

Legal and Regulatory Updates

08/02/2021 – 12/02/2021

Key Highlights

- This Legal & Regulatory Update covers the week commencing **08/02/2021**.
- [EIOPA](#) publishes its Risk Dashboard based on third quarter of 2020 Solvency II data.
- [European Commission](#) launches targeted consultation on review of Directive on financial collateral arrangements.
- [European Commission](#) launches targeted consultation on review of Directive on settlement finality in payment and securities settlement systems.
- [CBI](#) publishes its first Securities Markets Risk Outlook Report 2021.
- [AMF](#) tightens professional certification requirements for sustainable finance.
- 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)

08 – 12 February 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 gives statement on supervisory benchmarking exercise relating to capital internal models](#) – this statement addresses the 2021 supervisory benchmarking exercise for capital internal models, relevant to credit institutions in scope of the reporting requirements
- [PRA publishes Consultation Paper \(CP\)5/21: Implementation of Basel standards](#) – this CP sets out the PRA's proposed rules in respect of the implementation of international standards through a new PRA Capital Requirements Regulation (CRR) rule instrument. The purpose of these rules is to implement part of the set of international standards that remain to be implemented in the UK. This CP also sets out the proposed new PRA CRR rules in full, including parts of the onshored CRR that are not changing but rather are being transferred into PRA rules (although, where these do not change, they do not form part of this consultation). This consultation is relevant to banks, building societies, PRA-designated investment firms, and PRA-approved or -designated financial or mixed financial holding companies
- [Bank of England Weekly Report 10 February 2021](#)
- [Banks, shadow banks, and business cycles](#) – Staff Working Paper No. 907
- [Goldilocks and the three pillars: how much capital is just right?](#) – Speech by Anna Sweeney
- [The case for an open financial system](#) – Speech by Andrew Bailey

Financial Conduct Authority (FCA)

08 – 12 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:

- [Update on Bank of England and FCA Memorandum of Understanding on the supervision of market infrastructure and payment systems](#) – the BoE and FCA held a consultation with FMIs and reviewed their co-operation regarding market infrastructure, seeking in particular feedback on how the authorities had co-operated during the Covid-19 market events of Spring 2020. The authorities concluded that the MoU's arrangements for co-operation remain effective, with appropriate co-ordination and no material duplication. Industry respondents acknowledged the efforts made on co-operation and the Bank and FCA remain committed to effective co-operation. Additionally, the authorities recognise that policy co-operation will be even more important from 2021 as a result of the UK leaving the European Union. The authorities re-affirmed their commitment to co-operate domestically and internationally to ensure sound rulemaking that reflects awareness of each others' objectives
- [FCA commences criminal proceedings against two for insider dealing](#) – the alleged offending took place between 2 May 2016 and 10 June 2016 and involved trading in shares in British Polythene Industries plc (BPI), ahead of an announcement that RPC Group plc was to acquire BPI

Financial Reporting Council (FRC)

08 – 12 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:

- [FRC publishes for consultation its draft 2021/22 Strategy, Plan & Budget](#) – the document reflects the FRC’s continued commitment to serve the public interest whilst also moving at pace towards building the enhanced capacity and capability necessary to transform into the new Audit, Reporting and Governance Authority (ARGA). Over the past year, the FRC has, among other things, strengthened its supervision of audit firms to promote better audit quality, taken the first steps towards operational separation of their audit businesses, set up a competition policy team and created a new stakeholder engagement and corporate affairs function. Moving forward, the FRC will continue to develop a solid foundation on which to expand further. As the UK moves beyond its exit from the EU, the FRC will also support the set-up and staffing of the UK Endorsement Board (UKEB) for IFRS
- [Future of Corporate Reporting](#) – Discussion Paper

European Securities and Markets Authority (ESMA)

08 – 12 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 withdraws the registrations of Fitch entities following mergers with Fitch Ratings Ireland](#) – has withdrawn the CRA registrations of Fitch France, Fitch Polska, Fitch Italia and Fitch Ratings España following the merger with Fitch Ratings Ireland. The withdrawal decisions follow the official notifications to ESMA by Fitch on 3 June 2020 and on 30 November 2020 of its intention to renounce the specific registrations under the conditions set out in Article 20(1)(a) of the CRA Regulation (CRAR). Fitch Ratings Ireland will remain the sole EU CRA entity of Fitch Ratings registered with ESMA
- [ESMA organises workshop on “CCP margins and procyclicality in times of crisis”](#) – the workshop will take place on 17 February 2021. The workshop will be an opportunity to gather the views of the speakers and shine a light on how the CCP ecosystem worked during the pandemic. It will also allow participants to take stock of lessons learned and discuss possible improvements. The workshop will primarily be of interest to members of the clearing and wider regulatory community

European Insurance and Occupational Pensions Authority (EIOPA)

09 February 2021: EIOPA publishes its Risk Dashboard based on third quarter of 2020 Solvency II data

The European Insurance and Occupational Pensions Authority (EIOPA) published its Risk Dashboard based on the third quarter of 2020 Solvency II data. The results show that insurers’ exposures to macro risks decreased from very high to high level, while all other risk categories remain at medium level. Going forward, European supervisors expect an increase in credit, market and underwriting risks over the next 12 months, reflecting concerns over second lockdowns due to new waves of the pandemic as well as potential cliff effects once fiscal support measures will be over.

08 – 12 February 2021: Speeches, Letters & Other Publications

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

- [EIOPA addresses measures to improve the insurability of business interruption risk in light of pandemics](#) – EIOPA published its staff paper on measures to improve the insurability of business interruption in light of pandemics. In this publication, EIOPA analysis options relating to prevention measures to reduce losses, capital markets risk transfer and multi-peril solutions for systemic risk. It also addresses the general challenges related to modelling and triggers for claims in the context of pandemics.

European Banking Authority (EBA)

11 February 2021: EBA launches public consultation on draft technical standards for supervisory disclosure under Investment Firms Directive

The European Banking Authority (EBA) [launched](#) a public consultation on its draft Implementing Technical Standards (ITS) concerning the new prudential requirements that competent authorities will be required to disclose publicly for all types of investment firms authorised under the Markets in Financial Instruments Directive (MiFID). The draft ITS, which are part of the phase 2 mandates of the EBA Roadmap on investment firms, aim at ensuring that the disclosed information is comprehensive and comparable across all Member States. The consultation runs until 11 May 2021.

The information that competent authorities will have to disclose every year covers supervisory approaches and aggregate statistical data on the new prudential requirements for investment firms. In particular, the information covers the following areas:

- the text of laws, regulations, administrative rules and general guidance adopted in each Member State;
- options and discretions in the application of the prudential requirements;
- criteria and methodologies of the supervisory review and evaluation process (SREP); and
- aggregated statistical data on prudential requirements.

The first disclosure date under the draft ITS is set at 30 June 2022.

European Central Bank (ECB)

08 – 12 February 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 to publish results of the Survey of Monetary Analysts](#) – the ECB announced that it will begin publishing aggregate results of its Survey of Monetary Analysts (SMA) in June 2021. The survey, an ECB staff-level exercise, collects information on market participants’ expectations about the future evolution of key monetary policy parameters, financial market variables and the economy. The survey runs eight times a year and is aligned with the six-week schedule of the monetary policy meetings of the Governing Council
- [Euro area securities issues statistics: December 2020](#)
- [Consolidated financial statement of the Eurosystem](#)
- [List of supervised entities \(as of 1 January 2021\)](#)
- [Evolution or revolution? The impact of a digital euro on the financial system](#) – Speech by Fabio Panetta
- [Greening monetary policy](#) – Blog post by Frank Elderson, Member of the Executive Board of the ECB

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- [Stress-testing net trading income: the case of European banks](#) – Working Paper Series No. 2525
- [Modeling extreme events: time-varying extreme tail shape](#) – Working Paper Series No. 2524
- [A multivariate unobserved components model to estimate potential output in the euro area: a production function based approach](#) – Working Paper Series No. 2523
- [Homeownership and portfolio choice over the generations](#) – Working Paper Series No. 2522
- [Policy uncertainty, lender of last resort and the real economy](#) – Working Paper Series No. 2521
- [ECB Listens: Summary report of the ECB Listens Portal responses](#)
- [ECB Listens: Midterm review summary report](#)

European Systemic Risk Board (ESRB)

08 – 12 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:

- [The global dimensions of macroprudential policy](#) – Reports of the Advisory Scientific Committee No. 10

European Commission (EC)

08 – 12 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 launches targeted consultation on the review of the Directive on financial collateral arrangements](#) – the Commission believes that, for the Financial Collateral Directive to continue to serve its purpose, it is important to consider developments that could affect its functioning and to ensure coherence across legislative frameworks. Relevant issues can arise from market developments (economic, financial or technological) and/or regulatory changes. Two issues that are dealt with in this consultation are: recognition of ‘close-out netting provision’ and ‘financial collateral’ (cash and financial instruments)
- [Commission launches targeted consultation on the review of the Directive on settlement finality in payment and securities settlement systems](#) – the answers provided to this consultation of the Settlement Finality Directive (SFD) will feed into a Commission report to the European Parliament and Council. The current review covers a variety of issues that have come up since the last review of the SFD which took place in 2008/2009. It considers the impact of new developments in a changing business, technological and regulatory environment. The SFD regulates and protects designated securities settlement and payment systems. It guarantees that transfer orders entered into such systems are also finally settled, regardless of whether the sending participant has become insolvent. The consultation is open until 7 May 2021
- [Commission welcomes European Parliament's approval of Recovery and Resilience Facility \(RRF\)](#) – the RRF is the key instrument at the heart of NextGenerationEU, the EU's plan for emerging stronger from the COVID-19 pandemic. It will play a crucial role in helping Europe recover from the economic and social impact of the pandemic and will help to make the EU's economies and societies more resilient and secure the green and digital transitions
- [Key indicators for the euro area](#) – the document is intended to contribute to the analysis of recent developments in the euro area
- [Winter 2021 Economic Forecast: A challenging winter, but light at the end of the tunnel](#) – European Economic Forecast

Central Bank of Ireland (CBI)

08 February 2021: CBI publishes its first Securities Markets Risk Outlook Report 2021

The Central Bank of Ireland (CBI) [published](#) its first Securities Markets Risk Outlook Report. The report details key conduct risks to securities markets and sets out actions firms should take in order to identify, mitigate and manage those risks. The report also outlines the Central Bank's supervisory priorities for securities markets in 2021.

The report follows a year of significant global economic and financial uncertainty. It identifies a number of key areas that the Central Bank expects firms to address. These include:

- impact of external shocks: firms are expected to stress-test their operations and plan for shocks, including those arising from COVID-19 and Brexit, based on plausible worst-case scenarios;
- the migration to a greener securities market: by financing initiatives and trends aimed at stemming the climate crisis, sustainable finance can play a key role in ensuring that securities markets aid a successful transition to greener economic activities;
- increasing complexity: firms must take appropriate steps to manage the increasing complexity and fragmentation in securities markets;
- ensuring meaningful transparency: it is essential that investors and market participants can make informed decisions based on available information and reliable pricing;
- increased use of indices: firms must ensure they understand the risks and implications and be transparent with the market on their use;
- misconduct risk: firms must identify, mitigate and manage misconduct risk, with a particular focus on the risk of market abuse;
- governance: governance arrangements must be fit for purpose and properly resourced, including as businesses expand or change; and
- data quality: firms must take steps to improve the quality of the data used in their business and reported to the Central Bank.

The Central Bank explained that it has also planned a number of work items that relate specifically to the risk outlook published in the Securities Markets Risk Outlook Report. These include an industry-wide review of compliance with the Market Abuse Regulation and further work arising from findings in its 2020 thematic reviews in the funds sector. The Central Bank will also continue its work with European Securities and Markets Authority (ESMA) and fellow EU regulators to progress Common Supervisory Actions in relation to UCITS (in the field of liquidity risk management and in costs and fees). This is in addition to the Central Bank's ongoing trigger-based supervision of conduct risk in securities markets.

08 – 12 February 2021: Speeches, Letters & Other Publications

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

- [“Managing risk, rebuilding resilience”](#) – Remarks by Governor Gabriel Makhoul at the European Financial Forum

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Autorité des Marchés Financiers (AMF) of France

10 February 2021: AMF tightens professional certification requirements for sustainable finance

Acting on a proposal by the Financial Skills Certification Board (HCCP), the Autorité des Marchés Financiers (AMF) [decided](#) to create a module for verifying the knowledge of professionals in green and responsible finance, and to give greater weight to these issues in the general examination for AMF certification. To create a common core of knowledge about sustainable finance, which is essential for the proper understanding of these issues and to improve the quality of advice given to clients, the AMF decided to significantly expand the section devoted to this topic in the general examination questionnaire. It is also offering a new certificate to people who wish to acquire specific knowledge in this area.

The number of questions on sustainable finance in the general examination will be increased from 4 to 15 out of a total of 120 questions (compared with 115 today). These questions will address key concepts such as green finance, managing climate risk, socially responsible investment (SRI) and labels, ESG criteria and management approaches. They will enable professionals, in particular those in direct contact with clients, to understand and know how to explain the key principles of sustainable finance and to identify the ESG preferences of clients. The new programme will be published in the next few days and will take effect in mid-March 2021.

In addition to the general examination, the new sustainable finance certification will be endorsed by a specific examination and certificate. This optional module will be made up of 60 questions, spanning the sustainable finance terminology and ecosystem, the French and European regulatory framework, ESG issues, non-financial asset management approaches and the marketing of sustainable investment products. The first examinations will take place by the end of this year, once the AMF has certified training organisations that wish to offer this examination.

08 – 12 February 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:

- [“Regulatory considerations in an era of digital acceleration”](#) – Speech by Robert Ophèle, AMF Chairman

Commission de Surveillance du Secteur Financier (CSSF)

08 – 12 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:

- [Monitoring the quality of transaction reports received under Article 26 of MiFIR](#) – this press release relates to the obligation for credit institutions and investment firms to report transactions in financial instruments as set out in Article 26 of Regulation (EU) N° 600/2014 (MiFIR). In this press release, the CSSF provides information on the number of reporting entities as well as the number of reports received by the CSSF in 2020 and aims more particularly to inform all reporting entities on the quality and completeness campaigns that the CSSF conducted during the year 2020 as well as to announce the topics that will be the subject of dedicated campaigns during the year 2021. The press release also introduces the new template that should be used to notify the CSSF of any errors, omissions or failures with respect to the reporting obligation as required under Article 15(2) of Commission Delegated Regulation (EU) 2017/590 (RTS 22)
- [Financial Innovation: a challenge and an ambition for the CSSF](#) – Report

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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

- [Debt markets: pandemic? What pandemic?](#)
“While a return to normal life still feels very far away for most DD readers, in corporate debt markets, it’s like the pandemic never happened”
- [Investment firm Covalis looks to raise \\$1bn for ESG fund](#)
“The launch highlights how managers of hedge funds and other alternative investment portfolios are beginning to spot what they see as moneymaking opportunities in ESG investing, an area that is attracting huge investor interest. PwC has forecast that European mutual fund ESG assets will reach between €5.5tn and €7.6tn by 2025, up from €1.7tn last year”
- [Chuka Umunna joins JPMorgan to oversee ESG efforts](#)
“JPMorgan has hired Chuka Umunna to oversee its European environmental, social and governance advisory efforts, making the former Labour MP the latest high-profile politician to take a senior role in the City of London”
- [New criteria for chiefs’ bonuses: diversity and climate change](#)
“Move over earnings per share. Board directors are now under greater pressure to consider issues from climate change to diversity when deciding on the size of bonuses for company chiefs. The number of companies globally that include environmental or social metrics when deciding executive pay awards has doubled since 2018, with about a fifth of 6,500 businesses examined now considering these factors”
- [Billionaire Asda buyers raise £2.75bn in record sterling junk bond sale](#)
“The private equity-backed billionaires buying Asda have raised the largest-ever sterling junk bond, with investors piling in to the £2.75bn debt sale backing the UK’s biggest leveraged buyout in more than a decade”
- [Caption competition: the billionaire brothers Asda debt deal](#)
“It is called a leveraged buyout for a reason you know? Pretty standard stuff, you might say. What is less standard, however, is the organisational charts in the debt offering’s memorandum which to us, can only be described as well... we’ll leave that up to you”
- [UK government to give itself powers to bail out social care companies](#)
“New powers that could enable the UK government to bail out struggling social care companies are expected to be part of a health service shake-up that comes as hundreds of homes struggle with the financial burdens of Covid-19”
- [Multinationals criticised for UK job cuts after taking cheap Covid loans](#)
“The UK government has defended handing billions of pounds in soft loans to multinational companies to help them through the pandemic even though some have subsequently cut thousands of jobs between them across the country”
- [Prezzo cuts sites and jobs through insolvency process](#)
“Prezzo, the Italian casual dining chain, has been bought out of a prepack administration by its private equity owner after lockdowns and trading restrictions forced it to cut overhead costs”
- [Travel confusion pushes Jet2 into issuing new shares](#)
“Jet2 needed the money because it is renegotiating a loan under the Bank of England’s Covid Corporate Financing Facility, whose eligibility requirements have been adjusted to reflect current improved market conditions, even though the government has yet to provide a pathway to when travel restrictions might be lifted. That meant excluding the £300m loan from its cash flow planning, just in case it is not re-approved and the summer season disappoints”
- [Ocado offsets drop in customers with sharp rise in sales](#)
“Ocado has more than £2bn of cash and borrowing facilities on hand, having raised money in both the equity and convertible bond markets during 2020”
- [SocGen falls to first full-year loss in decades as pandemic takes toll](#)
“Société Générale fell to its first full-year loss in decades in 2020, maintaining pressure on its long-serving chief executive even as the French bank showed continuing signs of a recovery in the fourth quarter”
- [Hedge fund Marshall Wace seeks venture capital deals](#)
“Marshall Wace, one of the world’s biggest hedge fund firms, is expanding into late-stage venture capital, the latest sign that managers usually focused on trading stock markets are seeking new sources of returns in private markets. London-based Marshall Wace, which manages about \$52bn in assets, is raising as much as \$400m for a fund that will invest in privately owned healthcare companies, according to people familiar with its plans”
- [ECB urged to ‘decarbonise’ its €2.4tn corporate credit holdings](#)
“France’s central bank governor has called for a decarbonisation of the multitrillion-euro holdings of corporate bonds at the European Central Bank, intensifying the debate on how far monetary policy should go in tackling climate change”

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- [EU's pandemic response should be point of no economic return](#)
"The EU's historic leap into mass debt issuance will usher in a revolution in Brussels' economic governance, whether governments like it or not. That's partly the contention of a paper from the Delors Centre, which sets out how Brussels' economic management tools will undergo a major shake-up following the creation of a landmark €750bn recovery instrument"
- [European IPOs mark best start to year since 2015 with €8bn haul](#)
"A flurry of tech and ecommerce listings have given Europe's market for initial public offerings its best start to the year since 2015, as extended pandemic lockdowns fuel investor enthusiasm for digital companies. So far this year, companies listing on European stock exchanges including London's have sold €8.4bn in equity through 16 deals, according to Refinitiv data. That figure, which includes new funds raised and owners cashing out stakes, was the biggest haul and number of IPOs for the comparable period since 2015. It was the second-biggest amount raised in data going back to 1998"
- [Digital overhaul helped Norway's DNB weather pandemic](#)
"DNB has benefited from the resilience of Norway's economy — expected to be one of the best performers during the Covid-19 pandemic — but it has also overhauled its business model. It has reduced its exposure to oil and other cyclical companies, closed down 70 per cent of its bank branches, and developed technology for fully-automated loan decisions and simple mobile payments. This strategy could provide a potential path to success for European rivals, according to analysts"
- [Ikea foundation bets \\$250m on green investment fund](#)
"A foundation backed by Ikea, the Swedish furniture retail giant, has committed \$250m to seed a sustainable equity fund designed by Osmosis, a specialist investment boutique. The allocation by Imas, an €11bn foundation that invests on behalf of the charitable arm of Ikea, is the second large contract it has awarded to Osmosis"
- [Silver Lake and Nestlé lead €3.5bn investment in vet group IVC Evidensia](#)
"Silver Lake and Nestlé are leading a €3.5bn investment into IVC Evidensia, Europe's biggest vets group, in a move that will result in the private equity firm EQT abandoning plans to list the business on the London market. The deal values the company at €12.3bn. EQT will remain its largest shareholder, the latest example of a private equity firm effectively selling a business to itself"
- [Commerzbank shelves dividend for 2 years](#)
"Commerzbank is shelving its dividend for the next two years as Germany's second-largest listed lender embarks in aggressive cost cuts in an effort to return to profitability. The decision to suspend payouts came as Commerzbank slumped to a loss for last year of €2.9bn, its worst since the financial crisis"
- [Germany's first privatised Landesbank plans acquisitions](#)
"Hamburg Commercial Bank, the only state-backed German lender sold into private ownership, is planning an acquisition spree as the pressure on the country's fragmented banking sector to consolidate intensifies"
- [Tui expects summer holiday recovery with vaccine rollout](#)
"The group has used state-backed loans from the German government three times during the crisis and it launched a €500m rights issue last month. It had €2.1bn in liquidity at the beginning of February, which Joussem said he was confident would see the group through until the summer season. He did not rule out further equity raises or asset sales, however"
- [Credit Suisse agrees \\$600m settlement in mortgage-backed securities case](#)
"Credit Suisse has agreed a \$600m settlement to end a long-running mortgage bond lawsuit just months after the bank said it had strong grounds to appeal a court ruling in favour of financial services group MBIA"
- [ING pledges to raise payouts after bad loan woes ease](#)
"ING promised to ramp up dividend payments and share buybacks if regulators lift restrictions later this year, as the Dutch bank reported a stronger than expected end to 2020"
- [French co-op bank bids to take full control of Natixis](#)
"French co-operative bank BPCE has made a formal offer to take full control of Natixis, the corporate and investment bank in which it already owns a majority stake. Talks between the pair collapsed last summer but have since resumed. Natixis board met on Tuesday to discuss BPCE's cash offer of €3.7bn to buy out minority shareholders in the bank. That would give the group a market value of €12.3bn"
- [Junk-rated companies enjoy record-low US borrowing costs](#)
"It has never been cheaper for companies with a junk credit rating to borrow cash in the US, as the voracious appetite from investors for riskier debt sends the interest rates paid on recent bond deals to record lows. Health insurance company Centene Corporation became the latest junk-rated issuer to secure a borrowing cost below 3 per cent this week, wiping more than \$40m from its annual interest bill. It raised \$2.2bn at a coupon of 2.5 per cent for a 10-year bond"
- [US corporate bonds grow more susceptible to sudden rise in rates](#)
"The sensitivity of US corporate bonds to a rise in interest rates is near record levels, just as higher growth and inflation are expected to return in coming months as the nation's coronavirus-hit economy recovers. Duration, which captures the expected time it will take for the price of the debt to be repaid in total cash flow, has been on an upward march for a couple of years. The rise has been driven by a rush of companies issuing longer-maturity debt at a time when borrowing costs are low"

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- [Big US loan fund stumbled in 2020 on airline and shale bets](#)
“One of the largest loan mutual funds in the US stumbled in 2020 after bets on coronavirus-hit airlines and shale producers soured. Lord Abbett’s floating rate fund suffered a loss of 1.7 per cent in 2020, according to Morningstar data. That compared to a positive return of 2.8 per cent for the Credit Suisse Leveraged Loan index, the fund’s benchmark. Analysts said the underperformance was relatively severe in a sector characterised by moderate returns, due to loans being higher up in a company’s capital structure and thus more protected than bonds or stocks should it fall into bankruptcy”
- [Investors pour record \\$58bn into global stock funds in single week](#)
“Investors also piled \$13.1bn into global bond funds while pulling \$10.6bn from their cash piles. The data underline how historically low interest rates and expectations for a big rebound this year in global economic growth have whet investors’ appetite for riskier assets. The shift is causing rising unease among some investors and analysts, who worry that asset prices have become overextended”
- [US banks push Fed for extension of Covid capital relief](#)
“US banks are pressing the Federal Reserve to extend concessions that loosened capital requirements when the pandemic struck, arguing that financial markets would be at risk if the relief expires as planned next month”
- [Auto loan market revs up as US car demand holds firm](#)
“The prices of bonds backed by auto loans have hit multi-year highs. The riskier triple-B groups of auto-backed bonds now trade with yields just 0.7 percentage points higher than Treasuries of similar maturities, according to JPMorgan. That extra return over the world’s premier risk-free asset has shrunk by 0.3 percentage points from its previous lows in January 2020, before the coronavirus crisis began”
- [ICE to shift EU carbon trading from London to Amsterdam](#)
“EU carbon trading is set to move from London to Amsterdam in the latest knock-on effect of Brexit on the UK’s financial services industry. US-based Intercontinental Exchange will move the carbon contracts, a central part of the EU’s flagship policy on climate change, to its ICE Exch exchange in coming months, according to a notice to its customers on Monday. It is the world’s biggest carbon trading market, handling more than €1bn of contracts a day.”
- [Tesla’s bitcoin buy undercuts company’s green credentials](#)
“Cryptocurrency has already been calculated to produce nearly as much carbon as the nation of Sri Lanka and some scientists have warned that crypto’s growth may single-handedly undermine the Paris climate accord”
- [Direct indexing looks set to disrupt the retail ETF market](#)
“The nascent concept allows investors to customise existing indices to create bespoke portfolios tailored to meet their personal preferences for investment factors, such as tilts to value or quality, their personal environmental, social and governance (ESG) beliefs, and potentially to minimise tax liabilities”
- [Fallen angel ETFs face potential fall from grace](#)
“Investors who bought fallen angel ETFs at their lows in 2020 benefited from stellar returns by the end of the year, but a potential return to inflation could have a negative impact on this market in 2021, some industry figures say”
- [Private equity firm withdraws bid for Australia’s scandal-hit AMP](#)
“Shares in AMP, one of Australia’s largest financial groups, fell sharply after it said US private equity group Ares Management had scrapped a A\$6bn bid for the scandal-plagued wealth manager. The withdrawal of the offer on Thursday marked a setback for AMP, which has been embroiled in recent years in controversies including allegations of sexual harassment, lying to regulators and charging customers fees for services it never provided”
- [Argentina’s largest oil group swerves \\$6.2bn debt default](#)
“Argentina’s largest oil company will avoid defaulting on \$6.2bn of debt after on Sunday reaching an agreement with its most combative creditors, in a last-minute reprieve for the country’s struggling energy sector”

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Thomson Reuters

- [Britain's economy to reach pre-COVID-19 levels within two years - Reuters poll](#)
"Britain's economy will narrowly dodge a double-dip recession and will have returned to pre-COVID-19 levels within two years, according to economists in a Reuters poll who said the Bank of England was unlikely to take borrowing costs negative"
- [Arabesque hires HSBC's Klier to head ESG data, advisory and research](#)
"Arabesque has hired HSBC's global head of sustainable finance, Daniel Klier, to drive its data, advisory and research services as the ESG investment research and asset manager seeks to scale up its global offering"
- [Big Law bets that ESG trend is here to stay with fresh moves by Orrick, Seyfarth](#)
"Law firms are upping their investment in environmental, social and governance practices as companies push to incorporate global citizenship into their corporate values and business strategies"
- [Exclusive: EU faces bankruptcies and bad loans as COVID-19 help for firms ends - EU document](#)
"The European Union is facing a surge in bankruptcies and bad loans once the post-pandemic economic recovery starts to take hold and governments begin withdrawing state schemes that are keeping many firms on life support, a EU document indicates"
- [EU urges governments to think green, digital before recovery plan launch](#)
"The European Commission urged governments on Tuesday to make a genuine effort to focus on digitalisation of their economies and fighting climate change in designing reforms and investments financed by EU grants as part of the recovery from the COVID-19 crisis"
- [EU leaves some room for gas projects in green spending guidelines](#)
"The EU's mammoth post-pandemic recovery fund, which is intended to exclude projects that worsen climate change or harm the environment, could in some circumstances be used for investment in a fossil fuel - gas - the European Commission"
- [ECB needs new bond-buy rules that reflect climate risk, policymakers argue](#)
"The European Central Bank should incorporate climate criteria into its corporate bond purchases buys, two influential members of its Governing Council argued on Thursday, joining a growing circle of policymakers calling for new purchase rules"
- [ECB should favour greener assets - policymakers](#)
"The European Central Bank should consider climate risk in weighing the value of assets and collateral in its transactions, two ECB policymakers said on Thursday, as momentum builds in favour of a greener monetary policy"
- [Shell's new plan tests investors' green resolve](#)
"Royal Dutch Shell is presenting investors with a choice. While BP's long-term strategy envisages major reductions in oil output and big pivots to renewable energy, its Anglo-Dutch counterpart on Thursday set out a much more business-as-usual plan. Which one prevails will say something about the two hitherto-similar oil majors, but also the true preoccupations of their shareholders"
- [Dutch SPAC ESG Holdings lists in 250 million euro IPO](#)
"Shares in ESG Core Investments began trading on the Euronext in Amsterdam on Friday after raising 250 million euros (\$303 million) in an initial public offering (IPO), the stock exchange said, completing its first special purpose acquisition company (SPAC) offering of 2021"
- [SEB Investment Management joins Nordic flight from fossil fuel assets](#)
"SEB Investment Management, one of Scandinavia's largest asset managers, said on Tuesday it would no longer invest in fossil fuel companies and it expected its holdings to be carbon neutral by 2040"
- [Danish pension giant ATP makes first investment in social bonds](#)
"Denmark's ATP, one of the first pension funds globally to buy green bonds, has made its first investments in so-called social bonds as part of its sustainable portfolio, it said"
- [France's SocGen lags rivals in debt trading](#)
"France's Societe Generale posted a drop in equity and fixed-income trading revenues in the fourth quarter, the bank reported on Wednesday, out of step with many rivals who profited from volatility during the COVID-19 pandemic"
- [Credit Agricole sends positive signal with return to dividends](#)
"Credit Agricole SA signalled the worst of the COVID-19 pandemic may have passed on Thursday as the bank prepared to resume dividends and beat forecasts for fourth-quarter earnings"
- [Spain to strengthen support for company solvency soon](#)
"Several sources told Reuters on Monday the government was aiming to outline in the coming weeks a set of measures to support companies, possibly including haircuts on state-backed loans as well as direct state aid to help smaller firms weather the COVID-19 pandemic"
- [Gazprom taps Eurobond market again with 1 billion euro deal](#)
"Gazprom returned to the bond market on Wednesday with a new 1 billion euro (\$1.21 billion) Eurobond issue, Refinitiv IFR reported, in a sign of investor confidence in the state-controlled Russian gas producer despite tensions with the West. The new bond deal comes just three weeks after Gazprom raised \$2 billion also via a Eurobond issue"

**15 February 2021**

- [White House launches clean energy effort, \\$100 million in technology funding](#)
“The Biden administration on Thursday announced the U.S. Department of Energy will offer \$100 million in funding to support low-carbon energy technologies and create a working group to aid their development and sale”
- [Does a greener world need less greenbacks?](#)
“The greening of the planet should mean fewer dollars need to be held in reserve around the world and may fuel persistent doubts about the greenback’s future as the dominant world currency”
- [Mobile bank MoneyLion to go public via blank-check merger in \\$2.9 billion deal](#)
“The deal will be supported by a \$250 million private investment from funds and accounts managed by BlackRock, affiliates of Apollo Global Management and others”
- [Ubben seeks \\$8 billion for new hedge fund amid talks with Exxon](#)
“Jeffrey Ubben, a hedge fund veteran in talks to join Exxon Mobil Corp’s board, is seeking to raise as much as \$8 billion for his new socially and environmentally conscious fund, according to people familiar with the matter”
- [YPF Ad Hoc group creditors won’t swap debt beyond 2021 bonds, says source](#)
“Creditors holding Eurobonds issued by Argentina’s YPF have called on the state energy company to cancel its proposed debt swap beyond the 2021 bond, a source said”
- [Deserted debts stir disquiet in the mysterious world of Dubai Inc](#)
“Dubai’s debts have always been something of a mystery for investors but since the coronavirus pandemic hit its economy, things have got hazier, some say”

Regulators and Associations Monitored

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

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