

# Regulation Round Up

**April 2019**

## **1 April**

The Financial Conduct Authority ("**FCA**") published a [statement](#) announcing that it is commissioning an investigation by an independent person into the issues raised by the failure of London Capital & Finance.

The European Banking Authority ("**EBA**") published a [document](#) setting out clarifications to certain issues raised by its working group on application programme interfaces under the revised Payment Services Directive (EU/2015/2366) ("**PSD2**").

## **2 April**

The FCA updated its [webpage](#) relating to its call for input on access to insurance.

## **3 April**

The Prudential Regulation Authority ("**PRA**") published a [consultation paper](#) (CP7/19) on the Solvency II Directive (EC/2009/138) and equity release mortgages. The deadline to respond to the consultation is 3 July 2019.

The International Association for Trusted Blockchain Applications ([INATBA](#)), a new international association to encourage the global governance and development of blockchain technology, was launched.

## **4 April**

A draft version of the Financial Services (Miscellaneous) (Amendment) (EU Exit) (No 2) Regulations 2019 was [published](#).

The FCA published a [speech](#) by Mark Steward, the FCA's Director of Enforcement and Market Oversight.

The European Securities and Markets Authority ("**ESMA**") published its first [annual report](#) on sanctions imposed by national competent authorities under the UCITS Directive (2009/65/EC).

ESMA published an updated version of its [supervisory briefing](#) on the appropriateness and execution-only requirements under Directive 2014/65/EU ("**MiFID II**").

The Joint Committee of the European Supervisory Authorities published an updated version of its [Q&As](#) on key information document ("**KID**") requirements for packaged retail and insurance-based investment products.

## 5 April

The Financial Stability Board ("**FSB**") published a [directory](#) of regulators and other authorities in FSB jurisdictions who deal with crypto-asset issues, which also summarises the scope of their interest.

The FCA published a [memorandum of understanding](#) it has entered into with the Advertising Standards Authority.

## 8 April

The PRA published a [consultation paper](#) (CP8/19) on the revision of the branch return for international banks.

The FCA published a [press release](#) announcing it had signed two memoranda of understanding with the Australian Securities and Investments Commission.

The Money and Pensions Services ("**MAPS**") published a [press release](#) announcing its official launch, and a listening document on a national strategy for money and pensions and MAPS' three-year corporate plan.

## 9 April

The European Commission published a new [webpage](#) announcing a consultation relating to its evaluation of the Distance Marketing of Financial Services Directive (2002/65/EC).

The FSB published a [letter](#) sent to the G20 finance ministers on its recent work and current vulnerabilities in the financial system. The FSB is entering a new phase where its priorities are shifting from developing post-crisis reforms to assessing new vulnerabilities and evaluating the effectiveness of the regulatory reforms put in place.

ESMA published an updated version of its [Q&As](#) on data reporting under the Markets in Financial Instruments Regulation (EU/600/2014) ("**MiFIR**").

## 10 April

The joint committee of the European Supervisory Authorities published the following joint advice to the European Commission in relation to cyber resilience:

- [advice \(JC 2019 26\)](#) on the need for legislative improvements on information and communication technology risk-management requirements in the EU financial sector; and
- [advice \(JC 2019 25\)](#) on the costs and benefits of a coherent cyber-resilience testing framework for significant market participants and infrastructures within the EU financial sector.

The FCA has warned firms in the general insurance sector to put customers first with regard to the value of products and services provided to them. It is essential, in the FCA's view, that customers can access high quality, good value insurance products. The FCA had previously published reports which highlighted failings in the governance and control of general insurance distribution chains, including over outsourced arrangements. While some progress has been made, the FCA highlighted that significant potential for customer harm still remains. With this in mind, on 10 April 2019 the FCA published both a thematic review report which sets out a number of harms to customers from failures in the design, oversight and distribution of insurance products, as well as proposed guidance for consultation by firms who manufacture and distribute insurance products. The deadline to provide feedback on the proposed guidance will close on 9 July 2019. Further details can be found on the FCA's website [here](#).

The Bank of England ("**BoE**") published a [speech](#) by its Executive Director of Insurance Supervision, on the bulk purchase annuity market.

## 11 April

The FCA published a [Dear CEO letter](#) sent to all regulated firms reminding them of their regulatory obligations when approving financial promotions for communication by unauthorised persons.

The European Insurance and Occupational Pensions Authority ("**EIOPA**") published [a supervisory statement](#) on the application of the proportionality principle in supervision of the solvency capital requirement under the Solvency II Directive.

## 12 April

The European Central Bank ("ECB") published a [speech](#) on the importance of all banks being able to fail without triggering another global crisis.

The European Council and the UK government agreed a second extension to the Article 50 period, avoiding a no-deal Brexit on 12 April 2019. The extension will last until 31 October 2019 at the latest, but may end sooner under a variety of scenarios.

The FCA published a [memorandum of understanding](#) that it has entered into with the Insurance Fraud Bureau.

## 15 April

The BoE published a [policy statement](#) on its fees regime for non-UK central counterparty recognition.

HM Treasury published a [consultation paper](#) on the implementation of the fifth Money Laundering Directive.

The PRA published its [business plan](#) for 2019/20.

The PRA published a [consultation paper](#) (CP9/19) on its regulated fees and levies for 2019/20.

The PRA published a [policy statement](#) (PS11/19) and [supervisory statement](#) (SS3/19) on enhancing banks' and insurers' approaches to managing the financial risks from climate change.

The PRA published a [consultation paper](#) (CP10/19) on proposals to amend its policy on the settlement of enforcement action.

The FCA published a [consultation paper](#) (CP19/15) proposing an extension to the remit of independent governance committees.

## 16 April

The PRA published a [letter](#) (dated 11 April 2019) to the largest UK regulated life and general insurances, requesting industry feedback in relation to an insurance stress test.

## 17 April

The FCA published a [consultation paper](#) (CP19/16) on regulated fees and levies rates for 2019/20.

The FCA published its [research agenda](#). The FCA explained that research plays an important role at the FCA by helping the FCA to advance its mission by developing evidence-based policy, prioritising effectively and staying ahead of trends and developments.

The FCA published its 2019/20 [business plan](#), setting out its key priorities.

The BoE published a [press release](#) reporting that it will disclose in its 2019/20 annual report (to be published in 2020) how financial risks from climate change are managed across its entire operations.

EIOPA published a [summary of discussions](#) at its InsurTech roundtable on the use of cloud computing by insurers and reinsurers.

## **18 April**

The FCA published a [Dear CEO letter](#) explaining its view of the key harms that brokerage firms operating in wholesale financial markets pose to their clients and markets.

## **23 April**

The FCA published a [speech](#) by Andrew Bailey on the future of financial conduct regulation.

The FCA published a [feedback statement](#) (FS19/2) to its July 2018 discussion paper on a duty of care and potential alternative approaches.

The FCA published a [report](#) on payment for order flow. The report provides an update on the FCA's supervisory work on conflicts of interest and payment for order flow.

## **24 April**

The BoE published a [report](#) evaluating the effectiveness of its approach to concurrent stress testing.

The FCA published its "[FCA Mission: approach to supervision](#)". The document explains the purpose of, and the FCA's approach to, supervising firms and individuals, and the public value it delivers.

The FCA published its "[FCA Mission: approach to enforcement](#)". The document outlines the FCA's approach to enforcement and how that approach aligns with its mission.

The FCA published the [Supervision Manual \(Supervisory Principles Amendment Instrument 2019\)](#) (FCA 2019/67).

The EBA published an [opinion](#) on the nature of passport notifications regarding agents and distributors under PSD2 and the second Electronic Money Directive (EC/2009/11).

## **25 April**

The FCA published a [thematic review report](#) (TR19/3) and a [Dear CEO letter](#) on the fair treatment of with-profits customers.

The United Kingdom's Competition and Markets Authority ("**CMA**") [announced](#) the findings of its final report in relation to the CMA's in-depth investigation (known as a Phase 2 investigation) into the anticipated merger between J Sainsbury Plc (Sainsbury's) and Asda Group Ltd (Asda). According to the CMA, the proposed merger would have combined the UK's second and third largest grocery retailers, each of which operates supermarkets, convenience stores and petrol filling stations ("**PFSs**") along with online grocery deliveries services. However, the CMA decided to prohibit the proposed merger because it would, according to the CMA, result in increased prices in stores, online and at many PFSs in the UK. The CMA decided that prohibiting the merger in its entirety would be the only effective remedy in remedying any or all of the identified issues in its report. The CMA also concluded that such prohibition would be a proportionate measure in response to the large number of identified issues and their adverse effects on consumers (and competitors) in the UK. In light of the CMA's findings, both supermarkets have agreed to terminate the merger.

## **26 April**

The FCA published a [statement](#) announcing that it is delaying publication of its final rules for contract for difference products and contract for difference-like options.

## **29 April**

The FCA published a [speech](#) by Christopher Woolard, FCA Executive Director for Strategy and Competition, assessing and evaluating the progress to date of the FCA's Innovate services and setting out the next steps in promoting innovation in financial services.

EIOPA published a set of [recommendations](#) following its 2018 European-wide insurance sector stress test.

#### [Related Professionals](#)

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- **Andrew Wingfield**  
Partner
- **Richard Bull**  
Partner
- **John Verwey**  
Partner
- **Amar Unadkat**  
Special Regulatory Counsel