

# ALLEN & OVERY

## *Key Regulatory Topics: Weekly Update*

31 May 2019 – 6 June 2019



### **PUBLICATIONS**

#### **Up to Speed: No variation clauses now worth the paper they're written on**

A&O's new "Up to Speed" article focuses on variation clauses. Variation clauses are often referred to as no oral modification or NOM clauses and are commonly found in the "boilerplate" of commercial contracts. They stipulate that no variation to a contract shall be binding unless it is in writing and signed by both parties and may include other specifications that variations to the contract must meet in order to be binding. This article considers recent case law on the topic and highlights points to consider when drafting provisions. If you are interested in reading this article or have any queries, please contact [Emma.Keeling@AllenOvery.com](mailto:Emma.Keeling@AllenOvery.com).

### **CAPITAL MARKETS**

#### **PRA and FCA joint statement on firms' preparations for transition from LIBOR to risk-free rates**

On 5 June, the PRA and FCA published a joint statement on firms' preparations for transition from LIBOR to overnight risk-free-rates, which sets out key themes, good practice and next steps for firms – the statement follows on from the Dear CEO letter which was sent to the large, most complex market participants last year. The regulators are encouraging firms to review this statement and consider the observations set out therein in the context of their business. Areas covered include: (i) comprehensive identification of reliance on and use of LIBOR; (ii) quantification of LIBOR exposures; (iii) granularity of transition plans and their governance; (iv) identification and management of prudential risks associated with the transition; (v) identification and management of conduct risks associated with the transition; (vi) scenario planning; (vii) the role of market participants in supporting transition; and (viii) transacting using new risk free rates and building in fallbacks.

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#### **FSB discussion paper on solvent wind-down of derivatives and trading portfolios**

On 3 June, the FSB published a discussion paper on the solvent wind-down of derivatives and trading portfolios. This discussion paper draws on the practices that are emerging in some jurisdictions and describes, subject to eventual specific requests by supervisory and/or resolution authorities, capabilities and arrangements that may need to be put in place to ensure a solvent wind-down plan can be effectively executed. The focus of the discussion paper is on the wind-down of G-SIBs' derivatives and trading book activities, as opposed to other activities or assets (e.g. loan portfolios), given the unique complexity, cross-border nature of derivatives and trading book activities and the potential financial stability risks that may stem from a disorderly wind-down of these activities. Section 1 discusses the concept of 'solvent wind-down' and

'wind-down planning'; Section 2 addresses firm capabilities; Section 3 addresses the evaluation/verification of firm capabilities; and Section 4 addresses coordination among home and host authorities. The deadline for responding to the discussion paper is 2 August.

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### **Shareholder Rights Directive II and related party transactions: FCA policy statement and final rules**

On 31 May, the FCA published its policy statement (PS), Proposals to Promote Shareholder Engagement: Feedback to CP19/7 and Final Rules (PS19/13), which implements aspects of the Shareholder Rights Directive II (SRD II) including provisions on material related party transactions in final DTR 7.3 and related amendments to the Listing Rules. The PS also sets out the requirements around transparency of engagement policies and investment strategies applying to asset managers and asset owners. The new rules will come into force on 10 June. This means that asset managers and life insurers will have to publish their engagement policy, or explain why they have not done so, by 10 June. The FCA is cognisant of the tight timing so has confirmed that for an initial period, firms can simply explain what they are doing to ensure compliance, including continuing the development of policies.

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## **CONDUCT**

### **FCA Handbook Notice 66**

On 31 May, the FCA published Handbook Notice 66, which sets out changes to the FCA Handbook made by the FCA Board under its legislative and other statutory powers on 30 May. Following consultation in CP18/24, the FCA Board made changes to SUP 16 in order to ensure the accuracy of capital adequacy reporting. The FCA did not receive any feedback to the consultation and as a result, has not made any changes to its proposals.

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### **Changes to align the FCA Handbook with the EU Prospectus Regulation**

On 31 May, the FCA published its policy statement, Changes to Align the FCA Handbook with the EU Prospectus Regulation: Feedback to CP19/6 (PS/19/12), which sets out its near-final rules designed to align the Handbook with the new Prospectus Regulation. The new sourcebook replicates key provisions of the Regulation and other relevant EU legislation for reference and also contains new rules on sending data to the FCA. Any issuer seeking approval of a draft prospectus on or after 21 July must do so under the new Regulation and in line with the Prospectus Regulation Rules sourcebook. Applications submitted to the FCA on or after 21 July containing draft prospectuses conforming to the Prospectus Directive and the old PR sourcebook regime, will not be valid and will not be approved.

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## **CONSUMER/RETAIL**

### **FCA confirms new rules for P2P and investment-based crowdfunding platforms**

On 4 June, the FCA published a policy statement (PS19/14) relating to loan-based (P2P) and investment-based crowdfunding platforms. In July 2018, the FCA consulted on changes to the rules and guidance that apply to P2P crowdfunding platforms and existing rules that apply to investment-based crowdfunding platforms. PS19/14 confirms that the FCA is: (i) introducing more explicit requirements to clarify what governance arrangements, systems and controls platforms need to have in place to support the outcomes they advertise. These new rules focus particularly on credit risk assessment, risk management and fair valuation practices, especially for platforms with more complex business models; (ii) strengthening rules on plans for the wind-down of P2P platforms; (iii) applying marketing restrictions to P2P platforms, designed to protect new or less experienced investors. The FCA has also clarified the practical implication of these new rules as they apply to P2P agreements; (iv) introducing a requirement that an appropriateness assessment (to assess an investor's knowledge and experience of P2P investments) be undertaken, where no advice has been given to the investor. The FCA has also provided guidance on what the assessment should include; (v) setting out the minimum information that P2P platforms need to provide to investors; (vi) requiring P2P platforms to implement these changes by 9 December; and (vii) from 4 June, applying the Mortgage and Home Finance Conduct of Business sourcebook (MCOB) and other Handbook requirements to P2P platforms that offer home finance products, where at least one of the investors is not an authorised home finance provider. The new rules and guidance will come into force on 9 December 2019 except for the application of MCOB to certain P2P platforms, which applies with immediate effect.

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### **Dear CEO letter: FCA expectations of claims management companies when they act for customers**

On 4 June, the FCA published a Dear CEO letter it sent to claims management companies (CMCs) within its CMC temporary permission regime setting out the regulators expectation when CMCs carry out financial promotions and act for their customers. The letter highlights that recently there has been an increase in the volume of cases where: (i) CMCs are acting for their customers without getting their appropriate consent or completed letters of authority; (ii) CMCs are submitting letters of authority and claims in fictitious customer names; (iii) there is no relationship between the customer and the financial service provider receiving the claim; and (iv) CMCs' financial promotions do not comply with the FCA's rules. The FCA took over the regulation of CMCs on 1 April.

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## **FINTECH**

### **FSB report considers implications of decentralised financial technologies**

On 6 June, the FSB published a report on decentralised financial technologies. The report considers the financial stability, regulatory and governance implications of the use of decentralised financial technologies such as those involving distributed ledgers and online P2P, or user-matching, platforms. The report focuses on technologies that may reduce or eliminate the need for intermediaries or centralised processes that have traditionally been involved in the provision of financial services. It cites various examples of decentralisation in payments and settlement, capital markets, trade finance and lending. The report has been delivered to G20 Finance Ministers and Central Bank Governors for their meeting in Fukuoka on 8-9 June, which includes a High-Level Seminar on Financial Innovation.

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### **Speech by FCA Director of Innovation**

On 5 June, the FCA published a speech by Nick Cook, Director of Innovation, which was delivered at the 6th Central Bank Executives Summit. The speech highlighted the following: (i) technology is dramatically changing the markets that the FCA regulates and the FCA acknowledges that it must embrace this technology to continue to regulate effectively; (ii) the FCA notes that regulators should actively encourage certain innovation within the market that they believe will deliver public value. On the RegTech side, the FCA has held TechSprints which have been a key tool in how the regulator has sought to achieve this, and encourage collaboration and new ideas; (iii) the FCA's increasing focus is on international engagement. The FCA has launched the Global Financial Innovation Network to help firms navigate between countries as they look to scale their new ideas; and (iv) the FCA is keen to ensure that it becomes the regulator of the future, adopting so-called 'SupTech' programmes to become more efficient and effective and to keep apace with the changes prompted by technology.

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## **INSURANCE**

### **EIOPA consults on opinion on sustainability within Solvency II**

On 3 June, EIOPA published a consultation paper on an opinion on integrating sustainability in relation to the Solvency II Directive following a request from the EC in August 2018. Between January and March 2019, EIOPA conducted a public call for evidence and a confidential request for information. The questions specifically aimed to collect evidence on practices from non-life (re)insurers with regard to climate change. Evidence provided by life insurers confirms that health/life insurers are not considering climate change in their valuation of liabilities and underwriting practices. EIOPA would welcome further insights, during the consultation, from the life and health (re)insurance industry on how sustainability could be considered in their business models, valuation and solvency assessments. The deadline for responding to the consultation paper is 2 August. EIOPA will finalise the draft opinion for submission by 30 September 2019.

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## **MARKETS AND MARKETS INFRASTRUCTURE**

### **FCA's policy statement on near-final and final rules on securitisation**

On 6 June, the FCA published a policy statement (PS19/15) on Handbook changes to reflect the application of the Securitisation (Amendment) (EU Exit) Regulations 2019 (Securitisation SI) and the Securitisation Regulations 2018 (2018 Regulations). PS19/15 outlines the near final rules applying the FCA's existing supervisory and enforcement processes to securitisation repositories when the UK leaves the EU. It also

sets out the final rules in respect of additional enforcement powers under the Securitisation Regulations 2018. In March, the FCA published CP19/11 consulting on changes to the Decision Procedure and Penalties Manual and the Enforcement Guide that reflect the FCA's new responsibilities over securitisation repositories. The FCA is now publishing near final rules to implement the Securitisation SI. These rules will be made final when the Securitisation SI comes into force on exit day. The final rules in respect of enforcement powers granted to the FCA under the 2018 Regulations will come into force immediately.

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### **BoE annual whistleblowing disclosures report**

On 6 June, the BoE published its annual report under the Prescribed Persons (Reports on Disclosures of Information) Regulations 2017. The report covers the period between 1 April 2018 and 31 March. The BoE and PRA took the view that of the 160 disclosures received, 128 disclosures were protected disclosures, within section 43B of the Employment Rights Act 1996 and fell within the matters in which the BoE and PRA are prescribed persons. Accordingly, these disclosures have been the subject of supervisory consideration, from which: (i) 4 cases (including 3 cases considered by the PRA originating from the FCA) were referred to the Bank's Enforcement Litigation Division; and (ii) 24 cases were referred to the FCA.

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### **ESMA publishes translations for guidelines on the application of C6 and C7 of Annex 1 of MiFID II**

On 5 June, ESMA published the official translations of its amended guidelines on the application of C6 and C7 of Annex I of MiFID II. NCAs to which these guidelines apply must notify ESMA whether they comply or intend to comply with the guidelines, within two months of the date of publication by ESMA of the guidelines in all EU official languages. The publication of the guidelines in the official languages of the EU means that they will apply from 5 August.

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### **FCA appoints new FOS Chair**

On 5 June, the FCA published a press release announcing that Baroness Zahida Manzoor CBE was appointed as the new FOS Chair. Baroness Manzoor will take up the role on 2 August, succeeding Sir Nicholas Montagu who is stepping down after more than seven years in post.

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### **FCA and the Dutch Authority for the Financial Markets (AFM) agree on closer partnership**

On 5 June, the FCA published a press release announcing that it has signed a joint agreement with AFM in which they agree to work more closely to protect and enhance the integrity and stability of both countries' financial systems. Alongside information sharing the FCA and AFM will also share best practice approaches, explore the scope for secondments between the regulators and expert training opportunities.

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### **Steven Maijoor addresses FESE 2019 convention opening dinner**

On 4 June, Steven Maijoor, Chair of the European Securities and Markets Authority, addressed the opening of FESE's 2019 Convention in Dublin. The opening address focused on the following issues: (i) the challenges of cross-border regulation and supervision – which included an overview of the issues regarding the share trading obligation in the context of a no deal Brexit; (ii) strengthening the EU approach to cross-border regulation and supervision; (iii) the equivalence process – principally considering outcomes-based versus rules-based decisions; and (iv) Brexit and the exchange of secondary market data.

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### **IOSCO report on market fragmentation and cross-border regulation**

On 4 June, IOSCO published a report on market fragmentation and cross-border regulation. The report focuses on market fragmentation that arises as an unintended consequence of financial regulation. It provides examples of market fragmentation that IOSCO members consider to be significant and potentially harmful to the oversight and supervision of financial markets. The report address issues, such as: (i) sources and drivers of fragmentation, including differences in jurisdictions' implementation of financial sector reforms and differences in timing of implementation; (ii) harmful fragmentation relating to the trading and clearing of derivatives, trade reporting and data privacy and location policies for CCPs; and (iii) possible future areas of impact concerning markets fragmentation, such as Brexit, the discontinuation of IBOR benchmarks and derivatives and market infrastructure. The report proposes potential measures that IOSCO and relevant national authorities could explore to mitigate the risks, and potential adverse effects, of fragmentation on global securities markets. These measures include ways to foster further mutual understanding of one

another's legislative frameworks, deepen existing regulatory and supervisory cooperation and consider whether there are any good or sound practices that can be identified regarding deference tools. The IOSCO Board will decide on its approach to these next steps in the second half of this year.

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#### **FSB user guide to overnight risk-free rates**

On 4 June, the FSB published a user's guide to alternative nearly risk-free reference rates (RFRs). The guide gives an overview on alternative RFRs and presents options how these RFRs can be used in cash products.

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#### **ESMA updates Q&A on application of UCITS Directive and AIFMD**

On 4 June, ESMA announced it had updated its Q&As on the application of the UCITS Directive and the AIFMD. The Q&As relate to the following: (i) distinction between depositary functions and mere supporting tasks that are not subject to the delegation requirements set out in the AIFMD and UCITS Directive; (ii) delegation of safekeeping functions; (iii) performance of depositary functions where there are branches in other Member States; (iv) supervision of depositary functions in case of branches in other Member States; and (v) delegation of depositary functions to another legal entity within the same group. ESMA will periodically review these Q&As and update them where required.

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#### **FSB report on market fragmentation**

On 4 June, the FSB published a report on market fragmentation. The report discusses in general terms the potential linkages between market fragmentation and financial stability in different areas. On this basis, the report lays out approaches and mechanisms that may enhance the effectiveness and efficiency of international cooperation, and help to mitigate any negative effects of market fragmentation on financial stability. This report also identifies several areas for further work to address market fragmentation. These focus on facilitating further analysis and discussion of approaches and mechanisms for more efficient and effective cross-border cooperation amongst authorities. Such areas for further work include: exploring ways to, where justified, enhance the clarity of deference and recognition processes in derivatives markets; and strengthening the understanding of approaches by supervisory and resolution authorities towards pre-positioning of capital and liquidity by international banks. The FSB will review progress on this further work to address market fragmentation in November.

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#### **EC accepts time extension for EBA response to call for advice on benchmarking of national loan enforcement frameworks**

On 4 June, the EBA published a letter from the EC relating to the EC's call for advice for the purposes of a benchmarking of national loan enforcement frameworks (including insolvency frameworks) from a bank creditor perspective. In the letter, Olivier Guersent, Director-General of Financial Stability, Financial Services and Capital Markets Union, accepted the extended timeline set forth by the EBA, which would mean: (i) a collection and preliminary analysis of data (interim report) by December; and (ii) the delivery of the complete analysis and final report by July 2020.

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#### **ESMA updates MiFID II Q&As on transparency topics**

On 3 June, ESMA published an updated version of its Q&As on transparency topics under MiFID II and MiFIR. The updated Q&As provide clarification on: (i) the mandatory systematic internaliser (SI) regime; (ii) the voluntary SI regime; and (iii) the quoting obligation for SI in non-TOTV (Trading On a Trading Venue in the EU) instruments. In addition, ESMA has deleted two existing Q&As on the double volume cap mechanism. ESMA will continue to develop these Q&As in the coming months and will review and update them where required.

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#### **ESMA launches common supervisory action on MiFID II appropriateness rules**

On 3 June, ESMA published a press release announcing the launch of a common supervisory action (CSA) with NCAs relating to the appropriateness requirements under MiFID II. The correct application of the MiFID II requirements on the assessment of appropriateness is key to ensuring the protection of investors in the case of transactions that are not accompanied by investment advice. This initiative, and the related sharing of practices across NCAs, aims to help ensure consistent implementation and application of EU rules and

enhance the protection of investors as well as improve the mutual understanding of supervisory approaches by NCAs, in line with ESMA objectives.

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### **ESMA supervisory briefing on MiFIR pre-trade transparency requirements in commodity derivatives**

On 3 June, ESMA published a supervisory briefing on ensuring compliance with the pre-trade transparency requirements in commodity derivatives set out in MiFIR. The objective of this supervisory briefing is to increase supervisory convergence among CAs and provide a common timetable for the enforcement of the pre-trade transparency regime for negotiated trades in non-equity instruments, with particular regard to commodity derivatives, with the overarching objective of ensuring a level playing field across relevant trading venues. From June 2020, ESMA will review at regular intervals the application of the supervisory briefing and supervisory measures taken by competent authorities.

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### **EMMI adopts EONIA methodology changes**

On 31 May, the administrator of EONIA, the European Money Market Institute (EMMI), published feedback from the Euro risk-free rates working group on recommendations for EONIA in order to guarantee the continued publication of EONIA during the interim period until market participants have made arrangements to smoothly transition to the new €STR rate. EMMI confirmed it would adopt the new methodology for calculating EONIA which will take effect on 2 October 2019. From this date onward, EONIA will be calculated as the €STR plus a spread.

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## **PAYMENT SERVICES AND PAYMENT SYSTEMS**

### **CP19/5: Review of the structure of LINK interchange fees: Call for views**

On 6 June, the Payment Systems Regulator published a consultation paper calling for views on its review of the structure of LINK interchange fees. The discussion paper focuses on the LINK interchange fee structure, which has a significant impact on the incentives for providing ATM services around the UK. The interchange fee structure is one important factor affecting the geographic and socio-economic distribution of free-to-use ATMs. The focus of the paper is on the structure of interchange fees and not on the precise level of interchange fees. The consultation paper aims to prompt discussion and to seek views on whether the current way that banks are charged when their customers withdraw money from free-to-use ATMs is appropriate or could be improved. The deadline for responding to the discussion paper is 5 July.

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### **CPMI-IOSCO: discussion paper on CCP default management auctions**

On 5 June, the CPMI and IOSCO published a discussion paper on CCP default management auctions. The purpose of the discussion paper is to facilitate the sharing of existing practices and views on default management auctions and to advance industry efforts and foster dialogue on the key concepts, processes and operational aspects used by CCPs in planning and executing default management auctions. The paper presents a number of questions and invites comments on the benefits and challenges of various approaches, as well as potential ways to overcome such challenges. The discussion in the paper reflects the current practices at one or more CCPs and identifies the types of factors that one or more CCPs take into account when planning and conducting default management auctions. The deadline for responding to the discussion paper is 9 August.

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### **FCA backs transition period on strong customer authentication rules**

On 31 May, the FCA wrote to industry groups and acknowledged widespread concerns that the industry has had insufficient time to prepare for the new SCA rules that are due to take effect across the EU on 14 September. The FCA has told UK Finance (UKF), an industry group representing the banking and payments sector, to formalise proposals on how to address gaps in current readiness. UKF already proposed an 18-month transition period to the FCA. In a draft proposal dated 13 May, UKF proposed that reviews of readiness should take place in September of this year, March 2020 and September 2020, before “active supervision” begins in March 2021. (UKF notes that its roadmap was designed with the UK landscape in mind but due to the cross-border nature of payments, it strongly believes this issue requires an EU-wide solution. While it remains unknown whether UKF’s timeline will be accepted in full by the FCA, Friday’s statement marks the FCA’s first public announcement in which it has supported a transition period on SCA rules.

## **PRUDENTIAL REGULATION**

### **PRA annual report for 2019**

On 6 June, the PRA published its annual report for the year ended 28 February. Inter alia, the report contains a review of the PRA's activities in 2018-19 as directed by the PRA's business plan for that year and the work it completed over the year in pursuit of its strategic goals for 2018/19. Key points of interest in the report include: (i) enforcement - at the start of 2018-19, the PRA had six open cases comprising investigations into firms at two PRA-authorized groups and 13 individuals. In the financial year 2018/19, it opened eight new cases. These comprised investigations into eight PRA-authorized groups and six connected senior individuals. As at 28 February, the PRA had 12 open cases, comprising investigations into firms at nine PRA-authorized groups and 12 individuals. These cover the full spectrum of PRA-authorized firms and the individuals who run them from Category 1 to 5 firms across a range of industry sectors including insurers, banks, and credit unions; (ii) PRA's complaints scheme - during the reporting period, the PRA received four formal complaints. Three of those complaints were excluded as the subject matter was not within the scope of the scheme. The remaining complaint was not upheld; and (iii) section 166 reports - in 2018-19, the PRA used the section 166 tool 17 times and it commissioned nine reviews where it contracted directly with the skilled person. The deadline for responding to the annual report is 13 September.

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### **Commission Implementing Regulation amending ITS on supervisory disclosure under CRD IV published in OJ**

On 5 June, Commission Implementing Regulation (EU) 2019/912 was published in the OJ. The Regulation amends Implementing Regulation (EU) No 650/2014 which specifies the format, structure, contents list and annual publication date of the information to be published by competent authorities in accordance with Article 143 of Directive 2013/36/EU. The purpose of this amending Regulation is to update the information published by competent authorities to ensure consistency with changes that have been made to the framework for prudential supervision of institutions. The EBA conducted open public consultations on the draft ITS on which the Regulation is based, analysed the potential related costs and benefits, and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the EP and of the Council of the EU. The Regulation will enter into force on the 20th day following its publication in the OJ.

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### **Council of EU progress report on banking union: June 2019**

On 5 June, the Council of the EU published a progress report on the work regarding the strengthening of the banking union. The progress report has been prepared under the responsibility of the Romanian Presidency taking into account views expressed by delegations and calls for a written record of progress. The report addresses the following: (i) the banking package; (ii) measures to tackle non-performing loans; and (iii) a European Deposit Insurance Scheme proposal. The Finnish Presidency is invited to build on the progress when it takes over the Presidency and continues to work towards strengthening the banking union.

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### **FSB report on work addressing cryptoasset risks**

On 31 May, the FSB published a report on cryptoassets, which considers the global work underway on regulatory and supervisory approaches to cryptoassets and the identification of potential gaps. Section 2 of the report provides an update of work related to crypto-assets underway at the international organisations – for example, the BCBS' work on the prudential treatment of cryptoassets and the FSB's focus on the impact on financial stability. Section 3 of the report identifies the potential regulatory gaps and acknowledges the role rapid technological evolution of crypto-asset markets has in gaps arising. The FSB recommends that the G20 keep the topic of regulatory approaches and potential gaps, including the question of whether more coordination is needed, under review.

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## **RECOVERY AND RESOLUTION**

### **FSB discussion paper on public disclosures on resolution planning and resolvability**

On 3 June, the FSB published a discussion paper on public disclosures on resolution planning and resolvability. This discussion paper draws on current practices regarding the disclosure of general information by authorities (Section I) and firm-specific information by both authorities and firms (Section II) on

resolution regimes and resolution planning. It is seeking feedback on the merits of such disclosures and ways to enhance further disclosure practices. The deadline for responding to the discussion paper is 2 August.

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## **SUSTAINABLE FINANCE**

### **IOSCO report on sustainable finance in emerging markets and role of securities regulators**

On 5 June, IOSCO published a report by its Growth and Emerging Market Committee (GEMC) on emerging markets and the role of regulators in their efforts relating to sustainable finance. Based on the GEMC analysis and discussions with market participants during a GEMC Dialogue on Sustainable Finance in Capital Markets (Dialogue) in London (July 2018), this report sets forth a set of ten recommendations that member jurisdictions should consider when issuing regulations or guidance regarding sustainable instruments and additional disclosure requirements of ESG-specific risks. The recommendations fall into the following categories: (i) integration by issuers and regulated entities of ESG-specific issues in their overall risk assessment and governance; (ii) integration by the institutional investors of ESG-specific issues into their investment analysis, strategies and overall governance; (iii) ESG-specific disclosures, reporting and data quality; (iv) definition and taxonomy of sustainable instruments; (v) specific requirements regarding sustainable instruments; and (vi) building capacity and expertise for ESG issues. The GEMC encourages its members to consider implementation of this guidance in the context of their legal and regulatory framework, given the significance of the associated risks and opportunities.

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### **Decarbonisation of the UK economy and green finance inquiry**

On 5 June, the Treasury Committee launched an inquiry into the decarbonisation of the UK economy and green finance. The Committee will scrutinise the role of HMT, regulators and financial services firms in supporting the government's climate change commitments. It will also examine the economic potential of decarbonisation for the UK economy in terms of job creation and growth. The inquiry will cover: (i) the economic opportunity that decarbonisation presents for the UK, and the potential of the green finance sector; (ii) HMT's strategy in facilitating clean growth and its response to the Committee on Climate Change's net-zero recommendations; (iii) the role of the Spending Review in facilitating net-zero; (iv) the role that financial services firms are currently playing in financing the transition; and (v) the 'green' financial product landscape and their associated regulatory environment. The deadline for responding to the inquiry is 26 July.

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## **OTHER DEVELOPMENTS**

### **Final report by the Complaints Commissioner: FCA handling of fraud-allegation complaints**

On 4 June, the Office of the Complaints Commissioner published a final report regarding a complaint about the FCA's handling of concerns about an authorised firm allegedly making inappropriate investments and one of its directors being involved in fraudulent activity. The Commission decided to uphold the complaint and made the following recommendations to the FCA: (i) it should consider whether to revise its guidance for whistleblowers; and (ii) it should work to ensure its customer contract centre (CCC) is adequately resourced in order to appropriately prioritise the information it receives. In response, the FCA accepted these recommendations.

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