

Legal and Regulatory Updates

11/01/2021 – 15/01/2021

Key Highlights

- This Legal & Regulatory Update covers the week commencing **11/01/2021**.
- [Supreme Court](#) delivers judgment in FCA's business interruption insurance test case.
- [RFRWG](#) updates its priorities and roadmap for final year of transition away from LIBOR.
- [RFRWG](#) releases its newsletter.
- [ESMA](#) reminds firms of MiFID II rules on reverse solicitation.
- [EBA](#) publishes its quarterly Risk Dashboard together with results of Risk Assessment Questionnaire (RAQ).
- [AMF](#) publishes its action and supervisory priorities for 2021.
- [ICMA](#) publishes its Quarterly Report First Quarter 2021.
- [ICE Benchmark Administration](#) launches ICE Term SONIA Reference Rates as benchmark for use in financial instruments.
- [UNEP](#) publishes its fifth Adaptation Gap Report looking at progress in planning for, financing and implementing adaptation – with a focus on nature-based solutions.
- 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.

HM Treasury

11 – 15 January 2021: Speeches, Letters & Publications

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

- [HM Treasury publishes letter from John Glenn MP \(Economic Secretary to HM Treasury\) to Lord Kinnoull \(Chair of the European Union Committee, House of Lords\)](#) – providing information about the deficiencies identified in the EU's delegated acts implementing EMIR 2.2; the timescale for introduction of EMIR 2.2 regulations in the UK; the likelihood that changes in the UK regulation of CCPs might result in the European Securities and Markets Authority (ESMA) declining to grant 'comparable compliance'; and the MoU agreed between the Bank of England and ESMA

Bank of England (BoE)

11 – 15 January 2021: Speeches, Letters & Publications

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

- [PRA publishes Consultation Paper \(CP\) 2/21 International banks: The PRA's approach to branch and subsidiary supervision](#) – this CP sets out the Prudential Regulation Authority's (PRA) proposals regarding its approach to supervising the UK activities of PRA-authorized banks and designated investment

firms that are headquartered outside of the UK or are part of a group based outside of the UK. In this CP, such firms are referred to as 'international banks'. It therefore includes those firms operating in the UK through a branch. It also proposes expectations for receiving information concerning the risks in the wider group, and for co-operation from regulated entities and their supervisors, in order that it can be satisfied that firms are meeting threshold conditions

- [IEO publishes its evaluation of the BoE's approach to quantitative easing](#)
- [The BoE publishes its response to the Independent Evaluation Office's evaluation of its approach to quantitative easing](#)
- [Bank of England Weekly Report 13 January 2021](#)
- [Minutes of the Working Group on Sterling Risk-Free Reference Rates, December 2020](#)
- [Let's talk about negative interest rates](#) – Speech by Silvana Tenreiro
- [Responsible openness: The PRA's approach to supervising banks](#) – Speech by David Bailey
- [Covid and the composition of spending](#) – Speech by Ben Broadbent
- [Global value chains, volatility and safe openness: is trade a double-edged sword?](#) – Financial Stability Paper No. 46
- [The macroprudential toolkit: effectiveness and interactions](#) – Staff Working Paper No. 902
- [The earned income tax credit: targeting the poor but crowding out wealth](#) – Staff Working Paper No. 903

Financial Conduct Authority (FCA)

15 January 2021: Supreme Court delivers judgment in FCA's business interruption insurance test case

The Supreme Court [delivered](#) its judgment in the Financial Conduct Authority's (FCA)'s business interruption insurance test case. The Supreme Court has substantially allowed the FCA's appeal on behalf of policyholders. This completes the legal process for impacted policies and means that many thousands of policyholders will now have their claims for coronavirus-related business interruption losses paid. The Supreme Court judgment is complex, runs to 112 pages and deals with many issues. The FCA's legal team [published a bulletin](#), which may be referred to for further detail. Additionally, the FCA will publish a set of Q&As for policyholders to assist them and their advisers in understanding the test case.

11 – 15 January 2021: 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 proposes update to guidance on mortgages and consumer credit repossessions](#)
- [Memorandum of Understanding between the European Banking Authority, the BoE and the FCA](#)
- [Memorandum of Understanding between the European Insurance and Occupational Pensions Authority, the BoE and the FCA](#)

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

11 January 2021: RFRWG updates its priorities and roadmap for final year of transition away from LIBOR

The Working Group on Sterling Risk-Free Reference Rates (RFRWG) [announced](#) that it has published an update to its [priorities and roadmap](#) for the final year of transition to help businesses to finish planning the steps they will need to take in the coming months. The Working Group's top priority is for markets and their users to be fully prepared for the end of sterling LIBOR by the end of 2021. In particular the Working Group recommended that, from the end of March 2021, sterling LIBOR is no longer used in any new lending or other cash products that mature after the end of 2021. The RFRWG explained that all businesses with existing loans in sterling should already have heard from their lenders about the transition, and those seeking a new or refinanced loan today should be offered a non-LIBOR alternative. Throughout the remainder of the year, existing contracts linked to sterling LIBOR should be actively transitioned where possible. Additionally, the Working Group, the BoE and the FCA have made clear that, in future, they anticipate that the large majority of sterling markets will be based on SONIA compounded in arrears, to provide the most robust foundation for the overall market structure.

11 January 2021: RFRWG releases its December newsletter

The RFRWG [released its newsletter](#), highlighting progress made over 2020 and key upcoming milestones.

Financial Reporting Council (FRC)

11 – 15 January 2021: Speeches, Letters & Other Publications

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

- [FRC agrees a Memorandum of Understanding on Reciprocal Arrangements \(MOURA\) with IAASA](#) – this MOURA will facilitate the Republic of Ireland's (ROI) ability to register UK statutory auditors as ROI statutory auditors by meeting the requirement in Irish law that a third country auditor cannot be approved as a ROI statutory auditor unless reciprocal arrangements with that third country are in place

European Securities and Markets Authority (ESMA)

13 January 2021: ESMA reminds firms of MiFID II rules on reverse solicitation

The European Securities and Markets Authority (ESMA) [issued](#) a Public Statement to remind firms of the MiFID II requirements on the provision of investments services to retail or professional clients by firms not established or situated in the European Union (EU). ESMA explained that, with the end of the UK transition period on 31 December 2020, some questionable practices by firms around reverse solicitation, where the product or service is marketed at the client's own exclusive initiative, emerged.

11 – 15 January 2021: Speeches, Letters & Other Publications

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

- [ESAs' Joint Board of Appeal dismissed appeal by Scope Ratings GmbH against the ESMA](#) – in relation to the interpretation of the applicable legal provisions of the Credit Rating Agencies (CRA) Regulation. Central to this appeal is the appellant's 2015 covered bond methodology, its application in the context of unsolicited ratings issued by the Appellant in 2015, and the Appellant's subsequent amendment of this methodology in 2016
- [ESAs' BoA decides in ESMA's favour in the appeal by Scope Ratings](#) – with this decision, ESMA has fined Scope with an overall amount of €640,000 for negligent non-systematic application of its 2015 Covered Bond Methodology and for negligent non-compliance with the requirements of the Credit Rating Agencies Regulation (CRAR) regarding the material changes introduced in the 2016 Covered Bond Methodology
- [ESMA agrees position limits under MiFID II](#) – ESMA published two opinions on position limits regarding commodity derivatives under MiFID II/MIFIR



European Banking Authority (EBA)

13 January 2021: EBA publishes its quarterly Risk Dashboard together with results of Risk Assessment Questionnaire (RAQ)

The European Banking Authority (EBA) [published](#) its quarterly Risk Dashboard together with the results of the Risk Assessment Questionnaire (RAQ). The Q3 data shows a rise in capital ratios, and an improvement in the NPL ratio, while the return on equity (RoE) remained significantly below banks' cost of equity. The Risk Dashboard includes, for the first time, data on moratoria and public guarantee schemes.

The EBA released the following key information:

- capital ratios continued to improve in Q3 2020;
- the non-performing loan (NPL) ratio continued its decline, from 2.9% in Q2 to 2.8% in Q3, supported by a contraction in the NPL volume and rising total loans and advances;
- loans under non-expired moratoria declined from around EUR 810bn in Q2 to around EUR 587bn in Q3;
- RoE increased from 0.5% to 2.5% in Q3; and
- the loan to deposit ratio further declined from 116% to 113.6% driven by strongly rising client deposits.

15 January 2021: EBA consults on its new Guidelines on monitoring of threshold for establishing an intermediate EU parent undertaking

The EBA [launched](#) a public consultation on its new Guidelines on the monitoring of the threshold and other procedural aspects on the establishment of intermediate EU parent undertakings (IPU) as laid down in the Capital Requirements Directive (CRD). This guidance specifies the methodology to calculate the total value of assets in the Union of the third-country groups and clarifies how to monitor this value in order to meet the IPU requirement. The consultation runs until 15 March 2021.

11 – 15 January 2021: 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 releases erratum of the taxonomy package on reporting framework 3.0 phase 1](#) – the EBA published an erratum of the technical package on the reporting framework 3.0 phase 1. The corrections are mainly on the taxonomy files in the COREP NSFR module and COREP LR module where the EBA has addressed the issue of non-reportable data points on columns 0020 and 0030 of tables C 84, and amended a member code for “Cash pooling arrangements” in C 47

European Central Bank (ECB)

11 – 15 January 2021: Speeches, Letters & Other Publications

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

- [ECB digital euro consultation ends with record level of public feedback](#) – the ECB concluded its public consultation on the digital euro yesterday and will now analyse in detail the large number of responses. 8,221 citizens, firms and industry associations submitted responses to an online questionnaire, a record for ECB public consultations

- [ECB finalises guide on supervisory approach to consolidation](#) – the guide clarifies that the ECB will use its supervisory tools to facilitate sustainable consolidation among banks
- [ECB publishes supervisory banking statistics for the third quarter of 2020](#)
- [Account of December monetary policy meeting](#)
- [Euro area securities issues statistics: November 2020](#)
- [Consolidated financial statement of the Eurosystem](#)
- [Letter from Andrea Enria, Chair of the Supervisory Board, to Mr Schäffler, Member of the German Bundestag, on non-performing loans](#)
- [Crisis management for medium-sized banks: the case for a European approach](#) – Keynote speech by Andrea Enria
- [“Credit risk is the main challenge ahead”](#) – Interview with Édouard Fernandez-Bollo, Member of the Supervisory Board of the ECB
- [“Medium-term inflation remains muted”](#) – Interview with Isabel Schnabel, Member of the Executive Board of the ECB
- [Nowcasting in a pandemic using non-parametric mixed frequency VARs](#) – Working Paper Series
- [Foreign demand for euro banknotes](#) – Occasional Paper Series
- [Can consumers' inflation expectations help stabilise the economy?](#) – Research Bulletin No. 79

European Commission (EC)

11 – 15 January 2021: Speeches, Letters & Other Publications

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

- [Commission clears acquisition of Refinitiv by London Stock Exchange Group, subject to conditions](#) – the approval is conditional on full compliance with a commitments package offered by London Stock Exchange Group

Central Bank of Ireland (CBI)

11 – 15 January 2021: Speeches, Letters & Other Publications

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

- [Opening Statement by Deputy Governor Ed Sibley at Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach](#)

Autorité des Marchés Financiers (AMF) of France

11 January 2021: AMF publishes its action and supervisory priorities for 2021

The Autorité des Marchés Financiers (AMF) [published](#) two documents that set out its action and supervisory priorities for 2021.

The AMF's 2021 [priorities for action](#) are:

- engage all its resources to overcome the health and economic crisis: the AMF will accompany issuers in their financial operations and disclosure to ensure that investors are properly informed and will monitor the quality of shareholder dialogue. It will contribute to the regulatory changes made in response to the market turmoil of spring 2020;

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- participate in the reforms that will shape future financial regulation: the AMF will contribute to the CMU and the planned legislative reviews with the threefold objective of protecting investors, financing the economy and ensuring increased European competitiveness, at a time when the UK leaves the European Union. It will continue to foster innovative European digital finance markets;
- speed up the transition to sustainable finance by supporting the Paris financial centre in implementing the regulatory framework and in moving towards quality non-financial disclosure, while facilitating innovative approaches.

The AMF's 2021 [supervisory priorities](#) are:

- For asset management companies: implementation of best selection and best execution obligations under the Markets in Financial Instruments Directive; the system for preventing market abuse in asset management companies; setting and transparency of costs and fees in collective investment management; valuation and liquidity of real estate funds; monitoring and control of asset management companies by depositaries;
- For market intermediaries and infrastructures: security of market infrastructure information systems; implementation of post-trade transparency requirements on bonds; product governance systems implemented by financial instrument producers; application of the European regulation for simple, transparent and standardised securitisation; cross-border activities and their integration into the compliance and control systems of institutions; transition plans towards benchmark indices; and
- For marketing and advisory services players: supervision of financial investment advisors; compliance with the rules for assessing the appropriateness and suitability of investment services providers.

11 – 15 January 2021: Speeches, Letters & Other Publications

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

- [2021 New year wishes](#) – Speech by Robert Ophèle, AMF Chairman

International Capital Market Association (ICMA)

12 January 2021: ICMA publishes its Quarterly Report First Quarter 2021

The International Capital Market Association (ICMA) [published](#) its Quarterly Report for the First Quarter of 2021. The report begins with a review of 2020 and outlook for 2021 by ICMA's Chief Executive, Martin Scheck. The Quarterly Assessment covers the global transition from LIBOR to risk-free rates, and also the post-Brexit agreement and international capital markets. There are features on: the European commercial paper market reimagined; the new Capital Markets Union Action Plan; the AIFMD review and initial lessons from the COVID-19 crisis; climate transition finance; FinTech and sustainable bond markets; digital bonds and the fixed income cycle; and humanitarian funding and the role of capital markets. The Quarterly Report also covers ICMA's market practice and regulatory policy work in the primary markets, secondary markets, repo and collateral markets, sustainable finance, asset management, FinTech, and the transition to risk-free rates.

11 – 15 January 2021: Speeches, Letters & Other Publications

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

- [ICMA responds to SFC Consultation Paper on the Management and Disclosure of Climate-related Risks by Fund Managers](#)
- [The internationalisation of the China corporate bond market](#) - Report from the ICMA
- [The European repo market at 2020 year end](#) – the ICMA European repo and Collateral Council (ERCC) has published a report on the performance of the European repo market at year-end 2020, focused on the euro, sterling, US dollar and Japanese yen markets and based on market data and accounts provided by market participants (both sell-side and buy-side). This is the 5th in the series of annual reports, which began with an analysis of the unprecedented dislocations in the euro denominated repo market at the end of 2016

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:

11 January 2021: ICE Benchmark Administration launches ICE Term SONIA Reference Rates as benchmark for use in financial instruments

ICE Benchmark Administration Limited (IBA) [launched](#) its ICE Term SONIA Reference Rates (ICE TSRR) as a benchmark for use in financial instruments by licensees. The ICE TSRR are designed to measure expected (i.e. forward-looking) SONIA rates over one, three, six and 12 month tenor periods, and are based on a Waterfall Methodology using eligible prices and volumes for specified SONIA-linked interest rate derivative products. The launch of the ICE TSRR as a benchmark follows the conclusion of a testing period which started on June 25, 2020, during which IBA made available an initial, beta version of the ICE TSRR for information and testing purposes.

14 January 2021: UNEP publishes its fifth Adaptation Gap Report looking at progress in planning for, financing and implementing adaptation – with a focus on nature-based solutions

The United Nations Environment Programme (UNEP) [published](#) its fifth edition of the Adaptation Gap Report, which looks at progress in planning for, financing and implementing adaptation – with a focus on nature-based solutions. The 2020 report finds that while nations have advanced in planning, huge gaps remain in finance for developing countries and bringing adaptation projects to the stage where they bring real protection against climate impacts such as droughts, floods and sea-level rise. According to the report, public and private finance for adaptation must be stepped up urgently, along with faster implementation. Additionally, nature-based solutions – locally appropriate actions that address societal challenges, such as climate change, and provide human well-being and biodiversity benefits by protecting, sustainably managing and restoring natural or modified ecosystems – must also become a priority.

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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

- [UK urged to introduce mandatory climate votes at AGMs](#)
“The British government has been urged to give shareholders a vote on how businesses are responding to global warming in a sign of growing investor concern about the risks of climate change to financial returns”
- [BoE criticised by internal watchdog over easing programme](#)
“The Bank of England does not understand its own flagship quantitative easing programme, the central bank’s internal independent watchdog concluded”
- [Aviva Investors aims for greener future with cuts to carbon emissions](#)
“Aviva Investors is embarking on a multibillion pound renewable energy investment drive in a push by the newly promoted chief of the struggling UK asset manager to attract new business”
- [Blackstone in talks to buy Butlin’s owner Bourne Leisure](#)
“Blackstone is in talks to buy Bourne Leisure, which runs the Butlin’s and Haven holiday parks, in a deal that could value the business at about £3bn, two people familiar with the matter said”
- [Wizz Air’s debut bond takes off in sign of hot debt markets](#)
“Budget airline Wizz Air is set to pay borrowing costs of little over 1 per cent on its debut bond, underscoring how buoyant credit markets remain in the face of fresh lockdowns and the spread of a new virus variant in Europe. The London-listed Hungarian carrier followed a string of European companies that have issued debt at low interest rates in the first two weeks of 2021, highlighting investors’ confidence in central banks’ ability to mitigate the protracted economic fallout from the coronavirus crisis”
- [PizzaExpress reveals it fell to £350m loss even before pandemic](#)
“PizzaExpress has revealed that it fell to a £350m loss even before pandemic restrictions hit the business as it battled to meet interest costs on its debt, which it has since restructured through a debt-for-equity swap with bondholders”
- [Latest fundraising values Deliveroo at more than \\$7bn](#)
“Deliveroo’s valuation shot up to more than \$7bn in a new fundraising, in a sign confidence is growing among the food delivery app’s investors ahead of its long-awaited stock market debut. The new private financing for one of London’s most prominent internet groups is the latest illustration of the frenzied investor appetite for high-growth companies, even as some analysts warn that tech valuations are becoming overstretched”
- [City Bulletin: Entain’s CEO quits after just six months](#)
“The Ladbrokes Coral owner, which earlier this month said it had rejected takeover offers from casino group MGM, said Mr Segev will join DAZN, a privately owned global sports streaming platform”
- [Marks and Spencer seals Jaeger deal](#)
“Marks and Spencer is set to acquire upmarket womenswear brand Jaeger out of administration in what would be its first fashion acquisition in almost two decades”
- [Hut Group lifts revenue forecast as UK retail winners emerge](#)
“The Hut Group, the online retailer that floated on the stock market in September, has upgraded its revenue forecasts after sales rose more than 50 per cent in the final months of last year”
- [Berkeley insider offloads shares worth £11m](#)
“Vanessa Perrins, wife of Berkeley chief executive Rob Perrins, has disposed of almost £11m-worth of shares in the housebuilder, following a year in which the group delivered one of the highest total returns in the sector”
- [BA faces largest-ever group privacy claim in UK over data breach](#)
“British Airways is facing the largest group claim over a data breach in UK legal history following a 2018 incident that exposed details of more than 400,000 of its customers”
- [Infosys confident in UK market after Brexit](#)
“The chief executive of Infosys, one of the world’s largest IT companies, said he is confident about the UK market after years of uncertainty in the run-up to Brexit”
- [EU warns banks against dodging post-Brexit trading rules](#)
“Europe’s markets regulator has warned EU banks and fund managers not to bypass new post-Brexit rules on cross-border dealing after it found “some questionable practices” used by the industry to trade with London”

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- [Eurogroup chief urges rapid implementation of EU recovery fund](#)

“The president of the eurogroup urged Brussels and EU member states to mobilise the new recovery fund as quickly as possible so that the cash starts to boost economies before the year is out. Paschal Donohoe, who is also Ireland’s finance minister, said he believed the €750bn recovery fund would be enough combined with national fiscal responses to combat the EU’s worst economic crisis, but he warned that speed would be of the essence”
- [Amsterdam vies for IPO spotlight as Brexit dents London’s allure](#)

“The decision by Polish ecommerce group InPost to pick Amsterdam for its stock listing offers the latest sign that London risks losing its grip as a trading hub after Brexit”
- [Europcar debt investors left empty-handed after CDS ‘squeeze’](#)

“A technical quirk has rendered derivatives linked to the defaulted debt of a French rental car company worthless, in the latest embarrassing incident to hit the \$9tn credit default swaps market”
- [Renault to cut factory capacity and overhaul brands](#)

“After making its first loss in a decade in 2018, Renault was hit by the Covid-19 pandemic, forcing it to take a €5bn state-backed loan and set out a €2bn cost-cutting plan, including 15,000 job cuts, with almost a third in France”
- [‘M&A machine’ Cellnex reviews next move after tower dealmaking bonanza](#)

“The question now is whether Cellnex can prove it merits the 23 times earnings multiple on which it trades and dispel suggestions that the empire it has assembled at hefty prices relies on constant dealmaking to support growth”
- [Deutsche Bank chief says €18m Wirecard loss shows value of its risk management](#)

“Deutsche Bank chief executive Christian Sewing has said that the relatively small loss the bank suffered in Wirecard’s collapse offers some vindication of its risk management, as a parliamentary inquiry turned its spotlight on to the ties between the payment provider and lenders”
- [Biden to push \\$1.9tn stimulus for pandemic-battered US economy](#)

“The plan, announced by the president-elect on Thursday evening in Delaware, includes new direct payments to Americans, aid for state and local governments and more funding for the coronavirus pandemic response”
- [How Joe Biden’s stimulus plan shook up global financial markets](#)

“Analysts now expect a splurge of extra debt issuance, and higher inflation, putting pressure on the Federal Reserve to wind down its bond-buying programme and potentially even increase interest rates earlier than expected”
- [US climate finance is approaching a leapfrog moment](#)

“The US has long been criticised for lagging behind the rest of the world on tackling climate change. But with the Federal Reserve having recently joined other central banks to support the Paris climate goals and an engaged new administration on the horizon, 2021 could be a chance for the US to leapfrog into global leadership by embracing the potential of America’s complex financial regulatory system”
- [JPMorgan surges to top of sustainable lending league tables](#)

“The pandemic year turned out to be a gold rush for the world’s biggest banks. With the 2020 books closed, Refinitiv on Thursday unveiled its league tables for sustainable financing. JPMorgan climbed to the top of the bond rankings by dollar amount of deals for 2020, Refinitiv said”
- [US banks release billions from reserves in anticipation of lower Covid losses](#)

“JPMorgan Chase, Citigroup and Wells Fargo have released a total of more than \$5bn of pandemic-era loan loss reserves in a sign of their optimism for the economic outlook even as the US reels from the latest wave of Covid-19. The move helped three of America’s biggest banks end the year on a high and reflects the lenders’ confidence that their clients will make good on debts despite the fallout from the pandemic”
- [Citi releases \\$1.5bn in funds set aside to cover pandemic-era defaults](#)

“Citigroup has released \$1.5bn from its war chest to cover pandemic-era defaults, demonstrating the bank’s faith in the US recovery even as the country is assailed by a fresh surge of Covid-19”
- [Wells Fargo pledges \\$8bn in cost cuts](#)

“Wells Fargo said on Friday it could cut \$8bn from its cost base over the next three to four years, finally giving tangible targets for an efficiency drive that has been in progress for more than a year under chief executive Charlie Scharf”
- [BlackRock assets surge to record \\$8.68tn](#)

“BlackRock’s assets under management swelled to a record \$8.68tn in the fourth quarter and chief executive Larry Fink said he expected the momentum to continue in 2021 on the back of robust recovery in the global economy”
- [Hasenstab suffers largest outflow among bond managers in 2020](#)

“Michael Hasenstab, the manager who runs the Templeton Global Bond fund, suffered the largest outflow among US fixed-income funds in 2020 as he lost money in a disastrous bet that bond prices would fall. The client exodus slashed the assets in his flagship fund by another two-fifths last year to below \$15bn, far from a peak above \$70bn at the height of his success in 2014”

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- [Louis Bacon rides stormy 2020 trading to make bumper gains](#)
“The veteran fund manager’s firm, Moore Capital, which now manages money primarily for Mr Bacon and other employees, gained more than 70 per cent last year, said people familiar with its performance, after profiting during last March’s coronavirus-driven slump and its aftermath. Moore’s gains equated to billions of dollars, one person said”
- [Fitch to buy CreditSights in bid to bolster debt research](#)
“Fitch Group, the parent company of the namesake credit rating agency, has agreed to buy the debt research company CreditSights in the latest bout of consolidation among providers of financial information”
- [Bumble IPO filing details \\$125m cash payout and loan to founder](#)
“Bumble founder Whitney Wolfe Herd received a \$125m payout following a complex reorganisation of the dating app’s parent company, according to a regulatory filing ahead of its initial public offering. Details of Ms Wolfe Herd’s financial arrangements with the company, including a \$119m loan to an entity she controlled, are contained in an IPO prospectus published”
- [Affirm shares double on debut in new sign of hot IPO market](#)
“Affirm, the consumer lender led by PayPal co-founder Max Levchin, almost doubled in value after its public debut on Wednesday, in a sign of the continued exuberance for new US listings”
- [Fading allure of urban life leaves dent on US mortgage bonds](#)
“US cities are losing their allure for renters, placing early signs of strain on the \$50bn market in bonds backed by mortgages on apartment blocks”
- [Performance test looms for \\$900bn private debt market](#)
“Private debt investors face a shakeout, fund managers have warned, after a decade-long boom propelled the sector’s assets to around \$900bn. The market flourished in the wake of the financial crisis as banks, under regulatory pressure, have retreated from making loans to smaller companies that are unable to secure funding in public debt markets. But credit managers warn that less stringent lending standards before the pandemic will mean a reckoning in the next couple of years”
- [Red-hot markets allow PE groups to load up targets with extra debt](#)
“Private equity groups are seizing on ultra-low borrowing costs to fund a flurry of acquisitions that will load up indebted companies with yet more loans, underlining concerns over the threat posed by excessive leverage”
- [Jenga-like structure builds in credit markets](#)
“For one influential watcher of the credit world, conditions in the corporate bond market are starting to look unnerving. Matt Mish, who heads up UBS’s credit strategy team, likens the current state of the market to a tower of Jenga blocks. At the moment, crucial support is being provided by central bank buying across the globe, holding borrowing costs low and providing a backstop if investor demand falls. As that support is removed, piece by piece, the tower could begin to wobble”
- [Tech on trial in 2021](#)
“Big platforms will come under renewed pressure as regulators probe their acquisitions of smaller rivals and seek to impose tougher rules to curb their power, according to law firm Freshfields’ global antitrust report”
- [Pandemic boosts business case for investing in staff](#)
“While it may not feature in finance directors’ job descriptions, they are becoming more involved in human-resources management thanks to the shift to remote working, new investor concerns and pressure to innovatese for investing in staff”
- [Jack Ma vs Xi Jinping: the future of private business in China](#)
“The crackdown on Alibaba and Ant Group amounts to an unprecedented squeeze on a ubiquitous ecommerce empire”
- [Singapore bourse tightens auditing rules after string of scandals](#)
“The Singapore stock exchange has tightened its requirements for listed company auditors in the wake of a series of accounting scandals that have highlighted concerns over corporate governance”
- [Grab raises \\$300m for its financial services business](#)
“Grab, the south-east Asian ride-hailing and food delivery app, has raised \$300m from investors for its financial services arm, valuing the three-year-old unit at \$3bn. Hanwha Asset Management led the round, with other investors including GGV and Flourish Ventures”

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Thomson Reuters

- [BoE's Tenreyro sees case for sub-zero interest rates, darker short-run outlook](#)
"Bank of England policymaker Silvana Tenreyro said on Monday that cutting British interest rates below zero could boost the economy by more than expanding bond purchases, a view that divides opinion at the central bank"
- [Bank of England to flag potential risk of bond-buying losses more clearly](#)
"The Bank of England said on Wednesday it would do more to quantify potential losses from its 895 billion-pound (\$1.22 trillion) bond purchase programme, so the government and public are clear how much money is at stake"
- [Business as usual for EU banks in 'open' London, says Bank of England](#)
"The BoE said it wants to make sure that foreign banks in London have adequate safeguards and controls on how they book stock, bond and derivatives transactions"
- [Science must determine company climate targets, say executives](#)
"Companies must listen to scientists and align their plans to reach net zero targets with a global pact to fight climate change, executives told a Reuters Next conference"
- [Sustainable bond sales, equity-raising at record highs in 2020- Refinitiv data](#)
"Sales of bonds aimed at financing sustainable projects doubled in 2020 to hit a record high \$544.3 billion while equity raising by companies deemed sustainable soared 65%, according to data from Refinitiv"
- [London Stock Exchange gets EU nod for \\$27 billion takeover of Refinitiv](#)
"EU antitrust regulators gave the green light on Wednesday to the London Stock Exchange's \$27 billion takeover of Refinitiv, creating a stronger competitor to financial data leader Bloomberg LP"
- [Virgin Atlantic completes \\$230 million sale and leaseback of two Boeing 787s](#)
"British airline Virgin Atlantic said on Friday it had completed the sale and leaseback of two Boeing 787s as part of a plan to strengthen its balance sheet. The deal with Griffin Global Asset Management to raise just over \$230 million from the two planes will enable it to repay a loan taken on as part of its rescue deal last year"
- [EasyJet secures new five-year \\$1.87 billion loan with UK guarantee](#)
"British airline easyJet EZJ.L boosted its liquidity through a new five-year loan facility of \$1.87 billion, backed by a partial guarantee from Britain, helping to ease concerns about its finances as the pandemic continues to stop travel"
- [Online retailer Boohoo lifts outlook after strong holiday season](#)
"Retailer Boohoo raised its annual revenue target on Thursday after a strong Christmas holiday season, with the tightening of UK coronavirus curbs again pushing households to shop more online"
- [Gas group Energean to pay dividend from end 2022 - CEO](#)
"Eastern Mediterranean gas group Energean expects to pay its maiden dividend from the end of 2022, Chief Executive Mathios Rigas told Reuters"
- [ECB's Lagarde pushes back on gloomy forecasts, sticks to recovery outlook](#)
"European Central Bank President Christine Lagarde pushed back against pessimism on Wednesday, predicting an economic rebound as COVID-19 uncertainty subsides and saying that Europe has all the tools needed to overcome the crisis"
- [ECB's de Cos says banks should be prudent regarding their dividend policy](#)
"European lenders should continue maintaining a prudent approach regarding their future dividend policy as the impact from the coronavirus pandemic has not yet been fully reflected in banks' balance sheets, European Central Bank policymaker Pablo Hernandez de Cos said"
- [Sweden's Swedbank Robur joins growing investor oil and gas exodus](#)
"Swedbank Robur, one of Scandinavia's largest asset managers, said it would no longer invest in oil and gas companies, unless they are on course to be carbon neutral by 2050. Investors in the Nordic region have been at the vanguard of environmental, social and governance (ESG) investing and in recent years have turned their focus on the bigger greenhouse gas emitters in a range of industries"
- [UniCredit's state-guaranteed loans 18.3 bln euros as of early Dec-exec](#)
"As of early December, UniCredit had granted about 18.3 billion euros (\$22 billion) in state-guaranteed loans and had suspended payments on debt worth almost 25 billion euros, a top executive at the Italian bank said"
- [Italy's Monte dei Paschi to open books to potential partners](#)
"Monte dei Paschi di Siena said it would grant access to confidential data to potential merger partners selected by its advisers, as Italy presses ahead with plans to cut its stake in the state-owned bank"



18 January 2021

- [Allianz announces medium-term green targets for some investments](#)
“German insurer Allianz said on Thursday that it would cut emissions by 25% for some classes of assets by 2025, a move toward its goal of a climate-neutral investment portfolio by 2050. It is the first time that Allianz, which is also one of the world’s largest investors, has announced interim targets”
- [Fed’s Powell: ‘Not the time’ to discuss any change to bond purchases](#)
“With the U.S. economy still far from its inflation and employment goals it is too early for the Federal Reserve to discuss changing its monthly bond purchases, Fed Chair Jerome Powell said”
- [Fed bond-buying likely unchanged ‘for quite some time,’ Brainard says](#)
“The Fed’s current pace of bond-buying will likely remain in place for quite some time Fed Governor Lael Brainard said on Wednesday in remarks emphasizing how much progress still needs to be made for the U.S. central bank to achieve its inflation and employment goals”
- [U.S. Treasury starts distributing \\$15 billion in payroll aid to airlines](#)
“The U.S. Treasury Department on Friday began distributing \$15 billion in new payroll assistance to airlines, money allocated by Congress to help more than 32,000 aviation workers return to jobs through at least March 31”
- [Breakingviews - Big U.S. banks keep their powder a bit too dry](#)
“Big U.S. banks are awash with capital, trading like it’s the end of days, and raising abundant capital for their clients. Employees’ pay has held up, and shareholders will soon be the happy recipients of sizeable stock buybacks. But there’s something missing: the lenders aren’t lending”
- [JPMorgan trims loan reserves on hopes for recovery](#)
“JPMorgan Chase & Co reported a better-than-expected quarterly profit on Friday as it released some of the cash it had built up against coronavirus-driven loan losses, although the bank cautioned that demand for loans was likely to remain sluggish this year”
- [Prophet Capital restructures CLO hedge fund amid market rebound](#)
“Prophet Capital Asset Management LP, an investor in loans and structured credit securities with \$2.5 billion in assets, has restructured a hedge fund that had been rocked by March’s market turmoil, a company executive said”
- [PIMCO says 2021 ‘not a time for excessive optimism’](#)
“Bond giant PIMCO expects the U.S. economy to return to pre-pandemic levels later this year but warned of political and economic risks that could derail the recovery, including a sooner-than-expected withdrawal of fiscal stimulus”
- [TPG’s Rise Fund invests in renewable natural gas marketer Element](#)
“The impact investing arm of TPG has bought a majority stake in Element Markets, which helps corporations achieve sustainability goals through securing renewable natural gas and advising them on credits and offsetting emissions”
- [Singapore Airlines raises \\$500 mln in U.S. dollar debt debut - term sheet](#)
“Singapore Airlines has raised \$500 million in its first U.S. dollar bond issue, which the company will use to buy new aircraft as the global aviation industry prepares for a post-pandemic travel rebound”
- [Dubai Aerospace Enterprise hires banks for dollar bonds - document](#)
“Dubai Aerospace Enterprise (DAE), one of the world’s biggest aircraft leasing companies, has hired banks including Goldman Sachs and Morgan Stanley to arrange fixed income investor calls ahead of a planned issuance of U.S. dollar-denominated bonds, a document showed”
- [Creditors consider action against Air Seychelles in Etihad debt saga](#)
“Holders of around \$70 million in troubled bonds issued on behalf of Air Seychelles are considering options including enforcement against the African carrier, according to sources and documents. The action under consideration is the latest twist in broader creditor efforts to recover \$1.2 billion in funds owed by Abu Dhabi’s Etihad Airways and related airlines including Air Seychelles”

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

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