European Leveraged Finance Association

# BRIEFINGS

LEGAL & REGULATORY

**8 February 2021**

# Legal and Regulatory Updates

## 01/02/2021 – 05/02/2021

## Key Highlights

- This Legal & Regulatory Update covers the week commencing **01/02/2021**.
- RFRWG consults on successor rate to GBP LIBOR in legacy bonds referencing GBP LIBOR.
- PRA publishes its Regulatory Digest January 2021.
- BoE releases Monetary Policy Summary and minutes of Monetary Policy Committee meeting.
- European Supervisory Authorities publish Final Report and draft RTS on disclosures under SFDR.
- Eurosystem agrees on common stance for climate change-related sustainable investments in non-monetary policy portfolios.
- European Commission welcomes HM Treasury of United Kingdom as new member of International Platform on Sustainable Finance.
- CSSF publishes information on global situation of undertakings for collective investment at end of December 2020.
- CSSF issues statement on SFDR fast track procedure and deadline of 10 March 2021.
- ICMA submits its response to targeted consultation on review of CSDR.
- Investment Association reaches out to issuers on behalf of UK investment managers to encourage issuers to put into effect plans to transition LIBOR-linked instruments as quickly as possible.
- 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)

### 01 February 2021: RFRWG consults on successor rate to GBP LIBOR in legacy bonds referencing GBP LIBOR

The Working Group on Sterling Risk-Free Reference Rates (RFRWG) announced that it is consulting on a successor rate to GBP LIBOR in legacy bonds referencing GBP LIBOR. Subject to its consideration of the feedback received pursuant to this consultation and any other relevant factors, the Working Group expects to recommend a fallback successor rate for use in the bond market upon the occurrence of a permanent cessation event, or upon the occurrence of a precessation event, which will ultimately assist the objective of the Working Group of facilitating a smooth transition away from GBP LIBOR to SONIA. This consultation focuses on the recommendation of a successor rate for the GBP LIBOR bond market, including (but not limited to) FRNs, securitisations, covered bonds, capital securities and structured products. It is not intended to apply to bonds which directly reference SONIA. The consultation will remain open until 16 March 2021.

### 01 February 2021: PRA publishes its Regulatory Digest January 2021

The Prudential Regulation Authority (PRA) published its Regulatory Digest for January 2021. The PRA Regulatory Digest is for people working in the UK financial services industry and highlights key regulatory news and publications delivered for the month.

### 04 February 2021: BoE releases Monetary Policy Summary and minutes of Monetary Policy Committee meeting

At its meeting ending on 3 February 2021, the Bank of England's (BoE) Monetary Policy Committee (MPC) judged that the existing stance of monetary policy remains appropriate. The MPC voted unanimously to maintain Bank Rate at 0.1%. The Committee voted unanimously for the Bank of England to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £20 billion. Additionally, the Committee voted unanimously for the BoE to continue with its existing programme of UK government bond purchases, financed by the issuance of central bank reserves, maintaining the target for the stock of these government bond purchases at £875 billion and so the total target stock of asset purchases at £895 billion.

### 01 – 05 February 2021: Speeches, Letters & Publications

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

- BoE publishes its Monetary Policy Report February 2021 – the quarterly Monetary Policy Report sets out the economic analysis and inflation projections that the Monetary Policy Committee uses to make its interest rate decisions
- Sterling Risk-Free Rate Working Group (RFRWG) publishes its newsletter for January 2021

**8 February 2021**

- PRA issues Statement on Covid-19 regulatory reporting amendments – this statement sets out the PRA's approach to regulatory reporting for PRA-regulated UK banks, building societies, designated investment firms and credit unions (firms) in response to the current Covid-19 conditions. The statement provides further guidance on submitting this year's annual submissions and other types of regulatory reporting
- The BoE will not be restarting the 2019 liquidity Biennial Exploratory Scenario (BES)
- Letter from Sam Woods - Feedback: Operational readiness for a zero or negative Bank Rate
- Letter from Sid Malik on Feedback on the application of the Effective Value Test
- Asset Purchase Facility: Gilt Purchases - Market Notice 4 February 2021
- Monthly Decision Maker Panel data January 2021 – the Decision Maker Panel (DMP) is a survey of Chief Financial Officers from small, medium and large UK businesses. The BoE uses it to monitor developments in the economy and to track businesses' views
- Bank of England Weekly Report 3 February 2021
- Effective interest rates December 2020
- Money and Credit December 2020
- Minutes of the Securities Lending Committee meeting November 2020
- Minutes of the Working Group to facilitate investment in productive finance – the Working Group will build upon work already undertaken to investigate the challenges and potential barriers to investment in productive finance assets in the UK
- UK International Reserves January 2021
- Modern challenges for the modern central bank: perspectives from the Bank of England – Speech by Andrew Bailey

## Financial Conduct Authority (FCA)

**01 – 05 February 2021: Speeches, Letters & Other Publications**

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

- FCA sets out its approach to international firms – the FCA published its approach to the authorisation and supervision of international firms. The publication explains how the FCA will assess international firms when they apply for authorisation to operate in the UK market
- FCA publishes review into unsecured credit market – the FCA published a report on change and innovation in the unsecured consumer credit market following a Review by its former Interim Chief Executive, Christopher Woolard CBE
- FCA report outlines practices firms can consider to reduce consumer harm caused by failed technology changes – this FCA multi-firm review looks at how firms implement technology change, the challenges caused when changes fail, and steps firms can take to protect consumers from harm and disruption in the market
- Banning Dark Pools: Venue Selection and Investor Trading Costs – Occasional Paper 60

## Financial Reporting Council (FRC)

**01 – 05 February 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:

- Article: Wates Principles for large private companies – Sir James Wates, Chairman of the Coalition group which introduced the Wates Principles for large private companies, published an article which provides some insight into reporting against the Principles. During 2021, the FRC will be overseeing a body of research with the intention of providing a more complete evidence base and promoting good practice reporting. It is hoped that companies are inspired by some of the good practice seen so far with many more applying the Wates Principles this year
- Draft Statutory Instrument on the delegation of functions relating to the adoption of IFRS from Secretary of State to the UKEB – the International Accounting Standards (Delegation of Functions) (EU Exit) Regulations 2021, laid in Parliament on 1 February, have now been published here. The Regulations will delegate certain functions relating to the adoption of IFRS from the Secretary of State to the UK Endorsement Board (UKEB). The delegation will be completed once the Regulations have been approved by Parliament. The UKEB will operate under a Terms of Reference set by the Secretary of State. This document outlines the UKEB's role and responsibilities; the process for appointing UKEB members; the composition requirements for the Board; and arrangements relating to meetings and voting on adoption of IFRS. The Chair and Board Members will be required to comply with the Terms of Reference as a condition of their terms of appointment
- Open for comment, UK Endorsement Board secretariat's draft comment letter on IASB's ED/2020/4 Lease Liability in a Sale and Leaseback – the UK Endorsement Board secretariat published their draft comment letter on the IASB's ED/2020/4 Lease Liability in a Sale and Leaseback. The draft comment letter is open for comment until 1 March 2021
- FRC Board minutes 9 December 2020

## The Pensions Regulator (TPR)

**01 – 05 February 2021: Speeches, Letters & Other Publications**

During the week, The Pensions Regulator (TPR) released the following speeches, announcements and publications that might be of interest to our readers:

- DC market must pay more attention to climate change – according to TPR's annual survey of DC schemes, too few trustees and managers of defined contribution (DC) schemes are paying proper attention to risks and opportunities from climate change. The survey shows that while the number of DC schemes whose trustees are considering climate change in their investment strategies has doubled since 2019, it still stands at just 43%. The annual survey found that of those schemes whose trustees had not considered climate change in their investment strategies, 19% were planning to review this, while a concerning 21% felt climate change was not relevant to their scheme

## European Securities and Markets Authority (ESMA)

**01 – 05 February 2021: Speeches, Letters & Other Publications**

During the week, the European Securities and Markets Authority (ESMA) released the following speeches, letters and publications that might be of interest to our readers:

- ESMA launches a Common Supervisory Action with NCAs on MiFID II product governance rules – ESMA is launching a common supervisory action (CSA) with national competent authorities (NCAs) on the application of MiFID II product governance rules across the EU. The CSA will be conducted during 2021. This action will allow ESMA and the NCAs to assess the progress made by manufacturers and distributors of financial products in the application of these key requirements
- ESMA updates Q&As on MiFID II and MiFIR market structures topics – ESMA updated its Q&As regarding market structures issues under MiFID II and MiFIR. The Q&As provide clarification on: The classification of DEA trades; and Matched Principal Trading by investment firms

- ESMA finalises rules on standardised information to facilitate cross-border distribution of funds – ESMA published a final report on implementing technical standards (ITS) under the Regulation on cross-border distribution of funds. The ITS focus on the publication of information by NCAs on their websites, the notification of information by NCAs to ESMA, and the publication of information by ESMA on its website. The draft ITS also include provisions on the communication of information by NCAs to ESMA for the purpose of developing and maintaining a central database listing UCITS and AIFs marketed cross-border on ESMA's website
- ESMA publishes report on proposed fees for Benchmarks Administrators – ESMA published the final report on its Technical Advice regarding supervisory fees for benchmarks administrators under the BMR. The aim of the Final Report is to advise the European Commission on fees to be paid by benchmark administrators that will be supervised by ESMA starting in January 2022
- ESMA publishes Annual Report on the application of waivers and deferrals for equity instruments – ESMA published its Annual Report on the application of waivers and deferrals for equity instruments under MiFIR. The report includes an analysis based on waivers for equity and equity-like instruments for which ESMA issued an opinion to the competent authority in the period between 1 January and 31 December 2019. It also includes an overview of the deferral regime for equity and equity-like instruments applied across the different EU Member States
- ESMA provides input to the Commission on improvements for ELTIF – ESMA sent a letter to the European Commission consultation on the review of the European Long Term Investment Funds (ELTIF) Regulation. ESMA proposes changes aimed at bringing ELTIFs more in line with the needs of investors (both retail and professional). This would make it a more attractive investment vehicle for professional investors, as well as a potential savings' placement alternative for retail investors, further improving the access to funding for SMEs and enable the ELTIF framework to achieve its purpose of assisting in the recovery of the European economy and in the deepening of the Capital Markets Union
- Steven Maijoor delivers keynote speech at Conference on FinTech and Regulation – ESMA Chair, Steven Maijoor, addressed senior policymakers and industry at the 5th Annual Conference on 'FinTech and Regulation: New Challenges and New Solutions'. His speech touched upon: digitalisation: risks and opportunities; accelerating trends; and safe navigation
- ESMA published a call for candidates to renew the Consultative Working Group (CWG) for the ESMA's Post Trading Standing Committee (PTSC)

## European Insurance and Occupational Pensions Authority (EIOPA)

### 01 – 05 February 2021: Speeches, Letters & Other Publications

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

- EIOPA publishes monthly update of the symmetric adjustment of the equity capital charge for Solvency II end January 2021
- EIOPA publishes monthly technical information for Solvency II Relevant Risk Free Interest Rate Term Structures end January 2021
- EIOPA launches an interactive European map of national financial education websites

## European Supervisory Authorities (ESAs)

### 04 February 2021: European Supervisory Authorities publish Final Report and draft RTS on disclosures under SFDR

The European Supervisory Authorities (ESAs) delivered to the European Commission the Final Report, including the draft Regulatory Technical Standards (RTS), on the content, methodologies and presentation of disclosures under the EU Regulation on sustainability-related disclosures in the financial services sector (SFDR). The proposed RTS aim to strengthen protection for end-investors by improving Environmental, Social and Governance (ESG) disclosures to end-investors on the principal adverse impacts of investment decisions and on the sustainability features of a wide range of financial products. This will help to respond to investor demands for sustainable products and reduce the risk of greenwashing. The Commission is expected to endorse the RTS within 3 months of their publication.

### 01 – 05 February 2021: Speeches, Letters & Other Publications

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

- ESAs agree on changes to the PRIIPs key information document – The ESAs submitted to the European Commission draft Regulatory Technical Standards (RTS) on amendments to the key information document for packaged retail and insurance-based investment products (PRIIPs)

## European Central Bank (ECB)

### 04 February 2021: Eurosystem agrees on common stance for climate change-related sustainable investments in non-monetary policy portfolios

The Eurosystem central banks – the 19 national central banks of the euro area countries and the European Central Bank (ECB) – announced that they have defined a common stance for applying sustainable and responsible investment principles in the euro-denominated non-monetary policy portfolios that they each manage under their own responsibility. The common agreement follows extensive preparatory work within the Eurosystem and has also benefited from the analysis of the Network for Greening the Financial System (NGFS) and is aligned with its recommendations. Several Eurosystem members – including the ECB – already apply sustainable and responsible investment practices in the management of their non-monetary policy portfolios.

The common stance will help all Eurosystem members to contribute to the transition to a low-carbon economy and to EU climate goals. It will increase the awareness and understanding of climate risks while promoting climate-related disclosures. The common stance also prepares the ground for the measurement of greenhouse gas emissions and other sustainable and responsible investment-related metrics of these portfolios. The Eurosystem aims to start making annual climate-related disclosures for these types of portfolios within the next two years, using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) as the initial framework and reporting, as a minimum, in the category of metrics and targets. Several Eurosystem central banks already make climate-related disclosures for some of their non-monetary policy portfolios.

### 01 – 05 February 2021: Speeches, Letters & Other Publications

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

- ECB publishes Economic Bulletin Issue 1, 2021
- ECB extends bilateral euro liquidity lines with non-euro area central banks

**8 February 2021**

- Letter from the ECB President to Mr Markus Ferber, MEP, on climate change
- Consolidated financial statement of the Eurosystem
- Euro area bank interest rate statistics: December 2020
- Decision ECB/2021/3 amending Decision (EU) 2019/1311 on a third series of targeted longer-term refinancing operations
- The role of demand and supply factors in HICP inflation during the COVID-19 pandemic - a disaggregated perspective – Economic Bulletin Issue 1, 2021
- Rotation towards normality - the impact of COVID-19 vaccine-related news on global financial markets – Economic Bulletin Issue 1, 2021
- The initial fiscal policy responses of euro area countries to the COVID-19 crisis – Economic Bulletin Issue 1, 2021
- The economic impact of the pandemic - drivers of regional differences – Economic Bulletin Issue 1, 2021
- The ECB's dialogue with non-financial companies – Economic Bulletin Issue 1, 2021
- Pandemic-induced constraints and inflation in advanced economies – Economic Bulletin Issue 1, 2021
- Model-based risk analysis during the pandemic: introducing ECB-BASIR – Economic Bulletin Issue 1, 2021
- Housing costs and homeownership in the euro area – Economic Bulletin Issue 1, 2021
- Prices for travel during the COVID-19 pandemic: is there commonality across countries and items? – Economic Bulletin Issue 1, 2021
- Chain linking over December and methodological changes in the HICP: view from a central bank perspective – Statistics Paper Series
- Digitalisation disrupts traditional banking? – Speech by Pentti Hakkarainen

## European Systemic Risk Board (ESRB)

**01 – 05 February 2021: Speeches, Letters & Other Publications**

During the week, the European Systemic Risk Board (ESRB) released the following speeches, letters and publications that might be of interest to our readers:

- Financial crises, macroprudential policy and the reliability of credit-to-GDP gaps – Working Paper Series No 114

## European Commission (EC)

**01 – 05 February 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 disburses €14 billion under SURE to nine Member States
- European Commission welcomes the HM Treasury of the United Kingdom as new member of the International Platform on Sustainable Finance
- Commission publishes Debt Sustainability Monitor 2020 – the Debt Sustainability Monitor 2020 provides an overview of the fiscal sustainability challenges facing EU Member States over the short, medium and long term
- Request to EBA, EIOPA and ESMA for technical advice on digital finance and related issues – the Commission requested the technical advice of the ESAs based on its digital finance strategy, which sets out its work for the coming four year
- Commission takes stock of implementation of financial sector relief measures for consumers and businesses
- Commission approves €300 million Austrian scheme for package travel organisers and facilitators of linked travel services in the context of the coronavirus outbreak
- Commission opens in-depth investigation into Romanian support measures in favour of CE Oltenia
- Equity funding in the EU: new report sheds light on shortcomings in the EU finance landscape – the Commission's Directorate-General for Research and Innovation published the results of an independent expert report identifying the investment gaps existing in the EU and reasons behind these. The findings constitute an essential contribution to understand the relationship of EU support with the European venture capitalist (VC) ecosystem and explores ways on how to ensure appropriate access to financing for innovative, high growth European SMEs as well as further development of the VC eco-system across Europe
- Landscape of subnational and non-state climate action in the EU: what science tells us today – Article
- Competition policy and the Green Deal – Article

## Central Bank of Ireland (CBI)

**01 – 05 February 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:

- CBI supports common Eurosystem stance for climate change-related sustainable investments in non-monetary policy portfolios – the CBI welcomed the announcement from the European Central Bank (mentioned earlier in this report) agreeing a common stance for climate change-related sustainable and responsible investment principles for euro-denominated non-monetary policy portfolios (NMPPs) for Eurosystem central banks
- CBI welcomes the judgement of the High Court in respect of the test case on Business Interruption Insurance
- Is Ireland really the most prosperous country in Europe? – Economic Letter

## Swiss Financial Market Supervisory Authority (FINMA)

**01 – 05 February 2021: Speeches, Letters & Other Publications**

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

- FINMA Guidance 01/2021 Trading in Swiss shares: recognition of various UK trading venues

## Commission de Surveillance du Secteur Financie (CSSF)

**01 – 05 February 2021: Speeches, Letters & Other Publications**

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

- CSSF publishes information on global situation of undertakings for collective investment at the end of December 2020 – according to the CSSF, as at 31 December 2020, the total net assets of undertakings for collective investment, comprising UCIs subject to the 2010 Law, specialised investment funds and SICARs, amounted to EUR 4,973.780 billion compared to EUR 4,882.411 billion as at 30 November 2020, i.e. an increase of 1.87% over one month. Over the last twelve months, the volume of net assets rose by 5.40%. The Luxembourg UCI industry thus registered a positive variation amounting to EUR 91.369 billion in December. This increase represents the sum of positive net capital investments of EUR 33.032 billion (+0.68%) and of the positive development of financial markets amounting to EUR 58.337 billion (+1.19%)

- CSSF issues statement on SFDR fast track procedure and deadline of 10 March 2021 – the CSSF issued a statement reminding UCITS management companies and alternative investment fund managers that they will have to comply with Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector (SFDR Regulation) for 10 March 2021. UCITS management companies and alternative investment fund managers are also reminded that the prospectuses/issue documents to be brought into compliance with the SFDR Regulation must be submitted by 28 February 2021 at the latest in order to meet the deadline of 10 March 2021 of the SFDR Regulation. For the purpose of bringing pre-contractual information within the meaning of Article 6 (3) of the SFDR Regulation in compliance with the SFDR Regulation, the CSSF published on 16 December 2020, on its website, a Communication on its SFDR fast track procedure for the purpose of visa stamping of amended prospectuses/issuing documents. Finally, to facilitate the examination of sustainability-related disclosures inserted in prospectuses/issuing documents submitted by an ordinary procedure to amend a fund, the CSSF explained that it has adapted the confirmation letter of the SFDR fast track procedure so that it can also be used to support the review of sustainability-related disclosures included in a prospectus/issuing document submitted outside the SFDR fast track procedure

## International Capital Market Association (ICMA)

**01 – 05 February 2021: Speeches, Letters & Other Publications**

During the week, the International Capital Market Association (ICMA) released the following speeches, letters and publications that might be of interest to our readers:

- ICMA submits its response to targeted consultation on review of CSDR – ICMA's response focuses exclusively on the section relating to Settlement Discipline, in particular the provisions relating to mandatory buy-ins, which ICMA points out is market regulation, not post-trade regulation. In its response, ICMA provides data and analysis to illustrate the expected impacts of the mandatory buy-in regime on EU bond market pricing and liquidity, and the costs that will be incurred by investors and potentially issuers. The response also seeks to evidence the procyclical and destabilising effects the regime would have had during the March-April 2020 COVID-19 market turmoil. As well as noting extensive cross-industry work to improve settlement efficiency in the EU, ICMA recommends that the CSDR cash penalty mechanism be implemented as soon as practicable, and that the regulatory authorities monitor its impact on both settlement efficiency rates and market liquidity over an appropriate time period, then recalibrate as required. During this time, ICMA argues that mandatory buy-ins should not be implemented. Requiring investment firms to have in place contractual arrangements to remedy settlement fails (such as those that already exist in the international bond and SFT markets), could be an effective alternative consideration
- ICMA briefing: The global transition from LIBOR to risk-free rates in the bond market – in this briefing, ICMA provides an overview of the global transition from LIBOR to risk-free rates, particularly in the bond market. Paul Richards, Katie Kelly, Charlotte Bellamy and Mushtaq Kapasi discuss the adoption of risk-free rates and the active transition of legacy LIBOR bonds, legislation on tough legacy contracts and the transition to risk-free rates in Asia-Pacific

## 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:

**03 February 2021: Investment Association reaches out to issuers on behalf of UK investment managers to encourage issuers to put into effect plans to transition LIBOR-linked instruments as quickly as possible**

The Investment Association has reached out to issuers on behalf of UK investment managers to encourage issuers to put into effect plans to transition LIBOR-linked instruments as quickly as possible.

**8 February 2021**

## 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**

- BoE expects vaccine-fuelled economic recovery in second half of 2021
"The Bank of England expects a rapid vaccine-fuelled recovery for the UK economy in the second half of this year, but held out the prospect of imposing negative interest rates if the post-lockdown upswing disappoints. Alongside its quarterly forecasts on Thursday, the central bank said it would force commercial banks to prepare for negative rates to be imposed in six months. It stressed that this was not a sign that the bank's Monetary Policy Committee thought such a move was necessary"

- Borrowing costs for risky companies push towards historic lows
"The riskiest companies in the world are enjoying the benefits of the global hunt for higher returns, sending the yield on the dollar denominated debt of some of the lowest-rated businesses close to historic lows"

- Sunak to let 1.4m UK businesses spread Covid loan payments over longer period
"Pay as you grow will allow businesses to extend the length of their bounce back loans from six to 10 years, reducing monthly repayments. Under the announcement, struggling businesses will also be able to choose interest-only repayments or payment holidays for up to six months"

- UK government becomes shareholder in toilet maker
"The government has become a shareholder in a toilet maker, a broadband provider and a company that helps make reusable cups as part of the Treasury's foray into the venture capital market through one of its coronavirus support schemes"

- Emergency UK funding failing to reach Covid-hit companies
"Small businesses are missing out on millions of pounds of emergency grants promised by the UK government as long ago as November, sparking warnings that many will not survive unless access to this cash is unlocked"

- BlackRock urged to take tough line with HSBC over climate change
"BlackRock is facing calls to use its might as the world's biggest asset manager to put pressure on HSBC to rein in its financing of the fossil fuel industry, just weeks after fund boss Larry Fink warned that climate change was an investment risk. Two of BlackRock's British pension fund clients have urged the asset manager to support a climate resolution filed by a group of shareholders at HSBC's annual meeting in April. The resolution asks the bank to publish a strategy around climate targets and reduce its exposure to fossil fuels"

- Mediobanca's Cairn Capital to take over distressed debt firm Bybrook
"Bybrook Capital, one of London's most successful distressed debt firms, has been snapped up by a group controlled by Mediobanca, as the Italian lender seeks to deliver higher margins by expanding into alternative investments. London-based Cairn Capital, bought by Milan-based Mediobanca in 2015, said on Tuesday it would acquire Bybrook for an undisclosed amount, adding $2.5bn in assets under management. Following the deal, set to complete by the end of June, the combined entity will manage a total of $8bn across public, private, credit and distressed debt markets"

- Cineworld backs down in dispute with lenders over interest bill
"Cineworld has backed down in a bizarre spat with its lenders over a disputed interest bill, after the London-listed cinema operator initially refused to pay additional costs ostensibly stemming from an error in its loan documents. The company, which has recently drawn scrutiny for approving a £65m executive bonus scheme, had clashed with lenders over a small increase in the interest rate on billions of dollars worth of loans, which Cineworld and its advisers said had been unintentionally increased during negotiations with creditors in November"

- Marston's rejects £700m offer from private equity group Platinum
"Marston's, the UK pub group, has rejected a £693m offer from the Beverly Hills-based private equity group Platinum Equity on the basis that it significantly undervalues the business. The all-cash proposal revealed on Friday was the third offer made by Platinum since the beginning of December. Valuing Marston's shares at 105p, it marked an increase of nearly a fifth on its initial 88p-per-share offer"

- Rivals Blackstone and GIP join forces in £3.5bn Signature Aviation offer
"Blackstone and Global Infrastructure Partners have ended their takeover battle for the UK-listed private jet services company Signature Aviation, agreeing to join forces in a new £3.5bn bid for the company"

- Billionaire Asda buyers to stump up less than £800m to clinch £6.8bn takeover
"The Issa brothers and TDR are funding most of the deal's £6.5bn cash consideration by loading up Asda with £3.7bn of junk-rated debt, which will be sold to loan and bond investors this month"

- JD Sports swells potential deals war chest to more than £1bn
"JD Sports plans to raise almost £500m in a share issue to capitalise on acquisition opportunities as the UK retailer pushes on with global expansion amid the pandemic"

- BP reports first annual loss in a decade
"BP reported its first annual loss in a decade after a 96 per cent drop in fourth-quarter profit as the UK oil major continues to reel from the hit to energy demand from the pandemic"

**8 February 2021**

- Shell defies earnings plunge with raised dividend
  "Royal Dutch Shell raised its dividend despite reporting a plunge in annual earnings to the lowest in at least 15 years, as the oil industry reels from the effects of the pandemic"
- Christine Lagarde warns stimulus must be removed only 'gradually'
  "The president of the European Central Bank has said the region's economy will need to be weaned off its fiscal and monetary stimulus gradually to avoid repeating mistakes made in previous crises when support was withdrawn too fast"
- For how long can Europe keep businesses from going under?
  "While most European governments have extended support programmes to this year, some business leaders and officials worry about what will happen when the aid dries up"
- Commerzbank fires its former Wirecard analyst
  "Commerzbank has fired its former Wirecard analyst Heike Pauls after emails showed that she had briefed the disgraced payment company's management about criticism of it that a hedge fund had shared with her"
- CVC in talks to buy stake in San Antonio Spurs at $1.3bn valuation
  "The Luxembourg-based buyout group is seeking a stake of about 15 per cent in the club owned by the Holt family which founded the Caterpillar industrial vehicles company, according to several people with knowledge of the discussions"
- Inter Milan owner seeks $200m in emergency finance
  "Suning Holdings, the retail conglomerate that owns a majority stake in the Serie A team, is seeking new investment by the end of the year in response to a financial crisis at the club, according to three people familiar with its finances"
- Axa chief: EU's green taxonomy is 'not enough'
  "This has been a very good first step. However, it's not enough. Because when you look at it, you say: where is the big potential in the middle? How do you make the transition happen? Going from coal to green is a long journey for companies. To go from, let's say, oil to gas is a first good step — the issue is how to make it less black or less brown. But how do you measure it? And enforce it? This is the big topic from the company's perspective and strategic perspective, how do you build the necessary transition trends? Define this middle? Is gas good or not? Is nuclear good or not? This is the next phase of debate"
- Apollo's new CEO predicts end to investor 'pause' after Epstein report
  "Marc Rowan, the incoming chief executive of Apollo Global Management, projected confidence that investors would swiftly return to committing capital to the firm"
- US shale oil: can a leaner industry ever lure back investors?
  "Producers are consolidating after a tough year but recent higher oil prices are already testing their discipline"
- Goldman joins push to democratise climate data
  "If banks and asset managers can get free, clean data to plug into their models, that opens up a lot of time and resources to do the more complex analytical work that they believe will bring in the big bucks"
- Sovereign wealth funds sidestep climate change threat
  "Most sovereign wealth funds are failing to address the risks posed by climate change at a time when other big institutional investors are ramping up investment strategies to combat global warming. A report by the International Forum of Sovereign Wealth Funds found only eight SWFs from a group of 34 have more than 10 per cent of their portfolios invested in climate-related strategies"
- ESG funds defy havoc to ratchet huge inflows
  "Pandemic has increased focus on sustainable investing but surge has also brought a rise in greenwashing"
- Time to clean up climate reporting standards
  "The end goal: a comprehensive corporate reporting system. The bad news is that achieving a uniform accounting framework is no easy task. A common standard should not just penalise those companies on the front line of climate change, whose business is in fossil fuels. It should also be able to tease out the climate sensitivities of those that would not automatically be regarded as vulnerable"
- Money pours into US loan funds as growth and inflation expectations rise
  "Money is pouring back into funds that invest in US leveraged loans for the first time in more than two years, as investors begin to position themselves for stronger economic growth and higher inflation. Mutual funds and exchange traded funds that buy US loans took in $509m for the week ending February 3, extending a five week run of inflows to a total of $3.2bn, according to data from EPFR Global. It marks the longest run of inflows since October 2018, ending a more than two-year run of consistent outflows from the fund group, and signals that some investors may think interest rates will start to rise sooner than the Federal Reserve is currently indicating"
- Buffered ETF popularity surges but regulatory hurdle threatens
  "Risk-reducing buffered ETFs that aim to take some of the danger out of investing in stock markets enjoyed a banner year in 2020 with a surge in the number of launches and assets under management. However, a push by a grouping of the exchange traded fund industry's biggest players could potentially derail the fast-growing sector by stripping funds of their designation as ETFs"

**8 February 2021**

- Ant Group strikes deal with Chinese regulators over restructuring
  "Jack Ma's Ant Group has reached a deal with Chinese regulators to restructure its business after they raised issues that halted its $37bn initial public offering last year, according to several people familiar with the situation. The proposed restructuring will involve Ant placing all of its major businesses, including its technology units, inside a financial holding company to comply with a new regime implemented by the People's Bank of China in November"

- Alibaba debt sale draws investor rush despite regulatory woes
  "A $5bn debt sale by Alibaba drew more than $38bn in orders from investors, illustrating how the Chinese tech group's bonds remain an alluring proposition for global capital even as regulators pile on pressure. The bumper dollar debt issuance, one of the largest in Asia in 2021, came as the company feels the heat from Chinese authorities"

- Grab upsizes term loan to $2bn on strong US demand
  "Grab, south-east Asia's biggest start-up, has amassed $5bn in cash reserves after increasing the size of its debut term loan facility, underscoring the pent-up international demand for the region's fast-growing unicorns. The Singapore-based company, which provides services including ride-hailing, food delivery, payments and insurance on its app, upsized its term loan from $750m to $2bn following commitments from investors, more than half of which were US-based institutions including BlackRock, Carlyle, Eaton Vance and Anchorage"

- Nomura to boost private equity unit as buoyant markets fuel profits
  "Nomura will beef up its private debt and private equity units as emergency fundraising by coronavirus-hit companies and booming global markets helped the Japanese investment bank record historically strong profits"

**8 February 2021**

**Thomson Reuters**

- BoE's Bailey says could shun fossil fuel firms in bond-buys: Observer
"The Bank of England could shy away from buying the bonds of fossil fuel companies as it attempts to make its balance sheet greener, Governor Andrew Bailey said in an interview published by the Observer newspaper"

- Bailey says fears over BoE independence are "without merit"
"Bailey said financial market inflation expectations showed that investors did not expect the BoE to break its mandate and let inflation get out of control. Its bond purchases were focused on ensuring that inflation returned to its 2% target, he said. However, the BoE's operational independence did not mean that it could not take action that complemented policies by the government to stabilise the economy through the coronavirus crisis, a task which was beyond the BoE alone, Bailey said"

- Bank of England keeps rates and bond-buying programme unchanged
"The BoE maintained its Bank Rate at 0.1% and left the size of its total asset purchase programme at 895 billion pounds ($1.22 trillion)"

- BoE finds most banks need quick fixes to handle sub-zero rates
"Banks told the Bank of England they would need at least six months to work out how to respond to sub-zero rates, which experts say could see borrowers paying less interest, savers receiving less, and even charges imposed on current accounts to recover profit"

- Worst yet to come for banks in terms of pandemic fallout, BoE's Woods says
"Banks in Britain have been shielded from the worst effects of the COVID-19 pandemic by government relief measures and the toughest time has yet to come, Bank of England Deputy Governor Sam Woods said"

- Consider consequences for BoE's Bailey over LCF collapse - report author
"Britain's finance ministry and financial regulator must consider what action to take against Bank of England Governor Andrew Bailey and two officials over their handling of LCF, the author of a report about the collapsed fund said"

- Aviva Investors threatens to ditch top carbon emitters over climate inaction
"Aviva Investors said on Monday it could ditch its stock and bond holdings in 30 of the world's biggest corporate emitters of carbon if their boards failed to take sufficient action over climate change. The move comes as asset managers including BlackRock and Legal & General Investment Management look to ratchet up the pressure on companies to form a plan to transition to a lower-carbon economy, ahead of the next round of global climate talks"

- Breakingviews - LSE's big deal makes its fortunes data-dependent
"The London Stock Exchange Group's future has become data-dependent. Following the bourse operator's all-share takeover of Refinitiv, which closed on Friday, most of its revenue will come from charging for information rather than handling trades. Even so, investors aren't fully buying the shift"

- Takeaway.com to issue 1 billion euro convertible bond
"Just Eat Takeaway.com , the Amsterdam-based food ordering and delivery company, said on Monday it would issue a 1 billion euro ($1.2 billion) convertible bond to raise funds for general purposes and to act on strategic opportunities which may arise"

- German lawmakers turn sights on finance ministers in Wirecard fraud fiasco
"Fresh from toppling the head of Germany's top financial regulator last week, lawmakers are turning their fire on finance minister Olaf Scholz and his deputy Joerg Kukies"

- Lufthansa raises 1.6 billion euros to repay German government aid
"German airline Lufthansa said it had issued a 1.6 billion euro ($1.92 billion) bond on Thursday, money that will be used to repay part of a bailout given last year by state lender KfW to help it cope with the COVID-19 crisis"

- For first time, Norway's wealth fund ditches firms over tax transparency
"Norway's $1.3 trillion wealth fund, the world's largest, has for the first time pulled investments from companies because of their tax policies, the fund's CEO told Reuters, adding more such moves were likely in future"

- Fed officials say U.S. economy still in depths of recession, more relief needed
"The U.S. economy is still deep in a recession and more fiscal relief will be needed to reach a full recovery and help some of the unemployed find jobs, two Federal Reserve policymakers said"

- Acting SEC chairwoman names leaders of agency's ESG charge
"The acting head of the U.S. Securities and Exchange Commission named a Harvard Law professor to lead the agency's corporate finance division, a key role in its efforts on environmental and social issues, while also bringing in a dedicated advisor on those themes. Acting SEC Chairwoman Allison Herren Lee said on Monday that professor John Coates would serve as the director of the Division of Corporation Finance on an acting basis, and tapped Satyam Khanna, a New York University fellow and member of the Biden transition team, for the newly created position of senior policy advisor on climate and environmental, social, and corporate governance (ESG)"

- Global firms raise $546 billion in January as SPAC frenzy continues
"Companies raised $546 billion from new bond and share issues in January, as a flood of central bank money-printing and recovering stock markets brought record numbers of new listings, SPAC deals and share sales, Refinitiv data showed"

- IMF to roll out new method to judge debt sustainability
"The International Monetary Fund said on Wednesday it is launching a new method of assessing debt sustainability for countries with access to financial markets to more accurately predict risks of financial crises and improve transparency"

**8 February 2021**

## 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:



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