

Financial Regulatory Developments Focus

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

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

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Bank Prudential Regulation & Regulatory Capital

US Federal Deposit Insurance Corporation Holds Meeting of the Systemic Resolution Advisory Committee

On April 14, 2016, the US Federal Deposit Insurance Corporation's Systemic Resolution Advisory Committee held a meeting to discuss the latest updates and advice on issues related to the resolution of systemically important financial companies pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act. At the meeting, the committee covered topics including, the "living will" updates, orderly liquidation updates, and developments in resolution planning in the European Union.

The agenda for the Systemic Resolution Advisory Committee meeting is available at:

https://www.fdic.gov/about/srac/2016/2016-04-14_agenda.html.

US Treasury Department's Office of Financial Research Releases Brief Regarding Global Systemically Important Banks

On April 13, 2016, the US Treasury Department's Office of Financial Research published a paper analyzing data on global systemically important banks, based on data released in 2013 and 2014 by the Basel Committee on Banking Supervision. The OFR research report analyzed data regarding 30 banks across the world identified by the Basel Committee as G-SIBs, including eight US bank holding companies. The analysis found, among other things, an increase in the systemic importance scores by Chinese banks, while the systemic importance scores of US G-SIBs generally reflected little change and continued to be among the highest amongst global banks.

The full text of the OFR report is available at: https://financialresearch.gov/briefs/files/OFRbr_2016-03_Systemic-Importance-Data-Shed-Light-on-Global-Banking-Risks.pdf.

US Government Accountability Office Issues Report on Resolution Plan Review Process by US Regulators

On April 12, 2016, the US Government Accountability Office issued a report on the resolution plan review processes developed by the US Federal Deposit Insurance Corporation and the US Board of Governors of the Federal Reserve System. The report found that, although the resolution plan rule has improved the resolvability of large systemically important financial companies in the United States, the lack of transparency by US regulators regarding how the regulators assess and review plans could undermine public and market confidence in resolution plans.

Along with these findings, the GAO report issued a series of recommendations to improve the resolution review process. Among other recommendations, the GAO report encouraged the FDIC and Federal Reserve to publicly disclose information about their respective processes for assessing the credibility of resolution plans and revising the resolution plan rule's filing requirements in order to provide companies with more time to respond to feedback and guidance from the regulators on their resolution plans.

The full text of the GAO report is available at: <http://www.gao.gov/assets/680/676497.pdf>.

US Federal Deposit Insurance Corporation Vice Chairman Issues Global Capital Index Update

On April 12, 2016, FDIC Vice Chairman Thomas Hoenig issued the semi-annual update of the Global Capital Index, an index showing the capital ratios for global systemically important banks. Upon release of the update, Vice Chairman Hoenig noted that the loss-absorbing tangible capital levels of the largest US banks are increasing relative to their foreign counterparts. Vice Chairman Hoenig emphasized however that, although the update indicated the overall health of US banks, compared to foreign banks, progress must still continue to a point where banks maintain sufficient levels of tangible capital to effectively move the cost of downside risk from the public to the firms.

The updated Global Capital Index is available at:

<https://www.fdic.gov/about/learn/board/hoenig/capitalizationratios4q15.pdf>.

European Banking Authority Reports on Supervisory Best Practices for Securitization

On April 12, 2016, the European Banking Authority published a report on supervisory measures taken by national regulators in 2014 on compliance by credit institutions and investments firms with securitization risk retention, due diligence and disclosure requirements under the Capital Requirements Regulation. The EBA is required to assess regulators' measures to ensure compliance. The report notes that firms are generally undertaking actions to comply with the requirements. Since the introduction of the requirements under the Capital Requirements Directive II in 2011, ten firms have been deemed non-compliant, with one firm receiving a sanction of an additional risk weight. The report provides analysis of how the EBA's recommendations on regulation of risk retention rules, due diligence and disclosure in the EU, as specified in a 2014 EBA report, have been taken on board in the legislative proposals for the new securitization framework issued by the European Commission as part of its Capital Markets Union initiative. In 2014, the EBA recommended, amongst others, the implementation of a complementary direct approach to risk retention by putting the onus on originators, sponsors and original lenders and removing the indirect approach, which placed the onus on investors to check that a transaction complies with risk retention and reporting rules. The EBA also recommended that other than the five forms of risk retention already available (vertical slice, first loss tranche, seller's share, on balance sheet/randomly selected exposures and first loss exposure in each asset) no other forms should be considered. The EBA found that all of the measures recommended were largely taken on board by regulators. The EBA concludes that best practices should be applied in a proportionate way to ensure proper supervision of firms and adequate assessment of compliance with current securitization, risk retention, due diligence and disclosure rules.

The report is available at: <http://www.eba.europa.eu/documents/10180/1359456/EBA-OP-2016-06+Report+on+Securitisati+on+Risk+Retention+Due+Diligence+and+Disclosure.pdf>.

Competition

Interim Report on Investment and Corporate Banking Market Study Published by Financial Conduct Authority

On April 13, 2016, the Financial Conduct Authority published its interim report on the investment and corporate banking market study, which includes proposed remedies to the deficiencies identified. The FCA proposals include removing the practice of banks using contractual clauses to restrict client choice, reducing barriers to entry for non-universal banks without undermining the efficiency benefits of cross-selling and improving the credibility of league tables for investment and corporate banking. The FCA also intends to investigate further whether individual banks whether there are any issues in conflicts management in the allocation of Initial Public Offerings.

The FCA also published a discussion paper on the availability of information in the Initial Public Offer process for UK equities. The FCA's view is that diverse and independent information is not available early enough in the IPO process. To address this issue, the FCA is proposing to amend the order in which the approved prospectus and connected research is made available to investors and to ensure that analysts from firms not supporting the IPO are provided with access to the issuer's management.

The FCA requests views on the interim report and proposed remedies by May 25, 2016. The final report is expected in Q2 or Q3 this year, and will be accompanied by a consultation on any further steps the FCA proposes to take. Responses to the discussion paper are due by July 13, 2016. The FCA will publish feedback once it has analyzed responses and consult further if it decides that policy action is required.

The interim report is available at: <http://www.fca.org.uk/news/investment-and-corporate-banking-market-study>

The discussion paper is available at: <http://www.fca.org.uk/static/documents/discussion-papers/dp16-3.pdf>.

Consultation on Guidelines for Prudential Treatment of Problem Assets

On April 14, 2016, the Basel Committee on Banking Supervision published a consultation document on guidelines for the prudential treatment of problem assets focusing on credit categorization definitions. In the context of the financial crisis, the Basel Committee noted that credit categorization terms used by firms were not always clear and made it difficult to compare financial information. This contributed to increased uncertainty at the height of the crisis and undermined investor ability to assess bank performance and risk. Credit risk categorization is a tool used by banks when assessing the solvency and riskiness of banks' credit risk exposures. A Basel Committee task force determined that the two most important definitions for harmonization were "non-performing exposures" and "forbearance". The Basel Committee has developed guidelines for the two definitions, built on commonalities in existing definitions, with the aim of providing clarity and guidance on qualitative and quantitative criteria for credit categorization. The definition non-performing exposure applies to exposures related to both on-balance sheet loans (e.g., debt securities and other amounts due that a bank includes in its banking book) and off-balance sheet items (e.g., loan commitments and financial guarantees). The Basel Committee listed the following as non-performing exposures: (i) all exposures "defaulted" under the Basel framework; or (ii) all exposures impaired (exposures that have experienced a downward adjustment to their valuation due to deterioration of their creditworthiness); or (iii) all other exposures not defaulted or impaired but that are more than 90 days past due or where there is evidence to suggest that full repayment is unlikely without collateral regardless of the number of days past due.

The Basel Committee proposes that "forbearance" occurs when a counterparty is experiencing financial difficulty in meeting its financial commitments and a bank grants a concession that it would not otherwise consider, irrespective of whether the concession is at the discretion of the bank and/or the counterparty. There is now guidance as to the scope of concessions included in the definition of forbearance, including concessions extended to any exposure in the form of a loan, a debt, security or an off-balance sheet item (e.g., loan commitments or financial guarantees) due to the financial difficulties of the counterparty. The guidance also states that when determining cases of forbearance, banks should first determine if the counterparty is experiencing any financial difficulty. Even where there is no evidence to indicate that there are any amounts in arrears, other evidence of financial difficulty could include where a counterparty is currently past due on any of its material exposures, or despite not being past due, it is probable that the counterparty will become past due on its material exposures in the material future. The Basel Committee aims for the definitions to assist in the creation of benchmarks for, amongst others, supervisory asset quality monitoring, management internal credit categorization systems for credit risk management purposes and dissemination of data for asset quality indicators. Responses to the consultation are due by July 15, 2016.

The consultation paper is available at: <http://www.bis.org/bcbs/publ/d367.pdf>

Consumer Protection

US Court of Appeals for the Ninth Circuit Upholds CFPB Director's Authority to Sue

On April 14, 2016, a divided US Court of Appeals for the Ninth Circuit ruled that the Director of the US Consumer Financial Protection Bureau had the authority and standing to bring a civil enforcement claim against a California attorney and provider of home loan modification services. The decision addressed the issue of whether Director Cordray was authorized to act during the period following his recess appointment as director of the CFPB, but prior to the Senate's confirmation of his appointment. In the majority opinion, the court stated that Director Cordray was empowered to bring actions in federal court to enforce certain consumer protection statutes and regulations notwithstanding any deficiency in Director Cordray's appointment process, and further, that the subsequent ratification of Director Cordray's appointment by the Senate cured any such deficiencies.

The full text of the Ninth Circuit opinion is available at: <https://cdn.ca9.uscourts.gov/datastore/opinions/2016/04/14/13-56484.pdf>.

Derivatives

US Securities and Exchange Commission Adopts Final Rules Implementing Business Conduct Standards for Security-Based Swap Deals and Major Security-Based Swap Participants

On April 15, 2016, the US Securities and Exchange Commission, in its ongoing effort to regulate the over-the-counter security-based swap markets, adopted final rules under Title VII of the Dodd-Frank Act implementing comprehensive business conduct standards and chief compliance officer requirements for security-based swap dealers and major security-based swap participants (collectively, security-based swap entities). As a general matter, the SEC's final rules impose upon security-based swap entities (i) an obligation to facilitate informed customer decision-making, (ii) requirements to enhance transparency with customers and (iii) supervision and chief compliance officer requirements, among other enhanced professional standards of conduct. The rules also address their cross-border application and the availability of substituted compliance.

The final rules become effective 60 days after publication in the Federal Register. The compliance date for the customer protection rules will be based on the compliance date of the registration rules for security-based swap dealers and major security-based swap participants.

The full text of the SEC final rules is available at: <https://www.sec.gov/rules/final/2016/34-77617.pdf>.

European Securities and Markets Authority Opines on Exemptions from the Clearing Obligation for Pension Schemes

On April 13, 2016, the European Securities and Markets Authority published Opinions, dated April 7, 2016, on certain Denmark-based pension schemes that are to be exempted from the clearing obligation under the European Market Infrastructure Regulation. The Opinions were requested by Finanstilsynet and relate to three different kinds of pension schemes, Life insurer occupational schemes, Labour market related life insurer and Multi employer pension fund. Transitional exemptions from the clearing obligation can be granted to pension scheme arrangements that meet certain criteria, essentially, when OTC derivatives contracts are entered into and are used for hedging purposes. To obtain an exemption, requests must be made by the pension scheme to a national regulator. Under EMIR, the national regulator must seek an Opinion from ESMA before making a final exemption decision. ESMA, in turn, must consult with the European Insurance and Occupational Pensions Authority before issuing its Opinion. This follows the extension of the transitional exemption period for pension funds from the clearing obligation to August 16, 2017 which is the revised date by which pension funds must comply with the EU clearing obligation under EMIR.

ESMA's Opinions are available at: <https://www.esma.europa.eu/press-news/esma-news/esma-issues-opinions-dk-pension-schemes-be-exempt-central-clearing-under-emir>.

International Swaps and Derivatives Association publishes Margin-Rule-Compliant Collateral Document

On April 14, 2016, the International Swaps and Derivatives Association published a new Credit Support Annex for Variation Margin. The CSA will assist parties to negotiate collateral terms that comply with variation margin requirements under new margin requirements for non-cleared derivatives developed by the Basel Committee on Banking Supervision and the International Organization of Securities Commissions. These standards are proposed for effectiveness from September 1, 2016, phased in according to counterparty type. ISDA noted that it will publish more documents of this nature to assist parties in negotiating collateral terms that comply with the variation margin requirements for uncleared swaps in the US, Europe and Japan.

The ISDA announcement is available at: <http://www2.isda.org/news/isda-publishes-margin-rule-compliant-collateral-document>.

International Swaps and Derivatives Association Publishes Updated Asset Classification Letter

On April 13, 2016, the ISDA published an updated ISDA European Markets Infrastructure Regulation Classification Letter. The purpose of the Classification Letter is to assist market participants in their management of regulatory obligations under the EMIR. The obligations imposed by EMIR differ depending on the counterparties to each transaction. The Classification Letter sets out a number of questions that derivative counterparties can reply to and send to their counterparty in order to allow their counterparty to determine their status under EMIR taxonomy. The letter not only provides a means by which entities can make known their own classification, but also gain access to other entities' classifications according to the EMIR taxonomy. The letter has been updated to take into account the forthcoming clearing obligation for interest rate swaps which will be phased in from September 1, 2016, and the credit default swaps clearing obligation which comes into force on April 19, 2016, and is subject to approval by the European Parliament and Council of the European Union.

The classification letter is available at: <http://assets.isda.org/media/6b3143db-2/7773c651.doc>.

The explanatory memorandum is available at: <http://assets.isda.org/media/6b3143db-2/9fa1be3f-pdf/>.

Enforcement

UK Regulator Bans Former LIBOR Trader from UK Financial Services Industry

On April 14, 2016, the FCA published a decision notice banning Mr. Arif Hussein from the UK financial services industry. The FCA found Mr. Hussein not to be a fit and proper person to carry out the functions of a trader or of any regulated financial activity. The finding was based on the actions of Mr. Hussein during his employment as a derivatives trader at UBS in regard to submissions made to the London Interbank Offered Rate market. LIBOR is a benchmark rate and the FCA views LIBOR as fundamental to the operation of both the UK and international financial markets in interest rate derivatives contracts. Between January 28 and March 19, 2009, Mr. Hussein requested GBP Trader-Submitters to make LIBOR submissions to benefit the Trading Position of UBS. The FCA considered these actions to be reckless. The FCA noted that Mr. Hussein knew that he should not make LIBOR submissions for the benefit of trading-positions. The FCA found that Mr. Hussein's conduct threatened confidence in the integrity of the UK financial system and could have caused significant hardship to other market participants.

The decision notice is available at: <http://www.fca.org.uk/static/documents/decision-notices/arif-hussein.pdf>.

UK Regulators Proposals to Enhance Their Enforcement Decision-Making Processes

On April 14, 2016, the FCA and Prudential Regulation Authority published a joint consultation paper on proposals to implement certain aspects of the recommendations set out in HM Treasury's Review of Enforcement Decision-making at the Financial Services Regulators (known as the Enforcement Review), published in December 2014, and the report by Andrew Green QC in the enforcement actions following the failure of HBOS (known as the Green Report), published in November 2015. The Enforcement Review and the Green Report made three overlapping recommendations about the regulator's decision-making processes covering pre-referral decision-making, communication and cooperation between and within the regulators and providing information about an investigation to the subject of investigation. The consultation sets out how the FCA and PRA intend to implement those recommendations. The PRA will consult later this year on the settlement and contested decision-making recommendations once the Bank of England and Financial Services Bill is finalized. In addition, the FCA is also consulting on related amendments to its Enforcement Guide and the Decision Procedure and Penalties Manual.

The consultation is open until July 14, 2016. The regulators intend to publish a policy statement later this year in response to feedback received.

The consultation paper is available at:

<http://www.bankofengland.co.uk/prd/Documents/publications/cp/2016/cp1416.pdf>

The enforcement review is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/389063/enforcement_review_response_final.pdf

The Green Report is available at: <http://www.bankofengland.co.uk/prd/Documents/publications/reports/agreenreport.pdf>

Former LIBOR Trader Banned and Censured by UK Conduct Regulator

On April 12, 2016, the FCA announced that it had banned former LIBOR trader Paul White from performing any financial regulated activity and publicly censured him. The FCA found that Mr. White was “knowingly concerned” in RBS’s breach of the principle requiring firms to observe proper standards of market conduct and that he lacked the requisite fitness and propriety required of a person responsible for benchmark submissions. Mr. White was the Japanese Yen and Swiss Franc LIBOR submitter at the Royal Bank of Scotland between March 8, 2007 and November 24, 2010. During that time Mr. White received requests from RBS JPY and CHF derivatives traders and external JPY derivatives traders requesting submissions that would benefit their trading positions and took those requests into account when submitting the RBS JPY and CHF LIBOR rates to the British Bankers Association (the former administrator of LIBOR). The FCA issued a warning notice to Mr. White in 2014 but its proceedings were suspended pending the Serious Fraud Office’s criminal investigation into individuals who had formerly been employed at RBS. The SFO announced in early March this year that it was closing its FX LIBOR investigation on the basis that there was insufficient evidence to bring a prosecution.

The FCA’s Final Notice is available at: <http://www.fca.org.uk/static/documents/final-notice/paul-white.pdf>

Financial Crime

European Securities and Markets Authority Announce First EU-wide Stress Tests for EU CCPs

On April 14, 2016, the ESMA announced it will publish its first EU-wide stress tests for EU Central Counterparties. Under the European Markets Infrastructure Regulation ESMA is mandated to conduct stress tests for CCPs. The stress test will evaluate the resilience and safety of the European CCP sector and identify any vulnerabilities. The focus of the exercise is to test counterparty credit risk that CCPs would face in the event of multiple clearing member default combined with simultaneous market price shocks. The results of the stress test will be published on an anonymized and aggregated basis on April 29, 2016.

The announcement is available at: https://www.esma.europa.eu/sites/default/files/library/2016-625_esma_announces_eu-wide_stress_tests_for_ccps_1.pdf

European Banking Authority Opinion on Customer Due Diligence for Asylum Seekers

On April 12, 2016, the EBA published an Opinion on the application of customer due diligence measures to customers who are asylum seekers from higher-risk third countries or territories. The Opinion, addressed to national EU regulators, outlines the EBA’s view on the application of customer due diligence measures by credit and financing institutions when entering into a business relationship with customers who are asylum seekers from higher-risk third countries. Firms are required under the EU’s anti money laundering legislation (to be transposed into national law by June 27, 2017) to prevent financial systems being exploited for the purpose of money laundering or terrorist financing. The Opinion outlines how financial institutions can achieve a balance in providing asylum seekers from higher-risk third countries with access to financial services whilst complying with EU anti-money laundering and counter-terrorist financing requirements. Before entering into a business relationship, firms are required to apply customer due diligence measures to know who their customers are. Asylum seekers are issued with official identity documents by an EU

member state which confirms their status and right to reside in that EU member state. The EBA's view is that such identification should, subject to certain criteria being met, fulfill the specific CDD verification requirements. However, such documentation varies across member states and even within a member state. The EBA urges national regulators to work with the authorities to provide guidance to financial institutions. The Opinion also outlines the EBA's views on measures to mitigate money laundering and terrorist financing risks, such as (i) the removal of customer access to creditor overdraft facilities; and (ii) monthly turnover limits and limits on the amount a person can transfer to another person. The EBA concluded that regulators face complex challenges following the recent influx of asylum seekers. However, the legal framework in the European Union is adequately flexible to allow financial inclusion for asylum seekers whilst accommodating government demands for AML and CTF risk management.

The EBA's Opinion is available at: <http://www.eba.europa.eu/documents/10180/1359456/EBA-Op-2016-07+28Opinion+on+Customer+Due+Diligence+on+Asylum+Seekers%29.pdf>

Financial Market Infrastructure

Bank of England to Take Up Benchmark Administrator Role

On April 13, 2016, the BoE announced that effective April 25, 2016, it would become the administrator of the Sterling Overnight Index Average interest rate benchmark. SONIA provides bank and building societies' overnight funding rates in the sterling unsecured market. It is designated as a specified benchmark under UK legislation. The Wholesale Market Brokers' Association is currently the administrator of SONIA and is regulated by the FCA. Under the new arrangements, the WMBA will be the calculation and publication agent for the SONIA benchmark, with the BoE assuming overall responsibility and providing governance and oversight. The BoE has been working to reform SONIA since March 2015 and intends to broaden the range of transactions supporting SONIA to include bilaterally negotiated and brokered transactions. The BoE's new money market data collection, announced in July 2015, will be used as the data source once it is properly established. The full transition is expected to be completed by Q2 2017.

The announcement is available at: <http://www.bankofengland.co.uk/publications/Pages/news/2016/046.aspx>.

Financial Services

Governor of the US Board of Governors of the Federal Reserve System Addresses Challenges of Distributed Ledger Technologies

On April 14, 2016, Federal Reserve Board Governor Lael Brainard, in a speech given at the Institute of International Finance Blockchain Roundtable, discussed the key challenges involved in the use of distributed ledger technologies in payment, clearing and settlement. In her comments, Governor Brainard discussed some key concerns inherent in distributed ledger technologies, including the challenge of balancing confidentiality and security of firm and client records with the effort to effectively manage access to transaction records for faster and more efficient clearance and settlement, and stressed the importance of fully understanding how different distributed ledger technologies interoperate with each other and with legacy systems.

The full text of Governor Brainard's speech is available at: <http://www.federalreserve.gov/newsevents/speech/brainard20160414a.htm>.

Financial Conduct Authority Publishes Results of Assessment of Behavior of High Frequency Traders

On April 15, 2016, the FCA published an Occasional Paper which assesses whether high frequency traders, on a systematic basis, foresee when trading orders are going to arrive at different trading venues and trade in advance of other traders by using their speed to their advantage. The FCA used a novel dataset with full order-book data on 120 stocks traded on lit venues in the UK in 2013. The results show that HFTs cannot systematically trade ahead of other market participants at a millisecond frequency but that HFTs are able to anticipate order flow over longer time periods

(seconds and tens of seconds). However, it is uncertain whether HFTs are able to react quicker to new information due to their lower latency, or are able to better anticipate order flow (because, for example, other market participants are predictable when placing orders).

The occasional paper is available at: <http://www.fca.org.uk/static/documents/occasional-papers/occasional-paper-16.pdf>.

Funds

European Securities and Markets Authority Opines on Principles for Loan Origination by Funds

On April 11, 2016, the ESMA published an Opinion setting out key principles for a European framework on loan origination by funds. The Opinion is in response to the European Commission's request that ESMA assist in developing points for its forthcoming consultation on an European framework. The potential framework is part of the Commission's Capital Markets Union Action Plan.

ESMA's Opinion includes the issues to be considered in the forthcoming consultation, including amongst others: (i) whether authorization of AIFs and/or their managers is necessary, including whether additional requirements to those already established under the Alternative Investment Funds Directive are necessary; (ii) whether the types of funds should be restricted to close-ended vehicles; (iii) whether transitional provisions are necessary should the new framework be more restrictive than the existing provisions in some EU Member States; (iv) the extent to which investment in loan originating funds should be open to retail investors and whether any protections should be applied when retail investors are involved; (v) the requirements on leverage, liquidity, stress testing and reporting; and (vi) whether the origination of loans should be limited to certain borrowers (e.g. excluding consumers) or specific borrowing purposes.

The Opinion does not cover loan origination by Alternative Investment Funds under the European Venture Capital Fund, European Social Entrepreneurs Fund and Long-Term Investment Funds Regulations. It also does not include loan participation or loan restructuring.

The Opinion is available at: <https://www.esma.europa.eu/press-news/esma-news/esma-publishes-opinion-eu-framework-loan-origination-investment-funds>.

People

Tracey McDermott to Leave the Financial Conduct Authority

On April 13, 2016, the FCA announced that acting Chief Executive Officer, Tracey McDermott, would leave the regulator on July 1, 2016. Andrew Bailey, currently Deputy Governor for Prudential Regulation at the Bank of England and Chief Executive Officer of the PRA, will take up the position of CEO of the FCA from July 1, 2016.

The announcement is available at: <http://www.fca.org.uk/news/tracey-mcdermott-to-leave-fca>.

Shadow Banking

Industry Associations Publish Format for Information Statement Under EU Securities Financing Transactions Regulation

On April 13, 2016, a form of information statement for usage by collateral takers was jointly published by five industry associations. This is aimed at facilitating compliance with disclosure requirements under the European Union's Securities Financing Transaction Regulation. The relevant industry associations are the Association for Financial Markets in Europe, the International Capital Market Association, the ISDA and the International Securities Lending Association. The SFTR will affect all existing and future title transfer and security collateral arrangements from July 13,

2016 and require disclosure to collateral providers where a collateral taker uses title transfer or has a right of use, with respect to a security financing transaction, such as a repo or margin loan. The purpose of the statement is to outline the general risks and consequences that may be involved in consenting to a right of use of collateral provided under a security collateral arrangement or of concluding title transfer arrangements.

The information statement is available at: <http://www.afme.eu/WorkArea/DownloadAsset.aspx?id=14049>

Upcoming Events

April 29, 2016: First Single Resolution Board Conference: Charting the Course—Making Bank Resolution Work.

April 21, 2016: US House Financial Services Committee hearing entitled: “Continued Oversight of the SEC’s Offices and Divisions.”

May 17, 2016: European Commission, public hearing on the EU regulatory framework for financial services, understanding the interactions and cumulative impact of legislation.

Upcoming Consultation Deadlines

May 2, 2016: FDIC/SEC Notice of Proposed Rulemaking on Covered Broker-Dealer Provisions under Title II of the Dodd-Frank Act.

May 3, 2016: FCA Consultation on Proposed Changes to Payment Accounts Regulation.

May 13, 2016: Federal Reserve Board Notice of Proposed Rulemaking on Risk-Based Capital Guidelines: Implementation of Capital Requirements for Global Systemically Important Bank Holding Companies.

May 16, 2016: PRA Consultation on Proposed Amendments to Rules on Contractual Recognition of Bail-in.

May 20, 2016: ESMA Consultation on Guidelines for Information on Commodity and Spot Markets under the Market Abuse Regulation.

May 26, 2016: FDIC Notice of Proposed Rulemaking on Recordkeeping for Timely Deposit Insurance Determination.

June 3, 2016: Federal Reserve Board Notice of Proposed Rulemaking on Single-Counterparty Credit Limits for Domestic and Foreign Bank Holding Companies.

June 3, 2016: Federal Reserve Board Notice for Proposed Agency Information Collection Activities regarding New Data Items for Regulatory Reporting by Foreign Banking Organizations.

June 14, 2016: European Commission Consultation on Harmonizing EU Insolvency Regimes Under its Capital Markets Union Action Plan.

June 22, 2016: EBA Consultation on Changes to Calculation of Interest Rate Risk on Capital Requirements.

June 29, 2016: PRA Consultation on Underwriting Standards for Buy-to-Let Mortgage Contracts.

July 13, 2016: FCA Report on Investment and Corporate Banking Strategy.

July 14, 2016: FCA and PRA Consultation on Proposed Implementation of the Enforcement Review and the Green Report.

July 15, 2016: Basel Committee on Banking Supervision Consultation on Guidelines for Prudential Treatment of Problem Assets.

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:

Contacts



BARNEY REYNOLDS
T: +44 20 7655 5528
barney_reynolds@shearman.com
London



REENA AGRAWAL SAHNI
T: +1 212 848 7324
reena.sahni@shearman.com
New York



RUSSELL D. SACKS
T: +1 212 848 7585
rsacks@shearman.com
New York



THOMAS DONEGAN
T: +44 20 7655 5566
thomas.donegan@shearman.com
London



DONNA M. PARISI
T: +1.212.848.7367
dparisi@shearman.com
New York



NATHAN J. GREENE
T: +1.212.848.4668
ngreene@shearman.com
New York



GEOFFREY B. GOLDMAN
T: +1.212.848.4867
geoffrey.goldman@shearman.com
New York



JOHN ADAMS
T: +44.20.7655.5740
john.adams@shearman.com
London

CHRISTINA BROCH
T: +1.202.508.8028
christina.broch@shearman.com
Washington, DC

TIMOTHY J. BYRNE
T: +1.212.848.7476
tim.byrne@shearman.com
New York

JAMES CAMPBELL
T: +44.20.7655.5570
james.campbell@shearman.com
London

AYSURIA CHANG
T: +44.20.7655.5792
aysuria.chang@shearman.com
London

UXSHELY CHOTAI
T: +44.20.7655.5569
uxshely.chotai@shearman.com
London

TOBIA CROFF
T: +39.02.0064.1509
tobia.croff@shearman.com
Milan

ANNA DOYLE
T: +44.20.7655.5978
anna.doyle@shearman.com
London

SYLVIA FAVRETTO
T: +1.202.508.8176
sylvia.favretto@shearman.com
Washington, DC

MAK JUDGE
T: +65.6230.8901
mak.judge@shearman.com
Singapore

HERVÉ LETRÉGUILLY
T: +33.1.53.89.71.30
hletreguilly@shearman.com
Paris

OLIVER LINCH
T: +44.20.7655.5715
oliver.linch@shearman.com
London

BEN MCMURDO
T: +44.20.7655.5906
ben.mcmurdo@shearman.com
London

JENNIFER D. MORTON
T: +1.212.848.5187
jennifer.morton@shearman.com
New York

BILL MURDIE
T: +44.20.7655.5149
bill.murdie@shearman.com
London

BRADLEY K. SABEL
T: +1.212.848.8410
bsabel@shearman.com
New York

JENNIFER SCOTT
T: +1.212.848.4573
jennifer.scott@shearman.com
New York

KOLJA STEHL
T: +49.69.9711.1623
T: +44.20.7655.5864
kolja.stehl@shearman.com
Frankfurt / London

ELLERINA TEO
T: +44.20.7655.5070
ellerina.teo@shearman.com
London

ABU DHABI | BEIJING | BRUSSELS | DUBAI | FRANKFURT | HONG KONG | LONDON | MENLO PARK | MILAN | NEW YORK | PARIS
ROME | SAN FRANCISCO | SÃO PAULO | SAUDI ARABIA* | SHANGHAI | SINGAPORE | TOKYO | TORONTO | WASHINGTON, DC

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