions and their international peers.

The full text of Vice Chairman Quarles's remarks is available at:

<https://www.federalreserve.gov/newsevents/testimony/quarles20180417a.htm>.

US Federal Reserve Board Governor Lael Brainard Discusses Cyclical Regulation

On April 19, 2018, Federal Reserve Board Governor Lael Brainard spoke at the Global Finance Forum regarding maintaining resiliency across economic cycles. Governor Brainard drew comparisons between the current state of the economy and the economy prior to the financial crisis, noting positive growth, but highlighting elevated risks in asset valuation and business leverage. Governor Brainard discussed that post-crisis regulation has greatly improved the capital and liquidity positions of financial institutions, and highlighted the importance of maintaining a dynamic capital regime, but cautioned against purely backward-looking analysis, rather than proactively seeking out emerging risks. Governor Brainard discussed the importance of properly tailoring and calibrating existing regulations, such as the countercyclical capital buffer rule, but also stressed the importance of implementing additional critical regulatory elements, such as finalizing the net stable funding ratio, which she noted was close to finalization, and the Dodd-Frank Act limits on large counterparty exposure. Governor Brainard also expressed her support for improving the efficiency of the Volcker Rule without undermining its efficacy, and for moving forward with minimum haircuts for securities financing transactions. Governor Brainard distinguished these regulations, designed to promote the resiliency of large financial institutions, with the regulation of smaller institutions, suggesting that with respect to the latter, regulations should be appropriately tailored to reduce regulatory burden.

The full text of Governor Brainard's speech is available at:

<https://www.federalreserve.gov/newsevents/speech/brainard20180419a.htm>.

US Federal Reserve Board Governor Lael Brainard Discusses Modernization of the Community Reinvestment Act

On April 17, 2018, Federal Reserve Board Governor Lael Brainard spoke at the Federal Reserve Bank of Richmond Baltimore Community Development Gathering regarding efforts to modernize the Community Reinvestment Act. Governor Brainard provided a brief summary of the history and importance of the CRA, noting that the current CRA regulations date back to 1995 and are in need of update to better reflect how banks currently operate and the customer base they serve, given structural and technological changes in the

banking industry. Governor Brainard referenced the CRA outreach effort recently completed by the U.S. Department of the Treasury, and noted the Federal Reserve Board is looking forward to working with the U.S. Office of the Comptroller of the Currency and U.S. Federal Deposit Insurance Corporation with respect to CRA-modernization rulemaking. Governor Brainard discussed five areas that should be a focus of the CRA modernization initiative: revision of the definition of assessment areas to better reflect advances in technology and changes in consumer preferences, without losing focus on serving the local community; regulations that encourage financial institutions to seek out opportunities in underserved areas; regulations that are appropriately tailored to reflect the differing characteristics of financial institutions and the communities they serve; a need for greater consistency and transparency with respect to examination and ratings; and reinforcing the CRA's role as one of many complementary regulations working in concert to promote an inclusive, fair and non-discriminatory financial services industry.

The full text of Governor Brainard's speech is available at:

<https://www.federalreserve.gov/newsevents/speech/brainard20180417a.htm>.

US Federal Financial Regulators Propose Revisions to Capital Rules to Reflect Change in US GAAP Relating to Credit Losses

On April 17, 2018, the Federal Reserve Board, the OCC and the FDIC announced proposed revisions to the agencies' regulatory capital rules to reflect changes to U.S. generally accepted accounting principles regarding credit losses. The proposed revisions will identify which of the new credit loss allowances will be eligible for inclusion in a financial institution's regulatory capital. The proposal will further provide for an optional transition period that will allow financial institutions to phase in the adverse effects on certain regulatory capital components over a three-year period. The proposal also seeks to amend the stress testing regulations to allow covered institutions that have adopted these changes to U.S. GAAP to not include the effects from adopting this new standard until the 2020 stress test cycle. The proposed amendment will also make conforming changes, including with respect to certain definitions, disclosures and regulatory reporting forms. Comments to the proposal are due 60 days from the proposal's publication in the Federal Register.

The full text of the agencies' proposal is available at:

<https://www.federalreserve.gov/newsevents/pressreleases/files/bcreg20180417a1.pdf>.

European Commission Consults on Again Extending the Transitional Measures for Exposures to CCPs

On April 17, 2018, the European Commission published a legislative proposal to extend until December 15, 2018 the transitional periods related to own funds requirements for exposures to CCPs set out in the Capital Requirements Regulation and European Market Infrastructure Regulation. Thirty-two third-country CCPs have been recognized by the European Securities and Markets Authority to date. However, there are still third-country CCPs that are awaiting recognition status. Without an extension of the transitional periods, banks and investment firms in the EU (or which are subject to consolidated supervision in the EU) would need to increase their own funds requirements for their exposures to those CCPs that are not yet recognized.

Feedback on the proposal can be provided until May 15, 2018.

The proposals to amend the CRR include an amendment to these transitional provisions. The proposed amendment would remove the need for the European Commission to continuously extend the transitional period by basing the transitional deadline instead on the timing of an application for recognition by a third-country CCP.

The proposed ITS and the consultation feedback page are available at: https://ec.europa.eu/info/law/better-regulation/initiatives/ares-2018-2044238_en.

European Banking Authority Proposes Draft Guidelines on Exposures to be Associated With High Risk

On April 17, 2018, the European Banking Authority launched a consultation on draft Guidelines on certain types of exposures and the circumstances in which they can be categorized as being associated with high risk for regulatory capital purposes.

The CRR provides that when firms use the Standardised Approach for determining minimum capital requirements for credit risk, risk weightings must be allocated to an exposure, based on its exposure class. One of the exposure classes is “exposures associated with particularly high risk,” which are: investments in venture capital firms or private equity, speculative immovable property financing and investments in Alternative Investment Funds where the fund’s mandate allows a higher leverage than required in the UCITS Directive. An exposure that is of particularly high risk receives a risk weight of 150%.

The EBA’s mandate is to prepare guidelines on the types of exposures other than those set out in the CRR that must be associated with particularly high risk and under which circumstances. The EBA’s draft Guidelines aim to implement that mandate by specifying that firms should classify exposures as items of high risk where the exposure has a “high risk of loss due to being structurally different from common exposures of the same asset class.” The EBA provides a list of those exposures that would fall within the scope of this category.

The EBA is also proposing guidance on the conditions to be met in order for investments in venture capital firms and private equity to be classed as high-risk exposures. The EBA considers that harmonized guidance on this point will be helpful to firms and supervisors.

The EBA notes that the revised Standardised Approach for credit risk agreed by the Basel Committee on Banking Supervision in December 2017 does not include provisions on higher risk exposures. The Basel III revisions are due to be implemented by 2022. The EBA considers that the Guidelines are still needed to detect high risks in banks under the current framework. The consultation closes on July 17, 2018.

The consultation paper is available at:

<http://www.eba.europa.eu/documents/10180/2188580/Consultation+Paper+on+Guidelines+on+specification+of+types+of+exposures+to+be+associated+with+high+risk+%28EBA-CP-2018-03%29.pdf>, the response template is available at: <https://www.eba.europa.eu/regulation-and-policy/credit-risk/guidelines-on-specification-of-types-of-exposures-to-be-associated-with-high-risk> and details of the Basel III revisions are available at: <https://finreg.shearman.com/basel-iii-finally-finalized>.

Brexit for Financial Services

US and UK Establish Financial Regulatory Working Group

On April 19, 2018, the U.S. Treasury Department and HM Treasury issued a joint statement announcing the establishment of a Financial Regulatory Working Group. The Working Group will be a forum for treasury staff and financial regulatory authorities to exchange views on the regulatory relationship between the U.S. and the U.K. The objectives of the Working Group will be to further financial regulatory cooperation, improve transparency, reduce regulatory uncertainty, identify possible cross-border implementation issues, address regulatory arbitrage and work towards achieving compatibility of U.S. and U.K. laws and regulations.

The statement is available at: https://www.gov.uk/government/publications/joint-statement-us-uk-financial-regulatory-working-group/joint-statement-us-uk-financial-regulatory-working-group?_sm_au_=iVVBl3OKQrMrl7jJ.

Conduct & Culture

Financial Stability Board Publishes Toolkit to Abate Misconduct Risk

On April 20, 2018, the Financial Stability Board published a report, “Strengthening Governance Frameworks to Mitigate Misconduct Risk: A Toolkit for Firms and Supervisors.” The report is part of the FSB’s work on measures to reduce misconduct in the financial sector and follows the FSB’s stocktake of endeavors by international bodies, national authorities, industry associations and firms.

The Toolkit is designed to provide firms and authorities with a set of tools that can be used, taking into account the applicable legislative, judicial and regulatory frameworks. Rather than creating an international standard or adopting a prescriptive approach, the FSB’s Toolkit allows firms and supervisors to decide whether and how to use the Toolkit to address misconduct risk. The FSB also states that firms and their supervisors can use individual tools separately or in combination.

The Toolkit comprises 19 tools, divided into three categories and assigned between firms and national authorities. These are set out below.

Category 1: mitigating cultural drivers of misconduct

- Firms:
 - Senior leadership of the firm articulate desired cultural features that mitigate the risk of misconduct;
 - Identify significant cultural drivers of misconduct by reviewing a broad set of information and using multidisciplinary techniques; and
 - Act to shift behavioral norms to mitigate cultural drivers of misconduct.
- National authorities:
 - Build a supervisory program focused on culture to mitigate the risk of misconduct;
 - Use a risk-based approach to prioritize for review the firms or groups of firms that display significant cultural drivers of misconduct;
 - Use a broad range of information and techniques to assess the cultural drivers of misconduct at firms; and
 - Engage firms’ leadership with respect to observations on culture and misconduct.

Category 2: strengthening individual responsibility and accountability:

- Firms and/or national authorities:
 - Identify key responsibilities, including mitigation of the risk of misconduct, and assign them;
 - Hold individuals accountable; and
 - Assess the suitability of individuals assigned key responsibilities.
- National authorities:
 - Develop and monitor a responsibility and accountability framework; and
 - Coordinate with other authorities.

Category 3: addressing the rolling bad apples phenomenon:

- Firms:
 - Communicate conduct expectations early and consistently in recruitment and hiring processes;
 - Enhance interviewing techniques;
 - Leverage multiple sources of available information before hiring;
 - Reassess employee conduct regularly; and
 - Conduct “exit reviews.”
- National authorities:
 - Supervise firms’ practices for screening prospective employees and monitoring current employees; and
 - Promote compliance with legal or regulatory requirements regarding conduct-related information about applicable employees, where these exist.

The report is available at: <http://www.fsb.org/wp-content/uploads/P200418.pdf>.

Recovery & Resolution

European Banking Authority Proposes Revised Technical Standards for Resolution Reporting

On April 16, 2018, the EBA published a final report and final revised draft Implementing Technical Standards on resolution reporting requirements. The EBA proposes to replace the existing ITS with the revised ITS to reflect the evolution in the policy and practices applied by authorities in the development of resolution plans for financial institutions. The new framework is proposed to become operational in 2019 when resolution authorities collect information as of December 31, 2018.

The revised draft ITS set out the procedures and a minimum set of standard templates for use by institutions when providing information to resolution authorities that is needed to draw up and implement resolution plans. The power of resolution authorities to apply simplified obligations or to require further information from a firm is specifically provided for in the revised draft ITS, in line with the EU Bank Recovery and Resolution Directive. In addition, the revised draft ITS specify the information required from groups and from individual entities. Furthermore, the revised draft ITS set the frequency, reference dates and remittance dates and the format for submission of information.

The EBA confirms that the final draft revised ITS take into account comments received during consultation and provides a summary of the main changes that have been made. The changes are:

- Deletion of the requirement to accelerate the remittance date in year three. However, data must still be submitted by the end of May in year one and the end of April in year two;
- Adjustment to the threshold for reporting entities: the low threshold for the first template has been maintained, but the financial templates only need to be submitted by entities which exceed 5% of the total risk-weighted asset, leverage ratio exposure or operating income of the group, or by entities which provide critical functions;
- Deletion of the templates for collecting advanced information on financial market infrastructure services and enabling services;
- Amendment of the liability template to provide for reporting of senior non-preferred debt, as provided for in recently adopted changes to the BRRD; and

- Alignment of the template on own funds requirements with supervisory reporting requirements.

The revised draft ITS have been submitted to the European Commission for endorsement. Once published in the Official Journal of the European Union the revised framework will apply directly across the EU.

The final report and revised draft ITS are available at:

<https://www.eba.europa.eu/documents/10180/2186621/Draft+ITS+on+the+provision+of+information+for+the+purpose+of+resolution+plans+%28EBA-ITS-2018-02%29.pdf> and the existing ITS is available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1523959272956&uri=CELEX:32016R1066>.

Securities

European Banking Authority Consults on Simple Transparent and Standardized Criteria for ABCP and non-ABCP Securitizations

On April 20, 2018, the EBA published consultations on two sets of draft guidelines under the Securitization Regulation (also known as the STS Regulation) which, along with targeted amendments to the CRR, forms part of the new EU Securitization Framework for simple, transparent and standardized securitizations from January 2018. The STS Regulation establishes two sets of criteria for STS securitizations, namely for term (i.e. non-Asset Backed Commercial Paper) securitizations and for short-term (i.e. ABCP) securitizations respectively. The EBA is mandated under the STS Regulation to develop, by October 18, 2018, (i) guidelines and recommendations interpreting the STS criteria applicable to non-ABCP securitization; and (ii) guidelines and recommendations interpreting the transaction level and program level criteria applicable to ABCP securitization.

The aim of the guidelines is to ensure a consistent interpretation and application of the STS criteria by the originators, sponsors, Securitization Special Purpose Entities and investors involved in the STS securitization, the national regulators designated to supervise the compliance of the entities with the criteria and third parties authorized to check the compliance of the securitization with the STS criteria. Under the STS Regulation, originators and sponsors will be required to notify ESMA of any securitization that meets the STS criteria and ESMA will maintain a list of all such securitizations on its website. The draft guidelines are interlinked with the ESMA Regulatory Technical Standards and ITS on STS notifications. The EBA guidelines provide guidance on the content of the STS requirements, while the ESMA RTS/ITS specify the format of notification of compliance with the STS requirements. ESMA's draft RTS/ITS are expected to be finalized by July 2018.

Comments on the draft guidelines are invited by July 20, 2018. Once finalized, they will be translated into the official EU languages and published on the EBA website.

The draft guidelines on STS criteria for ABCP securitization are available at:

<http://www.eba.europa.eu/documents/10180/2194284/Consultation+Paper+on+Guidelines+on+STS+criteria+for+ABCP+securitisation.pdf>, the draft guidelines on STS criteria for non-ABCP securitization are available at: <http://www.eba.europa.eu/documents/10180/2194296/Consultation+Paper+on+Guidelines+on+STS+criteria+for+non-ABCP+securitisation.pdf> and details of ESMA's developing ITS/RTS for STS notifications are available at: <https://finreg.shearman.com/european-securities-and-markets-authority-launch>.

UK Regulator Warns CEOs of Listed Companies About Their Obligations on Irredeemable Preference Shares

On April 19, 2018, the U.K. Financial Conduct Authority published a "Dear CEO" letter to the Chief Executive Officers of U.K. listed companies, on capital instruments expressed to be perpetual, irredeemable or in some other way that suggests permanence. The FCA wishes to ensure that investors have access to all the

information necessary for them to be able to assess properly the risks and rewards attaching to such shares. The letter lists the information that listed companies may wish to make readily accessible to all holders and potential holders of such shares, including:

- The terms and conditions of the instrument as included in the original prospectus or similar document issued at the time of the offer or admission of the shares, and details of any changes made after the issue of the shares.
- The articles of association of the issuer, particularly the articles relevant to the shares concerned.
- A Q&A or similar publication.

The FCA also advises listed companies to consider whether any intention (or the company's deliberation on any such intention) to cancel or otherwise retire a class of irredeemable, or similar, shares, at a price based on factors other than the prevailing market price constitutes inside information under Article 7 of the Market Abuse Regulation.

The letter states that companies should consider whether there is a risk that the prevailing market price of any of their shares or other signals from investors suggest there is a lack of understanding about the terms and conditions of those shares or the company's intention regarding them.

The FCA recognizes that there is a tension between investors' desire to see a permanent resolution to any remaining concerns and the desire of company boards not to limit their (or their successors') scope for action. However, if a company has stated publicly, or proposes to publicize, its intentions regarding such securities, the FCA urges the company to ensure the public announcement also includes details of the governance process and the approach to disseminating any future changes that the company might make.

The Dear CEO letter is available at: <https://www.fca.org.uk/publication/correspondence/dear-ceo-letter-irredeemable-preference-shares.pdf>.

Upcoming Events

April 27, 2018: U.S. House Financial Services Committee hearing on the Implementation of FinCEN's Customer Due Diligence Rule – Financial Institution Perspective.

May 4, 2018: EBA public hearing on the draft Guidelines on the exposures to be associated with high risk

May 31, 2018: Bank of England and Centre for Economic Policy Research conference on competition and regulation in financial markets

June 12, 2018: FCA Asset Management Conference

Upcoming Consultation Deadlines

May 4, 2018: IOSCO consultation on conflicts of interest and associated conduct risks during the equity capital raising process

May 4, 2018: ECB consultation on draft guides to ICAAP and ILAAP

May 4, 2018: Basel Committee technical consultation on Pillar 3 disclosure requirements and the regulatory treatment of accounting provisions

May 6, 2018: IOSCO consultation on proposed recommendations for trading venues and their regulators when implementing, operating and monitoring volatility control mechanisms to preserve orderly trading

May 7, 2018: PRA consultation on governance and risk management for algorithmic trading

May 11, 2018: FCA survey of European Economic Area firms currently operating in the UK under a passport

May 15, 2018: European Commission consultation on extending the transitional measures for exposures to CCPs

May 16, 2018: PRA consultation on guidance on the eligibility of guarantees as unfunded credit protection for capital requirement purposes

May 21, 2018: Federal Reserve and OCC proposed amendments to supplementary leverage ratio calculations for GSIBs and their insured depository institution subsidiaries

May 23, 2018: European Commission's legislative proposals to address NPL build-up in the EU

May 23, 2018: European Commission's proposed Regulation on the law applicable to the third-party effects of assignments of claims

May 23, 2018: ESMA consultations on draft technical standards on the application for registration of a securitization repository and on draft advice to the European Commission on supervisory fees for securitization repositories

May 25, 2018: ESMA consultation on supplementary guidance on the CRA endorsement regime

May 25, 2018: Basel Committee consultation on revisions to Pillar 3 Framework

May 27, 2018: EBA consultation on extending the Joint Committee Guidelines on complaints-handling for the securities and banking sectors

May 28, 2018: ECB consultation on proposed guide to internal models

June 4, 2018: European Commission proposed EU covered bonds legislative package

June 5, 2018: HM Treasury consultation on cash and digital payments in the new economy

June 5, 2018: ECB consultation on cyber resilience oversight expectations for Eurozone FMIs

June 8, 2018: PSR consultation on its review of PSR Directions made in 2015

June 8, 2018: EBA consultation on draft EBA Guidelines on Management of Non-Performing and Forborne Exposures

June 12, 2018: European Commission proposed amending Regulation on cross-border payments in the EU

June 20, 2018: FCA consultation on Model Driven Machine Executable Regulatory Reporting

June 20, 2018: Basel Committee consultation on revisions to minimum capital requirements for market risk

June 21, 2018: FCA consultation on its approach to supervision

June 21, 2018: FCA consultation on its approach to enforcement

June 28, 2018: FCA consultation on revising the Financial Crime Guide to include insider dealing and market manipulation

July 5, 2018: FCA consultation on improving disclosure by AFMs to their investors (part of the Asset Management Market Study)

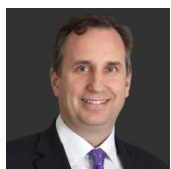
July 9, 2018: FCA consultation on its approach to ex post impact evaluation

July 17, 2018: EBA consultation on draft Guidelines on the exposures to be associated with high risk

July 20, 2018: EBA consultations on draft guidelines on STS criteria for ABCP and non-ABCP securitization

THIS NEWSLETTER IS INTENDED ONLY AS A GENERAL DISCUSSION OF THESE ISSUES. IT SHOULD NOT BE REGARDED AS LEGAL ADVICE. WE WOULD BE PLEASED TO PROVIDE ADDITIONAL DETAILS OR ADVICE ABOUT SPECIFIC SITUATIONS IF DESIRED. IF YOU WISH TO RECEIVE MORE INFORMATION ON THE TOPICS COVERED IN THIS PUBLICATION, YOU MAY CONTACT YOUR USUAL SHEARMAN & STERLING REPRESENTATIVE OR ANY OF THE FOLLOWING:

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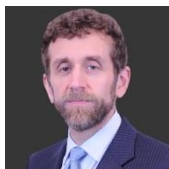
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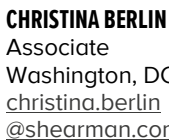
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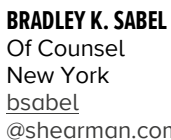
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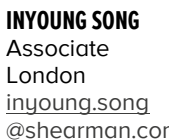
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This memorandum is intended only as a general discussion of these issues. It should not be regarded as legal advice. We would be pleased to provide additional details or advice about specific situations if desired.

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