ELFA Legal & Regulatory Update
14/09/2020 – 18/09/2020

Key Highlights:

- This Legal & Regulatory Update covers the week commencing **14/09/2020**.
- BoE publishes Monetary Policy Summary and minutes of Monetary Policy Committee meeting.
- FCA seeks views on how to improve consumer investment market.
- FCA publishes result of its business interruption insurance test case.
- FCA to review regulation of unsecured credit market.
- FCA & financial regulators publish updated Regulatory Initiatives Grid.
- TPR updates COVID-19 guidance.
- ESMA renews its decision requiring net short position holders to report positions of 0.1% and above.
- EBA seeks input from institutions on their ESG disclosure practices.
- ECB allows temporary relief in banks' leverage ratio after declaring exceptional circumstances due to pandemic.
- ECB finalises guide to assessing how banks calculate counterparty credit risk.
- CBI publishes two financial stability notes on Covid-19 payment breaks.
- Autorité des Marchés Financiers (AMF) of France and Agence Française Anticorruption sign a cooperation protocol.
- FINMA approves second registration body pursuant to FinSA.
- FSB Middle East and North Africa group discusses economic and financial market developments.
- In this update, we also cover some of the most important news on leveraged finance published by the Financial Times & Thomson Reuters during the week.

Bank of England (BoE)

17 September 2020: BoE publishes Monetary Policy Summary and minutes of Monetary Policy Committee meeting

At its meeting ending on 16 September 2020, the Bank of England's (BoE) Monetary Policy Committee (MPC) voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the BoE 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.

14 – 18 September 2020: Speeches, Letters & Publications

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

- Changes to publication of capital expenditure and Channel Islands and Isle of Man data
- Latest results from the Decision Maker Panel survey, 2020 Q3
- Agents' summary of business conditions, 2020 Q3
- Bank of England Weekly Report 16 September 2020
- Exchange of letters between the Governor and the Chancellor regarding CPI Inflation, September 2020
- Fees regime for the supervision of financial market infrastructure (FMI), September 2020
- Monetary Policy Committee dates for 2021
- Minutes of the Wholesale Distribution Steering Group, July 2020
- Consolidated worldwide claims, 2020 Q2
- Governor Andrew Bailey statement on Chris Woolard's departure from the Financial Conduct Authority – Speech
- Sarah Breeden: Confederation of British Industry Conference Series: Achieving Net-Zero – Event
- 7th Sovereign Bond Markets Conference, opening remarks by Andrew Bailey – Event
- Andrew Hauser: Webinar "Is your business prepared for LIBOR?" – Event
- Fernanda Viegas: Bank of England Flagship Seminar – Event

Financial Conduct Authority (FCA)

15 September 2020: FCA seeks views on how to improve consumer investment market

The Financial Conduct Authority (FCA) has launched a Call for Input (CFI) to help shape its work on improving the consumer investment market. In its 2020/21 Business Plan, the FCA identified reducing harm in the consumer investments market was identified as a priority.

The CFI is seeking views on the following key questions:

- What more can the FCA do to help the market offer a range of products that meet straightforward investment needs?
- How can the FCA better ensure that those who have the financial resources to accept the risks of higher risk investments can do so if they wish, but in a way that ensures they understand the risk they are taking?
- How can the FCA use the regulation of financial promotions to make it easier for people to understand the level of regulatory protections afforded to them when they invest?
- What more can the FCA do to ensure that when people lose money because of an act or omission of a regulated firm, they are appropriately compensated and that it is paid for fairly by those who cause the loss?
- How can people be better protected from scams?
- How can the FCA help this market to be competitive, with firms striving to offer better products and services?

The feedback received will shape the FCA's work in the coming years to deliver a market that works well for the millions of people who rely on it.

15 September 2020: FCA publishes result of its business interruption insurance test case

The FCA announced that the High Court has handed down its judgment in the FCA's business interruption insurance test case. The FCA's aim in bringing the test case was to urgently clarify key issues of contractual uncertainty for as many policyholders and insurers as possible. The FCA did this by selecting a representative sample of policy wordings issued by eight insurers. The FCA's role was to put forward policyholders' arguments to their best advantage in the public interest. 370,000 policyholders were identified as holding policies that may be affected by the outcome of the test case. According to the announcement, the Court found in favour of the arguments advanced for policyholders by the FCA on the majority of the key issues. The judgment is complex, runs to over 150 pages and deals with many issues. The FCA's legal team at Herbert Smith Freehills have published a summary on their website, which may be referred to for further detail.

In order to establish liability under the representative sample of policy wordings, the FCA argued for policyholders that the 'disease' and/or 'denial of access' clauses in the representative sample of policy wordings provide cover in the circumstances of the Covid-19 pandemic, and that the trigger for cover caused policyholders' losses. The judgment says that most, but not all, of the disease clauses in the sample provide cover. It also says that certain denial of access clauses in the sample provide cover, but this depends on the detailed wording of the clause and how the business was affected by the Government response to the pandemic, including for example whether the business was subject to a mandatory closure order and whether the business was ordered to close completely. The test case has also clarified that the Covid-19 pandemic and the Government and public response were a single cause of the covered loss, which is a key requirement for claims to be paid even if the policy provides cover.

Although the judgment will bring welcome news for many policyholders, the judgment did not say that the eight defendant insurers are liable across all of the 21 different types of policy wording in the representative sample considered by the Court. Each policy needs to be considered against the detailed judgment to work out what it means for that policy. Policyholders with affected claims can expect to hear from their insurer within the next 7 days. The test case has removed the need for policyholders to resolve a number of the key issues individually with their insurers. It enabled them to benefit from the expert legal team assembled by the FCA, providing a comparatively quick and cost-effective solution to the legal uncertainty in the business interruption insurance market. The test case was not intended to encompass all possible disputes, but to resolve some key contractual uncertainties and 'causation' issues to provide clarity for policyholders and insurers. The judgment does not determine how much is payable under individual policies but will provide much of the basis for doing so. It is possible that the judgment will be appealed. Any appeal does not preclude policyholders seeking to settle their claims with their insurer before the outcome of any appeal is known.

It is important that policyholders, action groups, insurance intermediaries and their legal representatives are properly engaged throughout the test case process. The FCA has therefore arranged an opportunity for them to talk to its legal team individually on Monday 21

September or Tuesday 22 September. Finally, the FCA has sent out a letter to insurers setting out its next steps and expectations of them over the coming weeks and months. The FCA will continue to keep policyholders appraised of matters as they progress, through its dedicated webpage.

16 September 2020: FCA to review regulation of unsecured credit market

The FCA announced that Chris Woolard will chair a review of the future regulation of the unsecured credit market, reporting to the FCA Board. The review will concentrate on how regulation can better support a healthy unsecured lending market. It will take into account the impact of the coronavirus on employment security and credit scores, changes in business models and new developments in unsecured lending including the growth of unregulated products in retail and the workplace. He will be assisted by an advisory group and will make recommendations to the FCA Board in early 2021. The review will be an important building block for the FCA's Consumer Credit business priority, which it announced as part of its 2020/21 Business Plan in April of this year and which seeks to ensure that consumer credit markets work well.

18 September 2020: FCA & financial regulators publish updated Regulatory Initiatives Grid

The Financial Services Regulatory Initiatives Forum, which is compromised of the FCA, BoE, Payment Systems Regulator and CMA, has published the second edition of the Regulatory Initiatives Grid. This second edition of the Grid contains 111 initiatives, an increase on the 85 that were set out in the first edition published in May 2020. Upcoming work in the latest iteration includes the LIBOR transition and ongoing work to prepare the financial services sector for the end of the EU exit transition period. Also included are Government reviews, including the payments landscape review and the future regulatory framework review.

14 – 18 September 2020: Speeches, Letters & Other Publications

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

- Dear CEO letter: Business Interruption Insurance
- FCA confirms the next stage of support for mortgage borrowers
- FCA proposes the next stage of support for consumer credit and overdraft customers
- FCA finalises its expectation for firms on maintaining access to cash for customers
- FCA gives advice on listings of cannabis-related businesses
- FCA publishes Decision Notice against Corrado Abbattista for market manipulation
- A regulatory perspective: the drivers of culture and the role of purpose and governance – Speech by Marc Teasdale

Financial Reporting Council (FRC)

14 – 18 September 2020: Speeches, Letters & Other Publications

During the week, the Financial Reporting Council (FRC) released the following publications & and announcements that might be of interest to our readers:

- Sanctions against Deloitte and two audit partners in relation to Autonomy Corporation Plc – the misconduct arose from Deloitte's audit and review work during 2009 and 2010 relating to (i) the accounting and disclosure of Autonomy's sales of hardware and (ii) Autonomy's sales of software licences to value added resellers (VARs)
- Chair of UK Accounting Standards Endorsement Board appointed
- Webinar: Stewardship Code Early Reporting Review – the FRC will host a webinar to coincide with the launch of the Review on the morning of the 30th September at 11am. Mark Babington, FRC's Executive Director of Regulatory Standards will introduce the session, and Claudia Chapman, Head of Stewardship will present the key findings. This will be a followed by a Q&A session which will give attendees the opportunity to ask questions about applying and reporting on the Code

The Pensions Regulator (TPR)

16 September 2020: TPR updates COVID-19 guidance

The Pensions Regulator (TPR) updated its COVID-19 guidance setting out what is expected of pension scheme providers. According to the updated guidance, from 1 January 2021, DC schemes and providers will be asked to resume reporting late contribution payments no later than 90 days after the due date. Furthermore, from 1 October, other types of enforcement will start to return to normal. This includes enforcing the requirement for schemes to submit audited accounts and investment statement reviews. TPR will also revert to reviewing chairs' statements submitted on and after that date as usual.

European Securities and Markets Authority (ESMA)

17 September 2020: ESMA renews its decision requiring net short position holders to report positions of 0.1% and above

The European Securities and Markets Authority (ESMA) has renewed its decision to temporarily require the holders of net short positions in shares traded on a European Union (EU) regulated market to notify the relevant national competent authority (NCA) if the position reaches or exceeds 0.1% of the issued share capital. The measure applies from 18 September 2020 for a period of three months. This action extends the measure taken on 11 June and will expire on 18 December 2020. Consequently, the net short positions of 0.1% and above held until that date have to be notified to the relevant competent authority no later than 15:30 CET on the next trading day.

ESMA believes that this decision will maintain the ability of NCAs to deal with any threats to market integrity, orderly functioning of markets and financial stability at an early stage, allowing them and ESMA to address such threats in case of signs of exacerbated market stress. The temporary transparency obligations apply to any natural or legal person, irrespective of their country of residence. They do not apply to shares admitted to trading on a regulated market where the principal venue for the trading of the shares is located in a third country, market making or stabilisation activities.

European Insurance and Occupational Pensions Authority (EIOPA)

14 – 18 September 2020: Speeches, Letters & Other Publications

During the week, the European Insurance and Occupational Pensions Authority (EIOPA) released the following publications & and announcements that might be of interest to our readers:

- EIOPA publishes bi-weekly information for Relevant Risk-Free Interest Rate Term Structures and Symmetric Adjustment to Equity Risk with reference to 15 September 2020
- Cross-Border Cooperation Platform on NOVIS: Národná banka Slovenska has issued an interim measure banning new business

European Banking Authority (EBA)

17 September 2020: EBA seeks input from institutions on their ESG disclosure practices

The European Banking Authority (EBA) published an online survey to receive input from credit institutions on their practices and views in the area of disclosure of information on environmental social governance (ESG) risks. The survey, which is addressed to large credit institutions that will be required to disclose prudential information on ESG risks, aims to support the EBA's policy work on Pillar 3 disclosure and its wider efforts to develop a robust policy framework in the area of sustainable finance. This online survey is part of the EBA's work to develop draft implementing technical standards (ITS) on Pillar 3 disclosure of prudential information on ESG risks by institutions. The survey will also be used to monitor the short-term expectations specified in the EBA Action Plan on Sustainable Finance, including the request for institutions to identify metrics, covering a green assets ratio, that provide transparency on how they are embedding climate change related risks into the organisation. The deadline for the call for input is 16 October 2020.

18 September 2020: EBA flags to EU Commission elements of definition of credit institution and aspects of scope of authorisation

The EBA published an Opinion addressed to the European Commission (EC) to raise awareness as to the opportunity to clarify certain issues relating to the definition of credit institution in the upcoming review of the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD). Such clarifications would be beneficial to the development of a truly uniform Single Rulebook and ultimately to a deeper market integration of banking and financial services across the EU. Aspects that would benefit from clarification are the notions of "deposits", "other repayable funds" and "from the public". These issues had already been analysed and brought to the European Commission's attention by the EBA in previous Reports and related Opinions.

This newly published Opinion raises two additional points relating to a) divergent approaches as to the scope of the authorisation; and b) the kind and extent to which commercial activities may be carried out by credit institutions. In this Opinion, the EBA also recommends that changes to the regulatory perimeter be accompanied by an impact assessment and stands ready to provide assistance to the Commission, if needed.

European Central Bank (ECB)

17 September 2020: ECB allows temporary relief in banks' leverage ratio after declaring exceptional circumstances due to pandemic

The European Central Bank (ECB) announced that euro area banks under its direct supervision may exclude certain central bank exposures from the leverage ratio. The move is aimed at easing the implementation of monetary policy. This decision by ECB Banking Supervision came after the Governing Council of the ECB confirmed that there are exceptional circumstances due to the coronavirus (COVID-19) pandemic. The Capital Requirement Regulation (CRR), as amended by the CRR "quick fix", allows banking supervisors, after consulting the relevant central bank, to allow banks to exclude central bank exposures from their leverage ratio. Such assets include coins and banknotes as well as deposits held at the central bank.

Banks can benefit from this exclusion when they communicate their leverage ratios, a key yardstick for investors. Based on end-March 2020 data, this exclusion would raise the aggregate leverage ratio of 5.36% by about 0.3 percentage points. This is also important for globally systemically important banks (G-SIBs) and subsidiaries of foreign G-SIBs, for whom the measure additionally provides relief under the already binding total loss-absorbing capacity (TLAC) requirement. Banks may benefit from this measure until 27 June 2021. ECB Banking Supervision would have to take a new decision should it wish to further extend the exclusion beyond June 2021, when the 3% leverage ratio requirement will become binding. This would require an upward recalibration of the 3% leverage ratio requirement.

18 September 2020: ECB finalises guide to assessing how banks calculate counterparty credit risk

The ECB published the finalised guide outlining the methodology it uses to assess how euro area banks calculate their exposure to counterparty credit risk (CCR) and advanced credit valuation adjustment (CVA) risk, following a public consultation which ended on 18 March 2020. Under European Union law, banks are allowed to use internal models to calculate the value of their exposures to CCR and CVA risk as long as these models meet regulatory requirements. This guide explains the methodology the ECB uses to assess the validity of such models, especially in internal model investigations. The text is also relevant when banks apply to extend or make changes to their models as well as for the ECB's ongoing monitoring of such models. The guide should not be construed as going beyond the currently applicable European Union and national laws and is therefore not intended to replace, overrule or affect said laws.

14 – 18 September 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:

- Healing after the pandemic: supporting and sustaining the recovery – Speech by Fabio Panetta
- Unequal scars: distributional consequences of the pandemic – Speech by Isabel Schnabel
- Technology exposes banks' vulnerabilities – Speech by Pentti Hakkarainen
- Technical compilation guide for pension data in national accounts – Manuals & Guidelines
- The influence of OPEC+ on oil prices: a quantitative assessment – Working Paper Series
- Forecasting the Covid-19 recession and recovery: lessons from the financial crisis – Working Paper Series
- Why has inflation in the United States been so stable since the 1990s? – Research Bulletin
- Isabel Schnabel: Interview with Agence France-Presse (AFP) – Interview
- Christine Lagarde: Interview with Challenges – Interview
- Luis de Guindos: Interview with La Razón – Interview

European Commission (EC)

14 – 18 September 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:

- European Green Deal Call: €1 billion investment to boost the green and digital transition
- Commission raises climate ambition and proposes 55% cut in emissions by 2030
- Questions & Answers on the 2030 Climate Target Plan
- Commission presents next steps for €672.5 billion Recovery and Resilience Facility in 2021 Annual Sustainable Growth Strategy
- Commission approves €44 billion Italian recapitalisation scheme to support large companies affected by coronavirus outbreak
- Speech by Executive Vice-President Margrethe Vestager on the Digital Package

Central Bank of Ireland (CBI)

15 September 2020: CBI publishes two financial stability notes on Covid-19 payment breaks

The Central Bank of Ireland (CBI) published two Financial Stability Notes (FSN). Both these FSNs show that COVID-19 payment breaks provided valuable cash flow relief to households and businesses across Ireland in the wake of the pandemic. The first FSN, written by Edward Gaffney and Darren Greaney, entitled "COVID-19 payment breaks on residential mortgages", describes the characteristics of Irish owner-occupier mortgages at the five major retail banks that were on COVID-19 payment breaks at the end of May 2020. The second FSN, entitled "Which firms took COVID-19 payment breaks?", written by David Duignan and Niall McGeever, examines which Irish firms took COVID-19 payment breaks.

14 – 18 September 2020: Speeches, Letters & Other Publications

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

- Governor's pre-budget letter published
- COVID-19: Monetary policy in times of crisis – Economic Letter
- The euro area outlook, fiscal policy and the ECB's review – Blog
- COVID-19 and the future of monetary policy – Speech by Governor Gabriel Makhlouf

Commission de Surveillance du Secteur Financie (CSSF)

14 – 18 September 2020: Speeches, Letters & Other Publications

During the week, the Commission de Surveillance du Secteur Financier (CSSF) released the following speeches, letters and publications that might be of interest to our readers:

- Publication of Circular CSSF 17/650 concerning the predicate tax offense coordinated following the publication of Circular CSSF 20/744 providing new indicators to be taken into account in the context of collective investment activities – the publication of Circular CSSF 17/650 coordinated with Circular CSSF 20/744 relative to the application of the Law of 12 November 2004 on the fight against money laundering and terrorist financing, as amended (hereinafter "AML/CFT Law") and Grand-ducal Regulation of 1 February 2010 providing details on certain provisions of the AML/CFT Law to predicate tax offences. Circular CSSF 20/744 brings amendments concerning only the Annex 1 of Circular CSSF 17/650 which provides new indicators to be taken into account in the context of collective investment activities. Circular CSSF 20/744 has reminded the professionals under its AML/CFT supervision its expectation to take these new indicators, where relevant, into account in their risk assessment and when designing risk mitigation measures proportionate to their risk exposure within the specific context of collective investment activities

Autorité des Marchés Financiers (AMF) of France

14 September 2020: AMF announces launch of Rendez-Vous de l'Épargne

This autumn, as part of the national strategy for financial education, the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and the Autorité des Marchés Financiers (AMF), with the support of Banque de France, announced that they will be organising a series of conferences on the subject of savings all across France. These "Rendez-Vous de l'Épargne" events have an educational purpose: to provide retail investors with some insights in an unprecedented economic and financial context, to increase vigilance against financial scams and to make the general public aware of the role of savings in financing the economy, particularly in times of economic recovery.

16 September 2020: AMF and Agence Française Anticorruption sign a cooperation protocol

The AMF and the Agence Française Anticorruption announced they have signed a cooperation protocol. By signing this agreement, Robert Ophèle, Chairman of the AMF and Charles Duchaine, director of the Agence Française Anticorruption (AFA), demonstrate the commitment of the two authorities to exchange information and share their respective experience. The cooperation between the AMF and AFA is a prerequisite for stepping up the fight against breaches of integrity, market abuse and for investor protection. This protocol provides for the organisation of periodic discussions to analyse the modus operandi of breaches of integrity and market abuse. The two authorities may jointly examine the systems for detecting and preventing these breaches and particularly the risks of non-compliance. Furthermore, this cooperation will make it possible to discuss legislative changes that may be recommended in the fight against breaches of integrity and stock market offences. There are also plans to monitor the work undertaken by international bodies. Finally, the protocol also provides for joint training activities and the drafting of publications on related issues to provide consistent information to the public.

17 September 2020: AMF launches its first MOOC in partnership with INC

The AMF and the French National Institute for Consumer Affairs (INC) have designed a Massive Open Online Course (MOOC) that is aimed at teaching the general public about how to invest their savings and manage their investments effectively. The MOOC is available at no cost on the France Université Numérique (FUN) platform and will start on 5 October in conjunction with the World Investor Week 2020. The online course, entitled "How to Manage your Savings and Investments Effectively", explains all the basic financial terms and concepts, the contents of key information documents, and reviews how investments work. It is part of a financial education initiative and has no particular prerequisites to be able to follow it.

Swiss Financial Market Supervisory Authority (FINMA)

15 September 2020: FINMA approves second registration body pursuant to FinSA

The Swiss Financial Market Supervisory Authority (FINMA) has licensed the Association Romande des Intermédiaires Financiers (ARIF), headquartered in Geneva, as a registration body for client advisers, thereby approving the second registration body pursuant to FinSA. The registration bodies manage a register of advisers and check that the client advisers have the necessary education and training. FINMA is responsible for the licensing but not for the prudential supervision of the registration bodies. Client advisers of financial service providers which are not subject to prudential supervision and who provide their services in Switzerland must report for entry in the register within six months following the licensing of the first registration body. FINMA licensed the first registration body on 20 July 2020.

Financial Stability Board (FSB)

19 September 2020: FSB Middle East and North Africa group discusses economic and financial market developments

The Financial Stability Board (FSB) Regional Consultative Group (RCG) for the Middle East and North Africa (MENA) held its 18th meeting (virtually) to discuss recent global and regional macroeconomic and financial market developments. Members exchanged views on the latest financial stability implications of COVID-19, as well as any medium- or long-term threats to regional financial stability that might arise from the COVID-19 pandemic and its economic implications, including their policy responses. The group received an update on the FSB's deliverables to the Saudi Arabian G20 Presidency, with an emphasis on the initiatives where the RCGs have provided input. This includes the FSB's work on BigTech firms in Emerging Market and Developing Economies (EMDEs), benchmark transition, enhancing cyber resilience and cross-border payments, as well as addressing regulatory, and supervisory and oversight challenges raised by "global stablecoin" arrangements. RCG members also exchanged views and shared experiences on how the recommendations from the "global stablecoin" report could be implemented in their jurisdictions.

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

- Bank of England upends market expectations with comments on negative rates
  “Sterling dropped and UK government bond prices pushed higher this week after traders spotted signs that the Bank of England might be seriously considering cutting interest rates below zero — a reaction that has taken the central bank itself by surprise”

- Pound drops after BoE ‘explores’ negative rates
  “Sterling has weakened sharply after the Bank of England surprised investors by noting it is examining how negative interest rates might be implemented”

- Bank of England delays government bond purchase after settlement glitches
  “The Bank of England delayed a gilt purchase auction for the first time in more than three years on Monday, following outages in a vital part of the UK securities market’s infrastructure”

- Sunak to extend business support loans as Covid-19 spread worsens
  “Rishi Sunak is to extend the Treasury’s UK-wide programme of business support loans as ministers race to cushion the economy from what England’s chief medical officer will on Monday call “a very challenging winter”. Mr Sunak is this week expected to unveil plans to extend its four loan schemes, which have already backed £53bn in lending to companies through government guarantees, in a sign that new national support measures are needed to avert widespread business collapses and mass job losses”

- UK set to extend ban on evictions of commercial property tenants
  “The UK government is preparing to extend coronavirus measures preventing restaurateurs and retailers from being evicted from their premises by landlords until the end of the year”

- Directors to face ID checks in anti-fraud crackdown
  “The UK government has announced widespread reform of its official register of company information, amid growing concern that it is being used to facilitate fraud — including bogus applications for emergency coronavirus loans”

- UK financial watchdog admits change needed after ‘too many scams’
  “According to the FCA’s call for input, there is a need to reshape the whole future of consumer investments, including regulation, to ensure consumers can have faith in the market”

- Financial Ombudsman defends approach after lender criticism
  “The head of the UK’s Financial Ombudsman Service has dismissed critics and defended its approach to handling customer disputes after the body was accused of in effect forcing lenders out of business by encouraging huge volumes of complaints”

- City Bulletin: LSE in exclusive talks to sell Borsa Italiana to Euronext
  “The London Stock Exchange Group has entered into exclusive talks over the potential sale of Borsa Italiana, which owns the Milan stock exchange, to rival Euronext”

- UK hedge fund Makuria hit by oil slide and lockdown effects
  “A UK hedge fund set up by the former head of Canyon Capital’s London office is suffering its toughest year yet, say people familiar with its performance, joining a number of managers that were hit by market turmoil and have failed to recover”

- H2O relied on minor brokerages to shuffle illiquid debt
  "H2O Asset Management carried out hundreds of millions of euros of trades in illiquid bonds in the year before regulators froze its funds, shuffling its exposure to this troublesome debt through a loose network of minor brokerages"

- H20 Asset Management writes down Windhorst bonds by 60%
  "Embattled fund manager H2O Asset Management has taken a 60 per cent writedown on the value of illiquid securities that recently caused its funds to be suspended"

- Hedge funds slug it out over Lloyds Bank
  "A great battle of the hedge funds is brewing — a scrap between investors in Lloyds Bank but by extension also a battle for Britain. With Lloyds widely seen as the stock market's best proxy for the British economy, the UK's biggest high street lender now finds itself at the centre of an epic tussle between bullish and bearish hedge fund investors"

- Allica Bank plans to raise £100m to meet loan demand
  "Newly formed Allica Bank has received a £26m investment and is in talks to raise a further £100m to boost its efforts to break into the UK business lending market"

- UK lenders join forces to measure climate impact of mortgage books
  "The UK's three largest mortgage lenders have teamed up to measure the climate emissions linked to their entire loan books, part of an initiative backed by former Bank of England governor Mark Carney"

- City Bulletin: Retail bellwether Next upgrades profit guidance yet again
  "High street bellwether Next upgraded its profit guidance yet again, after sales proved more resilient than first expected. It now puts full-year pre-tax profits in its "central guidance" scenario at £300m, up from the £195m it estimated in July. That in itself was a significant improvement on analysts' forecasts"

- Rolls-Royce in talks with sovereign wealth funds to raise £2.5bn
  "Rolls-Royce is in talks with sovereign wealth funds, including Singapore's GIC, as part of a plan to raise around £2.5bn from investors next month, according to three people with direct knowledge of the matter"

- Burberry's sustainability bond is a UK trendsetter
  "Burberry is parading its "first sustainability labelled bond issued by a luxury fashion company". It sounds like a contradiction in terms in the fickle world of fashion. But the glad rags group that made tartan scarves hot in the 1990s is on the money, and ahead of the curve in the UK"

- Revolut saga spotlights concerns over digital banks' service standards
  "As more people sign up to online banks such as Revolut — and complaints about their services grow — the case of Mr Walker (whose name has been changed at his request) raises important questions about the digital future of banking. Can the newcomers to a heavily regulated sector live up to the fintech hype while maintaining the levels of service that customers have come to expect in their day-to-day financial activities"

- ECB to review flagship bond-buying tool in fighting Covid crisis
  "The European Central Bank has launched a sweeping review of its main pandemic crisis-fighting tool, which some of its top policymakers believe could lead to contentious changes to its other asset-purchase programmes"

- Europe's climate ambitions meet reality
  "According to a leaked draft of the commission's proposed climate strategy, Brussels wants to use all available policy levers to become a "trailblazer" on the road to net zero"

- When good money chases bad on climate change
  "Brussels warns EU governments to end fossil fuel subsidies to meet net zero emissions goal"

- Luxembourg post-pandemic stimulus ‘should be sustainable’
  “The big question facing green finance now is whether the fallout of the coronavirus crisis will be positive for green finance”

- Spain’s economy faces long-lasting pandemic drag, warns central bank
  “Spain’s economy will struggle to recover from the impact of the coronavirus pandemic to such an extent that it will still be as much as 6 per cent smaller at the end of 2022 than it was before the crisis hit, according to the Bank of Spain”

- CaixaBank and Bankia strike deal to create Spain’s biggest lender
  “CaixaBank is set to become Spain’s largest lender after agreeing to pay a 20 per cent premium to take over smaller rival Bankia, in a move that heralds long-awaited consolidation in the country’s banking sector”

- Unibail sets out €9bn plan to pay down debt
  “Europe’s biggest mall owner Unibail-Rodamco-Westfield unveiled a €9bn plan to shore up its balance sheet, including a proposed €3.5bn capital raise, a stark sign of how the Covid-19 pandemic has upended the commercial property sector”

- Fed fleshes out new monetary policy — to mixed reviews
  “The Federal Reserve has often said it would keep monetary policy loose for years to come in response to the coronavirus pandemic. On Wednesday, it tried to flesh out what that would mean in practice — and received mixed reviews”

- Investors vent frustration over Fed’s balance sheet inertia
  “The Federal Reserve is the $7tn gorilla in the financial markets, and investors wish it was willing to throw its weight around a bit more”

- US airlines reveal profitability of frequent flyer programmes
  “Airline executives have hinted in recent years that frequent flyer programmes, particularly in the US, are profitable. It took a global pandemic to reveal just how profitable”

- Delta Air Lines pledges loyalty programme to raise $6.5bn
  “Delta Air Lines has turned its SkyMiles frequent flyer programme into a separate subsidiary and is pitching it as collateral for $6.5bn in new bonds and loans”

- Vanguard votes against pay at Alphabet, Uber and Ocado
  “Vanguard voted against chief executive pay awards at Alphabet, Uber and Ocado as the world’s second largest asset manager signalled it was taking a tougher stance on controversial corporate governance issues”

- Independent review clears Kodak chiefs of insider trading
  “An independent review has raised concerns about Eastman Kodak’s corporate governance but found no evidence of insider trading when its top executive and a board member bought shares before the stock surged on news of a possible $765m loan from the US government”

- Asset managers overhaul money market funds after March rout
  “Some of the world’s largest asset managers are shutting down US investment vehicles that have suffered rapid outflows in times of stress, threatening an important source of short-term funding for companies across America”

- Market volatility brings vintage hedge fund strategy back to the fore
  “Managers see convertible arbitrage trades prospering in strong year for issuance”

- Private equity owners pile on leverage to pay themselves dividends
  “Private equity groups including TPG and Apax Partners are taking advantage of blockbuster demand for corporate debt by loading companies they own with fresh loans and using the cash to award themselves a bumper payday”

- Pandemic debt binge creates new generation of ‘zombie’ companies
  “The onset of coronavirus — and the drastic policy response from central banks — has produced an army of companies limping along in the twilight between the living and the dead”

- Retail investors are being squeezed out of the high-yield bond market
  “It is obvious who benefits from increasing 144A issuance: large high-yield managers. Fund structures are becoming the only way for individuals, and small institutional investors, to invest in high-yield bonds”

- Traders switch to FX after central banks numb bond markets
  “Foreign exchange is becoming the new playground for bond investors looking to profit from sharp moves in prices, after central banks’ aggressive response to Covid-19 robbed them of opportunities in fixed-income markets”

- Investors salve pandemic wounds with gold in flight to safety
  “Gold has been a shining star in a dazzling year for the exchange traded product industry. A pandemic-propelled flight to safety has led a rush for the millennia-old store of value, as huge dollops of quantitative easing have reignited fears of runaway inflation in some quarters, such as the US, Japan, UK and the eurozone”

- Lessons for investors from six months of pandemic-hit markets
  “Investors should take stock. Rather than simply looking at the world in binary terms — tech and the rest, or Wall Street versus the world — they should consider the lessons learned from the opening chapter of the Covid-19 era”

- ESG surges as investors search for better corporate citizens
  “Exchange traded funds that emphasise good environmental, social and governance factors have surged in popularity, as investors look to boost their returns and push companies to become better corporate citizens”

- World Bank piles pressure on private creditors for EM debt relief
  “The World Bank has piled pressure on commercial lenders to defer debt repayments owed by emerging economies as the impact of the coronavirus pandemic threatens to plunge them”

- CSOP aims to scoop huge foreign investment with China bond ETF
  “Hong Kong’s CSOP Asset Management is aiming to capitalise on a huge surge of foreign investment into China, despite US-China tensions, with the launch of a Chinese government bond exchange traded fund”

Thomson Reuters

- Bank of England looks harder at negative rates in case troubles deepen
  “The Bank of England said it was looking more closely at how it might cut interest rates below zero as Britain’s economy faces a triple whammy of rising COVID-19 cases, higher unemployment and a possible new Brexit shock”

- ‘Don’t do it’: studies flash sub-zero rate warnings to central banks
  “Six years after the ECB cut interest rates below 0%, behavioural finance gurus have a message for other central banks thinking about taking the plunge: don’t”

- Banks in Britain ready for Libor milestone next month: BoE
  “Banks in Britain will be ready in two week’s time to offer companies loans not pegged to the Libor interest rate benchmark, in a major milestone towards phasing it out, British financial regulators said”

- UK watchdog warns banks over treatment of customers in debt
  “Britain’s Financial Conduct Authority told banks and other lenders on Wednesday not to crack down on customers who will struggle after repayment holidays come to an end”

- September green bond flurry puts market on track for record year
  “Global green bond sales are heading for another record year as a flurry of September deals, including Germany’s debut sovereign issue, have roused the market from a coronavirus-induced lull”

- British Airways boss says taking drastic action to make it through winter
  “British Airways is having to take every measure possible to make it through the winter because a fear of flying during the pandemic has destroyed any hope of a rapid return to normality, its boss said”

- EU executive wants tougher 2030 climate goals and billions in green bonds
  “The European Union’s chief executive said on Wednesday the bloc should commit to deeper emissions cuts over the next decade, and pledged to use green bonds to finance its climate goals”

- EU sets out new attempt to deepen capital market: document
  “The European Commission will propose easing listing rules for small companies and create a widely available record of share prices to help deepen the bloc’s capital market, a document showed”

- Hungary extends loan moratorium as economy struggles to recover from pandemic
  “Hungary will extend a moratorium on loan repayments for some households and companies until the middle of 2021, as its finance minister warned the economy could struggle to grow next year unless a coronavirus vaccine is found”

- Bundesbank chief defends ECB bond purchases in wake of court case
  “Bundesbank chief Jens Weidmann defended the European Central Bank’s bond purchases in the face of criticism from some German lawmakers in a culmination of efforts to defuse a stand-off with Germany’s top court over its policy, sources said”

- German ZEW investor sentiment rises despite Brexit, COVID-19 headwinds
  “Investor sentiment in Germany rose unexpectedly in September, the ZEW economic research institute said on Tuesday, signalling confidence in a recovery from the coronavirus crisis despite headwinds from stalled Brexit talks and rising new infections”

- Novartis ties bond sale to malaria treatment access in sustainability push
  “Novartis raised 1.85 billion euros on Wednesday from the sale of a bond on which interest payments will rise if the drugmaker fails to expand access to medicines and programmes to combat malaria and leprosy in a number of developing countries”

- Exclusive International lenders back $9.5 billion financing for Russia's Arctic LNG 2 – document
  "International lenders have lined up about $9.5 billion in financial support for a Russian Arctic liquefied natural gas (LNG) project, a document seen by Reuters showed, even as such projects come under greater scrutiny over climate concerns"

- Fed, regulators take step to encourage more Main Street loans
  "The Federal Reserve on Friday offered updated guidance to banks on its Main Street Lending Program, telling them that U.S. regulators will not criticize lenders who make loans that meet the program's requirements"

- Wall Street Weekahead: Corporate debt frenzy rolls on as worries loom over markets
  "Investors are gearing up for the year's record-breaking pace of corporate bond issuance to continue in the coming week, even after the U.S. Federal Reserve rattled nerves at its September meeting with a gloomier-than-expected economic outlook"

- Banks lower revenue outlook as pandemic crimps loan demand
  "Executives at the top U.S. banks warned investors this week that 2020 revenue will be lower than expected due to weak loan demand and an uptick in repayments during the coronavirus pandemic"

- Businesses call on U.S. insurers to ditch fossil fuel underwriting
  "A group of about 60 American businesses on Thursday urged their insurers to stop providing coverage to and investing in fossil fuel producers"

- Citi to boost risk and control investment after operational error: CFO
  "Citigroup Inc C.N Chief Financial Officer Mark Mason said on Monday the bank was accelerating investments in its risk and control functions following a high-profile $900 million operational error"

- JPMorgan cuts outlook for net interest income on lower rates
  "JPMorgan Chase & Co JPM.N expects about $55 billion in net interest income for full-year 2020, down from an earlier estimate of $56 billion, Chief Financial Officer Jennifer Piepszak said"

- BIS warns of gap opening between markets and COVID-19 reality
  "There is growing "daylight" between stock markets and other risky financial market asset classes and the reality of a global economy sapped by COVID-19, the Bank for International Settlements said in its quarterly report"

- Emerging market central bank bond buying puts credibility at risk, S&P Global says
  "Emerging market central banks could risk their reputations, sovereign credit ratings and even full-blown economic crises if their bond buying is pursued beyond the coronavirus crisis, S&P Global said in a report"

- Pandemic upends emerging market investment thesis
  "The years-old trade of piling into emerging markets to capture higher returns afforded by faster growth may be losing its lustre, putting capital flows at risk as investors take a more nuanced approach to the asset class"

- Mexico's Cemex to redeem nearly $1 billion worth of senior bonds
  "Mexico's Cemex CEMEXCPO.MX said on Thursday it aims to redeem nearly $1 billion worth of senior bonds, days after the cement maker announced plans to issue about the same amount and type of debt"

- Argentina currency crackdown dims investor hopes of economic rebound
  "Argentina's standing in global markets is at risk once again after it moved this week to further restrict access to dollars as foreign reserves dry, a move analysts say will hit its much-needed economic revival and investor sentiment"

- Global banks left on the sidelines in Brazil's IPO boom
  "The days of marquee global investment banks being shoo-ins for stock market listings could be coming to an end, in Brazil at least"

- LATAM Airlines obtains approval on second try for key $2.45 billion loan package
  "LATAM Airlines on Friday said it had obtained approval on its second try of a crucial $2.45 billion bankruptcy loan to take the airline out of Chapter 11 restructuring, after having its first package rejected by a judge last week"

- ICBC seeks up to $4.4 billion in capital deal; term sheet
  "Industrial and Commercial Bank of China 601398.SS1398.HK (ICBC) is aiming to raise up to 30 billion yuan ($4.4 billion) in additional tier one perpetual offshore preference shares, according to a term sheet seen by Reuters"

- Credit Suisse teams up with Qatar fund on multi-billion credit business
  "Swiss bank Credit Suisse CSGN.S and the Qatar Investment Authority (QIA) said on Thursday they were jointly setting up a multi-billion dollar direct private credit business"

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
