

# European Regulatory Timeline 2021

## Key regulatory developments impacting UK and European financial services firms

	Date in Force	Regulatory Development	Commentary
January 2021	1 January 2021	<b>Cryptoassets</b> FCA ban on derivatives and ETNs referencing certain types of cryptoassets.	The FCA is imposing a ban on the sale to retail clients of derivatives and exchange traded notes ("ETNs") referencing certain types of cryptoassets from 6 January 2021.
	1 January 2021	<b>Brexit</b> The Brexit transitional period ended on 31 December 2020, meaning that the UK is no longer part of the Single Market and European Customs Union.	Passporting under the various financial services passports between the UK and the EU has ended and the FCA's temporary permissions regime ("TPR") has now come into effect for those firms and funds that notified the FCA that they intend to opt in to this regime.
	7 January 2021	<b>SMCR</b> Firms in scope need to notify about changes to statements of responsibilities.	Firms to which the SMCR applies must notify the FCA about changes to statements of responsibilities, even if they reflect temporary arrangements that are a consequence of the COVID-19 pandemic.  Also, firms with approved persons will again be expected to notify the FCA of any temporary arrangements relating to controlled functions under the 12-week rule.
	10 January 2021	<b>Cryptoassets</b> Any cryptoasset business not registered under the MLR 2017 must cease trading.	Cryptoasset businesses not registered with FCA under Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("MLR 2017") must cease trading, unless they are eligible for the FCA's Temporary Registration Regime.
	11 January 2021	<b>Securities Financing Transactions Regulation ("SFTR")</b> Fourth phase of reporting to go live.	Fourth phase of reporting provisions for securities financing transactions for non-financial counterparties, to commence on 11 January 2021.
March 2021	10 March 2021	<b>EU - ESG</b> The EU Disclosure Regulation will apply for financial market participants and financial advisers.	Most of the provisions of the regulation on sustainability-related disclosures in the financial services sector ((EU) 2019/2088) (" <b>Disclosure Regulation</b> ") will start to apply.
	31 March 2021	<b>SMCR</b> FCA solo-regulated firms to have implemented the SMCR and undertaken the first fit and proper assessment.	FCA solo-regulated firms are required to complete fitness and propriety assessments and certify relevant employees, and train non-SMCR staff on the conduct rules by 31 March 2021.  Firms will also need to upload information into the FCA's new financial services directory by this date.
April 2021	30 April 2021	<b>SMCR</b> FCA solo-regulated firms and appointed using temporary arrangements in the light of COVID-19 must end.	End of modification by consent relating to COVID-19, which extends the maximum period FCA solo-regulated firms and appointed representatives can arrange cover for a senior manager without being approved, from 12 weeks to 36 weeks, in a consecutive 12-month period. The modification by consent will end on 30 April 2021.
June 2021	21 June 2021	<b>EU – Capital Requirements</b> Firms in scope will have to comply with the requirements of CRR II.	The remaining requirements of the regulation ((EU)2019/8760) amending the Capital Requirements Regulation as regards the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, counterparty credit risk, market risk, exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements ("CRR II") will apply.
	26 June 2021	<b>EU – Capital Requirements</b> Firms in scope will have to comply with the requirements of IFR.	The majority of requirements under the new EU prudential regime for investment firms based on the Investment Firms Regulation ((EU) 2019/2033) (" <b>IFR</b> ") will apply across EU Member States.  However, the implementation of the UK-specific implementation of the Investment Firms Prudential Regime (IFPR) has been delayed until January 2022.
	28 June 2021	<b>EU – Capital Requirements</b> Firms in scope will have to comply with the ESG disclosures of CRR II.	The ESG disclosure requirements under CRR II will apply.
August 2021	2 August 2021	<b>EU – Funds</b> Cross-border distribution of investment funds framework ("CBDF") to commence with new rules for pre-marketing and reverse solicitation.	Member states are required to apply measures implementing the Cross-border Distribution Directive and the main provisions of the Cross-border Distribution Regulation start to apply.

	Date in Force	Regulatory Development	Commentary
September 2021	14 September 2021	<p><b>FinTech &amp; Payments</b></p> <p>Firms providing e-commerce card transactions will be required to implement strong customer authentication.</p>	<p>The Payment Services Regulations 2017 (“PSRs”) sets out rules in relation to strong customer authentication (“SCA”), which are intended to enhance the security of payments and limit fraud during this authentication process.</p> <p>As part of this, e-commerce firms have until 14 September 2021 to implement SCA.</p>
December 2021	7 December 2021	<p><b>SMCR</b></p> <p>Benchmark administrators need to certify relevant employees.</p>	<p>Firms that carry on benchmark administration are required to complete fitness and propriety assessments and certify relevant employees by 7 December 2021.</p>
	31 December 2021	<p><b>LIBOR</b></p> <p>LIBOR cessation date.</p>	<p>All boards and senior managers to put in place the appropriate arrangements to identify their firms’ LIBOR exposures and ensure an orderly transition away from LIBOR, before this date. Even if a firm does not themselves provide, distribute or transact in products linked to LIBOR, it may have links to LIBOR in its systems or contractual relationships with other firms.</p>
January 2022	1 January 2022	<p><b>UK – Investment Firms Prudential Regime</b></p> <p>Firms in scope will need to comply with the IFPR.</p>	<p>The UK-specific IFPR will come into force and will need to be complied with by FCA-authorised investment firms.</p>
	1 January 2022	<p><b>EU ESG</b></p> <p>ESG disclosures regarding climate change mitigation and adaptation will need to be made by in-scope firms.</p>	<p>Certain disclosure requirements relating to the climate change mitigation and adaptation objectives under the Taxonomy Regulation (2020/852/EU) will start to apply.</p>

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