European Leveraged Finance Association

ELFA *Updates*

ELFA Legal & Regulatory Update
21/09/2020 – 25/09/2020

Key Highlights:

- This Legal & Regulatory Update covers the week commencing **21/09/2020**.
- BoE releases statement on European Commission's equivalence decision on future UK legal and supervisory framework for central counterparties (CCPs).
- BoE publishes market notice on Covid Corporate Financing Facility (CCFF).
- FCA launches consultation on regulation of international firms.
- FRC requires improvements in reporting of revenue and leases in company reports.
- ESMA publishes outcomes of MAR Review.
- ESMA consults on MiFIR reference data and transaction reporting.
- ESMA consults on OTF regime.
- EBA phases out its guidelines on legislative and non-legislative loan repayments moratoria.
- ESAs launch survey on environmental and/or social financial product templates.
- ESAs assess risks to financial sector after outbreak of COVID-19 and call for enhanced cooperation.
- ECB to accept sustainability-linked bonds as collateral.
- European Commission adopts time-limited decision giving market participants time needed to reduce exposure to UK central counterparties (CCPs).
- European Commission announces new action plan to boost Capital Markets Union.
- European Commission adopts new Digital Finance Package, including Digital Finance and Retail Payments Strategies, and legislative proposals on crypto-assets and digital resilience.
- Basel Committee approves annual G-SIBs assessment and updates workplan to evaluate post-crisis reforms.
- CSSF encourages credit institutions to complete EBA's survey on ESG disclosure practices.
- Autorité des Marchés Financiers (AMF) of France confirms compliance with ESMA's guidelines on liquidity stress test scenarios for UCITS funds and AIFs.
- IOSCO issues measures to reduce conflict of interests in debt capital raising.
- ICMA publishes updated guide to best practice in European repo market.
- 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)

21 September 2020: BoE releases statement on European Commission's equivalence decision on future UK legal and supervisory framework for central counterparties (CCPs)

The Bank of England (BoE) released a statement welcoming the European Commission's (EC) adoption of the equivalence decision on the future UK legal and supervisory framework for CCPs (Discussed Below). The BoE explains that the decision is an important step to mitigate financial stability risks around the end of the year when the implementation period following the UK's exit from the EU comes to an end. However, this equivalence decision is time-limited and will expire in June 2022. The decision will avoid EU financial firms having to exit UK clearing houses before the end of the year. This would have led to the transfer and replacement of a very large number of contracts in a short period.

Both the UK and EU have publicly recognised that avoiding this cliff-edge is in the interest of international financial stability. This has been highlighted by the Bank of England's Financial Policy Committee consistently since 2018. Accordingly, the EC's decision will allow the European authorities to finalise the remaining steps for recognition of UK CCPs. These will enable UK CCPs to continue to provide clearing services to their EU members, and EU banks to continue meet their obligations to UK CCPs. In the UK, HM Treasury and the Bank of England have already put in place a temporary recognition regime for non-UK CCPs. From 1 January 2021 this will enable EU CCPs to continue to provide services in the UK.

22 September 2020: BoE publishes market notice on Covid Corporate Financing Facility (CCFF)

The BoE confirmed that the Covid Corporate Financing Facility (CCFF) will close for new purchases of Commercial Paper (CP) with effect from 23 March 2021. This means that the Facility will make no purchases of CP after 22 March 2021. As indicated in the initial Market Notice of 18 March 2020 the CCFF was intended to operate for an initial period of 12 months. In line with this, and in light of current market conditions and recent usage patterns, the Bank and HM Treasury hereby give 6 months' notice of the withdrawal of the facility. The CCFF will also close to new applications from counterparties and issuers looking to become eligible on 31 December 2020.

24 September 2020: BoE publishes further updates to TFSME to reflect changes to HMT's Bounce Back Loans Scheme (BBLS)

The BoE announced further measures to ensure TFSME funding can continue to support lending to SMEs through the Bounce Back Loans Scheme (BBLS). In addition to the change announced in May, whereby banks will be able to extend the term of some TFSME funding from four to six years, the Bank will also in future allow TFSME participants to extend part of their borrowings again, out to a total term of up to ten years. Participants will be able to extend the term of TFSME loans by up to a further four years at the point at which existing six year TFSME loans mature. The amount of TFSME funding that can be extended will be capped at the amount of BBLS lending on TFSME participants' balance sheets at that point in time. Finally, TFSME documentation will be updated in due course to reflect this change and to provide further operational details.

21 – 25 September 2020: Speeches, Letters & Publications

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

- BoE consults on necessary changes before the end of the transition period – the consultation sets out Bank and PRA proposals in relation to consequential changes required to existing Bank and PRA EU Exit Instruments to update references to exit day and a small number of changes in light of adaptations to relevant EU legislation made by the European Economic Area (EEA) Agreement; sets out the PRA's proposals in relation to the PRA Rulebook and BTS that will, or are expected to, be retained in UK law; and sets out the Bank's (as FMI competent authority) proposals in relation to BTS that will be retained in UK law
- PRA publishes Proprietary Trading Review – this report discusses proprietary trading carried out by relevant authorised persons. It discusses the extent of this activity, the risks it poses to the safety and soundness of firms, the tools the PRA has to mitigate these risks, and the experience of other countries in restricting proprietary trading within the banking sector. It also addresses whether the ring-fencing regime, together with the other tools available to the PRA, are sufficient to mitigate the risks proprietary trading poses to financial stability and the safety and soundness of firms
- Exercise by the Bank of England and Prudential Regulation Authority of sub-delegated powers under the European Union (Withdrawal) Act 2018 – BoE and PRA must submit this report to Parliament annually if they exercise the relevant sub-delegated powers. This covers the financial year ending 29 February 2020
- Report on the misuse of the Bank of England's press conferences audio feed – Report
- The Bank of England's response to the report on the misuse of the Bank of England's press conferences audio feed
- Quarterly Bulletin 2020 Q3
- The impact of Covid-19 on businesses' expectations: evidence from the Decision Maker Panel
- Bank of England Weekly Report 23 September 2020
- Capital Issuance August 2020
- Minutes of the Meeting of the Court of Directors held on 8 July 2020 – Minutes
- What is Islamic finance? – Knowledge Bank
- Why do firms need to accelerate the transition from Libor benchmarks? – Bank Overground
- What are we doing to help individuals and businesses make faster and cheaper cross-border payments? – Bank Overground
- From LIBOR to SONIA: a bridge to the future – Remarks by Andrew Hauser
- Ask not what the economy can do for insurers: ask what insurers can do for the economy – Speech by Anna Sweeney
- House of Commons Environmental Audit Committee: Oral evidence "Greening the post-Covid recovery" – Event
- British Chambers of Commerce webinar – Event
- Panellist at the City Week 10th Annual International Financial Services Forum "UK financial services reinvented" session – Event

Financial Conduct Authority (FCA)

23 September 2020: FCA launches consultation on regulation of international firms

The Financial Conduct Authority (FCA) has launched a consultation on its approach to the authorisation and supervision of international firms operating in the UK. International firms serving UK customers through branches can sometimes create different risks of harm compared to UK firms because of the way their businesses are structured and operate. As part of this consultation, the FCA wants to hear views on how these risks can be mitigated, and when it would be appropriate for an international firm to seek authorisation as a UK-incorporated firm for all or part of its business.

This consultation is relevant to EEA firms that intend to seek authorisation in the UK in the future, including those entering the Temporary Permissions Regime, as well as firms from non-EEA countries that have applied or intend to apply for authorisation in the UK, or are already authorised in the UK. The deadline for consultation responses is 27 November 2020. All feedback received will form the basis for the FCA's final statement on its approach to international firms.

21 – 25 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:

- FCA announces first firms to begin move to new data collection platform, RegData – the first firms will be moved from Gabriel to RegData over the weekend of 17 and 18 October. Those firms will then complete their regulatory reporting on RegData. Firms will continue to be moved to RegData from Gabriel in the coming months as we move users across in stages, based on their reporting requirements
- FCA sets out proposals to tackle concerns about general insurance pricing
- Update on the FCA enquiry into the Bank of England audio issue
- FCA institutes criminal proceedings against three former employees of Redcentric Plc
- FCA gives update following the recent coronavirus restrictions statements on Tuesday 22 September – FCA advises that firms should continue to follow Government advice on working from home until notified otherwise
- Evolution of a new model for financial regulation in the UK – Speech by Christopher Woolard

Financial Reporting Council (FRC)

24 September 2020: FRC requires improvements in reporting of revenue and leases in company reports

Ahead of the next reporting cycle for financial statements, the Financial Reporting Council (FRC) published two reviews into the reporting of revenue and leases identifying a number of critical areas where companies need to improve their reporting. These reviews cover current reporting on IFRS 15 Revenue from Contracts with Customers and IFRS 16 Leases. This follows an FRC review last year into the quality of the transitional disclosures in a sample of annual (IFRS 15) and interim (IFRS 16) reports. The reports published indicate a number of areas where further improvement is required. In the first report "IFRS 15 Revenue from Contracts with Customers", the FRC explains that it expects companies to:

- provide clear descriptions of performance obligations, the timing of revenue recognition and explanations of any significant judgements made by management;
- identify, and explain significant movements in, contract balances;
- ensure there is consistency between revenue-related information in the strategic report and information in the financial statements, including, for example, details about significant contracts and disclosures of disaggregated revenue; and
- specify the types of any variable consideration that exist within contracts and how they are both estimated and constrained.

In the second report "IFRS 16 Leases", the FRC explains that it expects companies to:

- tailor the descriptions of their leasing accounting policies to match their particular circumstances and to cover all material areas;
- provide detailed information about the significant judgements affecting their accounting for leases; and
- include sufficient detail to enable a good understanding of the financial reporting effects of their leasing arrangements on their financial position, financial performance and cash flows.

21 – 25 September 2020: Speeches, Letters & Other Publications

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

- FRC delivers initial investigation report into audit of Carillion plc – the FRC delivered its Initial Investigation Report (IIR) in connection with its extensive investigation into KPMG's audit of the financial statements of Carillion plc for the years ended 31 December 2014, 2015 and 2016 and additional audit work carried out during 2017
- FRC publishes latest list of companies whose Reports and Accounts have been reviewed – the FRC has published the latest list of companies whose reports and accounts have been reviewed by its Corporate Reporting Review function

European Securities and Markets Authority (ESMA)

23 September 2020: ESMA agrees position limits under MiFID II

The European Securities and Markets Authority (ESMA) published three opinions on position limits regarding commodity derivatives under the Markets in Financial Instruments Directive and Regulation (MiFID II/MIFIR). ESMA's opinions agree with the proposed position limits regarding: the EEX TTF Gas contract; the Nasdaq Oslo Nordic Power contract; and the Fish Pool Farmed Salmon contract. ESMA found that the proposed position limits are consistent with the objectives established in MiFID II and with the methodology developed for setting those limits. ESMA will continue to assess the notifications received and issue opinions in order to ensure that the position limits are set in accordance with the MiFID II framework.

24 September 2020: ESMA makes proposals to help prevent and detect WHT reclaim schemes

ESMA published the Final Report on its inquiry into Cum/Ex, Cum/Cum and withholding tax (WHT) reclaim schemes. ESMA's key proposal is that national competent authorities (NCAs) for securities markets should be empowered to share information with the tax authorities, to assist in detecting WHT reclaim schemes. In its Report, ESMA recommends legislative change to remove the legal limitations on NCAs exchanging information acquired from other NCAs with tax authorities. Additionally, a common legal basis should be developed to ensure a consistent and convergent approach on the exchange of information directly acquired by NCAs in their supervisory activity with tax authorities. Moreover, ESMA has identified best practices extracted from the experience of those NCAs that, thanks to an extended remit under national legislation, carry out supervisory activity for WHT schemes.

24 September 2020: ESMA publishes outcomes of MAR Review

ESMA published a review of the Market Abuse Regulation (MAR). The Report is the first in-depth review of the functioning of MAR since its implementation in 2016, and its recommendations will feed into the European Commission's (EC) review of MAR. The Report, which follows a 2019 consultation concludes that, overall, MAR has worked well in practice and is fit for purpose. This conclusion was confirmed by the overall feedback received in the 97 responses to the consultation, including from the Securities Markets Stakeholder Group. Respondents focused on specific amendments and clarifications rather than a major overhaul of the legislative framework.

The Report to the EC sets out proposals for targeted amendments in MAR, including on the following issues where ESMA makes recommendations on:

- market soundings – clarify that the MAR requirements represent an obligation for disclosing market participants that, if complied with, will protect them from the allegation of having unlawfully disclosed inside information;
- benchmark provisions and the interplay between MAR and collective investment undertakings – clarify the responsibility of management companies in relation to the disclosure of inside information; and
- withholding tax reclaim schemes – removing the legal limitations for NCAs to exchange information with tax authorities.

In relation to spot FX contracts, ESMA concludes that it is necessary to perform further analysis once the revision of the FX Global Code has been finalised.

The areas for which ESMA suggests providing additional guidance include:

- inside Information and disclosure – ESMA will issue further guidance in relation to the application of the definition and for specific scenarios concerning delayed disclosure; and

- pre-hedging – the Report identifies factors which may be considered when assessing if a specific pre-hedging conduct poses risks of market abuse and of violation of conduct rules. ESMA may assess pre-hedging in the future, considering specific circumstances such as its importance for illiquid instruments or the consequences of pre-hedging activities on the markets.

Finally, the Report also addresses:

- buy-back programmes;
- insider lists;
- managers' transactions;
- establishment of an EU framework for cross-market order book surveillance;
- appropriateness of introducing common rules on the need for all Member States to provide administrative sanctions for insider dealing and market manipulation;
- cross border enforcement of sanctions; and
- retention period of personal data.

The Report is submitted to the European Commission and is expected to feed into their review of MAR.

24 September 2020: ESMA consults on MiFIR reference data and transaction reporting

ESMA launched a Consultation Paper (CP) reviewing the reference data and transaction reporting obligations under the Market in Financial Instruments Regulation (MiFIR). The CP contains ESMA's proposals for possible amendments to the transaction reporting and reference data regime based on its experience in implementing the MiFIR reporting regimes since January 2018. ESMA's objectives for this review are to simplify the current reporting regimes and enhance the quality of the data reported by ensuring consistency among various reporting and transparency requirements.

The CP addresses a wide range of issues, including:

- possible revision of the ToTV (Traded on a trading venue) concept;
- revision of the scope of indices subject to the reporting obligation considering the more recent Benchmark Regulation;
- proposals to remove, replace or further clarify specific data elements that should be reported under the transaction reporting obligation; and
- proposals to ensure further alignment between EMIR and MiFIR reporting regimes considering the EMIR Refit review.

The consultation paper proposals are particularly relevant for trading venues, systematic internalisers, investment firms, data reporting services providers, and asset management companies. ESMA invites all stakeholders involved in EU financial markets to respond to this consultation by 20 November 2020 and intends to submit its final review report to the European Commission in Q1 2021.

25 September 2020: ESMA consults on OTF regime

ESMA issued a Consultation Paper (CP) seeking input on the functioning of the Organised Trading Facility (OTF) regime in the European Union (EU). This CP concerns the report on the functioning of OTFs required under Article 90(1)(a) of the Markets in Financial Instruments Directive II. The paper provides an overview of the functioning of the OTF regime and discusses the definition of OTFs, the use of discretion in the execution of orders and the current practice concerning the use of matched principal trading. In addition, the CP also discusses the definition of multilateral systems and the boundaries of trading venues' authorisation, which are essential to a well-functioning OTF regime. Respondents are encouraged to provide relevant information, including quantitative data, to support their views or proposals. Based on the feedback received, ESMA will prepare its final review report for submission to the European Commission. Responses should be submitted by 25 November 2020.

21 – 25 September 2020: Speeches, Letters & Other Publications

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

- ESMA consults on Fees for Benchmarks Administrators – the aim of the Consultation Paper is to advise the European Commission (EC) on fees to be paid by the benchmark administrators that will be supervised by ESMA starting in January 2022. The Consultation Paper contains ESMA's first proposal for BMR fees to be paid by third country administrators under the recognition regime and by administrators of a critical benchmark
- ESMA receives securitisation repository registration application – ESMA received its first application for registration as a securitisation repository (SR) under the Securitisation Regulation

- ESMA reports decrease in prospectus activity for 2019 – ESMA reports that, in 2019, the number of prospectus approvals across the European Economic Area (EEA) decreased to 3,113 from 3,390 a fall of 8% compared to 2018. This decrease continues the downward trend observed since the 2008 financial crisis
- ESMA appoints Chair and independent members of the CCP Supervisory Committee
- ESMA reappoints the chairs of its Data and Investment Management Standing Committees
- Steven Maijoor delivers keynote speech at City Week 2020 – Speech

European Insurance and Occupational Pensions Authority (EIOPA)

21 – 25 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 submits its opinion to the European Parliament on the discharge for the financial year 2018 – the document, adopted by the Board of Supervisors, provides an overview of the measures taken by EIOPA in the light of the observations and comments made by the European Parliament in respect of the implementation of the budget for the financial year 2018. In the opinion, EIOPA points out specific actions taken related for example to enhanced cooperation on conduct risks with National Supervisory Authorities, supervisory convergence, closer supervision in some Member States, staff policies and procurement.

European Banking Authority (EBA)

21 September 2020: EBA phases out its guidelines on legislative and non-legislative loan repayments moratoria

The European Banking Authority (EBA) announced that it has been closely monitoring the developments of the COVID-19 pandemic and, considering the progress made so far, will phase out its Guidelines on legislative and non-legislative payment moratoria in accordance with its end of September deadline. These Guidelines, which were published in the early phases of the COVID-19 pandemic, have provided the necessary flexibility as well as certainty on the regulatory framework, in light of significant number of actions taken by banks to support their customers as exceptional lock-down measures were put in place. The payment moratoria have been an effective tool to address short-term liquidity challenges caused by the COVID-19 pandemic. However, the EBA does not consider adequate at this state the further extension of such an exceptional measure. It is opportune to return to the practice that any rescheduling of loans should follow a case-by-case approach. The regulatory treatment set out in the Guidelines will continue to apply to all payment holidays granted under eligible payment moratoria prior to 30 September 2020, thus avoiding cliff effects risks of having to reclassify existing loans abruptly at a later stage. Banks can continue supporting their customers with extended payment moratoria also after 30 September 2020, such loans should be classified on a case-by-case basis according to the usual prudential framework.

25 September 2020: EBA launches EU-wide transparency exercise

The EBA launched its 7th annual EU-wide transparency exercise, with the objective of providing market participants with updated information on the financial conditions of EU banks as of June 2020, thus assessing the preliminary impact of the COVID-19 crisis on the sector. The EBA expects to publish the results of this exercise at the beginning of December, along with the Risk Assessment Report. This exercise will complement the information provided through the Spring EU-wide Transparency exercise of 8 June 2020, by disclosing data with reference date as of March and June 2020, thus shedding light on the preliminary impact of the ongoing crisis. The EBA will release about one million data points, on average more than 7,000 data points for about 130 participating banks from 27 countries, including the United Kingdom. The data will cover banks' capital positions, financial assets, financial liabilities, risk exposure amounts, sovereign exposures and asset quality. The exercise will also include data on loans and advances subject to legislative and non-legislative moratoria, following the EBA Guidelines on Covid-19 measures reporting and disclosure.

European Supervisory Authorities (ESAs)

21 September 2020: ESAs launch survey on environmental and/or social financial product templates

The European Supervisory Authorities (EBA, EIOPA and ESMA - ESAs) published a survey seeking public feedback on presentational aspects of product templates, pursuant to Article 8(3), Article 9(5) and Article 11(4) of the Regulation on sustainability-related disclosures in the financial services (SFDR). The survey is open for comments until 16 October 2020. The ESAs propose to standardise the disclosure of information for financial products that promote environmental and/or social characteristics or have a sustainable objective. The use of such mandatory templates will improve comparability of different financial products in different EU Member States and are intended to be included in existing disclosures provided by Alternative investment fund managers (AIFMs), Undertakings for Collective Investment in Transferable Securities (UCITSs), insurance undertakings, Institutions for Occupational Retirement Provision (IORPs) or providers of pan-European Personal Pensions Products (PEPPs). In particular, the ESAs are inviting stakeholders to comment on the layout of the templates, which reflects the text of the draft Regulatory Technical Standards (RTS) from the recent public consultation on the SFDR that ran from 23 April until 1 September 2020. The final content of the templates is subject to the outcome of a concurrent consumer testing exercise and the ESAs' final report on the draft RTS under SFDR.

22 September 2020: ESAs assess risks to financial sector after outbreak of COVID-19 and call for enhanced cooperation

The ESAs have issued their first joint risk assessment Report of the financial sector since the outbreak of the COVID-19 pandemic. The Report highlights how the pandemic has led to further amplified profitability concerns across the board and heightened liquidity challenges in segments of the investment fund sector. It particularly points to economic and market uncertainty as a key challenge going forward.

In the report, the ESAs highlight the need to implement the following policy actions:

- monitor risks and perform stress testing: risks to valuation, liquidity, credit and solvency have increased across financial sectors. The use and adequacy of liquidity management tools in the investment fund sector should be continuously monitored;
- foster flexibility where and when needed: supervisors and banks are encouraged to make use of the flexibility in the existing regulatory framework, including use of capital and liquidity buffers to absorb losses;
- support to the real economy: capital relief should be used in support of continued lending to the real economy in the downturn;
- stay prepared: EU financial institutions need to be well-prepared for any disruptions they and their clients may face at the end of the UK's transition period of leaving the EU; and
- supervise digital transformation: it is key for financial institutions and their service providers to carefully manage their ICT and security risks, including when outsourcing ICT activities.

European Central Bank (ECB)

21 September 2020: ECB proposes to reduce reporting burden for banks and increase data quality

The European Central Bank (ECB) published the European System of Central Banks' (ESCB) input into a European Banking Authority (EBA) feasibility report on reducing the reporting burden for the European banking industry. Under Article 430c of the Capital Requirements Regulation (CRR), the European Parliament and the Council of the European Union mandated the EBA to carry out a feasibility study and requested that input from the ESCB be taken into account. The ESCB report proposes to reduce the reporting burden for banks in the fields of statistical, resolution and prudential reporting without losing the information content that is indispensable to monetary policy, resolution and supervisory tasks. This can be achieved through:

- a common standard data dictionary and common data model for statistical, resolution and prudential information requirements;
- smarter procedures, such as harmonised transmission reporting formats, the removal of duplications and improved data sharing between authorities; and
- increased cooperation between European authorities, and between authorities and the banking industry, to achieve a common standard data dictionary, a common data model and smarter procedures.

These efforts should help to reduce the reporting burden for banks and increase the quality of the data received by authorities. As a result, banks would be able to reduce costs, and authorities could better monitor developments in the banking industry.

22 September 2020: ECB to accept sustainability-linked bonds as collateral

The ECB has decided that bonds with coupon structures linked to certain sustainability performance targets will become eligible as collateral for Eurosystem credit operations and also for Eurosystem outright purchases for monetary policy purposes, provided they comply with all other eligibility criteria. The coupons must be linked to a performance target referring to one or more of the environmental objectives set out in the

EU Taxonomy Regulation and/or to one or more of the United Nations Sustainable Development Goals relating to climate change or environmental degradation. This further broadens the universe of Eurosystem-eligible marketable assets and signals the Eurosystem's support for innovation in the area of sustainable finance. Non-marketable assets with comparable coupon structures are already eligible. The decision aligns the treatment of marketable and non-marketable collateral assets with such coupon structures. The decision applies from 1 January 2021.

21 – 25 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:

- Opinion of the European Central Bank of 18 September 2020 on a proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2016/1011 as regards the exemption of certain third country foreign exchange benchmarks and the designation of replacement benchmarks for certain benchmarks in cessation (CON/2020/20) – Opinion
- Opinion on proposals for regulations amending the Union securitisation framework in response to the COVID-19 pandemic (CON/2020/22) – Opinion
- Jointly shaping Europe's tomorrow – Speech by Christine Lagarde
- Asymmetric risks, asymmetric reaction: monetary policy in the pandemic – Speech by Fabio Panetta
- ECB Economic Bulletin, Issue 6/2020
- Public loan guarantees and bank lending in the COVID-19 period – ECB Economic Bulletin
- China's path to normalisation in the aftermath of the COVID-19 pandemic – ECB Economic Bulletin
- The impact of the recent spike in uncertainty on economic activity in the euro area – ECB Economic Bulletin
- COVID-19 and the increase in household savings: precautionary or forced? – ECB Economic Bulletin
- The fiscal implications of the EU's recovery package – ECB Economic Bulletin
- The viral effects of foreign trade and supply networks in the euro area – ECB Economic Bulletin
- Automatic fiscal stabilisers in the euro area and the COVID-19 crisis – ECB Economic Bulletin
- The ECB's enhanced effective exchange rate measures – ECB Economic Bulletin
- The role of indirect taxes in euro area inflation and its outlook – ECB Economic Bulletin
- Liquidity conditions and monetary policy operations in the period from 6 May to 21 July 2020 – ECB Economic Bulletin
- Banking euro area stress test model – Working Paper Series
- Financial conditions, business cycle fluctuations and growth at risk – Working Paper Series
- Does the Phillips curve help to forecast euro area inflation? – Working Paper Series
- Stablecoins: Implications for monetary policy, financial stability, market infrastructure and payments, and banking supervision in the euro area – Occasional Paper Series
- Andrea Enria: Interview with RTE Morning Ireland – Interview
- Yves Mersch: Interview with Bloomberg – Interview
- European banking supervision measures in the context of the coronavirus (COVID-19) pandemic – Presentation by Edouard Fernandez-Bollo, Member of the Supervisory Board of the ECB, at the Salzburg Global Finance Forum Webinar

European Commission (EC)

21 September 2020: European Commission adopts time-limited decision giving market participants time needed to reduce exposure to UK central counterparties (CCPs)

The European Commission (EC) adopted a time-limited decision to give financial market participants 18 months to reduce their exposure to UK central counterparties (CCPs). On the basis of an analysis conducted with the European Central Bank, the Single Resolution Board and the European Supervisory Authorities, the Commission identified that financial stability risks could arise in the area of central clearing of derivatives through CCPs established in the United Kingdom ("UK CCPs") should there be a sudden disruption in the services they offer to EU market participants. This was addressed in the Commission Communication of 9 July 2020. On 1 January 2021, the UK will leave the Single Market, and this temporary equivalence decision aims to protect financial stability in the EU and give market participants the time needed to reduce their exposure to UK CCPs.

24 September 2020: European Commission announces new action plan to boost Capital Markets Union

The EC published a new, ambitious Action Plan to boost the European Union's Capital Markets Union (CMU) over the coming years. The EU's top priority is to ensure that Europe recovers from the unprecedented economic crisis caused by coronavirus. Developing the EU's capital markets, and ensuring access to market financing, will be essential in this task.

The Action Plan has three key objectives:

1. ensuring that the EU's economic recovery is green, digital, inclusive and resilient by making financing more accessible for European companies, in particular SMEs;
2. making the EU an even safer place for individuals to save and invest long-term; and
3. ntegrating national capital markets into a genuine EU-wide single market for capital.

To do this, the Commission is putting forward sixteen targeted measures to make real progress to complete the CMU. Among the measures announced, the EU will:

- create a single access point to company data for investors;
- support insurers and banks to invest more in EU businesses;
- strengthen investment protection to support more cross-border investment in the EU;
- facilitate monitoring of pension adequacy across Europe;
- make insolvency rules more harmonised or convergent; and
- push for progress in supervisory convergence and consistent application of the single rulebook for financial markets in the EU.

These measures build on the progress made in the 2015 CMU Action Plan and 2017 Mid-Term Review, and follow calls from the European Parliament (draft own initiative (INI) report, June 2020) and Council (Council conclusions, 5 December 2019). The EC also published Questions and Answers on the new Capital Markets Union Action Plan.

24 September 2020: European Commission adopts new Digital Finance Package, including Digital Finance and Retail Payments Strategies, and legislative proposals on crypto-assets and digital resilience

The EC adopted a new Digital Finance Package, including Digital Finance and Retail Payments Strategies, and legislative proposals on crypto-assets and digital resilience. This package will boost Europe's competitiveness and innovation in the financial sector, paving the way for Europe to become a global standard-setter. It will give consumers more choice and opportunities in financial services and modern payments, while at the same time ensuring consumer protection and financial stability. The Digital Finance Package consists of a Digital Finance Strategy, a Retail Payments Strategy, legislative proposals for an EU regulatory framework on crypto-assets, and proposals for an EU regulatory framework on digital operational resilience. The Digital Finance Package builds on the work carried out in the context of the FinTech Action Plan of 2018 and the work of the European Parliament, European Supervisory Authorities (ESAs) and other experts. The EC also published Questions and Answers on the new Digital Finance Package.

21 – 25 September 2020: Speeches, Letters & Other Publications

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

- Commission adopts revised EU Emission Trading System State aid Guidelines – in line with the European Green Deal and the EU's objective to become the first climate neutral economy by 2050, the Commission adopted revised EU Emission Trading System State aid Guidelines in the context of the system for greenhouse gas emission allowance trading post-2021 (the "ETS Guidelines"). They will enter into force on 1 January 2021 with the start of the new ETS trading period, and replace the previous Guidelines adopted in 2012. The ETS Guidelines aim at reducing the risk of "carbon leakage", where companies move production to countries outside the EU with less ambitious climate policies, leading to less economic activity in the EU and no reduction in greenhouse gas emissions globally

Basel Committee on Banking Supervision (BCBS)

25 September 2020: Basel Committee approves annual G-SIBs assessment and updates workplan to evaluate post-crisis reforms

The Basel Committee on Banking Supervision (BCBS) met on [14, 18 and 25 September 2020](#) to take stock of Covid-19 risks to the global banking system and related vulnerabilities, and to discuss a range of policy and supervisory initiatives. According to the BCBS, the outlook for global financial stability continues to be uncertain. Factors that could heighten risks to the banking system include the trajectory of Covid-19 infections and containment measures, a protracted recovery period, and the unwinding and expiration of support measures. And the banking system's operational resilience will continue to be tested in light of the increase in remote working and banks' reliance on technology and third-party service providers.

Basel Committee members unanimously reaffirmed their expectation of full, timely and consistent implementation of all outstanding Basel III standards based on the revised timeline endorsed by the Group of Governors and Heads of Supervision earlier this year. The Committee reiterated its previous guidance that banks should make use of the Basel III capital and liquidity buffers during this crisis to absorb financial shocks and to support the real economy by lending to creditworthy households and businesses. Supervisors will allow banks sufficient time to restore buffers, taking account of economic and market conditions as well as the circumstances of individual banks. In addition to discussing the Covid-19 crisis, the Committee approved the results of the annual assessment exercise for G-SIBs. The results will be submitted to the FSB before it publishes the 2020 list of G-SIBs.

Finally, the Committee also approved an updated workplan to evaluate its post-crisis reforms, which will incorporate lessons learned from the Covid-19 crisis. The Committee will conduct a range of empirical analyses to evaluate:

- the extent to which its post-crisis reforms have achieved their objectives;
- the interactions among the Basel III reforms and other post-crisis reforms; and
- whether there are gaps in the regulatory framework or significant unintended effects.

Central Bank of Ireland (CBI)

21 – 25 September 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:

- Irish households more resilient to COVID-19 economic impact than to financial crisis – the CBI has published research presenting results from Household Finance and Consumption Survey (HFCS) 2018. The data gathered for the HFCS highlight the improved financial position and resilience of households prior to the COVID-19 crisis
- KBC Bank Ireland plc reprimanded and fined €18,314,000 by the Central Bank of Ireland for regulatory breaches affecting tracker mortgage customer accounts – Enforcement Action Notice
- Remarks on the Global Fight Against Financial Crime – Speech by Director General Derville Rowland

Commission de Surveillance du Secteur Financie (CSSF)

25 September 2020: CSSF encourages credit institutions to complete EBA's survey on ESG disclosure practices

The Commission de Surveillance du Secteur Financier (CSSF) informed large credit institutions, which have issued securities that are admitted to trading on a regulated market of any Member State, that the European Banking Authority (EBA) has published an online survey to receive input on their practices and views in the area of disclosure of information on environmental social and governance (ESG) risks. This online survey supports the EBA mandate to develop draft implementing technical standards (ITS) specifying uniform disclosure formats, and associated instructions for the Pillar 3 disclosure of prudential information on ESG risks. These uniform disclosure formats aim to collect sufficiently comprehensive and comparable information, which will allow users to assess institutions' risk profiles. The online survey is run on a voluntary basis and is addressed to large institutions, which will be required to disclose prudential information on ESG risks according to Article 449a of the Capital Requirements Regulation (CRR). Credit institutions may reply to the survey until 18:00 CEST on 16 October 2020.

21 – 25 September 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:

- CSSF Newsletter n° 236, September 2020 – the newsletter contains information on the latest publications of the CSSF and the statistics relating to the financial sector
- Circular CSSF 20/751 – adoption of the Guidelines of the European Banking Authority on management of non-performing and forborne exposures (EBA/GL/2018/06), disclosure of non-performing and forborne exposures (EBA/GL/2018/10)
- Takeaways from interviews with Claude Marx and Marco Zwick

Autorité des Marchés Financiers (AMF) of France

25 September 2020: AMF confirms compliance with ESMA's guidelines on liquidity stress test scenarios for UCITS funds and AIFs

The Autorité des Marchés Financiers (AMF) confirmed its compliance with ESMA's guidelines on liquidity stress test scenarios for UCITS funds and AIFs and has published a new policy to this effect: DOC-2020-08. In July 2020, ESMA published official translations of its guidelines on liquidity stress tests applicable to UCITS and AIFs, which will take effect on 30 September 2020. The guidelines clarify the provisions set out in the UCITS and AIFM directives as well as their implementing provisions. Although money market funds therefore also fall under these provisions, in the event of conflict, their specific guidelines shall take precedence. The guidelines specify in 16 sections how management companies must conduct liquidity stress testing. The provisions also apply to depositaries, who must ensure that these programmes are effectively implemented, as well as to the competent authorities, who may ask managers to send them their liquidity stress tests or any other related information.

21 – 25 September 2020: Speeches, Letters & Other Publications

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

- Digital assets: the AMF describes its requirements for DASP registration or license – this Q&A presents the key points of the digital asset service provider regime created under the PACTE Law. It answers the most frequently asked questions from French and international businesses that wish to apply for DASP registration or license

Swiss Financial Market Supervisory Authority (FINMA)

21 – 25 September 2020: Speeches, Letters & Other Publications

During the week, the Swiss Financial Market Supervisory Authority (FINMA) released the following speeches, letters and publications that might be of interest to our readers:

- FINMA reprimands Bank SYZ for breaches of anti-money laundering regulations – the breaches occurred during a very important business relationship with a client from Angola. In the course of these proceedings FINMA found that the bank did not make sufficient efforts to investigate the substantial growth in the client's assets. The bank did not adequately resolve issues that should have raised suspicions, even though the client was identified as having links with politically exposed persons (PEP) and the relationship was classified in this category. In addition the bank failed to fulfil, or did not adequately fulfil, its obligations to clarify high-risk transactions by the client, which were in some cases in the tens of millions

Financial Stability Board (FSB)

21 – 25 September 2020: Speeches, Letters & Other Publications

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

- FSB holds virtual roundtable on external audit – the FSB held the 2020 Roundtable on External Audit on 23 September. As in previous roundtables, the objective was to enable constructive dialogue on ways to promote financial stability by enhancing public confidence in the quality of external audits. The discussion focused on current challenges, linked to the economic downturn and volatility in financial markets, to the estimation of expected credit losses, goodwill impairment and other complex components of banks' financial statements
- LEI ROC to become governance body for OTC derivatives identifiers – the FSB confirmed the Regulatory Oversight Committee (ROC) of the Global Legal Entity Identifier System as the International Governance Body (IGB) for the globally harmonised identifiers used to track over-the-counter (OTC) derivatives transactions

International Organization of Securities Commissions (IOSCO)

21 September 2020: IOSCO issues measures to reduce conflict of interests in debt capital raising

The Board of the International Organization of Securities Commissions (IOSCO) published final guidance to help its members address potential conflicts of interest and associated conduct risks market intermediaries may face during the debt capital raising process. The guidance, which focuses on traditional corporate bonds, comprises nine measures that address potential issues when issuers are preparing to raise debt finance, including such things as the use of risk management transactions, the quality of information available to investors, and the allocations process. The guidance also seeks to address some specific concerns observed by certain regulators during the COVID-19 crisis that may affect the integrity of the capital raising process.

The guidance published by IOSCO:

- explores the potential benefits and risks of Blockchain technology in addressing conflicts of interest in the debt capital raising process;
- describes the key stages of the debt raising process and identifies where the role of intermediaries might give rise to conflicts of interest; and
- seeks to address the potentially problematic conduct of lenders that may opportunistically leverage their role during debt capital raising to pressure corporate clients into awarding them future mandates.

While the guidance focuses on traditional corporate bonds, it may prove useful to IOSCO members considering raising capital through other types of debt securities. The guidance is the second part of a two-stage project on conflicts of interest in capital raising. The first stage focused on the equity capital raising process with the final report Conflicts of interest and associated conduct risks during the equity capital raising process published in September 2018.

International Capital Market Association (ICMA)

24 September 2020: ICMA publishes updated guide to best practice in European repo market

The International Capital Market Association's (ICMA) European Repo and Collateral Council (ERCC) has updated its Guide to Best Practice in the European Repo Market. The Guide provides recommended practices, conventions and clarifications intended to support the orderly trading and settlement of repos. This latest version of the Guide introduces a number of new guidelines intended to address issues that have arisen since the last publication (in December 2018) as the market continues to evolve and develop. These include best practices for the termination of open repos late in the day, the calculation of transaction exposure for forward dated trades and defining stale prices. The ERCC will continuously review the Guide and make further updates in line with future market evolution and agreed understanding of best practice.

21 – 25 September 2020: Speeches, Letters & Other Publications

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

- ICMA Asset Management & Investors Council market update
  Robert Parker, Chair of ICMA's Asset Management and Investors Council, reviews the market events of the last two weeks, in light of the increase in global coronavirus cases, recent economic data and investor positioning
- COVID-19 Impact and Outlook from a Policy Perspective
  Stéphane Janin, Vice-chair of AMIC and Head of Global Regulatory Development at AXA IM, reviews the short-term impact of the COVID-19 crisis from a supervision and regulatory perspective and outlines the medium to long-term impact of the pandemic on policy developments including on sustainable finance, financial stability and capital markets

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

- Big Four accounting firms unveil ESG reporting standards
  "The leaders of the Big Four accounting firms have come together in an unusual joint initiative to unveil a reporting framework for environmental, social and governance standards"

- Private equity-owned companies win access to UK emergency funds
  "Private equity groups have won a key concession for UK companies they own to access taxpayer-backed loans to help survive the pandemic, after the Treasury relaxed criteria used by banks to judge eligibility for bailout borrowing"

- UK business borrows £58bn in state-backed loans
  "Struggling British companies have been forced to borrow close to £58bn in emergency loans backed by the government during the coronavirus pandemic, according to figures released by the Treasury"

- Business gives mixed welcome to Sunak's new support package
  "The chancellor laid out plans for a long-term, state-backed loan scheme to support businesses next year as he extended existing coronavirus measures to help ease pressure on struggling firms using the £58bn emergency programme"

- UK public finances continue on path to record peacetime deficit
  "The UK's public finances have continued on a path towards a record peacetime deficit in 2020-21, with the central government borrowing £221.2bn in the first five months of the financial year to combat the coronavirus pandemic"

- Outgoing FCA chief calls for highest post-Brexit regulatory standards
  "In a speech on Monday, Chris Woolard, the Financial Conduct Authority's interim chief executive, suggested there was no need for the UK to compromise on its principles to retain business"

- UK regulator says Google not doing enough about scam ads
  "The UK financial regulator has accused US tech giant Google of not doing enough to stop fraudsters using its internet search pages to target victims"

- Lack of overseas buyers hits London's prime property market
  "The lack of buyers and renters from overseas has hit the local sales and lettings markets"

- Rivals likely to follow NS&I in cutting savings rates
  "Government-backed provider to slash return on income bonds to 0.01 per cent from November"

- London-based manager aims to raise Europe's biggest cannabis fund
  "Europe's small market for investing in cannabis is showing signs of life, with a London-based investment firm focused on wealthy individuals hoping to raise the region's biggest dedicated fund"

- Half-year losses triple at UK peer-to-peer lender Funding Circle
  "Losses at Funding Circle more than tripled in the first half of the year, as the sudden onset of the coronavirus pandemic forced the peer-to-peer lender to write down the value of loans it had hoped to sell on to other investors"

- Tui cuts back on winter holidays as disruption hits demand
  "Tui, Europe's largest tour operator, has made further cuts to its winter holiday schedule and warned of a hit from more refund requests as travel disruption continues"

- Amigo's ex-chief abandons plan to return to UK subprime lender
  "The incoming chief executive of Amigo Loans has quit the company over a disagreement with the board, days before the UK subprime lender faces a showdown with its founder"

- Private equity group Lone Star pulls out of £6.5bn race for Asda
  "Private equity firm Lone Star has pulled out of the race to buy Asda, dealing a blow to Walmart's second attempt in two years to sell the UK supermarket chain"

- H2O corrects trading disclosure errors
  "H2O Asset Management has corrected a series of errors it made when disclosing investments in illiquid bonds and has claimed it traded the bonds with a Belgian wealth manager that last week denied doing so"

- Crédit Agricole insurance unit stops offering H2O funds
  "Crédit Agricole has stopped marketing H2O Asset Management's funds through one of its life insurance subsidiaries, cutting off the troubled investment firm from a key network of distributors at France's largest retail bank"

- City Bulletin: Cineworld's horror show of a year continues
  "The horror show that is Cineworld continues. Interim results out this morning illustrate the impact of cinema closures on the multiplex owner. Group revenue more than halved to $712m for the six months to the end of June, down from $2.2bn for the same period last year. Underlying profits were even worse — down to $53m $758.6m last year"

- Brexit and the City: Brussels' new battle to rival London in finance
  "For now the City of London remains the continent's dominant financial hub, accounting for just under a third of all capital markets activity, according to New Financial, a UK think-tank. It trades more foreign exchange, derivatives and shares, and handles more assets under management, than any other city in Europe"

- ECB calls on Brussels to make recovery fund permanent
  "The European Central Bank has urged the EU to consider making its new pandemic recovery fund permanent, as it published data showing that Croatia, Bulgaria and Greece would be the fund's biggest net beneficiaries permanent"

- Brussels dusts off dream of Capital Markets Union
  "One of the wonders of the European Commission is how age-old projects continually reappear in new clothes, no matter the number of times they fail. The list is long, ranging from uniform tax bases to activating passerelle clauses. But on Thursday, Brussels will re-re-launch one of the most ambitious, and amorphous: the Capital Markets Unio"

- EU pushes for greater market supervision with focus on crypto assets
  "The EU has embarked on a push for greater centralised supervision of financial markets, setting out an oversight regime for crypto assets and also pledging to learn lessons from the Wirecard scandal"

- European banks load up on government bonds, raising concerns over 'doom loop'
  "European banks have loaded up on more than €200bn of their own governments' bonds since the start of the Covid-19 pandemic, in a move that could reawaken fears about the sector's growing stockpiles of risky sovereign debt"

- Swedish corporate bond market is dysfunctional, says central bank
  "Sweden's corporate bond market is immature, illiquid and dysfunctional, according to the country's central bank"

- Wirecard's deceit went beyond its fraudulent Asian operations
  "Report from court-appointed administrator reveals the rest of the business was chaotic and unprofitable"

- Investors flee US junk bond funds as concern for the economy grows
  "US junk bond funds have suffered their biggest weekly outflows since the depths of the coronavirus pandemic in March, as investors fret over the sustainability of the US economic recovery"

- Destruction of value in US real estate revealed
  "Commercial properties hit by the economic effects of coronavirus could have lost as much as one-quarter of their value or more, laying bare the scale of the damage being wrought across American malls, hotels and other commercial buildings"

- Debt collectors bulk up to deal with US property loan defaults
  "Debt collectors for US property loans have been on a hiring spree to deal with a deluge of defaults and prepare for lenders to assume control of shops and hotels — an alarming omen for owners of billions of dollars worth of commercial mortgage-backed securities"

- JPMorgan in talks to settle spoofing claims for $1bn
  "JPMorgan Chase is in advanced talks with US authorities to pay $1bn to settle allegations it manipulated metals and Treasuries markets using a technique known as spoofing, according to people familiar with the situation"

- Bloomberg poised to become third largest ETF index provider
  "A surge in demand for fixed income exchange traded funds looks set to turn Bloomberg into one of the top three index providers in terms of ETF assets tracking its benchmarks"

- United Wholesale Mortgage to go public in largest Spac deal to date
  "United Wholesale Mortgage is to go public via a merger with a blank-cheque company that values the mortgage lender at $16bn, in the largest such deal to date"

- Travel sector: countdown to a fire sale
  "New lockdowns could trigger a fire sale of travel industry assets: planes, ships and hotels"

- Former blockbuster investment funds fall from grace
  "Former star funds managed by investment groups including Standard Life Aberdeen, BlackRock and Franklin Templeton have shrunk to a fraction of their former size after losing favour with investors as quickly as they earned it"

- Investors wonder if the 60/40 portfolio has a future
  "The traditional 60/40 portfolio — the mix of equities and bonds that has been a mainstay of investment strategy for decades — is at risk of becoming obsolete as some investors predict years of underperformance by both its component parts"

- Pension funds cannot afford not to buy more stocks
  "The expected revival of inflation means equities need to be at the core of portfolios"

- Private equity's risky cheap debt move
  "Private equity groups are taking advantage of soaring demand for corporate debt by loading the companies they own with even more borrowing and using the fresh loans to pay themselves big dividends"

- Private equity owners remove obstacle to M&A deals
  "Private equity groups have been able to insert so-called portability language into loan documentation in recent deals, which would mean the debt transfers with the company to its new owner"

- Bankers fear missing out and yearn to get back on the road
  "Investment bankers have Fomo and are itching to get back on the road. Earlier in the pandemic, strict lockdowns across the main financial centres in the US and Europe ensured a level playing field: top dealmakers worked from home safe in the knowledge that their rivals could not do face-to-face meetings either"

- The next financial crisis may be coming soon
  "But investors should remember this: if lenders react to a stealthy rise in defaults — and, most important, a fear of future stress — this could tighten credit conditions despite central banks' policies"

- US regulator welcomes water futures as tool to manage climate risk
  "Derivatives linked to the price of water will be vital to help businesses and investors manage the increasingly dramatic risk of climate change, a top US markets regulator has said"

- High-tech tools shine a light on sustainable farming
  "Satellite imaging and blockchain-based impact data enable closer green investor scrutiny"

- Climate campaigners turn their focus from fossil fuels to meat
  "Climate campaigners have spent years pushing for defunding and divestment from fossil fuel companies. Now, as their arguments gain traction, they are taking aim at the emissions-heavy meat and dairy industries"

- Food businesses bank on sustainability-linked loans
  "A surge in interest by banks and companies in proving their ethical credentials is driving rapid growth in sustainability-linked loans (SLLs) to food and agriculture firms, but they are not for everyone"

- Food proves hard for ESG investors to digest
  "Yet while they have had some high-profile financial successes with companies such as Beyond Meat and Impossible Foods, which tout their plant-based products as eco-friendly alternatives to meat, ESG investors are finding it hard to incorporate food in their portfolios. Food businesses' far-reaching impacts are difficult to measure, making it unclear whether they meet ESG criteria"

- Evergrande bond trading halted on reports of cash crunch
  "Trading in onshore bonds of China Evergrande, the world's most indebted developer, was halted after reports it was seeking government help to stave off a cash crunch caused the price of its shares and debt to tumble"

- Investor buzz builds ahead of Ant Group listing
  "An investor scramble is underway to take part in Ant Group's upcoming initial public offering in Hong Kong and Shanghai, which is shaping up to be one of the world's largest ever equity raisings"

- BMO to follow Vanguard and exit Hong Kong's ETF market
  "Canada's BMO Global Asset Management plans to exit from Hong Kong's exchange traded fund market, and to offload its seven locally listed ETFs on to China Asset Management (Hong Kong), two people with knowledge of the matter have confirmed to Ignites Asia"

Thomson Reuters

- Investors more upbeat on emerging markets, Latam lags in HSBC survey
  "Investors have turned more upbeat about the outlook for emerging markets, an HSBC survey on Thursday showed, although regional differences have sharpened with money managers less positive than three months ago about Latin America"

- Brexit and coronavirus spur EU to deepen capital market
  "The European Union on Thursday presented plans to expand and bolster its capital market to help reboot companies hit by the coronavirus and reduce the bloc's reliance on the City of London after Brexit"

- In green shift, ECB to accept and buy sustainable bonds
  "The European Central Bank will from next year accept as collateral green bonds with payouts linked to sustainability targets, and also include such debt in its asset purchase schemes, it said"

- Exclusive: ECB plots Amazon-style market to prevent Wall Street COVID debt swoop
  "Europe is working on an Amazon-style website to sell hundreds of billions of euros of bank loans which have been soured by the coronavirus crisis, in a bid to shore up the economy and challenge the dominance of big Wall Street debt investors"

- ECB has major influence on euro, whether it likes it or not: Bundesbank
  "The European Central Bank may protest that it does not intend to steer the euro's exchange rate, but it has a large and growing influence on the single currency through its policy and communication, Bundesbank research suggested"

- JPMorgan to move $230 billion of assets to Germany ahead of Brexit – source
  "JPMorgan Chase & Co is moving about 200 billion euros ($234 billion) of assets from the United Kingdom to Germany as a result of Britain's exit from the European Union, a source familiar with the matter said"

- UniCredit looks to sell German leasing, WealthCap businesses: sources
  "UniCredit CRDI.MI is looking to sell its German leasing operations and a local real estate investment unit, two sources familiar with the matter said on Tuesday, marking another move by the Italian bank to shed assets"

- Air France-KLM discussing capital raising: CEO
  "Air France-KLM AIRF.PA is discussing plans to raise more capital with its main shareholders, the French and Dutch governments, CEO Ben Smith said in an interview"

- Spain faces unusual problem: how to spend billions in crisis funds
  "After securing a generous portion of European Union recovery funds for the coronavirus crisis, Spain faces an unlikely problem -- how to make use of all the money, government sources told Reuters"

- Davos group sets new framework for 'green' corporate reporting
  "Top accounting firms and the World Economic Forum were scheduled to release on Tuesday key metrics for companies to use when reporting on their environmental, social and governance impacts"

- Vanguard, BlackRock add new climate-focused ETFs as demand soars
  "Top asset managers Vanguard Group Inc and BlackRock Inc on Thursday introduced new exchange-traded funds that exclude oil companies, coal producers and other industries that a growing number of investors want to avoid"

- U.S. corporate board diversity lags as few minority execs get top jobs: study
  "Publicly traded U.S. companies have been slow to add minority directors over the past five years even as women grabbed a greater share of board seats during that period, a comprehensive study to be released on Monday shows"

- Bank of America issues $2 billion bond to promote racial equality
  "Bank of America Corp said on Friday it was issuing a $2-billion bond, where a portion of the proceeds will be used for the financial empowerment of Black and Hispanic-Latino communities"

- GE plans to stop making coal-fired power plants
  "General Electric Co GE.N said on Monday it plans to stop making coal-fired power plants, as the U.S. industrial conglomerate focuses more on renewable sources of power generation"

- Fed's Rosengren says U.S. could face a credit crunch by year end if virus worsens
  "The U.S. economy could face more foreclosures and business bankruptcies in the fall and winter if there is a rise in infections and no additional fiscal aid, conditions that could make it harder for consumers and businesses to access credit, Boston Federal Reserve President Eric Rosengren said"

- American Airlines secures $5.5 billion Treasury loan, could tap more
  "American Airlines AAL.O said on Friday it has secured a $5.5 billion government loan and could tap up to $2 billion more in October depending on how the U.S. Treasury allocates extra funds under a $25 billion loan package for airlines"

- U.S. airlines turn eyes to expected new House coronavirus relief proposal
  "U.S. airline unions expressed hope on Thursday that Congress could strike a deal in the coming days that would provide $25 billion to prevent tens of thousands of furloughs on Oct. 1 after the U.S. Treasury chief said he could not act unilaterally to save airline jobs"

- J.P. Morgan opens way for COVID support with key bond index changes
  "J.P. Morgan's prominent bond index division has made a key rule change that could pave the way for some of the world's poorest countries struggling with the COVID-19 pandemic to receive Brady bond-style debt relief"

- IN BRIEF: Loan originator settles with watchdog over SBA claims
  "A Rhode Island-based loan originator agreed on Friday to make clear it is not directly affiliated with the U.S. Small Business Administration, settling claims by a consumer watchdog that it misled businesses seeking Paycheck Protection Program loans in the early days of the pandemic"

- Regulators ready to give more coronavirus relief to banks if needed
  "Global banking regulators said on Friday they stand ready to offer more relief to lenders as a second wave of the pandemic and prolonged remote working test their resilience"

- G7 ministers back extension of debt freeze for poorest nations, urge reforms
  "G7 finance ministers on Friday backed an extension of a G20 temporary freeze in debt payments and recognized the need for broad debt relief in the future, while taking aim at G20 member China over a lack of transparency in its lending"

- China's property developers seek to dodge new rules with shift of debt off balance sheets
  "China is tackling unbridled borrowing in the real estate development sector anew with caps for debt ratios. But sources at developers say a rush to get around the rules by moving more debt off balance sheets is on"

- Air New Zealand begins drawing down government debt facility, flags future capital raising
  "Air New Zealand Ltd AIR.NZ said on Friday it had begun to draw down on a NZ$900 million ($589.95 million) government debt facility that would give it time to review its capital structure and complete a capital raising by June 2021"

- Australia's Westpac agrees to $920 million fine over exploitation payments
  "Australia's Westpac Banking Corp WBC.AX agreed on Thursday to pay a record A$1.3 billion ($920 million) fine to settle a lawsuit accusing it of enabling millions of payments to people exploiting children, closing off its darkest chapter"

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
