14 December 2020

Legal and Regulatory Updates

07/12/2020 – 11/12/2020

Key Highlights

- This Legal & Regulatory Update covers the week commencing **07/12/2020**.
- BoE publishes its Financial Stability Report - December 2020.
- PRA publishes statement on capital distributions by large UK banks.
- FCA confirms speculative mini-bond mass-marketing ban.
- FRC announces its thematic reviews, audit areas of focus and priority sectors for 2021/22.
- ESMA's Chair delivers keynote speech about paradoxes of sustainability reporting.
- ESMA announces that it will recognise Euroclear UK & Ireland Limited (EUI) after Brexit transition period.
- EIOPA publishes discussion paper on non-life underwriting and pricing in light of climate change.
- EBA confirms banks' solid capital and liquidity positions but warns about asset quality prospects and structurally low profitability.
- ESAs highlight change in status of Simple, Transparent and Standardised (STS) securitisation transactions at end of UK transition period.
- ECB releases monetary policy decisions December 2020.
- ECB extends pandemic emergency longer-term refinancing operations.
- European Commission consults on review of CSDR.
- Basel Committee publishes results of its latest Basel III monitoring exercise.
- CSSF reiterates and clarifies necessary actions to be taken by asset managers to maintain access to Luxembourg market after Brexit transition period.
- ICMA publishes Climate Transition Finance Handbook.
- ICMA AMIC responds to third EC consultation on the EU Ecolabel for financial products.
- ARRC releases guide about recent announcements made by U.S. and UK regulators and LIBOR's administrator for proposed endgame for USD LIBOR.
- UN Environment Programme publishes its 2020 Emissions Gap Report.
- 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)

07 December 2020: PRA publishes decision on Systemic Risk Buffer Rates

The Prudential Regulation Authority (PRA) announced its decision to maintain firms' Systemic Risk Buffer rates at the rate set in December 2019 for a further year until December 2022, with no rate changes taking effect until January 2024. This decision follows the PRA's announcement in April that rates would be maintained at 2019 levels until December 2021.

10 December 2020: BoE publishes its Financial Stability Report – December 2020

The Bank of England (BoE) published its Financial Stability Report - December 2020. This report sets out the Financial Policy Committee's (FPC) view of the outlook for UK financial stability, including its assessment of the resilience of the UK financial system and the main risks to UK financial stability, and the action it is taking to remove or reduce those risks. It also reports on the activities of the FPC over the reporting period and on the extent to which the FPC's previous policy actions have succeeded in meeting the FPC's objectives. The report meets the requirement set out in legislation for the FPC to prepare and publish a Financial Stability Report twice per calendar year.

10 December 2020: PRA publishes statement on capital distributions by large UK banks

The PRA published a statement setting out a temporary approach to shareholder distributions by large UK banks for 2020 and its expectations on the payment of cash bonuses to senior staff. The PRA explained that there is scope for banks to recommence some distributions within an appropriately prudent framework. As a stepping stone back towards its standard approach to capital-setting and shareholder distributions, the PRA is asking boards, when making their decisions for 2020 distributions, to operate within a framework of temporary guardrails. According to the PRA, in relation to full-year 2020 results, distributions to ordinary shareholders by large UK banks should not exceed the higher of:

20 basis points of risk-weighted assets as at end-2020; or 25% of cumulative eight-quarter profits covering 2019 and 2020 after deducting prior shareholder distributions over that period.

The PRA designed the guardrails above in line with its primary objective to promote the safety and soundness of firms it regulates, and it is the responsibility of banks' boards to make distributions which are consistent with this objective. Accordingly, if any firm wishes to make shareholder distributions in excess of these guardrails, it should engage with its supervisors and expect a high bar for justifying any exceptions. The PRA is publishing this framework now to give bank boards time to take it into account as they approach decisions on distributions in coming months. Finally, the PRA explained that it intends to transition back to its standard approach to capital-setting and shareholder distributions through 2021. Under this framework, bank boards are responsible for making distribution decisions subject only to the standard constraints of the regulatory framework, including the regular annual stress test.

07 – 11 December 2020: Speeches, Letters & Publications

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

- PRA and FCA hosts the fifth meeting of the Climate Financial Risk Forum (CFRF) in November 2020 –during the meeting, the CFRF noted the importance of progress in the development and understanding of climate data and metrics. Given this, it was decided that data and metrics should be a thematic topic that is addressed by all Forum working groups in the next phase of work. The CFRF also noted the importance of the 26th UN Climate Change Conference of the Parties (COP26), a major international climate summit being hosted by the UK in November 2021. It was agreed that the CFRF should explore ways that it can support the COP26 aims. The next CFRF meeting will take place in Q1 2021 where a programme of deliverables will be agreed
- PRA publishes Consultation Paper (CP) 22/20: Designation of firms within certain consolidation groups – this CP sets out the PRA's proposed approach to designating entities within certain banking UK consolidation groups as responsible for ensuring that consolidated prudential requirements are met during a transitional period. Relevant holding companies will need to apply for approval or exemption in accordance with The Financial Holding Companies (Approval etc.) and Capital Requirements (Capital Buffers and Macro-prudential Measures) (Amendment) (EU Exit) Regulations 2020. The proposals in this CP apply to the period between Monday 28 December 2020 and the date on which the UK parent holding company's application for approval or exemption is finally determined. The PRA proposes to create a new Part of the PRA Rulebook (the Designation Part). This CP is relevant to banks and PRA-designated investment firms that are part of a UK consolidation group controlled by a UK parent financial holding company or a UK parent mixed financial holding company
- PRA publishes Policy Statement (PS) 26/20: Capital Requirements Directive V (CRD V) – this PRA Policy Statement provides feedback to responses to Consultation Paper (CP) 12/20 'Capital Requirements Directive V (CRD V)', and CP17/20 'Capital Requirements Directive V (CRD V): Further implementation'. It also contains near-final Rules instruments, Statements of Policy, Supervisory Statements, model requirements, and templates. The final Rule instruments will be published in a subsequent PS in time for the implementation deadline of Monday 28 December 2020
- Bank of England/Kantar Inflation Attitudes Survey, November 2020 – this quarterly survey, conducted by Kantar on behalf of the BoE, assesses public attitudes to inflation, opinions about the BoE and awareness of the BoE's work
- PRA publishes updated version of Supervisory Statemen 9/17 Recovery planning
- PRA publishes updated version of the 'Additional Leverage Ratio Buffer Model Requirements'
- PRA publishes a direction for modification by consent of 5.1 to 5.5 of the Capital Buffers Part of the PRA Rulebook
- Bank of England Weekly Report 9 December 2020
- Financial Policy Summary and Record December 2020
- Bowing out gracefully: LIBOR's retirement draws near – Speech by Andrew Hauser setting out what businesses and lenders need to do to be ready for transition.
- Inferring trade directions in fast markets – Staff Working Paper No. 896
- Contagion accounting – Staff Working Paper No. 897

Financial Conduct Authority (FCA)

10 December 2020: FCA confirms speculative mini-bond mass-marketing ban

The Financial Conduct Authority (FCA) confirmed proposals to permanently ban the mass-marketing of speculative illiquid securities, including speculative mini-bonds, to retail investors. A temporary ban was introduced without consultation in January following serious concerns that speculative mini-bonds were being promoted to retail investors who neither understood the risks involved, nor could afford the potential financial losses. The new rules will apply from 1 January 2021 and include a small number of changes to the temporary ban, following a consultation launched in June. This includes bringing listed bonds with similar features to other speculative illiquid securities, and which are not regularly traded, within the scope of the ban.

07 – 11 December 2020: Speeches, Letters & Other Publications

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

- FCA launches consultation to assist parties in proving presence of coronavirus in business interruption insurance claims – the FCA launched a short consultation on guidance to help policyholders, insurers and insurance intermediaries judge how the presence of coronavirus (Covid-19) in a particular area may be proved. The FCA is launching this consultation so that it will be in a position to issue it as soon as possible, once the FCA has the judgment of the Supreme Court
- FCA publishes updated position limits for certain commodity derivative contracts traded on ICE Futures Europe – the limits are being revised in accordance with RTS 21, which states that position limits should be reviewed when there is a significant change in Open Interest, deliverable supply, or any other significant change in the market. The changes reflect changing market conditions
- Handbook Notice 83 – this Handbook Notice describes the changes to the Handbook and other material made by the FCA Board under its legislative and other statutory powers on 7 December 2020 and 10 December 2020

Financial Reporting Council (FRC)

10 December 2020: FRC announces its thematic reviews, audit areas of focus and priority sectors for 2021/22

The Financial Reporting Council (FRC) announced its corporate reporting and audit quality review programme for 2021/22 alongside its priority sectors for review. The FRC's Corporate Reporting Review team will supplement its routine reviews of corporate reporting with five thematic reviews. These reviews will identify scope for improvement, as well as examples of better practices, in areas of key stakeholder interest. The FRC's Audit Quality Review team will pay close attention to the impact of Covid-19, fraud, estimates and climate risk when conducting its programme of audit quality inspections.

Thematic reviews of corporate reporting:

- Going Concern and Viability: management's assessments and disclosures in relation to going concern and viability are of particular importance given the severe pressures that many companies are currently operating under;
- IAS 37 – Provisions, Contingent Liabilities and Contingent Assets: issues relating to compliance with this standard have featured in the FRC's 'top ten' findings for several years;
- Climate Risk follow-up – Streamlined Energy and Carbon Reporting: the FRC will review reporting under these new requirements which apply to accounting periods beginning on or after 1 April 2019. This follows on from the FRC's recently published review of climate reporting;
- Alternative Performance Measures: this will be a follow-up to the FRC's 2017 thematic review to assess the extent to which its expectations on use of Alternative Performance Measures have been embedded into reporting practices; and
- Interim Reporting: the FRC will review compliance with the requirements of the Disclosure and Transparency Rules and IAS 34 to identify areas of better practices. As this thematic will focus on interim reports issued during 2020 it will contribute to the FRC's 2020/21 output.

Areas of focus for audit quality reviews:

- Covid-19 Impact: to include going concern, impairment of assets, inventory and group audits;
- Estimates: particularly the application of ISA 540 revised and IAS 37;
- Fraud: the FRC will consider how well auditors identify and assess fraud risks; and
- Climate Risk: this follows the FRC's recently published review of climate reporting, which identified the need for auditors to improve their consideration of climate-related risks when planning and executing their audits.

In selecting corporate reports and audits for review, the FRC will give priority to the following sectors: travel, hospitality and leisure, retail, property and financial services.

07 – 11 December 2020: Speeches, Letters & Other Publications

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

- FRC highlights importance of a challenge culture in audit firms – in June 2021, the FRC will host a conference on the culture of challenge, entitled "Audit firm culture: Challenge. Trust. Transformation" involving academics, other regulators and experts on culture from a wide range of sectors to share experience, ideas and good practice. Building on the output from this conference, the FRC will undertake a thematic review on building a challenge culture in audit firms
- Financial Reporting Lab newsletter: December 2020 – the Lab has released its final newsletter for 2020. This issue reflects on the guidance produced by the Lab to assist companies during this challenging year, provides an update on the Lab's ongoing projects and links to other reports and guidance produced by the FRC for companies to consider as they prepare their annual (and interim) reports
- FRC publishes latest list of companies whose Reports and Accounts have been reviewed
- Webinar invitation: Revised standard (ISRE (UK) 2410) for reviews of interim financial statements – the FRC is organising a webinar, on Thursday 17 December 2020 2pm-3pm, to discuss its consultation regarding revisions to International Standard for Review Engagement (UK) 2410 (ISRE 2410) Review of Interim Financial Information Performed by the Independent Auditor of the Entity

European Securities and Markets Authority (ESMA)

07 December 2020: ESMA publishes 2020 ESEF XBRL Taxonomy files and ESEF Conformance suite

The European Securities and Markets Authority (ESMA) published the 2020 ESEF XBRL taxonomy files and an update to the ESEF Conformance Suite to facilitate implementation of the ESEF Regulation. ESMA aims to facilitate the implementation of the European Single Electronic Format (ESEF) by providing to XBRL taxonomy files and Conformance Suite test files that reflect the requirements contained in the 2020 draft update to the ESEF Regulation and the 2020 update to the ESEF Reporting Manual. The 2020 ESEF taxonomy is based on the 2020 IFRS Taxonomy, prepared and updated annually by the IFRS Foundation. The taxonomy package includes labels in all EU languages. The ESEF Regulation requires that all issuers with securities listed on an EU regulated market prepare their annual financial reports in xHTML and mark-up the IFRS consolidated financial statements contained therein using XBRL tags and the iXBRL technology.

07 December 2020: ESMA issues latest double volume cap data

ESMA updated its public register with the latest set of double volume cap (DVC) data under the Markets in Financial Instruments Directive (MiFID II). This update includes DVC data and calculations for the period 1 November 2019 to 31 October 2020 as well as updates to already published DVC periods.

08 December 2020: ESMA's Chair delivers keynote speech about paradoxes of sustainability reporting

Steven Maijoor, Chair of ESMA, delivered a keynote speech at the webinar "A new standard for a new capitalism: accelerating corporate responsibility through non-financial information" organised by the French Ministry of the Economy, Finance and Recovery. In his speech, Mr Maijoor highlighted three apparent paradoxes of sustainability reporting:

- the need to ensure that reporting standards are, at the same time, international and jurisdiction-specific;
- the importance of ensuring that the disclosure standards are sufficiently robust to help prevent the risk of greenwashing, while at the same time allowing for sufficient flexibility for entities to tell their own story; and

- the difficulty of establishing a robust and extensive disclosure regime covering as many companies as possible so to ensure that information by (actual or potential) investee companies is available, while maintaining a proportionate set of requirements especially for smaller companies.

11 December 2020: ESMA announces that it will recognise Euroclear UK & Ireland Limited (EUI) after Brexit transition period

ESMA announced that Euroclear UK & Ireland Limited (EUI), the central securities depository (CSD) established in the United Kingdom (UK), will be recognised as a third-country CSD (TC-CSD) after the end of the UK's transition from the European Union (EU) on 31 December 2020. ESMA's decision to recognise EUI as a third-country CSD after the end of the transition period will allow EUI to continue providing the following services in the EU:

- notary and central maintenance services in respect of securities constituted under the law of Ireland; and
- central maintenance services in respect of underlying securities constituted under the laws of Cyprus, Luxembourg and the Netherlands, which are represented in the EUI CREST system by means of depository interests.

ESMA's recognition decision will apply from 1 January until 30 June 2021. This time period should give concerned EU issuers sufficient time to transfer their securities to EU CSDs.

European Insurance and Occupational Pensions Authority (EIOPA)

10 December 2020: EIOPA publishes discussion paper on non-life underwriting and pricing in light of climate change

The European Insurance and Occupational Pensions Authority (EIOPA) published a discussion paper on non-life underwriting and pricing in light of climate change. The discussion paper highlights challenges associated with current non-life underwriting practices and options to ensure the availability and affordability of insurance products, in the context of climate change. EIOPA is inviting stakeholders to provide comments on the discussion paper by 26 February 2021, by filling in the survey.

07 – 11 December 2020: Speeches, Letters & Other Publications

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

- EIOPA recommends actions and best practices to national supervisory authorities to improve supervisory practices regarding cross-border activities – EIOPA published the results of its peer review on the cooperation between supervisory authorities in the European Union (EU) on the supervision of cross-border activities of insurance undertakings. Following the results of its review, EIOPA issued 60 recommended actions and four best practices, all addressed to the national supervisory authorities

European Banking Authority (EBA)

10 December 2020: EBA publishes report on impact of Basel III reforms on EU banks' capital

The European Banking Authority (EBA) published a report on the impact of implementing the final Basel III reforms in the EU. Overall, the results of the Basel III capital monitoring exercise show that European banks' minimum Tier 1 capital requirement would increase by 15.4% at the full implementation date (2028), without taking into account EU-specific adjustments. To comply with the new framework, EU banks would need EUR 9.4 billion of additional Tier 1 capital. These estimates are based on the assumption that Basel III requirements are implemented in full. The results do not reflect the economic impact of the Covid-19 pandemic on participating banks as the reference date of this impact assessment is December 2019.

11 December 2020: EBA confirms banks' solid capital and liquidity positions but warns about asset quality prospects and structurally low profitability

The EBA published its annual Risk Assessment of the European banking system. The report is accompanied by the publication of the 2020 EU-wide transparency exercise, which provides detailed information, in a comparable and accessible format, for 129 banks across 26 EEA / EU countries and for 6 banks from UK. According to the report, despite the COVID-19 shock, banks have maintained solid capital and liquidity ratios and have increased their lending to the real economy. However, the report finds that economic uncertainty persists, profitability is at record low levels, and there are several early signs for a deterioration in asset quality.

07 – 11 December 2020: Speeches, Letters & Other Publications

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

- EBA informs customers of UK financial institutions about the end of the Brexit transition period – this statement clarifies previous EBA statements regarding the UK withdrawal from the EU (Brexit) for the benefit of consumers across the EU
- EBA issues revised list of ITS validation rules – the EBA issued a revised list of validation rules in its Implementing Technical Standards (ITS) on supervisory reporting, highlighting those, which have been deactivated either for incorrectness or for triggering IT problems

European Supervisory Authorities (ESAs)

07 December 2020: ESAs highlight change in status of Simple, Transparent and Standardised (STS) securitisation transactions at end of UK transition period

The Joint Committee of the European Supervisory Authorities (ESAs) issued a statement highlighting the impact of Brexit on the status of Simple, Transparent and Standard (STS) securitisation transactions.

The statement provides:

- For a securitisation transaction to qualify as an STS securitisation, the Securitisation Regulation requires that the originator, sponsor and the securitisation special purpose vehicle (SSPE) be established in the European Union.
- Accordingly, those securitisation transactions currently labelled as "STS securitisations" will lose the STS status where one or all the securitisation parties (originator, sponsor and/or the SSPE) are established in the UK after the end of the transition period. This will apply to STS asset-backed commercial paper (ABCP) securitisations and STS non-ABCP securitisations.
- The European Securities and Markets Authority (ESMA) is working with national competent authorities to ensure that ESMA's STS securitisation public register is up to date on 1 January 2021.

- The loss of the STS status implies that the preferential capital treatment available for investments in this type of securitisations will come to an end. This will affect EU institutional investors, such as credit institutions and insurance entities, holding positions in STS securitisations where the originator, sponsor or the SSPE are established in the UK.
- The ESAs therefore advise these investors to assess the impact of this change of status on their balance sheet and investments ahead of 31 December 2020.

European Central Bank (ECB)

10 December 2020: ECB releases monetary policy decisions December 2020

In view of the economic fallout from the resurgence of the pandemic, the Governing Council of the European Central Bank (ECB) adopted the following monetary policy decisions:

- the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00 per cent, 0.25 per cent and -0.50 per cent respectively;
- the Governing Council decided to increase the envelope of the pandemic emergency purchase programme (PEPP) by €500 billion to a total of €1,850 billion. It also extended the horizon for net purchases under the PEPP to at least the end of March 2022. The Governing Council also decided to extend the reinvestment of principal payments from maturing securities purchased under the PEPP until at least the end of 2023;
- the Governing Council decided to further recalibrate the conditions of the third series of targeted longer-term refinancing operations (TLTRO III). Specifically, it decided to extend the period over which considerably more favourable terms will apply by twelve months, to June 2022. Three additional operations will also be conducted between June and December 2021. Moreover, the Governing Council decided to raise the total amount that counterparties will be entitled to borrow in TLTRO III operations from 50 per cent to 55 per cent of their stock of eligible loans;
- the Governing Council decided to extend to June 2022 the duration of the set of collateral easing measures adopted by the Governing Council on 7 and 22 April 2020. The extension of these measures will continue to ensure that banks can make full use of the Eurosystem's liquidity operations, most notably the recalibrated TLTROs. The Governing Council will reassess the collateral easing measures before June 2022, ensuring that Eurosystem counterparties' participation in TLTRO III operations is not adversely affected. The Governing Council also decided to offer four additional pandemic emergency longer-term refinancing operations (PELTROs) in 2021, which will continue to provide an effective liquidity backstop;
- net purchases under the asset purchase programme (APP) will continue at a monthly pace of €20 billion. The Governing Council continues to expect monthly net asset purchases under the APP to run for as long as necessary to reinforce the accommodative impact of its policy rates, and to end shortly before it starts raising the key ECB interest rates;
- the Eurosystem repo facility for central banks (EUREP) and all temporary swap and repo lines with non-euro area central banks will be extended until March 2022; and
- finally, the Governing Council decided to continue conducting its regular lending operations as fixed rate tender procedures with full allotment at the prevailing conditions for as long as necessary.

The monetary policy measures adopted will contribute to preserving favourable financing conditions over the pandemic period, thereby supporting the flow of credit to all sectors of the economy, underpinning economic activity and safeguarding medium-term price stability.

10 December 2020: ECB extends pandemic emergency longer-term refinancing operations

The Governing Council of the ECB announced that it has decided to offer four additional pandemic emergency longer-term refinancing operations (PELTROs) on a quarterly basis during 2021. Each operation will have a tenor of approximately one year. These operations will serve as a liquidity backstop to the euro area banking system and contribute to preserving the smooth functioning of money markets during the extended pandemic period. The PELTROs will be conducted as fixed rate tender procedures with full allotment. The operations will be offered at accommodative terms. The interest rate will be 25 basis points below the average rate applied in the Eurosystem's main refinancing operations (currently 0%) over the life of the respective PELTRO.

10 December 2020: ECB prolongs support via targeted lending operations for banks that lend to the real economy

The Governing Council of the ECB decided on modifications to the terms and conditions of the third series of targeted longer-term refinancing operations (TLTRO III). Specifically, it decided to extend the period over which considerably more favourable terms will apply by twelve months, to June 2022. Three additional operations will also be conducted between June and December 2021. Moreover, the Governing Council decided to raise the total amount that counterparties will be entitled to borrow in TLTRO III operations from 50 per cent to 55 per cent of their stock of eligible loans. These modifications will preserve the very attractive funding conditions that over the past few months have supported banks' efforts to keep credit flowing to the real economy in a time of high stress. This will help banks to secure the liquidity they need to extend loans to households and firms on very favourable lending terms.

07 – 11 December 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:

- Eurosystem staff macroeconomic projections for the euro area, December 2020
- Euro area securities issues statistics: October 2020
- Denmark to join Eurosystem's TARGET services
- Benefits of macro-prudential policy in low interest rate environments – Working Paper Series
- Contagion accounting – Working Paper Series

European Commission (EC)

08 December 2020: European Commission consults on review of CSDR

The European Commission (EC) published a consultation paper on its review of the Central Securities Depositories Regulation (909/2014) (CSDR). The consultation seeks feedback on a wide range of specific areas where targeted action may be necessary to ensure the fulfilment of the objectives of CSDR in a more proportionate, efficient and effective manner. The responses to the consultation will help the Commission prepare a general report on the CSDR as required by Article 75 of the CSDR. The deadline for comments on the consultation is 2 February 2021.

07 – 11 December 2020: Speeches, Letters & Other Publications

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

- European Commission launches the European Climate Pact – this is an EU-wide initiative inviting people, communities and organisations to participate in climate action and build a greener Europe. As part of the European Green Deal, the Climate Pact offers a space for everyone to share information, debate and act on the climate crisis, and to be part of an ever-growing European climate movement
- Commission presents its plan for green, smart and affordable mobility – this strategy lays the foundation for how the EU transport system can achieve its green and digital transformation and become more resilient to future crises. As outlined in the European Green Deal, the result will be a 90% cut in emissions by 2050, delivered by a smart, competitive, safe, accessible and affordable transport system
- Mairead McGuinness delivers keynote address at the launch f the Climate Disclosures Standards Board report 'The state of EU environmental disclosures in 2020'
- Speech by President von der Leyen at the Climate Ambition Summit
- Commission approves €106.7 million restructuring aid and €30.2 compensation for damages suffered due to coronavirus outbreak in favour of French airline Corsair
- Commission approves DIC's acquisition of BASF Colors & Effects, subject to conditions

Commission de Surveillance du Secteur Financie (CSSF)

07 December 2020: CSSF reiterates and clarifies necessary actions to be taken by asset managers to maintain access to Luxembourg market after Brexit transition period

The Commission de Surveillance du Secteur Financier (CSSF) published a press release to clarify and reiterate the actions that management entities located in the United Kingdom and which manage and/or market Luxembourg funds on a cross-border basis need to take prior to the end of the transitional period for Brexit (31 December 2020). The statement contains information on many issues, including:

- lapse of passporting rights in relation to the management of Luxembourg funds on a cross-border basis;
- lapse of passporting rights in relation to the cross-border distribution of funds into Luxembourg;
- marketing in Luxembourg to professional investors;
- marketing in Luxembourg to retail investors;
- delegation of investment management / portfolio management and/or risk management activities to undertakings in the United Kingdom;
- compliance with investment policy and eligibility issues; and
- CSSF's position on secondments.

07 – 11 December 2020: Speeches, Letters & Other Publications

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

- CSSF confirms that it is monitoring the financial information published by issuers – the CSSF issued a press release to draw the attention of those issuers preparing their financial statements in accordance with the International Financial Reporting Standards, as well as of their auditors, to a number of topics and issues that will be the subject of a specific monitoring during its enforcement campaign planned for 2021. In particular, the CSSF is closely monitoring that the consolidated and non-consolidated financial statements are drawn up in compliance with the applicable accounting standards
- CSSF publishes Circular CSSF 20/761 – on liquidity risks arising from margin calls
- CSSF publishes Circular CSSF 20/762 – an update of Circular CSSF 08/338, as amended by Circular CSSF 16/642, on the implementation of a stress test in order to assess the interest rate risk arising from non-trading book activities, following the adoption of the guidelines of the European Banking Authority (EBA) on the management of interest rate risk arising from non-trading book activities (EBA/GL/2018/02)
- CSSF publishes Circular CSSF 20/760 – repeal of the ad hoc report to be issued by the approved statutory auditor for the reconciliation between the accounts published under LUX GAAP or LUX GAAP with "IAS options" and the final FINREP version
- CSSF publishes Circular CSSF 20/758 – revision of CSSF Circular 12/552 on central administration central, internal governance and risk management. This updated circular revises the regulatory requirements applicable to investment firms
- CSSF publishes Circular CSSF 20/757 – on the introduction of Circular CSSF 20/758 on central administration, internal governance and risk management, and repeal of Circular CSSF 12/552 for investment firms (as amended by Circulars CSSF 13/563, 14/597, 16/642, 16/647, 17/655 et 20/750) on central administration, internal governance and risk management
- CSSF publishes Circular CSSF 20/759 – revision of CSSF Circular 12/552 on central administration, internal governance and risk management. This updated circular revises the regulatory requirements applicable to credit institutions and professionals performing lending operations
- CSSF issues communication regarding the introduction of a new eDesk module – the CSSF explained that the reception and processing of a series of requests will be progressively digitised via a new eDesk module within the CSSF eDesk portal. As of 8 December 2020, two requests will be in scope of the new eDesk module: 1) Circular CSSF 15/612: Information to be submitted in relation to unregulated AIFs (established in Luxembourg, in another EU Member State or in a third country) and/or regulated AIFs established in a third country. The concerned entities are: Luxembourg AIFMs; and 2) Submission of information related to AML supervisory measures (ad hoc and initiated by the CSSF). The concerned entities: all IFMs (including Luxembourg branches), SIAG, FIAAG and internally managed non-AIFs

Basel Committee on Banking Supervision (BCBS)

10 December 2020: Basel Committee publishes results of its latest Basel III monitoring exercise

The Basel Committee on Banking Supervision (BCBS) published the results of its latest Basel III monitoring exercise, based on data as of 31 December 2019. The report sets out the impact of the Basel III framework that was initially agreed in 2010 as well as the effects of the Committee's December 2017 finalisation of the Basel III reforms and the finalisation of the market risk framework published in January 2019. Given the December 2019 reporting date, the results do not reflect the economic impact of Covid-19 on participating banks. Nevertheless, the BCBS believes that the information contained in the report will provide relevant stakeholders with a useful benchmark for analysis. For the first time, the report is accompanied by a Tableau-style dashboard that presents the results of the liquidity section of the Basel III monitoring report using an interactive tool to visualise the data.

Financial Stability Board (FSB)

07 – 11 December 2020: Speeches, Letters & Other Publications

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

- FSB Americas group discusses financial market developments and enhancing cross-border payments – the FSB Regional Consultative Group (RCG) for the Americas held a virtual meeting to discuss global and regional macroeconomic and financial market developments. Members also exchanged views on spillovers from the policy responses to the March market turmoil and COVID-19 pandemic, and reiterated the importance of international cooperation to evaluate and coordinate the policy responses, including considerations for their future unwinding, once appropriate
- FSB Continuity of access to FMIs for firms in resolution: Informal summary of outreach and Q&A – FSB responds to questions posed by external stakeholders on the questionnaire for gathering information about continuity of access to FMIs for firms in resolution
- Virtual workshop on the implications of climate change for financial stability – join the FSB's virtual workshop on its recent publication on the implications of climate change for financial stability at 13.00 (CET) on Tuesday 15 December. Panellists will discuss the implications of both physical and transition risks for financial stability and actions that financial institutions can take, and are taking, to reduce or manage their exposure to climate-related risks. Participants will be able to join the conversation, which will be recorded and posted on the FSB website
- Virtual workshop on the FSB holistic review of the March market turmoil – join the FSB's virtual workshop on its holistic review of the March market turmoil at 15.00 (CET) on Wednesday 16 December. The workshop provides an opportunity for stakeholders (including industry representatives, academics, trade associations and think tanks) to provide feedback on the holistic review

International Capital Market Association (ICMA)

09 December 2020: ICMA publishes Climate Transition Finance Handbook

The International Capital Market Association (ICMA) published a Climate Transition Finance Handbook containing clear guidelines on the disclosures that should be made by issuers on their climate change strategy when raising funds in debt capital markets. The new Handbook clarifies the information that should be made publicly available to investors in connection with the issuance of 'use of proceeds' bonds aligned with the Green and Social Bond Principles or Sustainability Bond Guidelines, or general corporate purpose bonds issued in line with the Sustainability-Linked Bond Principles.

The Handbook specifies that relevant disclosures can be included in the issuer's annual report, framework document, or investor presentation, as long as they are publicly accessible to investors. Concurrently, the recommended independent review, assurance and verifications can be included as either a Second Party Opinion or provided in the context of an issuer's ESG reporting. Issuers wishing to label financing instruments with a climate 'transition' label, may consider referencing this guidance in connection with the issuance as the Climate Transition Finance Handbook 2020. A dedicated Q&A has also been released to further guide market participants.

07 – 11 December 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 AMIC responds to third EC consultation on the EU Ecolabel for financial products – ICMA's Asset Management and Investors Council published its response to the third EC consultation on the EU Ecolabel for financial products. While AMIC continues to support the idea of an EU sustainable label for retail investments funds, it also warns that, at best, only a residual portion of the greenest of sustainable funds will be able to meet the proposed requirements. Based on studies conducted by the EC itself and members of the UNPRI, AMIC therefore recommends to recalibrate the green thresholds, strictly align the EU Ecolabel on the EU Taxonomy framework, and review requirements for bond funds as they are not in line with current market practices and need to include more broadly bonds aligned with the Green Bond Principles
- Climate transition finance: new guidance for issuers – Webinar

Other Updates

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

07 December 2020: ARRC releases guide about recent announcements made by U.S. and UK regulators and LIBOR's administrator for proposed endgame for USD LIBOR

The Alternative Reference Rates Committee (ARRC) released a guide about recent announcements made by U.S. and UK regulators and LIBOR's administrator for the proposed endgame for U.S. dollar (USD) LIBOR. ARRC Chair Tom Wipf also participated in a webinar (recording and transcript) about those developments.

09 December 2020: UN Environment Programme publishes its 2020 Emissions Gap Report

The United Nations Environment Programme (UNEP) published its 2020 Emissions Gap Report. This report assesses the gap between estimated future global greenhouse gas (GHG) emissions if countries implement their climate mitigation pledges and the global emission levels from least-cost pathways that are aligned with achieving the temperature goals of the Paris Agreement. This difference between "where we are likely to be and where we need to be" is known as the 'emissions gap'. The report also examines two areas that are highly relevant for bridging the gap and which have become even more relevant in the wake of the COVID-19 pandemic: the shipping and aviation sectors.

14 December 2020

In the News

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

Financial Times

- Regulator allows UK banks to restart dividends
  "The UK banking regulator has given lenders the green light to resume dividend payments, nine months after it asked them to suspend shareholder payouts and preserve capital at the height of the coronavirus pandemic"

- High-risk mini-bonds banned by regulator
  "The UK financial regulator has confirmed it will permanently ban the mass marketing of high-risk mini-bonds to retail investors, after introducing a temporary prohibition in the wake of the £236m collapse of issuer London Capital & Finance"

- Brexit poses threat of 'market volatility and disruption', BoE warns
  "In its latest financial stability report, published on Friday, the BoE said that while most risks of disruption to cross-border services after December 31 had been mitigated, problems in providing cross-border financial services, particularly to EU-based clients, remained a real possibility"

- Bank of England should switch strategy on QE
  "The Bank of England has invested hundreds of billions of pounds in the bond market over more than a decade since the financial crisis. The time has surely come to reflect on how this programme works and whether there is a better way"

- UK ministers plan new state-backed loan scheme for SMEs
  "The UK government is planning to launch a permanent replacement for the £65bn Covid loans programme with new state-backed guarantees to support lending by banks to a broad range of small to medium-sized business"

- UK pledges to end financing for overseas fossil-fuel projects
  "The UK is set to end financing for oil and gas projects overseas — a move that will strip out billions in underwriting loans to energy projects — as it works to burnish its green credentials ahead of a major climate summit"

- Nine things you need to know about a no-deal Brexit
  "The financial services industry — the UK's largest services export — is likely to weather the initial storm of a WTO-terms exit since it has been preparing for several years to leave on no-deal terms"

- Business hits out at lack of clarity on UK-EU trade terms
  "Business groups welcomed how the UK and EU had agreed to continue talks on a trade accord, but complained it was impossible for companies to prepare properly for Britain's departure from the bloc in 20 days time given they had no clarity on whether there would be an agreement or a no-deal Brexit"

- Finance jobs stayed in London after Brexit vote
  "Brexit has failed to deliver a big hit to financial services employment in London, Financial Times research has shown, with international banks maintaining most of their staff since the vote to leave the EU and big asset managers hiring in the UK capital"

- Future of the City: how London's reach will shrink after Brexit
  "In the first of a series, Jonathan Ford explores the history of a financial powerhouse and the potential impact of leaving the EU"

- UK high street insolvencies ricochet to direct lenders
  "Insolvencies among UK high street companies have ricocheted to investors who made private loans to them, highlighting the limits of central bank interventions that staved off a string of defaults in the public debt market. Firms including Alcentra, KKR and Pemberton, which specialise in making loans to private companies, have faced losses as months of social restrictions punish a sector that was already struggling before the spread of coronavirus"

- Fund managers with $9tn in assets set net zero goal
  "Thirty of the world's biggest asset managers, which collectively oversee $9tn, have set a goal of achieving net zero carbon emissions across their investment portfolios by 2050 in a move expected to have huge ramifications for businesses globally. The group, which includes Fidelity International, Legal & General Investment Management, Schroders, UBS Asset Management, M&G, Wellington Management and DWS, said they would work with their clients to cut emissions across their investments. The decision means asset managers would be forced to shun companies that are ill prepared for a lower carbon economy if they are to meet their net zero targets"

- Homeless housing funds spark ethical debate over ESG profits
  "Home Reit, managed by Alvarium Investments, plans to pay a 5.5 per cent minimum annual dividend, which will grow in line with inflation, and provide a net shareholder return of at least 7.5 per cent per year. Large shareholders in the trust include UK asset managers Rathbones, Charles Stanley, M&G and Liontrust"

- Caxton to shut main hedge fund to new money after record year
  "Caxton Associates, one of the world's oldest and best-known hedge funds, plans to shut its flagship fund to new money after a record year of gains during the coronavirus crisis"

- LGIM rolls out first fixed income ETFs
  "Legal & General Investment Management is launching its first fixed income exchange traded funds as the UK's largest fund house makes a bid to catch up with faster-moving rivals in the ETF market"

- Glencore's new boss faces tough test at the coalface
  "It must decide on whether to remain in coal mining, a sector out of favour with investors focused on environmental, social and governance criteria"

- McLaren sells stake in F1 team to MSP Sports Capital
  "McLaren will sell a stake in its Formula One business to an alliance led by sports investment group MSP Sports Capital, in a deal that values the historic racing team at £560m"

- McLaren seeks up to £500m in possible blank-cheque merger
  "McLaren, the British supercar manufacturer, is in talks to raise up to £500m in fresh equity that could pave the way to a listing though a blank-cheque company"

- EU countries agree historic €1.8tn budget and recovery package
  "EU leaders have adopted a €1.8tn budget and landmark post-pandemic recovery package after Hungary and Poland dropped objections to a new mechanism tying payments to rule of law principles"

- Eurozone banks set to restart dividend payments under strict limits
  "Europe's top financial regulators are putting the finishing touches to new recommendations allowing the region's strongest banks to restart dividend payments within strict limits, ending a nine-month hiatus imposed due to the coronavirus crisis"

- ECB launches fresh stimulus to support Covid-hit eurozone economy
  "The European Central Bank has launched a fresh burst of stimulus to help the eurozone economy recover from the coronavirus pandemic, promising to buy €500bn more bonds over a longer period and providing extra cheap funding for banks"

- Soaring eurozone government debt reignites call for cancellation
  "Eurozone governments' borrowing has rocketed to fund their response to the coronavirus pandemic, reigniting longstanding calls for the European Central Bank to ease debt burdens by forgiving sovereign bonds it owns"

- The case against cancelling debt at the ECB
  "Neither would cancelling the eurosystem's debt holdings hand any more cash to the Italian government. The debts represent spending that has already been financed and the interest rate payments are recycled back into eurozone treasuries. For the moment, warehousing the debt on the Italian central bank's balance sheet is not very different to cancelling it altogether"

- Deutsche Bank 'switching from defence to offence', chief tells investors
  "Deutsche now expects that investment banking revenues will rise about 3 per cent a year between 2018 and 2022, compared with a previous goal of 2 per cent"

- Deutsche Bank and Commerzbank funded Wirecard's India deal
  "Deutsche Bank and Commerzbank provided the bulk of the funding for Wirecard's acquisition of a pair of Indian companies referred to in the fraud allegations against the defunct Germany payments group, documents seen by the Financial Times reveal"

- Wirecard fugitive Jan Marsalek took bank lending decision
  "Wirecard fugitive Jan Marsalek is alleged to have violated internal governance rules and banking laws in an incident that was flagged to Germany's financial watchdog Bafin in 2019"

- Fed poised to extend crisis bond-buying programme
  "The Federal Reserve is poised to issue new guidance extending its emergency bond-buying programme, as it grapples with the need for another monetary boost to buttress the US economic recovery"

- Will the Fed adjust its asset purchase programme?
  "A growing number of investors believe it is time for the Fed to clarify more explicitly its plans for its asset purchase programme. Some think it should shift the bulk of its bond-buying to longer-dated Treasuries to ensure that borrowing costs for American companies remain low"

- New York City to tap debt market as investors look past Covid hit
  "New York City is planning to tap the booming US municipal bond market for $1.5bn next week, even as rating agencies warn it faces the prospect of further downgrades of its debt"

14 December 2020

- Tesla plans to raise another $5bn in share sale
  "Tesla plans to raise up to $5bn by selling stock, as the US electric car pioneer takes advantage of a rally that will propel it into the S&P 500 this month"

- BlackRock vows to back more shareholder votes on climate change
  "BlackRock has vowed to back more shareholder resolutions on climate and social issues at annual meetings, as the world's largest asset manager faces growing pressure to use its clout to change companies' behaviour. The $7.8tn asset manager has faced years of criticism after overwhelmingly backing management rather than voting for shareholder proposals on issues such as climate change"

- Legal collaboration led to PG&E deal for victims of wildfires
  "Payout result was possible thanks to creative thinking in the utility bankruptcy. Plus: case studies show the changing practice of law"

- The battle over ESG investing
  "A proposed rule change by the US Office of the Comptroller of the Currency, a banking regulator, to ensure fair access to finance would mandate banks to rely solely on financial considerations when lending. Any banks which used environmental, social and governance criteria to refuse loans to, say, oil and gas companies operating in the Arctic, could face penalties. The likes of Goldman Sachs, Bank of America and JPMorgan have all done so"

- Business leaders see ESG as crucial to competitiveness
  "An FT roundtable reveals a growing emphasis on sustainability alongside profitability"

- Green and tech stocks are worth the price
  "The digital and green themes remain well represented in the portfolio's index funds. Many of these shares are expensive, but there will be intense competition to keep buying them as environmentally-aware investing grows apace. As long as central banks supply liquidity, investors will pay up for growth"

- Does a sustainability leader add value at board level?
  "The chief sustainability officer position is relatively new in boardrooms and has been driven by the rise of the environmental, social and governance (ESG) movement and the need to address sustainability and social problems"

- Next generation behind family offices' ESG push
  "In the next few decades, trillions of dollars are expected to be transferred between generations in the US alone, placing wealth in the control of millennials, who are leading the charge for impact investments as well as those that meet environmental, social and governance (ESG) criteria"

- Employees step up pressure for corporate reform
  "Employees, inspired by investors, are increasingly calling for companies to address environmental, social and governance (ESG) problems"

- UN kicks off climate summit on fifth anniversary of Paris accord
  "This weekend marks the fifth anniversary of the Paris climate accord, and all eyes will be on the UN-backed virtual Climate Ambition Summit, where countries including China and India (and, gasp, maybe even the US) are expected to announce new details on their net-zero plans"

- Investment 2021: prospects and pitfalls in a post-pandemic world
  "FT Money's experts pick out promising trends and causes for concern"

- EM countries tap 'red-hot' markets in late-year borrowing spree
  "Emerging market governments are making a late-year dash to bond markets, aiming to capitalise on rampant investor appetite for riskier debt"

- Australia issues negative-yielding debt for first time
  "Australia has sold short term treasury bills at a negative yield for the first time in its history, joining Japan and a raft of European nations that are being paid to borrow money from investors"

- Australian lawmakers call for freeze on mining projects in Rio blast report
  "Miners should halt construction work that threatens indigenous heritage until proper reviews are undertaken, an Australian parliamentary inquiry has recommended in a report that describes Rio Tinto's decision to blow up a 46,000-year-old sacred Aboriginal site as inexcusable"

- Chinese state investors sound alarm on cash crunch after defaults
  "Chinese government entities responsible for funding hundreds of billions of dollars in infrastructure projects are struggling to raise cash after a series of defaults by state groups rocked the country's credit markets"

14 December 2020

- Fall of China's 'most profitable' coal miner is a cautionary tale
  "Yongcheng's woes did not take on national significance until last month, when the company defaulted on bonds worth Rmb3bn. That development disturbed China's $15tn public debt market, the world's second-biggest, and kicked off a spate of defaults at other local government-controlled businesses, which account for a big chunk of the country's economy"

- Goldman Sachs seeks 100% control of China securities venture
  "Goldman Sachs is set to take full ownership of its securities joint venture in China, as Western investment banks seek to expand their presence across the country's booming financial industry"

- Suga launches $294bn stimulus to boost Japan's coronavirus recovery
  "Yoshihide Suga has launched Japan's third fiscal stimulus of the year with a ¥30.6tn ($294bn) package aimed at speeding up the nation's recovery from Covid-19. The supplementary budget, which amounts to around 6 per cent of gross domestic product, follows earlier rounds of stimulus in April and May"

- Amazon fires fuel investor concern
  "This has distracted attention from what financiers in Brazil say is an important new trend: a far greater awareness among local companies of the need to adhere to ESG criteria"

14 December 2020

Thomson Reuters

- Bank of England tells markets to control destiny beyond Libor
"Market participants must quantify their Libor referenced contracts that mature beyond the end of 2021, BoE executive director for markets Andrew Hauser said"

- Green bond issuance expected to reach nearly $500 bln in 2021-SEB
"Issuance of green bonds, which raise money for projects with environmental benefits, is expected reach nearly $500 billion next year, analysts at Nordic corporate bank SEB said"

- Breakingviews - Green investing's killer app faces growing pains
"Green investing may be on the brink of discovering its killer app. A growing number of climate finance mavens, including former Bank of England Governor Mark Carney, are increasingly excited by the potential of so-called degree warming metrics. Done properly, these could allow stakeholders to judge how well their investments align with the Paris accord. Yet with many different types available, a harmonised methodology ahead of next year's Glasgow climate summit looks ambitious"

- Vaccine hopes drive UK-based equity fund demand in Nov - Calastone data
"Funds focused on environmental, social and governance (ESG) issues saw record inflows of 820 million pounds"

- Banks split over British bounce back debt plan
"Only 10 British banks have signed up to an industry-wide plan for collecting unpaid emergency COVID-19 loans, with more than a dozen including HSBC considering going it alone, sources told Reuters"

- Breakingviews - Funky debt bonanza is breeding complacency
"The booming market for funky corporate debt is too successful for its own good. Companies from BP to Gazprom are issuing more bonds that count as equity than ever before. Low rates and investors' thirst for yield explain why. Yet the market is missing the chance to come up with something more useful"

- UPDATE 1-Hotel operator IHG extends debt waivers to end of 2022
"Holiday Inn-owner Intercontinental Hotels Group has struck an agreement with its creditors to extend waivers of its debt covenants through the end of 2022, the company said in a statement"

- Ex Barclays bankers lose London appeal against Euribor-rigging convictions
"Two former Barclays bankers, jailed for conspiring to rig Euribor interest rates, on Wednesday lost an attempt to overturn their convictions at London's Court of Appeal on the grounds of potential juror bias and errors by the trial judge"

- Europe's supply chain finance fix feeds hidden debt fears
"European companies hit by the coronavirus crisis are increasingly turning to a complex financial tool to pay suppliers, raising investor concerns around hidden debt"

- EU banking appetite for Brexit Britain may be waning, watchdog says
"European Union banks may be losing appetite for exposures to Britain, the EU's banking watchdog said on Friday, as the prospect of a no-deal Brexit that could disrupt financial markets increased"

- ANALYSIS-The next 'safe' asset? EU joint bond markets spring to life
"The European Union's first debt sales for coronavirus support schemes have galvanised the once-sleepy trade in EU common bonds, the soaring daily volumes a promising sign for what could become an internationally sought-after reserve asset"

- Europe's bond boom may stem investment bank exodus from sovereign debt auctions
"The surge in government borrowing during the COVID-19 crisis and boost in bond trading may stem investment banks' gradual exodus from the less profitable business of buying and distributing European sovereign debt"

- Deutsche Bank to link management pay to sustainability targets
"Germany's largest bank said that from 2021 management compensation would be tied to reaching targets on sustainable finance investments, on the sustainability ratings it receives from five leading ESG ratings agencies and on succeeding in reducing the bank's own energy consumption"

- Analysis: Exchange operators embrace sustainable investing, with an eye on Biden
"With money pouring in to assets linked to sustainable investing, exchange operators have increased their focus on Environmental, Social and Governance (ESG) business opportunities, which could get a boost from the policies of President-elect Joe Biden"

- Siltronic agrees to $4.5 billion takeover by GlobalWafers
"Siltronic said on Wednesday its management agreed to the takeover of the German silicon wafer maker by Taiwan's GlobalWafers for 3.75 billion euros ($4.53 billion)"

14 December 2020

- Citigroup sees improving credit trends leading to reserve releases in fourth-quarter
  "Citigroup Inc Chief Financial Officer Mark Mason said on Wednesday that the bank is more likely to report loan loss reserve releases than builds starting in the fourth quarter"

- Citigroup defends actions at trial over $900 million Revlon blunder
  "Citigroup Inc went to trial on Wednesday to try to recoup a half-billion dollars it claims is still due after it accidentally used nearly $900 million of its own money to repay lenders of Revlon Inc, the struggling cosmetics company"

- GE to prepay pensions, repay loan in latest debt reduction move
  "General Electric Co said on Tuesday it pre-funded pension plans and repaid some amount of an intercompany loan, actions that will help the industrial conglomerate cut its debt by about $14.5 billion this year"

- Exclusive: Online lender SoFi explores deal to go public – sources
  "Online lending startup Social Finance Inc (SoFi) has held discussions with blank-check acquisition companies about a deal that would allow it to debut in the stock market, people familiar with the matter said"

- Platinum Equity to buy Ingram Micro from HNA Group in $7.2 billion deal
  "U.S. private equity firm Platinum Equity said on Wednesday it would buy electronics distributor Ingram Micro Inc from a unit of Chinese aviation and shipping conglomerate HNA Group in a $7.2 billion deal"

- Exclusive: Hedge fund Citadel's commodity investments up more than $1 billion this year – sources
  "Hedge fund Citadel's investments in commodities returned more than $1 billion this year, according to three people familiar with the matter, helping to drive strong overall performance for one of the world's largest funds"

- GIP raises $2.8 billion in two infrastructure credit funds
  "Private equity firm Global Infrastructure Partners (GIP) said on Tuesday it had raised $2.8 billion in its two credit funds that invest in the debt and equity of infrastructure assets in the oil and gas, renewable energy, power and transport sectors"

- JPMorgan sends pandemic relief policy recommendations to lawmakers
  "JPMorgan Chase & Co, the biggest U.S. lender, has laid out a set of policy recommendations for lawmakers, aimed at driving a swift recovery from the COVID-19 pandemic and reducing racial inequality"

- Banks face four more years of lower profits in pandemic aftermath – report
  "Most banks around the world could face four more years of depressed profits in the aftermath of the COVID-19 pandemic, consulting firm McKinsey & Co said in a report"

- Bond yields to stay put despite soaring global debt - Reuters poll
  "Major sovereign bond yields, guided by central banks, will stay low despite soaring global debt levels and investors looking beyond fixed income securities for better returns, a Reuters poll found"

- Analysis: 'Bond vigilantes' relaxed on record-high debt as central banks rule
  "An explosion in crisis borrowing around the world has not yet given so-called bond vigilantes sleepless nights or spurred them to pick fights with all-powerful central banks"

- Global money market funds see massive inflows in week to December 9, Lipper says
  "Global money market funds saw huge inflows in the week ended Dec. 9, Refinitiv Lipper showed, as investors withdrew some money from equity funds after extensively buying them in the past few weeks"

- China to improve green finance standards to support carbon neutrality goal -c.bank head
  "China will improve its green finance standards to support carbon neutrality objectives and make it easier for foreign investors to enter the green finance market, central bank governor Yi Gang said"

- S&P DJI removes Chinese firms from indexes after U.S. order
  "S&P Dow Jones Indices on Thursday became the second major index provider to remove some Chinese companies from its index products following a Trump administration executive order, in the latest market disruption from persistent Sino-U.S. tensions"

- NTT's record bond issue to wrap up bumper year for Japan corporate bond market
  "Japan's Nippon Telegraph and Telephone (NTT) launched the country's biggest-ever corporate bond sale worth 1 trillion yen ($9.57 billion) on Friday, as the telecom giant doubled its borrowing plan encouraged by robust investor interest this year"

- Westpac's chairman hopes bank will return to 'consistent' dividends
  "The chairman of Westpac Banking Corp said he hopes Australia's No.3 bank will be able to pay more consistent dividends in future after payouts were affected by regulatory issues, a record fine and the COVID-19 pandemic"

- State-related entity debt in Gulf to rise next year, Fitch says
  "Government-related-entity (GRE) debt in the six Gulf Arab states, wihch include Saudi Arabia and the United Arab Emirates, will increase next year, ratings agency Fitch said"

14 December 2020

Regulators and Associations Monitored

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

Important Information: