ELFA Legal & Regulatory Update
03/08/2020 – 07/08/2020

Key Highlights:

- This Legal & Regulatory Update covers the week commencing **03/08/2020**.
- BoE maintains Bank Rate at 0.1%.
- BoE publishes Monetary Policy Report and Financial Stability Report - August 2020.
- FCA consults on new rules to improve open-ended property fund structures.
- FCA awaiting High Court's judgment on test case to resolve uncertainty about insurers' liability for certain Business Interruption (BI) insurance policies.
- ESMA agrees position limits under MiFID II.
- EBA provides clarity on implementation of reporting and disclosure framework in context of COVID-19 measures.
- Basel Committee releases consultative documents on principles for operational risk and operational resilience.
- CBI publishes business interruption insurance supervisory framework.
- AMF updates its policy on use of term "cautious" in collective investment schemes and discretionary management.
- CSSF responds to FAQ on eligibility of Loans for UCITS.
- In this update, we also cover some of the most important news on leveraged finance published by the Financial Times and Thomson Reuters during the week.

Bank of England (BoE)

06 August 2020: BoE maintains Bank Rate at 0.1%

The Bank of England's (BoE) Monetary Policy Committee (MPC), at its meeting ending on 4 August 2020, voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to continue with its existing programmes of UK government bond and sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, maintaining the target for the total stock of these purchases at £745 billion.

06 August 2020: BoE publishes Monetary Policy Report and Financial Stability Report - August 2020

The BoE published its quarterly Monetary Policy Report alongside its Financial Stability Report, assessing the impact of Covid-19 on the economy in addition to the MPC's latest projections and Financial Policy Committee's assessment on the UK financial system.

03 – 07 August 2020: Speeches, Letters & Publications

During the week, the BoE released the following speeches & other publications that might be of interest to our readers:

- PRA Regulatory Digest - July 2020
- Financial Services Compensation Scheme – Temporary High Balance Coverage Extension - PS19/20
- Statement of policy aimed at Financial Services Compensation Scheme (FSCS) in respect of its role as scheme manager of Deposit Guarantee Scheme (DGS)
- Technical annex: Updated estimates of the cash-flow deficit of UK companies in a Covid-19 scenario - Financial Stability Report August 2020
- Banking sector regulatory capital - 2020 Q1
- Asset Purchase Facility: Gilt Purchases - Market Notice 6 August 2020
- Bank of England Weekly Report 5 August 2020
- Monthly Decision Maker Panel data - July 2020
- Financial Policy Summary and Record - August 2020
- Capital flows-at-risk: push, pull and the role of policy - Staff Working Paper
- How has the Covid-19 pandemic affected jobs? – Knowledge Bank
- What have we been doing to support the economy during the Covid-19 crisis? – Knowledge Bank

Financial Conduct Authority (FCA)

03 August 2020: FCA consults on new rules to improve open-ended property fund structures

The Financial Conduct Authority (FCA) announced that it is consulting on proposals to reduce the potential for harm to investors from the liquidity mismatch in open-ended property funds. The new rules as proposed would require investors to give notice – potentially of up to 180 days - before their investment is redeemed. At present investors in these funds can buy and sell units on a frequent – often daily – basis. But the underlying property in which these funds invest cannot be bought and sold at the same frequency. This creates a liquidity mismatch. When too many investors simultaneously redeem their investments, a fund manager may need to suspend dealings in the units of the fund because of the liquidity mismatch between the fund units and the underlying property assets. The illiquid nature of property also means that a reliable price is not always readily available, and in some market conditions the fund units cannot be priced with confidence. This can also lead to a need to suspend dealings in fund units. Property fund suspensions have occurred with increasing frequency in recent years, including following Brexit and in the current coronavirus pandemic. Fund suspensions exist to protect investors in exceptional circumstances.

However, the FCA has seen repeated suspensions of these funds over recent years for liquidity reasons, which suggests that there may be wider problems. The FCA is concerned that the current structure could disadvantage some investors because it incentivises investors to be the first to exit at times of stress. This can potentially harm those who remain if the fund suspends or assets are sold rapidly due to liquidity demands. Therefore, the FCA is proposing that investors must notify fund managers in advance that they want to redeem their investment. The FCA is consulting on the precise length of this notice period, proposing between 90 and 180 days for these funds. The proposed notice period would allow the manager to plan sales of property assets so that it could better meet redemptions that are requested. It would also enable greater efficiency within these products as fund managers would be able to allocate more of the fund to property and less to cash for unanticipated redemptions. The FCA will publish a Policy Statement with final rules as soon as possible in 2021. The consultation remains open to responses until 3 November 2020.

03 – 07 August 2020: Speeches, Letters & Other Publications

During the week, the FCA released the following publications & and announcements that might be of interest to our readers:

- FCA awaiting the High Court judgment on the test case to resolve uncertainty about insurers' liability for certain Business Interruption (BI) insurance policies
- FCA announces proposals to update Dual-regulated firms Remuneration Code
- FCA highlights concerns when credit firms allow repeat borrowing
- LIBOR transition – the critical tasks ahead of us in the second half of 2020, Speech by Edwin Schooling Latter, Director Markets and Wholesale Policy at the FCA
- Capital market regulation and coronavirus, Speech by Mark Steward, Executive Director of Enforcement and Market Oversight

European Securities and Markets Authority (ESMA)

06 August 2020: ESMA agrees position limits under MiFID II

The European Securities and Markets Authority (ESMA) has published twelve opinions on position limits regarding commodity derivatives under the Markets in Financial Instruments Directive and Regulation (MiFID II/MIFIR). ESMA found that the proposed position limits are consistent with the objectives established in MiFID II and with the methodology developed for setting those limits. ESMA will continue to assess the notifications received and issue opinions in order to ensure that the position limits are set in accordance with the MiFID II framework.

07 August 2020: ESMA issues latest double volume cap data

ESMA has updated its public register with the latest set of double volume cap (DVC) data under the Markets in Financial Instruments Directive (MiFID II). The updates include DVC data and calculations for the period 1 July 2019 to 30 June 2020 as well as updates to already published DVC periods.

European Insurance and Occupational Pensions Authority (EIOPA)

05 August 2020: EIOPA publishes monthly technical information for Solvency II Relevant Risk-Free Interest Rate Term Structures - end July 2020

The European Insurance and Occupational Pensions Authority (EIOPA) published technical information on the relevant risk free interest rate term structures (RFR) with reference to the end of July 2020. RFR information has been calculated applying the content of the Technical Documentation published on 1 October 2019 and based on RFR coding released on 8 October 2019.

05 August 2020: EIOPA publishes technical information on symmetric adjustment of equity capital charge for Solvency II with reference to end of July 2020

EIOPA has published the technical information on the symmetric adjustment of the equity capital charge for Solvency II with reference to the end of July 2020.

European Banking Authority (EBA)

03 August 2020: EBA publishes final draft technical standards on disclosure and reporting on MREL and TLAC

The European Banking Authority (EBA) published its final draft Implementing Technical Standards (ITS) on disclosure and reporting on the G-SII requirement for own funds and eligible liabilities (TLAC) and the minimum requirements for own funds and eligible liabilities (MREL). This is the first time that the EBA has developed disclosure and reporting requirements in this area, thus expanding the scope of the existing Pillar 3 and supervisory reporting frameworks in the EU. The provisions on the disclosures on TLAC apply immediately after the adoption and entry into force of the ITS. The provisions on disclosures on MREL apply from 1 January 2024 at the earliest.

03 August 2020: EBA releases an erratum of technical package on reporting framework 2.10 phase 2

The EBA published an erratum of the reporting framework 2.10 phase 2. The package includes the Data Point Model (DPM) dictionary, table layouts and XBRL taxonomies. The correction is mostly on column 0010 of table C 114.00 in the SBP framework, where the EBA has addressed the issue of missing members.

07 August 2020: EBA provides clarity on implementation of reporting and disclosure framework in the context of COVID-19 measures

The EBA published some frequently asked questions related to the implementation of its Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis. The technical clarifications provided by the EBA will assist supervisors and credit institutions in the implementation of the Guidelines. The implementation questions and technical clarifications have been included in a newly added section 4 to the EBA Report on the implementation of selected COVID-19 policies, first published on 7 July 2020.

European Central Bank (ECB)

03 – 07 August 2020: Speeches, Letters & Other Publications

During the week, the European Central Bank (ECB) released the following speeches, letters and publications that might be of interest to our readers:

- The macroeconomic impact of the pandemic and the policy response – ECB Blog
- Letter from Andrea Enria, Chair of the Supervisory Board, to Mr Schirdewan, MEP, on banking supervision

Basel Committee on Banking Supervision (BCBS)

06 August 2020: Basel Committee releases consultative documents on principles for operational risk and operational resilience

The Basel Committee on Banking Supervision (BCBS) released consultative documents on principles for operational risk and operational resilience. Given the critical role played by banks in the global financial system, the BCBS believes that increasing banks' resilience to absorb shocks from operational risks, such as those arising from pandemics, cyber incidents, technology failures or natural disasters, will provide additional safeguards to the financial system as a whole. Recognising that a concerted operational resilience effort may not prevent a significant shock resulting from a specific hazard, the Committee is seeking comments on proposed Principles for operational resilience that aim to mitigate the impact of potentially severe adverse events by enhancing banks' ability to withstand, adapt to and recover from them.

Furthermore, the Committee is of the view that operational resilience is also an outcome of effective operational risk management. Activities such as risk identification and assessment, risk mitigation (including the implementation of controls) and ongoing monitoring work together to minimise operational disruptions and their effects when they materialise. Given this natural relationship between operational resilience and operational risk, the Committee is proposing updates to its Principles for the sound management of operational risk (PSMOR). Specifically, the Committee is proposing a limited number of updates to: (i) align the PSMOR with the recently finalised Basel III operational risk framework; (ii) update the guidance where needed in the areas of change management and ICT; and (iii) enhance the overall clarity of the principles document.

The proposed principles for operational resilience set forth in this consultative document not only build upon the proposed updates to the PSMOR, they are largely derived and adapted from existing guidance on outsourcing, business continuity and risk management-related guidance issued by the Committee or national supervisors over a number of years. By building upon existing guidance and current practices, the Committee is seeking to develop a coherent framework and avoid duplication. The proposed operational resilience principles focus on governance; operational risk management; business continuity planning and testing; mapping interconnections and interdependencies; third-party dependency management; incident management; and resilient cyber security and ICT. Comments to the Consultative Documents should be submitted here by Friday 6 November 2020.

European Commission (EC)

03 – 07 August 2020: Speeches, Letters & Other Publications

During the week, the European Commission (EC) released the following speeches, letters and publications that might be of interest to our readers:

- Commission approves €6 billion German scheme to compensate public transport companies for damages suffered due to coronavirus outbreak
- Commission opens in-depth investigation into the proposed acquisition of Fitbit by Google

Central Bank of Ireland (CBI)

05 August 2020: CBI publishes business interruption insurance supervisory framework

The Central Bank of Ireland (CBI) published the COVID-19 and Business Interruption Insurance Supervisory Framework, the objective of which is to seek early identification and resolution of issues which have the potential to cause customer harm, driving clarity for affected businesses as quickly as possible. The Framework outlines:

- the CBI's approach to the identification of potentially systemic issues of customer harm;
- the CBI's expectations of insurers to address those issues where identified; and
- the escalation strategy for intervention by the CBI where necessary.

The CBI explains that in line with regulatory requirements, insurance firms have an obligation to act honestly, fairly and professionally in the best interest of customers, and the CBI expects firms to adopt a customer first approach to the resolution of business interruption issues. Some business interruption insurance policies do provide cover for the circumstances of interruption related to the outbreak of COVID-19. Others clearly do not. And in some cases, the position is unclear but a strong or reasonable argument can be made that they do provide cover. The CBI provides that the this framework is designed to identify and monitor insurers' approaches to these types of policies, to set out the CBI's expectations, and to indicate the matters that will be escalated where those expectations are not met.

Autorité des Marchés Financiers (AMF) of France

03 August 2020: AMF updates its policy on the use of term "cautious" in collective investment schemes and discretionary management

The Autorité des Marchés Financiers (AMF) has updated its policy on the use of the term "cautious" for collective investment schemes and discretionary management, in order to distinguish it from the term "cautious retirement horizon" used in relation to new Personal Retirement Savings Plans (PERI). According to the AMF, the term "cautious retirement horizon", which can be used in relation to PERIs with strict conditions for withdrawals before the planned retirement age, must not be confused with the term "cautious" used by asset managers in relation to collective investment or discretionary management. The use of the term "cautious" is reserved for portfolios whose exposure to risky assets does not exceed 30% of net assets, in accordance with AMF policy.

Consequently, the AMF is amending its policy to incorporate the following clarifications:

- the recommendation to discretionary managers not to use the term "cautious profile" for portfolios with more than 30% of their net assets exposed to risky assets does not apply to mandates with a long-term objective and a specified investment horizon when providing portfolio management services to third parties in connection with retirement savings plans that use the term "cautious retirement horizon profile"; and
- the policy on the use of the term "cautious" in the name of collective investments does not apply to collective investments that can only be subscribed to under retirement savings plans and that use the term "cautious retirement horizon". The term "cautious retirement horizon" is reserved exclusively for collective investments subscribed to under retirement savings plans. It must be used in full, and the term "cautious" cannot be used on its own.

03 – 07 August 2020: Speeches, Letters & Other Publications

During the week, the AMF released the following speeches, letters and publications that might be of interest to our readers:

- AMF Ombudsman's Annual Report 2019

Commission de Surveillance du Secteur Financie (CSSF)

07 August 2020: CSSF responds to FAQ on eligibility of loans for UCITS

The Commission de Surveillance du Secteur Financier (CSSF) updated its FAQs booklet concerning the Luxembourg Law of 17 December 2010 relating to undertakings for collective investment. The new FAQ in 1.13 enquires whether "loans can constitute eligible investments for UCITS". The CSSF provides that the answer is no.

According to the CSSF, loans cannot be considered as assets as referred to in Article 41 (1) and (2) (a) of the Law of 2010 as they do not qualify as:

- money market instruments within the meaning of article 1 (23) of the Law of 2010 and Articles 3 and 4 of Regulation 2008, further clarified by the CESR guidelines;
- transferable securities within the meaning of Article 1 (34) of the Law of 2010 and Article 2 of the Regulation 2008, further clarified by the CESR guidelines.

The CSSF further provides that UCITS that would be invested in Loans have to disinvest from those positions by 31 December 2020, taking into account the best interests of investors. In addition, the prospectuses of those UCITS, offering the possibility to invest in loans, have to be updated, by 31 March 2021 at the latest, in order to no longer provide for the possibility for such investments.

03 – 07 August 2020: Speeches, Letters & Other Publications

During the week, the CSSF released the following speeches, letters and publications that might be of interest to our readers:

- Coronavirus crisis, consolidation and climate protection – Interview with Claude Marx, Director General of the CSSF

International Capital Market Association (ICMA)

03 – 07 August 2020: ICMA Podcasts and Other Publications

During the week, ICMA released the following podcasts & other publications that might be of interest to our readers:

- ICMA gives update on netting enforceability in the People's Republic of China
- ECB publishes PEPP purchases data covering period from June through July 2020
  In this ICMA brief, Andy Hill provides observations and illustrations of the recent ECB bi-monthly breakdown of holdings under its Pandemic Emergency Purchase Programme (PEPP), covering the period from June through July 2020
- COVID-19 ICMA Asset Management & Investors Council market update
  Robert Parker, Chair of ICMA's Asset Management and Investors Council, reviews the market events of the last two weeks, in light of the publication of most recent economic indicators, central banks' policy outlook, and the performance of different asset classes

In the News

During the week, the Financial Times & Thomson Reuters published the following news that might be of interest to our readers.

Financial Times

- Freshly served pub bonds dip as sector fears another lockdown
  "Worries that pubs and bars in the UK will close to allow the reopening of schools have pushed down the price of bonds sold just two weeks ago by pub group Stonegate"

- Former fund executive pushes green agenda in Westminster
  "Mr Davies is also urging the government to issue green gilts to fund sustainable development projects"

- Ex-BoE deputy governor fears 'utter mayhem' from clearing house reform
  "Financial regulators risk "utter mayhem" in markets if they do not radically toughen their plans to reform clearing houses, former deputy Bank of England governor Paul Tucker has warned"

- City Bulletin: BP falls into line with peers and slashes dividend
  "BP, one of the dividend holdouts, has finally cut its shareholder payout. The oil supermajor resisted trimming the dividend at its first-quarter results, when rival Shell took an axe to its payout"

- BP halves dividend as Covid-19 turmoil pushes oil major to loss
  "BP cut its dividend for the first time in a decade as the coronavirus crisis prompted chief executive Bernard Looney to accelerate an overhaul of one of the world's largest oil and gas companies"

- UGC owner Konstantin Strukov denies seeking to acquire Petropavlovsk
  "Petropavlovsk's billionaire shareholder Konstantin Strukov said he has no interest in acquiring the London-listed gold miner that has been mired in turmoil since his own company took a stake in the group this year"

- France suspends Morgan Stanley from its government debt sales
  "French authorities have suspended Morgan Stanley from its prestigious role in handling the country's government bond auctions following the alleged manipulation of markets that earned the bank a €20m fine last year"

- Treasury yields plumb new depths as bond investors fret
  "US Treasury yields closed at new lows on Tuesday as anxious bond investors continued to drive a "relentless rally" in government debt that stood in stark contrast to America's much more optimistic equity market"

- Huge US bond issuance may compel Fed to alter purchase plans
  "The Federal Reserve may have to adjust its bond-buying programme to adapt to the enormous issuance of long-dated debt lined up by the Treasury department, strategists say"

- Gold price hits $2,000 for first time on Covid-19 and inflation fears
  "The 32 per cent rally this year has made gold one of the world's best-performing mainstream assets, reflecting concerns among investors over the sustained number of coronavirus cases, particularly in the US, and the impact of trillions of dollars of stimulus from governments and central banks around the world"

- ICE mortgage deal is largest in its 20-year history
  "New York Stock Exchange owner Intercontinental Exchange has struck the largest deal in its 20-year history, agreeing to pay $11bn for Ellie Mae to charge its efforts to modernise the US mortgage data market"

- House Democrats probe $765m government loan to Kodak
  "Democrats in the US House of Representatives have launched an investigation into a $765m government loan to Eastman Kodak last week that drove the company's stock up nearly 1,500 per cent in a matter of days"

- Alphabet locks in record-low borrowing costs in $10bn deal
  “The debt issuance marked a rare move for Alphabet, which is flush with cash and has not issued bonds since 2016. Until the new fundraising, it had just $4bn of debt outstanding”

- 7-Eleven owner to buy Speedway from Marathon Petroleum for $21bn
  “Marathon Petroleum has agreed to sell its Speedway petrol stations business to Seven & i Holdings in a $21bn all-cash deal, five months after the Japanese owner of the 7-Eleven convenience store chain halted talks in the midst of the coronavirus crisis”

- TikTok defends sale of US arm as investors move behind Microsoft
  “The founder of TikTok has defended a plan to sell the US arm of the viral video app, as his investors threw their support behind a bid for the business by Microsoft”

- KKR raises a record $16bn in second quarter
  “KKR reported quarterly returns of 11 per cent in its private equity funds and added a record $16bn to its stock of unspent cash in the three months ending June 30, becoming the latest Wall Street group to reveal standout results as markets surged back from March lows”

- Big investors to trial ‘net zero’ tools to decarbonise their portfolios
  “A coalition of more than 70 pension funds and investment managers representing assets of $16tn have designed a “net zero” framework to help strip out damaging carbon emissions across their portfolios by 2050”

- Sustainable funds must work harder to vet their investments
  “Sustainable fund managers should take action as ASI did more often, preferably before scandals break and share prices plunge. It is a sign of progress that so many people want their savings or pensions invested in companies that treat workers well. But without better oversight, the ESG boom risks becoming a waste of their money — and, worse, a wasted opportunity to make the world a better place”

- Corporate eco-warriors driving change from Shell to Qantas
  “For years, eco-warriors, non-profit organisations and small investors have been the driving force behind campaigns to convince big companies to take climate change seriously”

- JPMorgan report reveals ‘dramatic’ Covid shift to electronic bond trading
  “The coronavirus crisis has ushered in a “dramatic” shift in the world’s largest bond market away from traditional trading by phone towards electronic execution, according to a report produced by JPMorgan Chase”

- Why banks’ declining reserves matter for the dollar
  “The worst of the dollar funding crunch is over, for now. But as conditions improve in the financial system, the related decline in the total cash pile held by all banks at the US Federal Reserve should be carefully watched”

- ETF backers declare victory after ‘largest ever stress test’
  “But when a violent sell-off came this year, triggered by the coronavirus pandemic, equity and bond ETFs arguably came through with strengthened credentials — an experience that promises to further embed them into the workings of the capital markets. It was left to a smattering of commodity-linked funds to demonstrate the risks of placing certain securities in the investment structure”

- Can active fund managers deliver higher returns than ETFs?
  “One of the most important decisions an investor can make is whether to invest with active or passive fund managers, or a combination of the two”

- Slow start for CDS index reveals challenge for sustainable investment
  “A pioneering index of credit default swaps linked to sustainable companies has struggled to gain traction with investors, with some viewing it as a solution in search of a problem”

- Central bankers are caught in a leverage trap
  "Central bankers have spent years warning of the perils of excess corporate debt. But their solution to this year's coronavirus storm in financial markets has led to even more of it"

- Dividend cuts are an opportunity for a reset
  "For investors, this is a reminder not to take the predictability of income from riskier equities for granted. The spate of cuts has exposed anyone with an over-reliance on particular countries or industries"

- Emerging market central bankers have had a good crisis
  "Central bankers in emerging markets have put up a decent show during the coronavirus crisis, in contrast to some of their governments. Even as death rates soar in the worst-affected countries, EM monetary policy — with a huge assist from the US Federal Reserve — has kept the worst of the potential financial stress at bay"

- Saudi Aramco sticks to dividend pledge despite plunge in earnings
  "Saudi Aramco is pushing ahead with plans to pay out $75bn in dividends this year despite a sharp drop in earnings, as the state energy group bets on a rebound for the pandemic-hit oil sector"

- From the Fed to the Middle East: ESG investors spotlighting inequality
  "The Middle East is not usually associated with ESG. But is the sustainability wave now lapping at its shores? Perhaps. Bankers at some global institutions, such as HSBC, say that they are seeing rising interest from Middle Eastern business clients in some aspects of ESG, particularly in the environmental sector"

- China allows first commercial bank to go bankrupt in almost 20 years
  "China's central bank has announced the first bankruptcy of a commercial bank in nearly two decades, authorising the liquidation of regional lender Baoshang Bank, a year after it seized control of the institution"

- Foreign holdings of Chinese bonds rise in global chase for yield
  "Foreign ownership across China's domestic bond market has set new record levels this year, as investors are drawn to the higher yields on offer in the country compared with other large economies"

- Cayman, Curaçao and Cyprus: the hunt for $240m of Russian bank bonds
  "That may sound like the first line of a below-average joke but in 2017 these two individuals, along with close to 250 other savers, did so and walked out proud owners of $240m of guaranteed loan notes"

- South Africa's central bank defends pandemic response
  "South Africa's central bank governor has defended its response to the coronavirus economic downturn in Africa's most industrialised nation in the face of growing calls from politicians and trade unionists to deepen its rate cuts and buy up more government bonds"

- Argentina strikes debt agreement after restructuring breakthrough
  "Argentina has reached an accord with its biggest creditors on terms for a restructuring of $65bn in foreign bonds, after a breakthrough in talks that had at times looked close to collapse since the country's ninth debt default in May"

- Ecuador clinches $17.4bn debt deal with bondholders
  "Ecuador reached a definitive agreement with its bondholders on Monday to restructure its $17.4bn of sovereign debt, marking an important milestone in its efforts to put its finances on a surer footing and deal with coronavirus"

Thomson Reuters

- Factbox: How much access will the City of London get to the EU?
  "The European Union is assessing how much access it will grant Britain's huge financial sector from January"

- Bank of England makes no changes to stimulus push
  "The Bank of England said on Thursday it was keeping its benchmark interest rate at 0.1%. The BoE also left unchanged the size of its bond-buying programme at 745 billion pounds ($978 billion)"

- Negative rates in BoE toolbox, but no plans to use them, BoE's Bailey says
  "Britain's central bank said it saw no immediate case to cut interest rates below zero on Thursday as it warned the economy would take longer to recover from its COVID slump than it previously forecast"

- Britain's banks brace for $22 billion loan losses as outlook darkens
  "Britain's banks took a gloomier view than almost all their European peers in their second quarter earnings, as coronavirus fears, Brexit and low interest rates caused them to bake tougher "worst-case" scenarios into their risk models"

- ECB committed to stimulus with outlook `highly uncertain', Lane says
  "The European Central Bank is committed to supporting the euro zone's economy amid the coronavirus pandemic, using its massive bond purchases as its main tool, chief economist Philip Lane said"

- Size of ECB bond buys depend on inflation outlook, Lane says
  "The size of the European Central Bank's bond purchases will depend on the inflation outlook, the ECB's chief economist Philip Lane said on Tuesday, warning once again about "highly uncertain" economic prospects for the euro zone"

- Italy enjoys oversized ECB support as debt balloons
  "Italy enjoyed oversized purchases of its government debt by the European Central Bank in June and July, standing out as the main beneficiary of ECB efforts to support the virus-stricken euro zone economy, data showed"

- Monte dei Paschi considers subordinated debt issue to win ECB nod on bad loans: report
  "Italy's Monte dei Paschi di Siena (BMPS.MI) could issue a Tier2 subordinated bond worth up to 300 million euros ($356 million) to boost capital as it works to win the ECB's approval for a planned spin-off of its bad loans portfolio, daily Il Sole 24 Ore said"

- Airline SAS secures more debt holder support for key part of rescue deal
  "Airline SAS (SAS.ST) said on Friday it had secured the support of more of its debt holders after revising conversion terms for a key part of the rescue plan it is negotiating with the Swedish and Danish governments"

- Picking pennies: Dollar slump lifts U.S. bond returns for foreigners
  "A 10% decline in the value of the U.S. dollar since March has boosted returns for foreign investors in the world's largest government bond market at a time when U.S. Treasury yields are near record lows"

- U.S. equities won't revisit March lows, corporate defaults next trigger: El-Erian
  "U.S. equities will not revisit the lows hit in March 2020, but the next big correction in stock markets could be triggered by corporate defaults, Mohamed El-Erian, chief economic adviser at Allianz SE said"

- U.S. lawmakers seek probe of investment firms' dealings in Puerto Rico debt
  "Five members of U.S. Congress from New York said on Wednesday that several investment firms involved in Puerto Rico's ongoing bankruptcy may have engaged in insider trading and urged the state attorney general to investigate"

- Google owner Alphabet issues record $10 billion bond at lowest-ever price
  “Of the $10 billion on offer, the $1 billion five-year tranche was issued at a coupon of 0.45%, the lowest coupon seen on a U.S. corporate bond at that maturity, according to Refinitiv data, which goes back to 1980”

- Goldman Sachs cuts quarterly earnings citing legal provisions
  “Goldman Sachs Group Inc on Friday lowered its previously stated quarterly earnings as the bank set aside more money to pay for its settlement with the Malaysian government over the multi-billion 1MDB scandal”

- Investors launch climate plan to get to net zero emissions by 2050
  “An investor group managing more than $16 trillion on Wednesday launched the world’s first step-by-step plan to help pension funds and others align their portfolios with the Paris Agreement on climate change”

- Will CLOs Cause the Next Financial Crisis?
  “Recently, some investors have grown concerned that rising collateralized loan obligations (CLOs) could spell trouble and even cause a repeat of 2008’s financial crisis”

- BNP Paribas issues Australia’s first climate-linked bond
  “BNP Paribas issued Australia’s first green bond linked to the performance of an index tracking companies tipped to benefit from the country’s transition into a low-carbon economy, aiming to bridge a gap in sustainable investment products”

- Lebanon’s investors wary as blast upends debt revamp plans
  “Lebanon’s creditors are wary of the risk of even steeper losses as a devastating blast in Beirut complicates an already stalled debt restructuring process”

- IMF to start negotiating new Argentine lending deal over coming weeks
  “Argentina will start talks with the International Monetary Fund in the coming weeks aimed at clinching a new program to replace a defunct $57 billion standby lending deal from two years ago, a top IMF official told Reuters”

- China’s new yuan loans expected to fall in July: Reuters poll
  “China’s new bank loans are expected to fall in July after record lending in the first half of the year, but are still likely to be higher than a year earlier, amid sustained policy support to get the economy on a solid footing after the coronavirus”

- Chinese investors shift to money market funds as equities turn volatile
  “Chinese investors are swapping their bets in equities for safe-haven money market funds (MMFs) as stock markets continue to be volatile on the back of concerns about domestic policy tightening and Sino-U.S. tensions”

Regulators & Associations Monitored

1. FCA
2. BoE
3. The Pensions Regulator
4. FRC
5. ESMA
6. EBA
7. EIOPA
8. ECB
9. European Commission
10. BCBS
11. Autorité des Marchés Financiers (AMF) of France
12. CSSF
13. FINMA
14. CBI
15. ICMA
16. IOSCO
17. FSB

Important Information: