



## April 2018

For more information,  
please contact:

### Andrew Wingfield

Partner

t: +44.20.7280.2021

[awingfield@proskauer.com](mailto:awingfield@proskauer.com)

### Richard Bull

Partner

t: +44.20.7280.2060

[rbull@proskauer.com](mailto:rbull@proskauer.com)

### John Verwey

Special Regulatory Counsel

t: +44.20.7280.2033

[jverwey@proskauer.com](mailto:jverwey@proskauer.com)

### Claudia Mercer

Special Counsel

t: +44.20.7280.2140

[cmrcer@proskauer.com](mailto:cmrcer@proskauer.com)

### Amar Unadkat

Associate

t: +44.20.7280.2144

[aunadkat@proskauer.com](mailto:aunadkat@proskauer.com)

This publication is a service to our clients and friends. It is designed only to give general information on the developments actually covered. It is not intended to be a comprehensive summary of recent developments in the law, treat exhaustively the subjects covered, provide legal advice, or render a legal opinion.

© 2018 PROSKAUER ROSE LLP  
All Rights Reserved.

Proskauer.com

Proskauer Rose LLP | Attorney Advertising

Welcome to the Regulation Round Up, a regular bulletin highlighting the latest developments in UK and EU financial services regulation.

Key developments in April 2018:

### 3 April

The Financial Conduct Authority (“FCA”) published a [press release](#), warning that it intends to take action against general insurance firms that fail to properly implement the rules aimed at increasing transparency to encourage customers to “shop around” when renewing their insurance.

The European Securities and Markets Authority published its [final report](#) on technical advice under the Prospectus Regulation, focussing particularly on:

- the format and content of the prospectus;
- the content, format and sequence of the EU Growth prospectus; and
- the scrutiny and approval of the prospectus.

### 4 April

The House of Commons Exiting the European Union Committee published a [report](#) on the future UK-EU relationship. This report looks at the EU's existing relationships with other countries (Canada, Ukraine, Switzerland, Norway and Turkey), and at trading on World Trade Organization (WTO) terms in the absence of a trading agreement. The report also examines the UK's future relationship with the EU, and sets out the Committee's tests by which it will judge the political declaration in October 2018.

### 5 April

The European Commission (the “Commission”) published a [report](#) on group supervision under the Solvency II Directive (2009/138/EC) (“Solvency II”) and also reported on the transitional period for the occupational retirement provision business operated by life insurers.

The FCA published three documents relating to its Asset Management Market Study of last year, being:

- PS18/8, a [policy statement](#) setting out final rules which will apply to UK authorised fund managers in respect of their management of authorised funds;
- CP18/9, a [consultation paper](#) on further remedies for issues identified in the Asset Management Market Study; and
- an [occupational paper](#) (no. 32) relating to consumer research undertaken as part of the FCA's market study.

### 6 April

The FCA published a [statement](#) confirming that cryptocurrency derivatives are capable of being financial instruments for the purposes of the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID II") and, therefore, firms conducting regulated activities in relation to cryptocurrency derivatives will need to be FCA-authorized and comply with the relevant regulatory rules.

### 9 April

The European Central Bank ("ECB") published its [annual report](#) for 2017 in which it described the tasks and activities of the European System of Central Banks and reports on the Eurosystem's monetary policy. The report covered, amongst other areas:

- the economic recovery of the euro area;
- monetary policy in support of the euro area recovery and the return of inflation to a desirable level; and
- the resilience of the European financial sector.

The FCA published its 2018/19 [business plan](#) in which it reflected on the priority areas it will focus on during the year ahead, while considering the high level of resources the FCA needs to dedicate to the UK withdrawal from the EU given its impact on both FCA regulation and the firms it regulates. The FCA has highlighted in its business plan that it intends to investigate insurance claims inflation and insurers should be aware of the FCA's intended focus in relation to this sector.

The FCA published a [consultation paper](#) on regulated fee and levy rate proposals for 2018/19 (CP18/10). The paper sets out the proposed 2018/19 regulatory fees and levies for the FCA, the Financial Ombudsman Service, the Money Advice Service, the Pension Wise service and HM Treasury's illegal money lending expenses. This was subsequently updated on 13 April 2018.

The FCA published its [discussion paper](#) on its ex post (after the event) evaluation of the impact its interventions have had on consumers, firms and markets (DP18/3).

The Prudential Regulation Authority ("PRA") published its [business plan](#) in which it reflected on its strategy and work plan for the year ahead.

The PRA published a [consultation paper](#) on regulated fees and levies for 2018/19 (CP7/18).

The Alternative Investment Management Association ("AIMA") published a [position paper](#) on the impact of Brexit on the alternative investment industry. The aim of AIMA's paper is to offer an assessment of what needs addressing during the transition period, regardless of whether there is an agreement on mutual recognition.

### 10 April

The FCA published a [speech](#) by its Director of Retail Banking Supervision on Directive 2015/2366 (“**PSD2**”), which was implemented in the UK in January 2018, and open banking.

### 11 April

The PRA published a [consultation paper](#) (CP9/18) on considering applications from internal model firms that include a dynamic volatility adjustment (DVA) under Solvency II.

The PRA published a [consultation paper](#) (CP8/18) on the external audit of the public disclosure requirement under Solvency II.

### 12 April

The PRA published a “Dear CEO” [letter](#) on capital extractions by insurance firms in run-off. In the letter the PRA observes that, during the last two years, the accompanying information for some capital extraction requests from insurance firms in run-off has been inadequate, particularly in relation to stress tests and reserving.

The Joint Committee of the European Supervisory Authorities (“**ESAs**”) (that is, the EBA, EIOPA and ESMA) published its spring 2018 [report](#) on the risks and vulnerabilities relating to the EU financial system.

The CMA published [guidance](#) on how to stay on the right side of competition law when working with other organisations.

### 13 April

The European Parliament’s Economic and Monetary Affairs Committee (“**ECON**”) published its [draft report](#) on the proposal for a Regulation on the prudential supervision of investment firms (known as the Investment Firms Regulation).

### 16 April

The House of Lords Select Committee on Artificial Intelligence (“**AI**”) published a [report](#) relating to the development and future use of AI in the UK.

### 17 April

The Commission published a [draft](#) Delegated Regulation which amends Solvency II Delegated Regulation (EU) 2015/35 as regards the calculation of regulatory capital requirements for securitisations and simple, transparent and standardised (STS) securitisations held by insurance and reinsurance undertakings.

The European Banking Authority (“**EBA**”) published a [consultation paper](#) on draft guidelines on specification of types of exposures to be associated with high risk under the Capital Requirements Regulation (Regulation 575/2013) (“**CRR**”).

The EBA published a [final report](#) on revised draft implementing technical standards on supervisory reporting of institutions with regard to prudent valuation under the CRR.

The Commission published a [draft](#) of the implementing regulation on the extension of the transitional periods related to own funds requirements for exposures to central counterparties set out in the CRR.

### 19 April

The European Parliament published a [press release](#) announcing it has voted in plenary to adopt the fifth anti-money laundering directive (“**MLD5**”). A provisional edition of [the text](#) of the adopted legislative resolution was also published on the same date.

## Regulation Round Up

The FCA published a new [webpage](#) in relation to the provision of basic advice under MiFID II and the Insurance Distribution Directive.

The HM Treasury published [a joint statement](#) with the U.S. Treasury Department on the formation of a new "official-led" financial regulatory working group.

### 20 April

The PRA [published](#) on its website capital issuance statistics in relation to March 2018, consisting of statistics relating to UK-based primary market issuance of bonds, commercial paper and equity, representing finance raised in the UK.

The PRA published its [consultation paper](#) (CP10/18) proposing updates to internal model output reporting under Solvency II.

The PRA published a [consultation paper](#) (CP11/18) proposing changes to the file type and reporting format for a number of regular insurance reporting submissions in order to align with Solvency II Quantitative Reporting Templates and international data standards.

### 24 April

The FCA published a [speech](#) by its chief executive, Andrew Bailey, in relation to Brexit in which he called for mutual recognition in respect of the future UK/EU relationship.

### 25 April

The FCA published its [opinion and insight](#): *"Tribes, vibes and hives: improving diversity through science"*, in relation to behavioural science and its impact in relation to taking steps to improve diversity.

### 26 April

The European Commission published a [speech](#), given by Michel Barnier, the EU's chief Brexit negotiator, in which he talked about Brexit and its impact on the financial services sector.

The FCA published a [speech](#) given by Andrew Bailey, its chief executive, in relation to asset management from a regulatory perspective. In his speech, Mr Bailey outlines some of the challenges for the FCA and the asset management sector, as well as a number of regulatory developments.