

Katten



UK Financial Insights from Katten

February 2024

DEI and the Perils of Over-Claiming and Under-Delivering

Hosted by Neil Robson

Building a business with a diversified employee base is no longer a nice to have; it is necessary, both in terms of talent retention and client retention. In the latest episode of “[\(mis\)Conduct, Money & Reputation](#),” Financial Markets and Funds Partner Neil Robson and David Masters of reputation specialists Lansons/Team Farner delve into the increasingly knotty area of Diversity, Equity and Inclusion. They explore various topics, from the perils of over-claiming and under-delivering to the increasing scrutiny around non-financial misconduct. The two also discuss the Financial Conduct Authority (FCA) proposals to require financial services firms to implement evidence-based diversity and inclusion strategies that consider the individual firm's progress on these efforts. [Read about this \(mis\)Conduct, Money & Reputation podcast episode.](#)

UK Government Grants Equivalence to EEA UCITS Funds Under the Overseas Funds Regime

By Neil Robson, Christopher Collins, Ciara McBrien

On January 30, the UK government published a written statement granting an equivalence decision for European Economic Area (EEA) undertakings for the collective investment in transferable securities (UCITS funds) under the UK Overseas Funds Regime (OFR). This means that subject to additional legislation being put in place, EEA UCITS funds may be marketed into the UK without needing to meet any additional UK requirements. [Read about the UK's OFR.](#)

UK and European M&A: Predictions for 2024

By Oliver Williams, Edward Tran, Alex Potten, George Warren

The Corporate team shares their top five predictions for 2024 M&A activity in the UK and Europe. Despite a challenging 2023 and increased opportunities for disruption going into this year, the future holds promise for an M&A rebound across Europe and the UK. [Read Katten's advisory.](#)

Neil Robson Weighs In on AI Uses for ESG Reporting

Financial Markets and Funds Partner Neil Robson spoke with *Compliance Week* on how AI could be a useful tool for analyzing a company's data for its ESG reporting and disclosures. This has spurred discussions about whether artificial intelligence (AI) is a viable solution for companies needing to analyze and present data in a way compliant with mandatory and voluntary reporting standards. [Read about Neil's comments.](#)

SEC Adopts Security-Based Swap Execution Facility Rules Similar to CFTC's

By Carl Kennedy, James Brady, Nathaniel Lalone, Alexander Kim

Published in *The Journal on the Law of Investment & Risk Management, Futures and Derivatives Law Report*, the Financial Markets and Funds team provides an in-depth analysis of Regulation SE, the US Securities and Exchange Commission's (SEC) adopted final rules establishing its trading regime for security-based swaps as required under the Dodd-Frank Wall Street Reform and Consumer Protection Act. Entities operating in the regulated swaps market will see many similarities between the SEC regime and the Commodity Futures Trading Commission's (CFTC) Swap Execution Facilities (SEFs) regime. Our attorneys highlight Regulation SE's compliance schedule and the similarities and differences between the regulations in a rule-by-rule chart.

[Read Katten's article.](#)

ChatGPT Violates EU Privacy Rules According to Italian Watchdog

By Sarah Simpson

OpenAI was thrust into the limelight last year thanks to the popularity of its generative AI chatbot ChatGPT. While it is expected that with fame, there is both praise and scrutiny, for OpenAI the balance has tipped more towards the latter – significantly at a potential cost of either €20m or 4 per cent of its global annual turnover (whichever is higher). When Italy's data protection authority (Garante) applied a temporary ban on ChatGPT in March 2023, there was the expectation that a problem was brewing – the extent of which was unclear until now. Garante revealed, not yet in full, that OpenAI has violated the EU General Data Protection Regulation (GDPR), likely because ChatGPT was trained by ingesting masses of data scraped from the internet. [Read about potential AI conflicts with GDPR.](#)

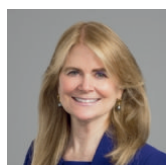
Generative AI – Data Privacy's Friend or Foe?

By Sarah Simpson

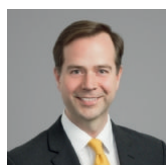
Generative AI is a hot topic in data privacy as it presents new challenges for protecting personal data. The rapid growth of AI systems producing and processing data, including personal data, means that it's super important that companies using such systems do so in accordance with their GDPR obligations. Earlier this month, the UK data protection watchdog, the Information Commissioner's Office (ICO), began a consultation series on generative AI, which analyses how data protection legislation should apply to the development and use of AI. [Read about ICO concerns with generative AI.](#)

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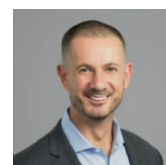
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