ELFA Legal & Regulatory Update
06/07/2020 – 10/07/2020

Key Highlights:

- This Legal & Regulatory Update covers the week commencing 06/07/2020.
- BoE announces that it will publish SONIA compounded index from 3rd of August.
- PRA releases statement on LIBOR transition and PRA resolution-related rules.
- FCA clarifies its position regarding EIOPA's guidelines on outsourcing to cloud service providers.
- Working Group on Sterling Risk-Free Reference Rates (RFRWG) releases its monthly newsletter for June 2020.
- FRC publishes its principles for operational separation of audit practices.
- ESMA consults on guidelines on calculation of positions under SFTR.
- EIOPA clarifies supervisory expectations on product oversight and governance requirements in context of COVID-19.
- EBA calls on resolution authorities to consider impact of COVID-19 on resolution strategies and resolvability assessments.
- ECB publishes guideline on so-called "materiality threshold" for banks directly supervised by national supervisors.
- Basel Committee publishes final revisions to credit valuation adjustment risk framework.
- Autorité des Marchés Financiers (AMF) of France sets out its guidelines for digital finance in Europe.
- CSSF announces launch of ESMA's supervisory exercise in relation to ESRB's recommendation on liquidity risk in investment funds.
- FINMA authorises first supervisory organisations responsible for implementing FinSA / FinIA.
- FSB and Basel Committee set out supervisory recommendations for benchmark transition.
- ICMA submits response to ESMA's survey on topics for CSDR review.
- Alternative Reference Rates Committee (ARRC) releases guide to support market participants transitioning to SOFR.
- 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 July 2020: BoE announces that it will publish SONIA compounded index from 3rd of August

The Bank of England (BoE) said that it will publish a daily compounded index for its overnight SONIA interest rate from August 3rd as it pushes ahead with ditching the discredited Libor benchmark. Each day's SONIA Compounded Index will be made freely available on the Bank's Interactive Statistical Database by 10:00 on the business day after it is first published. The full series of the SONIA Compounded Index back to 23 April 2018 will be on the IADB from 3 August 2020.

06 July 2020: PRA publishes SS31/15 Internal Capital Adequacy Assessment Process and Supervisory Review and Evaluation Process

The Prudential Regulation Authority (PRA) published Supervisory Statement (SS) 31/15 'The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)'. This SS is aimed at firms to which CRD IV applies and replaces PRA SS5/13 and PRA SS6/13. It provides further detail on the high-level expectations outlined in 'The Prudential Regulation Authority's approach to banking supervision'. The SS has five chapters, including:

- Chapter 2: Expectations of firms undertaking an Internal Capital Adequacy Assessment Process (ICAAP) - This sets out the PRA's expectations in relation to the ICAAP and the requirements set out in the ICAA part of the PRA Rulebook;
- Chapter 3: Stress testing, scenario analysis and capital planning - This sets out the PRA's expectations of firms in relation to stress testing, scenario analysis and capital planning, and the requirements set out in Chapter 12 of the Internal Capital Adequacy Assessment Part of the PRA Rulebook;
- Chapter 4: Reverse stress testing - This sets out the PRA's expectations of firms in relation to reverse stress testing, and the requirements set out in Chapter 15 of the Internal Capital Adequacy Assessment Part of the PRA Rulebook; and

- Chapter 5: The Supervisory Review and Evaluation Process (SREP) - This sets out the factors that the PRA takes into consideration to assess a firm's ICAAP, including the setting of form-specific capital requirements and the PRA buffer.

07 July 2020: PRA releases statement on LIBOR transition and PRA resolution-related rules

The PRA released a statement on LIBOR transition and PRA resolution-related rules. This statement outlines the PRA's view on the implications of LIBOR transition for contracts in scope of the Contractual Recognition of Bail-In and Stay in Resolution Parts of the PRA Rulebook. The PRA acknowledges that firms may need to consider whether existing contracts in scope of the Contractual Recognition of Bail-In (CROB) and Stay in Resolution (Stays) Parts of the PRA Rulebook that are changed to reflect the transition away from LIBOR could be considered materially amended, and thus required to include CROB and Stays terms. The PRA considers that, where the sole purpose of an amendment to a liability (as defined in CROB) or a financial arrangement (as defined in Stays) is to transition away from LIBOR, the amendment should not be considered a material amendment as the term applies to either the CROB Part or the Stays Part of the PRA Rulebook. Nonetheless, firms should consider adding CROB and Stays terms into the documentation for a third-country law governed liability or financial arrangement that is amended for the sole purpose of transitioning away from LIBOR, as it enhances firm resolvability. CROB and Stays are part of the UK resolution regime, ensuring that firms can fail in an orderly way. Both sets of rules are needed for the effectiveness of UK resolution actions in third-country jurisdictions. Furthermore, consistent with paragraph 5.10 of the BoE's minimum requirements for own funds and eligible liabilities (MREL) Statement of Policy, firms should consider whether having non-Common Equity Tier 1 (CET1) own funds instruments governed by third-country law but without statutory or contractual recognition of UK bail-in rules would create difficulties for resolution.

07 July 2020: PRA releases statement to insurers on application of matching adjustment during Covid-19

The PRA released a statement to insurers on the application of the matching adjustment (MA) during Covid-19. The PRA considers that the MA has functioned as intended thus far throughout the Covid-19 crisis. Nevertheless, the PRA has identified some areas where it may be useful to provide clarifications to ensure consistency in firms' interpretation of the PRA's policy.

09 July 2020: PRA consults on extending coverage under Financial Services Compensation Scheme for Temporary High Balances

The PRA announced that it is consulting on its proposal to extend coverage under the Financial Services Compensation Scheme (FSCS) for Temporary High Balances (THBs), from six months to twelve months from the date of deposit, or the first date the THB becomes legally transferable to the depositor. The proposed extension of coverage would be for a temporary period, and is being proposed in response to the impact of Covid-19 on residential property and investment markets, and access to banking services for some depositors. THB coverage would revert back to six months from Monday 1 February 2021. This consultation is relevant to retail financial consumers who are currently, or who may become, THB depositors before Monday 1 February 2021, and is also relevant to the FSCS and to all PRA-authorised deposit-takers. This consultation closes on Thursday 23 July 2020.

06 – 10 July 2020: Speeches, Letters & Other Publications

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

- Policy Statement 16/20 Regulated fees and levies: Rates proposals 2020/21
- Bank of England statement: August Monetary Policy Report and Financial Stability Report
- Bank of England Weekly Report 8 July 2020
- Minutes of Money Markets Committee meeting - 2 June 2020
- Consolidated balance sheet - 31 March 2019
- Dollar shortages and central bank swap lines - Staff Working Paper
- Has monetary policy made you happier? - Staff Working Paper
- Hanneke Smits steps down from Bank of England Court

Financial Conduct Authority (FCA)

08 July 2020: FCA clarifies its position regarding EIOPA's Guidelines on outsourcing to cloud service providers

On 6 February 2020, the European Insurance and Occupational Pensions Authority (EIOPA) published final Guidelines on outsourcing to cloud service providers for insurance and reinsurance undertakings. The FCA has notified EIOPA that the Guidelines are not applicable to regulated activities within the UK's jurisdiction, as they will enter into force on 1 January 2021, after the EU withdrawal transition period is expected to end. Instead, the FCA will continue to apply its FG16/5 Guidance for firms outsourcing to the cloud and other third-party IT services in the UK, first published in 2016 and last updated in September 2019. The FCA will keep this guidance under review and, where appropriate, consult to update this to ensure it remains consistent with relevant international standards.

06 – 10 July 2020: Speeches, Letters & Other Publications

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

- Annual Report and Accounts 2019/20 and Annual Public Meeting
- Call for mortgage intermediaries willing to help mortgage prisoners
- FS20/10: Coronavirus and safeguarding customers' funds: guidance for payment and e-money firms
- Portfolio strategy letter for payment services firms and e-money issuers
- The role of investment managers in the post Covid-19 recovery, Speech by Christopher Woolard

Working Group on Sterling Risk-Free Reference Rates (RFRWG)

06 July 2020: RFRWG releases its monthly newsletter for June 2020

The Working Group on Sterling Risk-Free Reference Rates (RFRWG) released its monthly newsletter for June 2020. The newsletter includes information on key milestone dates, official sector updates, key liquidity indicators, market developments and non-sterling RFR updates.

Financial Reporting Council (FRC)

06 July 2020: FRC publishes its principles for operational separation of audit practices

The Financial Reporting Council (FRC) has announced its principles for operational separation of the audit practices of the Big Four firms. The objectives of operational separation, which is world leading, are to ensure that audit practices are focused above all on delivery of high-quality audits in the public interest, and do not rely on persistent cross subsidy from the rest of the firm.

The FRC's desired outcomes include:

- audit practice governance prioritises audit quality and protects auditors from influences from the rest of the firm that could divert their focus away from audit quality;
- the total amount of profits distributed to the partners in the audit practice does not persistently exceed the contribution to profits of the audit practice;
- the culture of the audit practice prioritises high-quality audit by encouraging ethical behaviour, openness, teamwork, challenge and professional scepticism/judgement; and
- auditors act in the public interest and work for the benefit of shareholders of audited entities and wider society.

These final principles follow extensive discussions with the audit firms. The FRC is now asking the Big 4 firms to agree to operational separation of their audit practices on this basis and to provide a transition timetable to complete implementation by 30 June 2024 at the latest. An implementation plan should be submitted to FRC by 23 October 2020. The FRC will then agree a transition timetable with each firm. Thereafter the FRC will publish annually an assessment of whether firms are delivering the objectives and outcomes of operational separation.

09 July 2020: FRC strengthens auditing standard ISA 315

The FRC issued a revision of its standard for the identification and assessment of risks of material misstatement in an audit of financial statements. The revised standard (ISA (UK) 315 (Revised – July 2020) - Identifying and Assessing the Risks of Material Misstatement) adopts the revisions made to the underlying international standard issued by the International Auditing and Assurance Board (IAASB). The revisions to the standard are designed to drive a more robust and consistent risk identification and assessment, enhancing the basis upon which auditors design and perform audit procedures that are responsive to the risks of material misstatement and, thereby, obtain sufficient appropriate audit evidence to provide a basis for the audit opinion.

The FRC has also issued International Standard on Assurance Engagements (ISAE) (UK) 3000, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. The standard adopts the corresponding ISAE issued by the IAASB but has been modified to require that assurance practitioners applying it for engagements that the FRC has designated as "public interest assurance engagements" comply with the FRC's Ethical Standard. These will be assurance engagements where an audit level of independence is appropriate and expected by stakeholders. For other assurance engagements, practitioners have to comply with the relevant independence and other ethical provisions of their professional body and the Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA) specific to such types of other assurance engagement. The FRC has not, at this time, designated any such "public interest assurance engagements". However, it is appropriate to adopt the standard now to provide for a timely response should the FRC be requested to regulate the conduct of particular public interest assurance engagements in response to the outcome of recent and future reviews of the scope of auditors' responsibilities and other developments. Voluntary application to other assurance engagements is permitted (the international version of the standard is already applied voluntarily by firms in the UK).

09 July 2020: FRC invites investors and companies to participate in new project on corporate disclosures about stakeholders, including Section 172 statements

The Financial Reporting Lab (the Lab) is inviting investors and companies to participate in a new project on corporate disclosures about stakeholders, including Section 172 statements. In 2020, companies need to prepare a Section 172 statement for the first time. The Lab's project will seek to identify how information about stakeholders can be reported most effectively by examining existing best practice and understanding investors' needs. Investors and companies interested in participating can email FinancialReportingLab@frc.org.uk. Views from other interested parties, particularly organisations representing relevant stakeholders, are also welcomed. Further information about the project can be viewed here.

06 – 10 July 2020: Speeches, Letters & Other Publications

During the week, the FRC released the following publications that might be of interest to our readers:

- FRC sanctions against Grant Thornton, Kevin Engel and Natasha Toy

European Securities and Markets Authority (ESMA)

07 July 2020: ESMA updates list of trading venues temporarily exempted from open access under MiFIR

The European Securities and Markets Authority (ESMA) has updated the list of trading venues which have a temporary exemption from the open access provisions under the Markets in Financial Instruments Regulation (MiFIR). The updated list includes an extension of the exemption for five venues until 4 January 2023.

07 July 2020: ESMA publishes updated annual transparency calculations

ESMA has made available the updated results of the annual transparency calculations for a limited number of equity and equity-like instruments. ESMA's annual transparency calculations are based on the data provided to the FITRS by trading venues and approved publication arrangements in relation to the calendar year 2019.

07 July 2020: ESMA issues latest double volume cap data

ESMA 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 includes DVC data and calculations for the period 1 June 2019 to 31 May 2020 as well as updates to already published DVC periods.

08 July 2020: ESMA updates the CSDR Q&As - July 2020

ESMA updated its Questions and Answers (Q&As) regarding the implementation of the Central Securities Depositories Regulation (CSDR). The latest Q&A relates to the implementation of the settlement discipline regime and clarifies that, for the purpose of initiating a buy-in process, the concept of "business days" under CSDR refers to the definition given in the rules of the securities settlement systems where the settlement fail occurred.

08 July 2020: ESMA updates its Q&As on MiFID II and MiFIR transparency (July 2020)

ESMA updated its Q&As regarding transparency issues under the Markets in Financial Instruments Directive (MiFID II) and Regulation (MiFIR). The new Q&A document provides technical clarifications for the performance of the mandatory systematic internaliser (SI) test. The Q&A specifies how the number of transactions and the nominal amount traded of a derivative shall be allocated when a derivative contract changes over the observation period from one sub-class to another.

08 July 2020: ESMA publishes updates to EMIR Q&As (July 2020)

ESMA updated its Q&A document on practical questions regarding data reporting issues, under the European Markets Infrastructure Regulation (EMIR). The updated Trade Repository (TR) Q&A 11(b) clarifies that the counterparties should follow their local time and the relevant calendar of their Member State to specify the "working day" in the context of determining the deadline for reporting under EMIR. This clarification should be applied even if the two counterparties to the same derivative follow different calendars and/or are located in different timezones, meaning that each counterparty should follow its own local calendar and use the local time to determine the deadline for reporting.

08 July 2020: ESMA updates Q&A on MiFIR data reporting (July 2020)

ESMA has updated its Q&A on data reporting under the Market in Financial Instruments Regulation (MiFIR). The Q&A provides clarifications in relation to the reporting requirements for submission of transaction reports under Art. 26 of MiFIR and RTS 22. In particular, the new Q&A provides two reporting scenarios where an Investment Firm executes a transaction through an execution algorithm provided by another Firm. The amendments to the existing Q&A on MiFIR data reporting becomes effective from 8 July 2020.

09 July 2020: ESMA consults on Guidelines on calculation of positions under SFTR

ESMA launched a consultation on draft Guidelines on the calculation of positions by Trade Repositories (TRs) under the Securities Financing Transactions Regulation (SFTR). The aim of the Guidelines is to ensure consistency of position calculation across TRs, with regard to the time of calculations, the scope of the data used in calculations, the data preparation, the recordkeeping of data and the calculation methodologies. The Consultation Paper on draft Guidelines sets out the relevant clarification to Trade Repositories (TRs) with regards to the compliance with Article 4(6) of SFTR setting out a general requirement for TRs to calculate positions (by cross-reference to Article 80 of EMIR). Furthermore, Article 12(2) of SFTR requires TRs to collect and maintain details of SFTs (i.e., including positions) and Article 5 of RTS on data aggregation specifically requires TRs to calculate positions in SFTs in a harmonised and consistent manner.

The closing date for responses is 15 September 2020. ESMA will consider the responses to this consultation with a view to finalise the proposed Guidelines and to publish a final report in Q4 2020/Q1-2021.

09 July 2020: ESMA clarifies external support within the meaning of Article 35 of the MMF Regulation

ESMA published a public statement on external support under Article 35 of the Money Market Funds (MMF) Regulation. ESMA is issuing this statement in the context of financial markets authorities recent actions to mitigate the impact of COVID-19 on the EU's financial markets, to clarify the potential interaction between the intermediation of credit institutions and the requirements of Article 35 of the MMF Regulation on external support. It also aims to coordinate the supervisory approaches of national competent authorities (NCAs) in light of liquidity challenges for MMFs in the context of the current COVID-19 pandemic.

09 July 2020: ESMA highlights further aspects to consider in the finalisation of the framework for third-country CCPs

ESMA has published a letter that has been sent to the European Commission (EC) as a contribution to the EC consultation on the delegated acts on tiering, comparable compliance and fees related to third-country central counterparties (TC-CCPs) under the revised European Market Infrastructure Regulation (EMIR 2.2). ESMA believes it is useful to raise a few key aspects about the draft Delegated Acts that are presented in the letter, in particular with respect to the assessment of comparable compliance.

09 July 2020: ESMA updates the ESEF Reporting Manual

ESMA published an update of its Reporting Manual on the European Single Electronic Format (ESEF). The update expands existing guidance and reflects relevant developments in the technical specifications. The ESEF Reporting Manual is aimed at all market participants involved in the implementation of the requirements set out in the ESEF Delegated Regulation, and in particular in the first-time preparation of IFRS consolidated financial statements in Inline XBRL.

10 July 2020: ESMA publishes Guidelines on securitisation repository data completeness and consistency thresholds

ESMA published its final report on the Guidelines on securitisation repository data completeness and consistency thresholds. The Guidelines provide clarity for market participants and securitisation repositories (SRs) on the accepted levels of No-Data (ND) options contained in the securitisation data submitted to SRs. ESMA, following a public consultation, has drafted final guidelines which explain how securitisation repositories should verify that the ND options, included in the data it receives from securitisation parties, are only used where permitted and do not prevent the data submission from being sufficiently representative of the underlying exposures in the securitisation. The majority of feedback received during the public consultation was supportive of the data completeness and consistency thresholds. Following limited adjustments to the guidelines, the final report now provides full transparency to market participants on the concrete accepted levels of ND options contained within the data submitted to securitisation repositories

10 July 2020: ESMA updates its opinion on ancillary activity calculations

ESMA published an updated Opinion on ancillary activity calculations. The opinion provides the estimation of the market size of commodity derivatives and emission allowances for 2019. ESMA has prepared these estimations based on data reported to the ESMA FITRS system as well as data reported to trade repositories under EMIR. Market participants, under the revised Markets in Financial Instruments Directive (MiFID II), are required to measure their own activity against total market sizes in commodity derivatives. These sizes are important to enable market participants to assess whether they exceed the ancillary activity thresholds in MiFID II and consequently would have to apply for authorisation as an investment firm. In issuing this opinion, ESMA considers that the guidance on market size will contribute positively to the consistency of supervisory practices and will ensure a uniform approach throughout the Union.

European Insurance and Occupational Pensions Authority (EIOPA)

08 July 2020: EIOPA clarifies supervisory expectations on product oversight and governance requirements in context of COVID-19

The European Insurance and Occupational Pensions Authority (EIOPA) has issued a statement calling on insurance companies to review their product oversight and governance measures because of the potential impact the COVID-19 pandemic can have on products and their utility for customers. EIOPA believes that It is vitally important that insurance companies place the fair treatment of customers at the heart of their response to the COVID-19 pandemic.

According to the statement, EIOPA is asking insurance manufacturers to identify products whose main features, risk coverage or guarantees have been materially affected by the COVID-19 pandemic. If such products no longer offer value to the target market, insurers should assess whether there is the risk of possible unfair treatment. The assessment should be on a medium to longer term basis, to take into account product lifecycles and the evolution of the impacts of the COVID-19 pandemic. Where there is a possibility of unfair treatment, EIOPA expects remedial measures to be taken. These measures should be proportionate to potential unfair treatment and take account of legal requirements in national civil and insurance law. EIOPA clarifies that, in taking remedial measures, insurance manufacturers should aim at both mitigating the situation and preventing further occurrences of detriment. Insurance manufacturers should consider a broad range of possible measures and their impact on products over the medium to long term. This call to action is one of a series of measures that EIOPA has been taking to address the impact of COVID-19 on the insurance sector and in particular builds on its statement of 1 April 2020 calling on insurers and intermediaries to take steps to mitigate the impact of COVID-19 on consumers.

08 July 2020: EIOPA announces new composition of its two stakeholder groups

EIOPA announced that it has appointed new members to the Insurance and Reinsurance Stakeholder Group (IRSG) and Occupational Pensions Stakeholder Group (OPSG). The two groups consist of a broad range of stakeholders, representing the industry, consumers, beneficiaries, academics, small and medium-sized companies, employees as well as professional associations.

European Banking Authority (EBA)

07 July 2020: EBA provides clarity on implementation of prudential framework in context of COVID-19

The European Banking Authority (EBA) published a Report, which provides clarifications on the application of the prudential framework that have been raised as a consequence of the COVID-19 pandemics. This Report is part of the EBA's wider monitoring of the implementation of COVID-19 policies as well as of the application of existing policies under these exceptional circumstances.

The Report provides clarity on the implementation of the Guidelines on legislative and non-legislative moratoria on loan repayments, which encouraged institutions to grant payment holidays to customers, by addressing a number of interpretative questions and presents an overview of the general payment moratoria in place in the EU based on notifications sent to the EBA. In addition, the Report also includes considerations on the COVID-19 issues, which can arise in applying the operational risk framework. The report sets out common criteria that aim at providing clarity on the supervisory and regulatory expectations regarding the treatment of COVID-19 operational risk losses in the capital requirement calculations. The Report also encourages credit institutions to collect information on data losses, even when these are not expected to be part of the setting of capital requirements. As a significant number of policy issues have arisen and will continue to arise in the context of the EBA's monitoring of the implementation of COVID-19 policies, the EBA expects to update the Report at a later stage.

09 July 2020: EBA calls on resolution authorities to consider impact of COVID-19 on resolution strategies and resolvability assessments

The EBA published a statement on resolution planning in light of the COVID-19 pandemic. With this statement, the EBA intends to reiterate the importance of resolution planning in times of uncertainty to ensure that resolution stands as a credible option in times of stress. In addition, the EBA highlights the importance for resolution authorities to continue promoting institutions' efforts to enhance their capabilities and increase their resolvability. According to this statement, resolution authorities should take into account the impact of COVID-19 on banks and their business models when taking decisions on resolution plans and on the minimum requirement for own funds and eligible liabilities (MREL). In addition, resolution authorities should use and test resolution colleges as the main fora to exchange information and share decisions in these times of stress.

10 July 2020: EBA publishes phase 2 of its technical package on reporting framework 2.10

The EBA published a new release of the reporting framework 2.10, providing the technical tools and specifications for the implementation of EBA reporting requirements. The package includes the validation rules, the Data Point Model (DPM) dictionary and XBRL taxonomies. This package reflects the following reporting changes:

- the new EBA Guidelines on reporting and disclosure COVID-19 measures (published on 4 of June 2020), applicable since 30 June 2020;
- the updated ITS on Supervisory Benchmarking of internal model, applicable from September/ December 2020; and
- minor amendments to the DPM, validation rules and XBRL taxonomies for Resolution planning reporting as well as reporting on Funding Plans, applicable from December 2020.

10 July 2020: EBA updates list of correlated currencies

The EBA updated the 2019 list of closely correlated currencies that was originally published in December 2013. The list is part of the implementing technical standards (ITS) that were drafted for the purposes of calculating the capital requirements for foreign-exchange risk according to the standardised rules. The list was updated according to the procedure and methodology laid down in the ITS and submitted to the European Commission for endorsement.

06 – 10 July 2020: Speeches, Letters & Other Publications

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

- EBA Banking Stakeholders Group held its first meeting in its new composition
- European Parliament confirms François-Louis Michaud as new EBA Executive Director

European Central Bank (ECB)

08 July 2020: ECB publishes guideline on so-called "materiality threshold" for banks directly supervised by national supervisors

The European Central Bank (ECB) published a guideline on the definition of the so-called "materiality threshold" for banks that are directly supervised by national supervisors, following a public consultation. The materiality threshold refers to the point at which a bank decides a debtor is in default on its loan. The new definition specifies how national supervisors should exercise their discretion in this regard. The Capital Requirements Regulation had required the competent banking supervision authorities to determine this threshold. The ECB had already defined it for the banks that it supervises directly in a regulation published in November 2018. The new guideline for less significant banks is aligned with the threshold defined in the ECB regulation for significant banks. The alignment of the materiality threshold for credit obligations past due for all banks, regardless of whether they are supervised directly by the ECB or by national supervisors, contributes to the consistent application of supervisory standards to both significant and less significant credit institutions.

06 – 10 July 2020: Speeches, Letters & Other Publications

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

- ECB assessment report on completion of the commitments made by the Republic of Bulgaria on the macroprudential toolkit
- ECB assessment report on completion of the commitments made by the Republic of Croatia on the macroprudential toolkit
- ECB establishes close cooperation with Bulgaria's central bank
- ECB establishes close cooperation with Croatia's central bank
- Working Paper Series: Who takes the ECB's targeted funding?
- Working Paper Series: Compositional effects of O-SII capital buffers and the role of monetary policy
- Working Paper Series: Modeling the consumption response to the CARES Act
- Working Paper Series: Central banks in parliaments - a text analysis of the parliamentary hearings of the Bank of England, the European Central Bank and the Federal Reserve
- Unleashing the euro's untapped potential at global level, Introductory remarks by Fabio Panetta
- Supervising the new normal, Blog post by Kerstin Jochnick
- Brexit: banks must prepare for the end of the transition period, Blog post by Yves Mersch

European Commission (EC)

06 – 10 July 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 clears AMS' acquisition of OSRAM
- Commission approves German fund to enable up to €500 billion of liquidity and capital support to enterprises affected by the coronavirus outbreak Page contents
- Commission approves €150 million Austrian subordinated loan to compensate Austrian Airlines for damages suffered due to coronavirus outbreak
- Commission adopts new exceptional support measures for the wine sector
- Commission sets out plans for the energy system of the future and clean hydrogen
- Getting ready for the end of the transition period with the UK: European Commission adopts "readiness" Communication
- EU, Canada and China co-host international meeting on climate cooperation and a sustainable economic recovery
- European Commission and World Bank Group renew agreement to strengthen development cooperation

Basel Committee on Banking Supervision (BCBS)

06 July 2020: Basel Committee reports on Basel III implementation progress

The Basel Committee on Banking Supervision (BCBS) issued the Eighteenth progress report on adoption of the Basel regulatory framework. This updated progress report provides a high-level view of Basel Committee members' progress in adopting the Basel III standards as of end-May 2020. It focuses on the status of adoption of all the Basel III standards, including the finalised Basel III post-crisis reforms published in December 2017 and the finalised minimum capital requirements for market risk in January 2019, to ensure that they are transposed into national law or regulation according to the internationally agreed time frames. The report is based on information provided by individual members as part of the Committee's Regulatory Consistency Assessment Programme (RCAP). The report includes the status of adoption of the Basel III risk-based capital standards, the leverage ratio, the standards for global and domestic systemically important banks (SIBs) and interest rate risk in the banking book (IRRBB), the Net Stable Funding Ratio (NSFR), the large exposures framework and the disclosure requirements.

08 July 2020: Basel Committee publishes final revisions to credit valuation adjustment risk framework

The BCBS published an updated standard for the regulatory capital treatment of credit valuation adjustment (CVA) risk for derivatives and securities financing transactions. The revisions for the regulatory capital treatment of CVA risk include:

- recalibrated risk weights;
- different treatment of certain client cleared derivatives; and
- an overall recalibration of the standardised and basic approach.

In November 2019 the Committee consulted on a set of targeted final revisions to the CVA risk framework published in December 2017. The changes finalised bring the revised CVA risk framework into alignment with the market risk framework.

Central Bank of Ireland (CBI)

06 – 10 July 2020: Speeches, Letters & Other Publications

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

- Introductory statement by Governor Gabriel Makhlouf at the Special Oireachtas Committee on Covid-19

Autorité des Marchés Financiers (AMF) of France

07 July 2020: AMF sets out its guidelines for digital finance in Europe

Responding to the European Commission's consultation on the development of a European Digital Finance Strategy, as well as two parallel consultations on the European Data Strategy and on the European approach to Artificial Intelligence, the Autorité des Marchés Financiers (AMF) has set out its guidelines for digital finance in Europe.

In response to the consultation on the European strategy for digital finance, the AMF:

- confirms that, from its point of view, European regulations are generally technology-neutral. However, some adjustments should be considered, particularly with regard to the emergence of crypto-assets, whose development is incompatible with certain aspects of European regulations according to legal analyses conducted by the AMF;
- is also in favor of drawing up minimum standards harmonised at the European level for the electronic holding of general meetings of shareholders;
- regrets that the European regulatory framework is not very agile in the area of financial services;
- calls for a Europe-wide definition of the concept of "cross-border marketing" and the associated location criteria;
- proposes to clarify the requirements associated with marketing documentation at the European level;
- reaffirms its support for the initiative of creation of a European sandbox for conducting tests; and
- believes it would be premature to generalise data portability within the financial sector until the consequences of the Second European Payment Services Directive (PSD2) have been assessed.

In response to the consultation on European data strategy, the AMF:

- strongly supports the initiative to establish a European data strategy;
- strongly supports the standardisation of data to promote the availability of data under uniform conditions across the Union and the reuse of data, both of which create value;
- believes more work seems necessary on the standardisation of metadata schemas, data formats, licenses and especially metadata variables;
- recommends the possibility of receiving feedback from users so that datasets can be modified and licences can be provided for their reuse; and
- is in favour of standardising contractual clauses so as to promote a better balance in relations between financial institutions and cloud providers.

Finally, in response to the consultation on the European approach to Artificial Intelligence, the AMF:

- proposes not to impose mandatory regulation of AI employed in financial services at this stage; and
- is not in favour of a labelling mechanism because it would add complexity and cost to firms, at a time when it is desirable to foster the emergence of the European AI market.

Commission de Surveillance du Secteur Financie (CSSF)

07 July 2020: CSSF releases profit & loss account of credit institutions as at 31 March 2020

The CSSF released its profit & loss account of credit institutions as at 31 March 2020. The CSSF estimates profit before provisions of the Luxembourg banking sector at EUR 1,242.1 million for the first quarter of 2020. Compared to the previous year, profit before provisions recorded a significant increase by 22.7%. The CSSF explains that the growth of the operating profit before provisions and taxes needs to be put into perspective given the expected increase in value adjustments on credit portfolios for the coming months as a consequence of the health crisis.

07 July 2020: CSSF announces launch of ESMA's supervisory exercise in relation to ESRB Recommendation on Liquidity Risk in Investment Funds

As part of its actions to address the impact of COVID-19 on the financial system from a macroprudential perspective, the ESRB issued on 6 May 2020 a recommendation to ESMA to undertake together with national competent authorities a focused piece of supervisory engagement with those investment funds having significant exposure to corporate debt and real estate assets. Based on recent COVID-19 experiences, the ESRB has identified corporate debt and real estate investment funds as particularly high-priority areas for enhanced scrutiny from a financial stability perspective. On the basis of the data collection questionnaire prepared by ESMA, the CSSF has now launched this exercise by asking a larger sample of UCITS- and alternative investment fund managers to complete, by 31 July 2020, the questionnaire for selected UCITS as well as alternative investment funds. All concerned investment fund managers have been contacted directly by the CSSF in that context. For further information on the background of this work please refer to the related CSSF communication dated 5 June 2020.

06 – 10 July 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:

- Circular CSSF 20/745: Supervisory reporting requirements applicable to credit institutions
- FAQ regarding Circular CSSF 02/77: List of questions / answers in relation to the provisions of Circular CSSF 02/77 concerning the protection of investors in case of NAV calculation error and correction of the consequences resulting from noncompliance with the investment rules applicable to undertakings for collective investment
- Circular CSSF-CPDI 20/22: Survey on the amount of covered deposits held on 31 June 2020
- Circular CSSF 20/738: FATF statements concerning 1) high-risk jurisdictions on which enhanced due diligence and, where appropriate, counter-measures are imposed 2) jurisdictions under increased monitoring of the FATF

Swiss Financial Market Supervisory Authority (FINMA)

07 July 2020: FINMA authorises first supervisory organisations responsible for implementing FinSA / FinIA

The Swiss Financial Market Supervisory Authority (FINMA) has granted Organisme de Surveillance des Instituts Financiers based in Geneva (OSIF) and the Organisation de Surveillance Financière based in Neuchâtel (OSFIN) licences as supervisory organisations (SOs) with effect from 6 July 2020. The SOs will be responsible for the supervision of portfolio managers and trustees in the future. With the enactment of the Financial Institutions Act (FinIA) and the Financial Services Act (FinSA) the supervision of portfolio managers and trustees became subject to new regulation. Independent portfolio managers and trustees now require authorisation from FINMA. However, they will be monitored by the SOs with regard to compliance with the obligations laid down in the FinIA and FinSA, as well as compliance with AMLA rules. The SOs also require authorisation from FINMA and will be supervised by FINMA. If there are any violations FINMA is responsible for enforcing financial market law.

FINMA has also authorised the first registration body for client advisers. The registration bodies maintain a register of advisers as defined in the FinSA. Client advisers of financial service providers must register there if they are not subject to supervision and provide their services in Switzerland. The registration bodies will check that the client advisers have completed the necessary training and further education measures. FINMA is responsible for authorising the registration bodies, but not for their prudential supervision. The authorisation of the first registration body marks the start of a six-month transitional period: affected client advisers must submit an application to be entered in the register of advisers by 19 January 2021

Furthermore, the Federal Department of Finance (FDF) has recognised the first ombudsman's offices in accordance with the FinSA for financial service providers. Unlike the self-regulatory ombudsman system of the past for banks, under the FinSA affiliation to an ombudsman's office has become obligatory for all financial service providers that provide their services in Switzerland. Furthermore, the ombudsman's offices must now be recognised by the FDF. As in the past, the ombudsman's offices should settle disputes regarding legal claims between the client and the financial service provider in mediation proceedings. In accordance with the FinSA, financial service providers must affiliate themselves to such an ombudsman's office within six months of the first ombudsman's office being recognised. FINMA will monitor the implementation of the affiliation requirement within the scope of its supervisory work.

Financial Stability Board (FSB)

09 July 2020: FSB and Basel Committee set out supervisory recommendations for benchmark transition

The Financial Stability Board (FSB) and Basel Committee on Banking Supervision (BCBS) published a report, which concludes that the continued reliance of global financial markets on LIBOR poses clear risks to global financial stability. The report includes insights on remaining challenges to transition based on surveys undertaken by the FSB, the BCBS and the International Association of Insurance Supervisors (IAIS). It sets out recommendations for authorities to support financial institutions' and their clients' progress in transitioning away from LIBOR.

The report includes three sets of recommendations to support LIBOR transition that should generally be applicable to all jurisdictions with LIBOR exposures:

- Identification of transition risks and challenges – authorities and standard-setting bodies to issue public statements to promote awareness and engage with trade associations, and authorities to undertake regular surveys of LIBOR exposure and to request updates from financial institutions;
- Facilitation of LIBOR transition – authorities to establish a formal transition strategy supported by adequate resources and industry dialogue. Supervisory authorities should consider increasing the intensity of supervisory actions when the preparatory work of individual banks is unsatisfactory; and
- Coordination – authorities to promote industry-wide coordination, maintain dialogue on the adoption of fallback language, consider identifying legislative solutions, where necessary, and exchange information on best practices and challenges. The FSB and the standard-setting bodies will coordinate at the international level to identify key common metrics for monitoring transition progress.

06 – 10 July 2020: Speeches, Letters & Other Publications

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

- Global in Life and Orderly in Death: Post-Crisis Reforms and the Too-Big-to-Fail Question
  Speaking at an Exchequer Club event, FSB Chair Randal K. Quarles sets out the conclusions from the evaluation on too-big-to-fail reforms and the FSB's response to the COVID-19 pandemic
- Tackling too-big-to-fail banks: Have the reforms been effective?
  Speaking at a Bruegel event, Alexander Birry (Standard& Poors Global), Claudia M.Buch (FSB/ Bundesbank) and Nicolas Véron discuss the FSB's evaluation on too-big-to-fail reforms
- Implications of the too-big-to-fail reforms for global banking
  Remarks by Claudia M. Buch, Vice-President, Deutsche Bundesbank prepared for the IIF-BPI Colloquium on Cross-Border Resolution & Regulation

International Capital Market Association (ICMA)

10 July 2020: ICMA submits response to ESMA's Survey on Topics for CSDR Review

On behalf of its members, ICMA has submitted its response to the ESMA Survey on Topics for the CSDR Review. The ICMA response focuses on Article 7, Measures to address settlement fails, and in particular the mandatory buy-in (MBI) provisions. ICMA's strong recommendation is 'delay and review'. ICMA's members feel that the MBI regime, as currently designed, would be extremely damaging for European capital market liquidity, efficiency, and stability, creating undue risks for market participants, in particular investors, and undermining the objectives of capital markets union. While pursuing other measures to promote settlement efficiency, including cash penalties, the authorities should undertake a rigorous impact assessment, firstly to conclude whether a mandatory buy-in regime is warranted, and secondly, to the extent that it is, to inform the design of any framework.

Key highlights from the response include:

- ICMA recommends that with respect to Article 7 of CSDR, the implementation of the mandatory buy-in provisions be suspended to allow for a rigorous market impact assessment. In the meantime, the authorities should implement the other elements of the Settlement Discipline regime, including cash penalties, as soon as practicable to do so. The impacts of these measures should be monitored, and their application recalibrated as appropriate;
- ICMA further recommends that the proposed impact assessment be used firstly to conclude whether a mandatory buy-in regime is warranted, and secondly, to the extent that it is, to inform the design of any framework, noting that the current regime, as outlined in Article 7, is not fit for purpose; and
- ICMA remains supportive of all constructive initiatives to improve settlement efficiency in Europe's capital markets, whether regulatory or market-driven. These initiatives should not create undue risks for market participants, in particular investors, nor should they undermine the objective of efficient and stable European capital markets that are attractive for European and international investors and capital raisers. The CSDR mandatory buy-in framework threatens to do precisely this.

10 July 2020: ICMA publishes its Quarterly Report for Third Quarter of 2020

ICMA published its Quarterly Report for the Third Quarter of 2020. This report focuses on the lessons from COVID-19 for capital markets. The Foreword by Jean-Marc Mercier of HSBC, Deputy Chair of ICMA, and the Message from ICMA's Chief Executive, Martin Scheck, are both on this theme. Other contributions to the ICMA Quarterly Report on a similar theme include: the economic impact of COVID-19 and implications for capital markets; regulatory responses to the market impact of COVID-19; ICMA's secondary market and repo studies on the market impact of COVID-19; the arrival of the new fixed income market; initial lessons for bond fund managers; and bond markets in Asia. The Quarterly Assessment is on the transition to risk free rates. Also, there is a feature on Sustainability-Linked Bonds: a promising addition to the ESG debt markets. The ICMA Quarterly Report also covers other international capital market practice and regulatory developments in the primary markets, secondary markets, repo and collateral markets, sustainable finance, asset management and FinTech in international capital markets.

06 – 10 July 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 Podcast - Japan's first COVID-19 bond
  Ryosuke Kobayashi, Vice President, Financial Planning Division, Office of the CFO, Capital Management Department at Mitsubishi in Tokyo and Geraint Thomas, Head of Sustainable Finance, Capital Markets Group, MUFG Securities EMEA talk to ICMA's Simone Utermarck about MUFG's commitment to ESG Finance and the strategy behind their COVID-19 sustainability bond issue, Japan's first COVID-19 bond.

Other Updates

We would like to bring to our ELFA readers' attention the following regulatory updates from regulators & associations we are not currently monitoring.

08 July 2020: Alternative Reference Rates Committee (ARRC) releases guide to support market participants transitioning to SOFR

The Alternative Reference Rates Committee (ARRC) released a guide to Internal Systems and Processes: Transition Aid for SOFR Adoption to support market participants transitioning to SOFR. This document builds on previous ARRC publications, including the User's Guide to SOFR, the Practical Implementation Checklist, and the Buy-Side Checklist, to identify the processes and systems that may need to be updated for a successful transition to SOFR.

10 July 2020: Alternative Reference Rates Committee (ARRC) announces SOFR Summer Series

The ARRC announced the SOFR Summer Series, a series of webinars taking place in July and August. These events are designed to educate the public on the history of LIBOR; the development and strengths of the Secured Overnight Financing Rate (SOFR), the ARRC's recommended alternative to U.S. dollar (USD) LIBOR; progress made in the transition away from LIBOR to date; and how to ensure organizations are ready for the end of LIBOR. The schedule and registration is available here.

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

- ESG reporting powerhouses bury the hatchet
  "Latest sustainability news including green blowback to EU hydrogen plans, Irish impact investing and an update on the SEC and greenwashing"

- ION-Broadway deal stumbles on UK competition concerns
  "ION Group's plans to further expand its financial data and trading business have hit a hurdle after UK regulators ruled its purchase of US rival Broadway Technology could reduce competition in fixed income markets"

- Cineworld to countersue Cineplex in spat over abandoned $2.1bn deal
  "Cineworld, the world's second-largest cinema chain, has announced that it plans to countersue Cineplex as it squares up for an expensive legal battle with the Canadian chain that it pulled out of buying last month"

- Big shareholder dumps Boohoo over working condition allegations
  "One of Boohoo's biggest shareholders has dumped almost all of its stock in the fashion company and criticised its response to allegations of poor working conditions in its supply chain"

- How companies can protect their reputation during a pandemic
  "There is mounting evidence to suggest companies that behave responsibly deliver stronger long-term investment returns. As the popularity of environmental, social and governance (ESG) strategies continues to rise, being seen as a good employer becomes an asset"

- UK government borrowing costs hit record lows
  "UK government borrowing costs sank to record lows on Friday, underlining investors' willingness to fund new economic stimulus measures outlined this week by chancellor Rishi Sunak"

- UK unveils £30bn recovery package
  "the UK has unveiled its latest £30bn package of stimulus measures designed to stave off an employment disaster, including targeted tax cuts and new job support schemes"

- How best to shrink UK's post-coronavirus deficit
  "Much of this spending increase is temporary, as efforts to suppress the virus and revive the economy pay off, but it is unlikely that tax receipts will recover quickly"

- BlueBay bets on sterling drop from hard Brexit
  "The UK is on course for a hard Brexit that will hit sterling, according to a large European bond fund"

- Eurozone borrowing costs drop to pre-crisis levels
  "Government borrowing costs in the eurozone have fallen back to levels last seen before the start of the coronavirus crisis, underlining the success of the European Central Bank and other economic policymakers in restoring confidence among debt investors"

- Lagarde puts green policy top of agenda in ECB bond buying
  "Christine Lagarde, president of the European Central Bank, has opened the door to using its €2.8tn asset purchase scheme to pursue green objectives, promising to examine changes to all of its operations in the fight against climate change"

- Bundesbank to keep buying bonds after court challenge
  "Germany's central bank is set to keep buying sovereign bonds from next month, defusing an explosive ruling by the country's constitutional court that had threatened to destabilise the European Central Bank's flagship asset-purchase scheme"

- Axa IM to implement tough gender diversity targets
  "Axa Investment Managers will adopt one of the fund industry's toughest policies on gender diversity next year, as part of a push by the €804bn asset manager to force businesses around the world to appoint more women to board roles"

- Spain's BBVA breaks ground by issuing risky 'green' debt
  "Spain's BBVA has become the first lender to sell a "green" version of the riskiest form of bank debt, sparking questions from investors about how the money will fund sustainable projects"

- Iberdrola plans €10bn-a-year clean energy push
  "Iberdrola plans to invest at record levels in coming years, as it touts the crisis recovery as a once-in-a generation opportunity for the energy sector to transform itself"

- Italian mafia bonds sold to global investors
  "International investors bought bonds backed by the crime proceeds of Italy's most powerful mafia, according to financial and legal documents seen by the Financial Times"

- US asset managers set to fight proposals on ESG investments
  "Asset managers are gearing up for a battle with the Trump administration over a new proposal that threatens investors' ability to incorporate environmental, social and governance principles into pension portfolios"

- SEC commissioner calls for better ESG labelling
  "One of the US investment industry's top regulators has called for asset managers to provide clearer explanations of how environmental, social and governance metrics could affect the performance of ESG-labelled funds"

- Why ESG investing makes fund managers more money
  "Among the many long-held assumptions turned upside down by Covid-19 is the notion held by many investors that ESG investing implies lower returns. Instead, 2020 suggests that virtue pays"

- Fed withdraws from repo market after 10 months
  "The US Federal Reserve's unprecedented 10-month intervention in short-term borrowing markets has been wound down, after the central bank successfully tamed volatile funding costs that had threatened to cause disruption across the financial system"

- Trading set to triumph in US banks' second-quarter earnings
  "Goldman Sachs and Morgan Stanley are set to triumph over their Main Street rivals in the second quarter as the pair of investment banking powerhouses benefited from surging trading revenues and advisory fees"

- Treasury yields hit two-month lows in jittery week
  "A fresh burst of demand for US government bonds pushed yields on 10- and 30-year debt down this week to the lowest level since states began loosening lockdown restrictions, as a rise in deaths linked to the pandemic raised concerns over reopening the economy too soon"

- US volatility indices show persistent investor 'fear' after rally
  "Investors are betting on big swings in US stock prices, even as benchmark equity indices push steadily higher and darlings like Tesla and Amazon surge to new records"

- [US data disclosure reveals flaws in $520bn rescue funds process]
“A venture capital firm, a multibillion-dollar start-up, a bond fund manager and a New England boarding school are among those listed as beneficiaries of the US government’s $520bn small business bailout programme that say they have not taken any money, raising questions about the administration’s process in allocating funds”

- [Gold miners glitter as spot price nears 9-year high]
“Gold miners’ share prices are soaring with the value of the precious metal, while increased dividends are helping push these stocks higher still”

- [Companies pause frantic fundraising to assess pandemic damage]
“Companies are pausing for breath after a frantic four-month race to secure cash, drawing down bank credit lines, agreeing government rescue financings and issuing new debt and equity to outlast the coronavirus crisis”

- [Value of airline assets takes a nose-dive]
“US airlines charged into debt markets after the pandemic began in an effort to weather an unprecedented collapse in demand. Investors have snapped up deal after deal, their money secured by jets, routes and take-off and landing slots all worth billions on paper”

- [The leveraging of America: how companies became addicted to debt]
“Hertz’s demise has drawn attention to the relentless build-up in corporate debt in the US, where companies now owe a record $10tn — equivalent to 49 per cent of economic output”

- [Louis Bacon’s Moore Capital to seed equities hedge fund with $1bn]
“Louis Bacon, the billionaire founder of hedge fund manager Moore Capital who last year announced he would return money to outside investors, is investing $1bn of the firm’s capital to back one of its managers striking out alone”

- [Emerging market debt: the pandemic’s ticking timebomb?]
“Rich nations can tap their central banks. Poor nations can benefit from the G20’s debt relief initiative. But the 106 countries in the middle, accounting for three-quarters of the world’s population, cannot count on debt forgiveness or central bank largesse to fund big spending programmes. Yet it is precisely these countries which stand to be hardest hit by coronavirus”

- [Malaysia maintains 1MDB fight despite economic woes]
“Malaysia is determined to achieve a settlement with Goldman Sachs over its involvement with the 1MDB state investment fund despite having to deal with the economic fallout of coronavirus”

- [Argentina sweetens debt offer to bondholders to break deadlock]
“Argentina has announced an improved offer to holders of $65bn of foreign debt, hoping to break a deadlock that has persisted since it defaulted in May”

- [Ecuador reaches provisional debt deal with bondholders]
“Ecuador has reached a provisional restructuring deal with the holders of about half of its sovereign bonds, which, if formally approved, would give the country crucial breathing space as it tries to sort out its finances and deal with coronavirus”

- [Lebanon’s once-lauded bankers under fire as economic crisis deepens]
“In Beirut, branches boasted sparkling glass facades and fancy atriums, and bankers entertained clients with cigars and fine dining in the city’s smartest restaurants”

Thomson Reuters

- Market stress could return, UK finance industry warns BoE
  "Stress in financial markets could yet make a comeback, Britain's finance industry warned the Bank of England last month, with Brexit and global political risks auguring for a difficult end to the year"

- BoE's Bailey delays rare meeting with Conservative lawmakers
  "The talk had been scheduled to follow an update from Sunak on measures to address the economic impact of COVID-19, raising speculation among commentators and some former BoE officials about the reasons for Bailey's meeting"

- Longer, greener, broader: strategies for a world awash in new bonds
  "Century bonds and green bonds, the first 20-year U.S. Treasury issue in decades, securities for mom-and-pop investors and with growth-linked payouts — a borrowing binge is forcing governments to think creatively to get the funds they need"

- Bankers consider in excess of €10bn debt for potential sales
  "At least €10bn of leveraged buyout financing is in the pipeline as European event-driven activity builds, with sellers preparing to launch new sale processes or dusting off deals that were put on hold when the Covid-19 pandemic hit the markets"

- Rise in banks' RWAs could slow lending across EMEA
  "Banks' appetite for syndicated loans could reduce substantially as lenders address the increase in their risk-weighted assets as a result of the impact of Covid-19, bankers said"

- UK active equity funds see record $1.7 bln outflow in June -Calastone
  "Investors withdrew a record 1.35 billion pounds ($1.69 billion)from active UK-focused equity funds in June, topping the level seen after the Brexit vote four years ago, fund network Calastone said"

- EU investigates decision to hire BlackRock to advise on green rules for banks
  "The European Commission's decision to hire BlackRock (BLK.N), the world's largest asset manager, to advise it on new environmental rules for banks, has triggered an investigation by the European Ombudsman following complaints by several lawmakers and a civil group"

- ECB suffers rare loss in EU court
  "The European Central Bank suffered a rare legal loss on Wednesday when Europe's second highest court said the ECB did not provide adequate justification for a fine imposed on Crédit Agricole (CAGR.PA) and several subsidiaries in 2018"

- Bond investors wait for more headlines on EU recovery fund
  "Euro zone bond yields held their ground on Thursday with investors' main focus expected to be any new developments on the European Union's recovery fund, which aims to help the region's economy recover from the coronavirus crisis"

- Airline SAS sees bondholders spurning conversion in rescue plan
  "Airline SAS said on Friday it had cancelled noteholders' meetings on proposed bond conversions and new hybrid notes, part of a recently announced recapitalisation plan, as it did not expect the proposals to be approved"

- Greek bonds win more fans after rally on ECB inclusion
  "Greek government bonds are back in the spotlight, outshining their peers and returning 26% since mid-March, when the European Central Bank announced it would buy Greek debt for the first time ever - a seal of approval for conservative investors"

- Domestic bond, gross bad loan holdings at Italy banks rise in May
  "Italian banks' increased their holdings of both domestic government bonds and gross bad loans in May, amid the gradual end of a government-imposed lockdown in the country, data showed"

- Ruling in EU Apple tax case due next Wednesday: Ireland
  "The European Union's second highest court will next week rule in an appeal by Apple (AAPL.O) and Ireland against an EU ruling for the U.S. company to pay 13 billion euros ($16 billion) in back taxes, the Irish government said on Wednesday"

- U.S. Fed buys $21.7 billion of mortgage bonds, sells $3.6 billion
  "The Federal Reserve bought $21.685 billion of agency mortgage-backed securities in the week from Jul. 2 to Jul. 8, compared with $22.705 billion purchased the previous week, the New York Federal Reserve Bank said"

- Fed balance sheet below $7 trillion, repo drops to zero for first time since September
  "The U.S. Federal Reserve's holdings of bonds and other assets shrank for a fourth straight week, sliding below $7 trillion, and use of one key emergency liquidity measure dropped to zero in the latest sign that financial stresses that erupted early in the coronavirus pandemic have eased"

- Fed adds Apple, Anheuser-Busch, Expedia to its bond holdings
  "The U.S. Federal Reserve added $1.33 billion in bonds of individual companies from June 22 to June 30, including iPhone maker Apple Inc (AAPL.O), beer-producer Anheuser-Busch (ABI.BR) and travel booker Expedia Group (EXPE.O)"

- Global shares rise despite coronavirus fears; gold gains
  "Global stocks rose on Wednesday as recovery hopes overcame fears that a surge in coronavirus cases would slow the U.S. economy, but many investors still sought safety on pandemic worries, driving gold prices above $1,800 an ounce for the first time since 2011"

- Sustainable funds 'held their own' in second quarter rebound: Morningstar
  "Most sustainable equity funds performed well during the second-quarter comeback rally of U.S. stocks, researcher Morningstar said in a report, gaining an edge on rival funds by owning companies with lower risk levels"

- Georgia power operator fires up inaugural US institutional green loan
  "Georgia Renewable Power closed the first green loan in the US institutional leveraged loan market last month, giving investors a rare chance to diversify their portfolios while meeting environmental goals"

- Dakota pipeline investors could face major hit after adverse ruling
  "Large investors in the Dakota Access Pipeline, including Phillips 66 (PSX.N), could be on the hook for hundreds of millions in payments, after a U.S. court on Monday ordered the shutdown of the major artery"

- Wall Street Week Ahead: Investors await BlackRock earnings after blistering second quarter market rally
  "Investors will watch next week's earnings from BlackRock (BLK.N), the world's largest asset manager, for a snapshot of how the industry performed during the second quarter's dramatic rebound in global financial markets"

- Trading, underwriting soften profit plunge for some U.S. banks
  "Trading and underwriting revenue could provide some comfort for big Wall Street banks that begin reporting results next week, although second-quarter profits likely plunged because of the coronavirus pandemic's impact on lending"

- Lack of insurance threatens supply of Hollywood films, TV shows in 2021
  "Insurers have largely stopped covering independent film and television productions against the risk of COVID-19 illness, a shift that threatens the supply of new entertainment in 2021, Hollywood producers, insurers and industry experts said"

- Coronavirus tipping sovereign rating balance into junk – Fitch
  “The record number of sovereign credit rating downgrades caused by the coronavirus will for first time leave more countries in the riskier “junk” category than the investment grade bracket, Fitch predicted”

- Concerned IMF says Ukraine must keep central bank independence
  “Ukraine must preserve the independence of its central bank under the next governor as part of a $5 billion International Monetary Fund deal, the IMF’s country representative told a local news site in comments published”

- Chinese banks must brace for surge in bad loans, regulator says
  “China’s banks should brace for a big jump in bad loans due to coronavirus-induced economic pain, the financial regulator said on Saturday, noting the deterioration of asset quality at some small and mid-sized financial institutions was accelerating”

- Cash flows into China funds fuel fears of 2015 boom-bust repeat
  “Investors poured the most cash into China funds since July 2015, BofA said on Friday, even as fears grew of a repeat of the 2015-16 bubble that saw the benchmark Shanghai index fall more than 40% from its peak in just a few weeks”

- Credit Suisse aims for 100% of securities venture in China growth plan
  “Credit Suisse (CSGN.S) wants to raise its China securities joint venture stake to 100% and increase its market share after getting the regulatory green light to take a majority holding, the head of its Asia business said”

- Brazilian meatpacker JBS to buy back $875 million of bonds
  “Brazilian meat producer JBS SA (JBSS3.SA) will redeem $875 million worth of bonds in August”

- Virgin Australia bondholders to table rival deal for creditor vote – lawyer
  “Virgin Australia Holdings Ltd (VAH.AX) bondholders plan to propose to creditors a debt-to-equity swap as an alternative deal to the purchase by Bain Capital agreed by the company’s administrator, a lawyer for the bondholders said”

- Russian central bank says foreign investors’ OFZ bond holdings fell slightly in June
  “Russia’s central bank said on Thursday that foreign investors had slightly decreased their holdings of OFZ treasury bonds in June”

- Mexico’s Pemex plans $22.4 billion debt swap
  “Mexico’s Petroleos Mexicanos said on Tuesday it will offer a swap for $22.4 billion worth of bonds maturing between 2027 and 2060 as the state oil firm seeks to manage its massive debt load”

- UAE’s Dana Gas asks sukuk investors to disclose holdings: sources
  “United Arab Emirates’ Dana Gas has asked owners of its bonds to provide information on their holdings, three sources said and a document reviewed by Reuters showed, a move that some investors fear may be a step towards another debt restructuring”

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: