



## Financial Regulatory Developments Focus

In this week’s 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.

In this issue (please click on any title to go directly to the corresponding discussion):

|  |          |
|--|----------|
| <b>Bank Prudential Regulation &amp; Regulatory Capital</b> .....   | <b>2</b> |
| US Federal Reserve Board Proposal Requiring Banking Organizations to Include Legal Entity Identifiers on Reporting Documents .....   | 2        |
| Comptroller of the Currency Thomas Curry Testimony .....   | 2        |
| European Banking Authority Updates Periodic Risk Dashboard .....   | 2        |
| European Banking Authority Publishes Final Draft Implementing Technical Standards on Supervisory Reporting .....   | 2        |
| European Banking Authority Issues Consultation and Draft Guidelines on Limits on Exposures to Shadow Banking Entities .....  | 2        |
| European Central Bank Supervisory Board Code of Conduct Published in Official Journal of the European Union .....  | 3        |
| <b>Consumer Protection</b> .....   | <b>3</b> |
| Consumer Financial Protection Bureau Seeks Public Comment on Review of Credit Card Market .....  | 3        |
| HM Treasury Publishes Policy Paper on Competition and Choice in Banking .....  | 3        |
| HM Treasury Publishes Report on Digital Currency Standards .....   | 3        |
| <b>Credit Ratings</b> .....  | <b>4</b> |
| European Securities and Markets Authority Consults on Extension of Disclosure Requirements for Private and Bilateral Structured Finance Instruments Transactions .....   | 4        |
| European Securities and Markets Authority Publishes Guidelines on Credit Rating Agencies Reporting Requirements .....  | 4        |
| <b>Derivatives</b> .....   | <b>4</b> |
| The US Commodity Futures Trading Commission Approves Final Rule on Residual Interest Deadline for Futures Commission Merchants .....   | 4        |
| International Organization of Securities Commissions and Basel Committee on Banking Supervision Delay Phase-in Periods for Final Framework for Margin Requirements for Non-centrally Cleared Derivatives ..... | 4        |
| <b>Enforcement</b> .....   | <b>5</b> |
| UK Regulator Bans Former Trader Following LIBOR Related Conviction in US .....   | 5        |
| German Regulator Imposes Fine on BlackRock Investment Management .....   | 5        |
| <b>Financial Services</b> .....  | <b>5</b> |
| Agency for the Cooperation of Energy Regulators Updates Designated REMIT Website Portal .....  | 5        |
| European Securities and Markets Authority Publishes Report on Implementation of Automated Trading Guidelines .....   | 6        |
| UK Government Reports on Payment Systems Subject to Regulation under New Payment Systems Regulator .....   | 6        |
| UK Government Creates New Type of Regulated Activity in Relation to Advising on Pensions Benefits Transfers or Conversions .....   | 6        |
| UK Government Reports on Development of Application Programming Interface Standard .....   | 6        |
| Department for Business Innovation & Skills Issues Guidance on Whistleblowing .....  | 7        |
| UK Government and Regulator Issue Joint Consultation on Transparency Amending Directive .....  | 7        |
| UK Government Reports on Cyber Risk Insurance .....  | 7        |
| UK Regulator Publishes Final Rules on New Senior Managers and Certification Regime .....   | 7        |
| <b>People</b> .....  | <b>8</b> |
| Bank of England Announces Appointment of New General Counsel .....   | 8        |
| <b>Events</b> .....  | <b>8</b> |

## **Bank Prudential Regulation & Regulatory Capital**

### **US Federal Reserve Board Proposal Requiring Banking Organizations to Include Legal Entity Identifiers on Reporting Documents**

On March 16, 2015, the US Board of Governors of the Federal Reserve System announced a proposal requiring banking organizations to include their existing Legal Entity Identifiers on certain regulatory reporting forms as of June 30, 2015. The LEI is a unique reference code that enables easier identification of a firm's legal entities. Comments on the proposal are requested within 60 days of publication in the Federal Register.

The Proposal is available at: <http://www.federalreserve.gov/newsevents/press/bcreg/bcreg20150316a1.pdf>.

### **Comptroller of the Currency Thomas Curry Testimony**

On March 19, 2015, the Comptroller of the Currency discussed the Office of the Comptroller of the Currency's approach to adapting regulatory and supervisory expectations to the size and complexity of supervised institutions. His remarks were part of testimony before the US Senate Committee on Banking, Housing and Urban Affairs. His testimony provides a brief overview of the key provisions of Section 165 of Dodd-Frank Act as they apply to bank holding companies and how the OCC's supervisory and regulatory tools complement and support the objectives of these provisions. He also describes that the OCC has tailored its supervisory programs into three distinct portfolios—community banks, midsize banks, and large banks.

The oral statement and written testimony are available at: <http://www.occ.gov/news-issuances/congressional-testimony/2015/pub-test-2015-39-oral.pdf>; and <http://www.occ.gov/news-issuances/congressional-testimony/2015/pub-test-2015-39-written.pdf>.

### **European Banking Authority Updates Periodic Risk Dashboard**

On March 16, 2015, the European Banking Authority updated its periodic risk dashboard setting out the principal risks and vulnerabilities in the EU banking sector. The dashboard analyses the evolution of risk indicators among a sample of 55 banks across the EU. The dashboard shows that the capital position trends of EU banks are positive and that CET 1 ratios are at their highest levels since 2009. It also shows that levels of profitability tend to be unstable but that balance sheet structures are shifting towards lower loan-to-deposit ratios, and therefore less debt.

The risk dashboard is available at: <http://www.eba.europa.eu/risk-analysis-and-data/risk-dashboard>.

### **European Banking Authority Publishes Final Draft Implementing Technical Standards on Supervisory Reporting**

On March 18, 2015, the EBA published its final draft Implementing Technical Standards on supervisory reporting to amend the current ITS on supervisory reporting for institutions under the Capital Requirements Regulations. The draft ITS include minor amendments to several templates that are to be used by financial institutions in the supervisory reporting process as well as corrections to clerical errors and legal references. The ITS set out the standards that financial institutions must meet for the purposes of supervisory reporting.

The final draft ITS and annexes are available at: <http://www.eba.europa.eu/-/eba-issues-amended-technical-standards-on-supervisory-reporting-for-institutio-1>.

### **European Banking Authority Issues Consultation and Draft Guidelines on Limits on Exposures to Shadow Banking Entities**

On March 19, 2015, the EBA launched a consultation and published draft guidelines on setting limits on exposures to shadow banking entities which carry out activities outside of the regulated framework under the CRR. The guidelines set out the approaches that institutions should take to develop internal policies for monitoring and setting limits on individual and aggregate levels. The Principal Approach and the Fallback Approach for setting limits on exposures are set out in the guidelines. The Principal Approach proposes that institutions set an aggregate limit to exposures to the shadow banking sector in relation to the institution's eligible capital. If an institution is not able to apply the Principal Approach, due to, for example, holding insufficient information about the activities of shadow banking entities, the Fallback Approach should be used which would mean that a limit of 25% of the institution's eligible capital would be applied to its aggregate exposures to shadow banking entities. In addition, institutions would set tighter limits to individual exposures and should take into account matters such as the financial situation and regulatory status of the shadow banking entity, and whether the entity is vulnerable to asset price or credit quality volatility.

The draft guidelines also set out the proposed definitions that are to be used for terms that have not been defined or sufficiently defined in the CRR, such as “shadow banking entities”, “exposures to shadow banking entities”, “excluded undertakings” and “credit intermediation activities.” Comments on the consultation may be submitted until June 19, 2015.

The consultation paper and guidelines are available at: <http://www.eba.europa.eu/regulation-and-policy/large-exposures/guidelines-on-limits-on-exposures-to-shadow-banking>.

### **European Central Bank Supervisory Board Code of Conduct Published in Official Journal of the European Union**

On March 20, 2015, the Code of Conduct for the Members of the Supervisory Board of the European Central Bank was published in the Official Journal of the European Union. The code includes the basic principles that members of the board are to abide by, as well as rules on conflicts of interest, private financial transactions and wealth declarations. This follows on from the ECB’s new prudential supervisory role for banks in the Eurozone under the Single Supervisory Mechanism. The ECB assumed this new role in November 2014, and the SSM creates a new system of financial supervision, under which the ECB directly supervises 120 significant banking groups, and sets and monitors supervisory standards for other Eurozone banks by working more closely with national regulators. The code entered into force on March 21, 2015.

The code of conduct is available at: [http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=uriserv:OJ.C\\_.2015.093.01.0002.01.ENG](http://eur-lex.europa.eu/legal-content/EN/ALL/?uri=uriserv:OJ.C_.2015.093.01.0002.01.ENG).

## **Consumer Protection**

### **Consumer Financial Protection Bureau Seeks Public Comment on Review of Credit Card Market**

On March 17, 2015, the US Consumer Financial Protection Bureau announced a public inquiry on the status of the credit card market and the impact of credit card protections on consumers and issuers, including issues such as credit card terms, the use of consumer disclosures, credit card debt collection practices and rewards programs. This inquiry is being conducted pursuant to the Credit Card Accountability, Responsibility and Disclosure Act of 2009, which required that the CFPB conduct a review of the consumer credit market every two years. To assist with its inquiry, the CFPB is seeking public comment and information in connection with the credit card market and the impact that various credit card regulations have had on consumers. The CFPB will publish a public report of its findings with Congress on the state of the consumer credit card market. Results of the inquiry will also inform future CFPB regulations on the consumer credit card market.

The CFPB Request for Information is available at: [http://files.consumerfinance.gov/f/201503\\_cfpb\\_card-act-report-rfi.pdf](http://files.consumerfinance.gov/f/201503_cfpb_card-act-report-rfi.pdf).

### **HM Treasury Publishes Policy Paper on Competition and Choice in Banking**

On March 18, 2015, HM Treasury published a policy paper on competition and choice in banking, announcing a set of processes that aim to improve competition in the banking sector. The proposed plans include: (i) launching the “midata” initiative, which will allow bank customers to access their current account transaction data in a format that can be used to assess which account is best for them; (ii) applying legislation to prevent anti-money laundering relating to UK digital currency exchanges; and (iii) delivering an open standard for Application Programming Interfaces in UK banking, a framework making it easier for customers to determine if they can get a better deal with a different bank.

The policy paper is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/413885/Banking\\_for\\_the\\_21st\\_Century\\_17.03.19\\_40\\_FINAL.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413885/Banking_for_the_21st_Century_17.03.19_40_FINAL.pdf).

### **HM Treasury Publishes Report on Digital Currency Standards**

On March 18, 2015, HM Treasury published a report detailing the outcome to its call for information on digital currencies. The report states that UK Government intends to improve standards and clarity around digital payments, and the initiatives that it will undertake will include: (i) applying anti-money laundering regulations to digital currency exchanges; (ii) developing a set of standards to enhance consumer protection; and (iii) ensuring that law enforcement bodies are able to prosecute criminal activity and confiscate digital currency funds where transactions are carried out for criminal purposes.

The report is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/414040/digital\\_currencies\\_response\\_to\\_call\\_for\\_information\\_final\\_changes.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/414040/digital_currencies_response_to_call_for_information_final_changes.pdf).

## Credit Ratings

### European Securities and Markets Authority Consults on Extension of Disclosure Requirements for Private and Bilateral Structured Finance Instruments Transactions

On March 20, 2015, the European Securities and Markets Authority issued a call for evidence on the disclosure obligations required for Structured Finance Instruments under the Credit Ratings Agency Regulations and extending those requirements to private and bilateral SFI transactions. The call for evidence seeks to gather information on whether ESMA should make a distinction between private and bilateral transactions when considering the extension of the requirements, and if so, how the two terms should be defined. ESMA will then seek to ascertain whether the disclosure requirements can be used in their entirety for both private and bilateral SFI transactions or whether any additional issues should be taken into account to adapt the requirements to each type of transaction. An extension of the disclosure requirements would then be phased in for private and bilateral transactions. ESMA will analyze the evidence it has received to revise the current Regulatory Technical Standards under the Credit Ratings Agency Regulations. Comments on the consultation may be submitted until May 20, 2015.

The call for evidence is available at: <http://www.esma.europa.eu/consultation/Call-evidence-private-and-bilateral-SFIs>.

### European Securities and Markets Authority Publishes Guidelines on Credit Rating Agencies Reporting Requirements

On March 23, 2015, ESMA published a final report including guidelines on the periodic information that is to be submitted by Credit Rating Agencies to ESMA in the context of ESMA's ongoing supervision. The guidelines detail the kind of information that CRAs should regularly submit to ESMA on a quarterly, semi-annual and annual basis, so that ESMA can carry out its ongoing supervision of CRAs consistently. This includes information related to: (i) financial revenues and costs; (ii) staff turnover, vacancies and key promotions; and (iii) board minutes, court, arbitration and other dispute resolution proceedings. The guidelines will enter into force two months after they have been published on ESMA's website.

The guidelines are available at: <http://www.esma.europa.eu/content/Guidelines-periodic-information-be-submitted-ESMA-Credit-Rating-Agencies>.

## Derivatives

### The US Commodity Futures Trading Commission Approves Final Rule on Residual Interest Deadline for Futures Commission Merchants

On March 17, 2015, the US Commodity Futures Trading Commission approved a final rule amending CFTC Regulation 1.22 by removing December 31, 2018 as the automatic termination date of the phased-in compliance period for the Residual Interest Deadline for Futures Commission Merchants. Regulation 1.22 concerns the posting of collateral. In the event that a customer's account has insufficient margin, an FCM must commit its own capital—often referred to as “residual interest”—to make up the difference. Previously, the Residual Interest Deadline was set at 6pm Eastern Standard Time and would automatically occur, without any CFTC action or opportunity for public input. In November 2014, the CFTC proposed to amend the rule so that the Residual Interest Deadline would not occur earlier than 6pm without an affirmative CFTC action and an opportunity for public comment. The current action by the CFTC is to finalize this change.

The Final Rule is available at: <http://www.cftc.gov/ucm/groups/public/@newsroom/documents/file/federalregister031715.pdf>.

### International Organization of Securities Commissions and Basel Committee on Banking Supervision Delay Phase-in Periods for Final Framework for Margin Requirements for Non-centrally Cleared Derivatives

On March 18, 2015, the International Organization of Securities Commissions and the Basel Committee on Banking Supervision published a revised version of their policy framework regarding minimum standards for margin requirements for non-centrally cleared derivatives. The new framework contains several substantive changes from the previous policy framework published by BCBS and IOSCO in September 2013. The framework consists of key principles aimed to ensure harmonization across

jurisdictions. The requirements apply to financial firms and systemically important non-financial entities (“covered entities”), the definitions for which are left to national regulation. BCBS and IOSCO have no power to impose any mandatory requirements on regulatory authorities, but rather serve as a reference for national regulators as they adopt their respective margin regimes. The main revisions pertain to the phase in period for posting and collecting initial margin which has been delayed from December 1, 2015 to September 1, 2016. Additionally, the phase-in period for required variation margin, originally set to begin on December 1, 2015, will now begin on September 1, 2016 for covered entities belonging to a group whose aggregate month-end average notional amount of non-centrally cleared derivatives exceeds €3 trillion and March 1, 2017 for all other covered entities. There has currently been no formal statement from US or EU regulatory authorities regarding delay to implementation. The revised policy framework is available at: <http://www.bis.org/bcbs/publ/d317.pdf>

The summary of key revisions to the September 2013 policy framework is available at: [http://www.bis.org/bcbs/publ/d317\\_summarytable.pdf](http://www.bis.org/bcbs/publ/d317_summarytable.pdf)

## Enforcement

### UK Regulator Bans Former Trader Following LIBOR Related Conviction in US

On March 17, 2015, the Financial Conduct Authority issued a press release and final notice announcing that it has banned a former Rabobank trader, Paul Robson, from the UK financial services industry further to his guilty plea and criminal conviction in the US for fraud and conspiracy to manipulate Rabobank’s Yen LIBOR submissions. In January 2014 Mr Robson was criminally charged along with two others by the US Justice Department for wire fraud that took place between 2006 and 2011. Mr Robson’s sentencing is due to take place in June 2017.

The FCA’s press release and final notice are available at: <http://www.fca.org.uk/static/documents/final-notices/paul-robson.pdf> and <http://www.fca.org.uk/news/fca-bans-former-rabobank-trader-paul-robson-following-libor-fraud-conviction>.

### German Regulator Imposes Fine on BlackRock Investment Management

On March 20, 2015, the German Federal Financial Supervisory Authority issued a press release stating that it has imposed a fine of €3.25m on BlackRock Investment Management (UK) Ltd for publishing information late or incorrectly on its holdings of corporate voting rights and financial instruments. The inaccurate and late disclosures are deemed to have happened further to a misinterpretation of German disclosure rules and the German regulator stated that BlackRock had approached BaFin on the matter so that it could be rectified.

The press release is available at:

[http://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Meldung/2015/meldung\\_150320\\_bussgeld\\_blackrock\\_en.html](http://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Meldung/2015/meldung_150320_bussgeld_blackrock_en.html).

## Financial Services

### Agency for the Cooperation of Energy Regulators Updates Designated REMIT Website Portal

On March 17, 2015, the Agency for the Cooperation of Energy Regulators published the European register of market participants on its designated portal together with its list of standard contracts and the fourth edition of ACER’s REMIT Q&As. This is further to ACER finalizing its preparatory work on supporting documentation under REMIT, the EU Regulation that aims to prevent market manipulation and trading on inside information in the wholesale energy market, and more generally improves integrity in this market. On March 20, 2015, ACER also published a recommendation to the European Commission on wholesale energy derivative contracts that must be physically settled under Markets in Financial Instruments Directive II. ACER’s recommendation states that wholesale energy products that must be physically settled and that are in the scope of REMIT include futures, options on futures, options on swaps and any other type of derivative that must be physically settled. ACER also proposes, amongst other recommendations, that the Commission clarifies in its delegated acts that a wholesale energy derivative contract traded on an Organized Trading Facility must be physically settled if it cannot be settled in cash.

ACER’s designated REMIT portal, Q&As and recommendation are available at: <https://www.acer-remit.eu/portal/european-register>; <https://www.acer-remit.eu/portal/document-download?documentId=2703>; and



[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Recommendations/ACER%20Recommendation%2001-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2001-2015.pdf).

### **European Securities and Markets Authority Publishes Report on Implementation of Automated Trading Guidelines**

On March 18, 2015, ESMA published a report reviewing how national regulators across the EU have implemented its guidelines on automated trading. The guidelines aim to increase levels of supervision on automated trading activities. ESMA's review found that the majority of EU national regulators have integrated the guidelines into their supervisory practices. However, the report also identified areas for improvement such as the need for regulators to: (i) increase their IT expertise; (ii) allow sufficient resources to be available so that proper supervision can take place; and (iii) coordinate between themselves so that ring fencing programs can be set up to prevent cyber-attacks.

The report is available at: <http://www.esma.europa.eu/news/ESMA-sees-increased-convergence-automated-trading-supervision?t=326&o=home>.

### **UK Government Reports on Payment Systems Subject to Regulation under New Payment Systems Regulator**

On March 18, 2015, HM Treasury published a report detailing the outcome of its consultation on the criteria for the designation of payments for oversight by the Payment Systems Regulator. HM Treasury is responsible for designating the payment systems that will be subject to regulation and proposals in its consultation suggested the designation of seven payment systems: Bacs, CHAPS, Faster Payment Service, LINK, Cheque and Credit Clearing, Northern Ireland Cheque Clearing, MasterCard and Visa. HM Treasury confirms in its outcome report that only those seven payment systems will be subject to regulation at this stage.

The report is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/413892/Designated\\_Payment\\_Systems\\_FINAL\\_17.03\\_21\\_05.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413892/Designated_Payment_Systems_FINAL_17.03_21_05.pdf).

### **UK Government Creates New Type of Regulated Activity in Relation to Advising on Pensions Benefits Transfers or Conversions**

On March 17, 2015, HM Treasury published the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) Order 2015 together with a corresponding explanatory memorandum. The Order amends the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 to create a new type of regulated activity of advising on the conversion or transfer of pension benefits which are safeguarded benefits. Safeguarded benefits are defined to mean any benefits other than money purchase benefits and cash balance benefits. This means that the activity cannot generally be carried on in the UK except by an authorised person or pursuant to an exemption. Concurrently, HM Treasury published the Financial Services and Markets Act 2000 (Regulated Activities) (Transitional Provisions) Order 2015, which makes transitional provision in connection with this new regulated activity. This instrument provides that advisors previously permitted to advise on an equivalent class of transfer are automatically authorised to advise under the new activity. Both Orders enter into force on April 6, 2015.

The Orders and explanatory memoranda are available at:

[http://www.legislation.gov.uk/uksi/2015/731/pdfs/uksi\\_20150731\\_en.pdf](http://www.legislation.gov.uk/uksi/2015/731/pdfs/uksi_20150731_en.pdf);

[http://www.legislation.gov.uk/uksi/2015/731/pdfs/uksiem\\_20150731\\_en.pdf](http://www.legislation.gov.uk/uksi/2015/731/pdfs/uksiem_20150731_en.pdf);

[http://www.legislation.gov.uk/uksi/2015/732/pdfs/uksi\\_20150732\\_en.pdf](http://www.legislation.gov.uk/uksi/2015/732/pdfs/uksi_20150732_en.pdf); and

[http://www.legislation.gov.uk/uksi/2015/732/pdfs/uksiem\\_20150732\\_en.pdf](http://www.legislation.gov.uk/uksi/2015/732/pdfs/uksiem_20150732_en.pdf).

### **UK Government Reports on Development of Application Programming Interface Standard**

On 18 March 2015, HM Treasury published a report detailing the outcome to its call for evidence on the benefits of open data and data sharing in banking. The report specifies the actions that will be taken by the government to deliver an open standard for APIs. APIs will allow different pieces of software to interact with each other, making it easier for customers or fintech companies on behalf of customers to determine if customers can, for example, get a better deal with a different bank elsewhere. The report states that the government aims to set out a detailed framework for an open API standard by the end of 2015.

The report is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/413766/PU1793\\_Open\\_data\\_response.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/413766/PU1793_Open_data_response.pdf).

### **Department for Business Innovation & Skills Issues Guidance on Whistleblowing**

On March 20, 2015, the Department for Business Innovation & Skills published guidance for employers and prescribed persons regarding whistleblowing. The documents lay out various policies and procedures for employers regarding whistleblowing. A prescribed person is an organization or individual that a worker may approach outside their workplace to report suspected or known wrongdoing. The Prescribed Persons Order 2014 sets out a list of over 60 such organizations and individuals that have been designated as prescribed persons because they have an authoritative or oversight relationship with the sector, often as a regulatory body.

The guidance for employers and the code of practice are available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/415175/bis-15-200-whistleblowing-guidance-for-employers-and-code-of-practice.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415175/bis-15-200-whistleblowing-guidance-for-employers-and-code-of-practice.pdf).

The guidance for prescribed persons is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/415172/bis-15-201-prescribed-persons-guidance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415172/bis-15-201-prescribed-persons-guidance.pdf).

### **UK Government and Regulator Issue Joint Consultation on Transparency Amending Directive**

On March 20, 2015, HM Treasury and the FCA issued a joint consultation on the Implementation of the Transparency Amending Directive that entered into force on November 26, 2013 and which amends the Transparency Directive, the Transparency Directive Implementing Directive and the Prospectus Directive. The directives aim to harmonize the information disclosure requirements of companies, and the consultation sets out the proposed amendments to be implemented by HM Treasury to the Financial Services and Markets Act and by the FCA to the FCA's Disclosure and Transparency Rules, including: (i) the extension of the deadline to publish half-yearly reports and the period of time for which financial reports are publicly available; and (ii) changes to the definition of an issuer. The Transparency Amending Directive must be implemented by EU Member States before November 26, 2015. Comments on the consultation may be submitted until May 20, 2015.

The consultation paper is available at: <http://www.fca.org.uk/static/documents/consultation-papers/cp15-11.pdf>.

### **UK Government Reports on Cyber Risk Insurance**

On March 23, 2015, the UK Government published a report on managing and mitigating cyber security risks with cyber insurance. The report details how insurers and insurance can play a role in reducing cyber security risks. The report notes that there is a lack of awareness that insurance is available for cyber risk and recommends that firms review their cyber risk management to include a board-level assessment for cyber risk, and draw up recovery plans and use stress testing to confirm financial resilience against cyber threats. The report also gives details of its new industry supported scheme, Cyber Essentials, which was developed as part of the UK's National Cyber Security Program and guides businesses in protecting themselves against cyber threats.

The report is available at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/415354/UK\\_Cyber\\_Security\\_Report\\_Final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415354/UK_Cyber_Security_Report_Final.pdf).

### **UK Regulator Publishes Final Rules on New Senior Managers and Certification Regime**

On March 23, 2015, the Prudential Regulation Authority published its policy statement and first set of final rules on strengthening individual accountability in banking and insurance. The policy statement implements the new Senior Managers Regime and Certification Regime for UK banks and certain investment firms as well as the Senior Insurance Managers Regime under Solvency II. The new SMR is created to support a change in culture for individuals who are subject to regulatory approval and requires firms to assign a variety of responsibilities to those individuals as well as assess their fitness and propriety regularly. The new Certification Regime will require relevant firms to assess the fitness and propriety of certain individuals of the firm who could cause significant harm to the institution or its customers. The rules include the Prescribed Responsibilities of Senior Managers and the scope of the PRA's Certification Regime. Separately, the PRA and FCA are jointly consulting on proposed plans for extending and tailoring the SMR, Certification Regime and Conduct Rules to UK branches of non-EEA institutions, and this consultation is open until May 25, 2015. The new Senior Managers and Certification Regime will apply from March 7, 2016.

The policy statement is available at: <http://www.bankofengland.co.uk/prs/Documents/publications/ps/2015/ps315.pdf>.

## People

### **Bank of England Announces Appointment of New General Counsel**

On March 19, 2015, the Bank of England announced that it has appointed Sonya Branch as its new General Counsel from mid-May 2015, taking over from Graham Nicolson who will be retiring at the end of April 2015.

## Events

March 25, 2015: Senate Committee on Banking, Housing and Urban Affairs hearing on FSOC Accountability: Nonbank Designations.

April 2, 2015: CFTC Market Risk Advisory Committee public meeting to discuss current risk management techniques employed by Derivatives Clearing Organizations and the structure of the derivatives markets.

April 8, 2015: EBA public hearing on the IRB approach under CRD IV.



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:

## Key Contacts



**BARNEY REYNOLDS**  
T: +44 20 7655 5528  
[barney.reynolds@shearman.com](mailto:barney.reynolds@shearman.com)  
London



**REENA AGRAWAL SAHNI**  
T: +1 212 848 7324  
[reena.sahni@shearman.com](mailto:reena.sahni@shearman.com)  
New York



**RUSSELL D. SACKS**  
T: +1 212 848 7585  
[rsacks@shearman.com](mailto:rsacks@shearman.com)  
New York



**THOMAS DONEGAN**  
T: +44 20 7655 5566  
[thomas.donegan@shearman.com](mailto:thomas.donegan@shearman.com)  
London



**DONNA M. PARISI**  
T: +1 212 848 7367  
[dparisi@shearman.com](mailto:dparisi@shearman.com)  
New York



**NATHAN GREENE**  
T: +1 212 848 4668  
[ngreene@shearman.com](mailto:ngreene@shearman.com)  
New York



**GEOFFREY B. GOLDMAN**  
T: +1 212 848 4867  
[geoffrey.goldman@shearman.com](mailto:geoffrey.goldman@shearman.com)  
New York



**JOHN ADAMS**  
T: +44 20 7655 5740  
[john.adams@shearman.com](mailto:john.adams@shearman.com)  
London

## Further Contacts

**AATIF AHMAD**  
T: +44 20 7655 5120  
[aatif.ahmad@shearman.com](mailto:aatif.ahmad@shearman.com)  
London

**AZAD ALI**  
T: +44 20 7655 5659  
[azad.ali@shearman.com](mailto:azad.ali@shearman.com)  
London

**CHRISTINA BROCH**  
T: +1 202 508 8028  
[christina.broch@shearman.com](mailto:christina.broch@shearman.com)  
Washington, DC

**TIMOTHY J. BYRNE**  
T: +1 212 848 7476  
[tim.byrne@shearman.com](mailto:tim.byrne@shearman.com)  
New York

**JAMES CAMPBELL**  
T: +44 20 7655 5570  
[james.campbell@shearman.com](mailto:james.campbell@shearman.com)  
London

**ANNA DOYLE**  
T: +44 20 7655 5978  
[anna.doyle@shearman.com](mailto:anna.doyle@shearman.com)  
London

**SYLVIA FAVRETTO**  
T: +1 202 508 8176  
[sylvia.favretto@shearman.com](mailto:sylvia.favretto@shearman.com)  
Washington, DC

**MAK JUDGE**  
T: +44 20 7655 5182  
[mak.judge@shearman.com](mailto:mak.judge@shearman.com)  
London / Singapore

**DONALD N. LAMSON**  
T: +1 202 508 8130  
[donald.lamson@shearman.com](mailto:donald.lamson@shearman.com)  
Washington, DC

**OLIVER LINCH**  
T: +44 20 7655 5715  
[oliver.linch@shearman.com](mailto:oliver.linch@shearman.com)  
London

**JENNIFER D. MORTON**  
T: +1 212 848 5187  
[jennifer.morton@shearman.com](mailto:jennifer.morton@shearman.com)  
New York

**BILL MURDIE**  
T: +44 20 7655 5149  
[bill.murdie@shearman.com](mailto:bill.murdie@shearman.com)  
London

**BRADLEY K. SABEL**  
T: +1 212 848 8410  
[bsabel@shearman.com](mailto:bsabel@shearman.com)  
New York

**KOLJA STEHL**  
T: +49 69 9711 1623  
[kolja.stehl@shearman.com](mailto:kolja.stehl@shearman.com)  
Frankfurt / London

**ELLERINA TEO**  
T: +44 20 7655 5070  
[ellerina.teo@shearman.com](mailto:ellerina.teo@shearman.com)  
London

ABU DHABI | BEIJING | BRUSSELS | FRANKFURT | HONG KONG | LONDON | MILAN | NEW YORK | PALO ALTO  
PARIS | ROME | SAN FRANCISCO | SÃO PAULO | SHANGHAI | SINGAPORE | TOKYO | TORONTO | WASHINGTON, DC

shearman.com

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.

9 APPOLD STREET | LONDON | UK | EC2A 2AP

Copyright © 2015 Shearman & Sterling LLP. Shearman & Sterling LLP is a limited liability partnership organized under the laws of the State of Delaware, with an affiliated limited liability partnership organized for the practice of law in the United Kingdom and Italy and an affiliated partnership organized for the practice of law in Hong Kong.