

COVID-19 Regulatory Actions and Developments

EU/UK AIFs

The European Securities and Markets Authority (ESMA)

Date: May 20, 2020

New! *ESMA Calls for Transparency on the Effects of COVID-19 in Half-Yearly Financial Reports*

ESMA published a statement addressing the impact of the COVID-19 pandemic on the half-yearly financial reports of listed issuers. ESMA recommended, amongst other things, that such issuers should make use of the time permitted under their respective national laws to ensure their reports contain relevant, up-to-date and reliable information.

[External Link](#)

Date: May 18, 2020

ESMA Publishes Statement on the Non-Renewal and Early Termination of European Short Selling Bans

ESMA notes that the national competent authorities in Austria, Belgium, France, Greece and Spain chose not to renew their emergency restrictions on short selling, and that the Italian regulator decided to pre-emptively terminate its equivalent emergency restrictions (which were otherwise due to expire on June 18). All such short selling measures therefore expire at midnight on May 18.

[External Link](#)

Date: May 14, 2020

ESMA Statement Supporting ESRB's actions to Address COVID-19 Related Systemic Vulnerabilities

ESMA published a statement supporting the European Systemic Risk Board's ("ESRB") recommendations that EU financial regulators should undertake focused supervisory engagement with investment funds that have significant exposure to less liquid assets, such as corporate debt and real estate.

[External Link](#)

Date: May 14, 2020

ESMA Highlights a Potential Decoupling of Financial Market Performance and Underlying

Economic Activity in its Risk Dashboard

ESMA published its first complete risk dashboard for 2020, which maintains the very high risk levels noted in its previous assessments following the outbreak of COVID-19. ESMA notes that there is potential for a decoupling of financial market performance and underlying economic activity, which could possibly lead to further risk and market corrections in the EU.

[External Link](#)

Date: May 4, 2020

ESMA Publishes Joint RTS on Amendments to the Bilateral Margin Requirements under EMIR

The European Supervisory Authorities (“ESAs”), of which ESMA is a member, published joint draft regulatory technical standards (“RTS”) relating to a one-year deferral of the two implementation phases of the bilateral margin requirements for non-centrally cleared OTC derivatives under the European Markets Infrastructure Regulation. Counterparties with an aggregate average notional amount of non-centrally cleared derivatives above €50 billion will become subject to the requirement to exchange initial margin from September 1, 2021, while covered counterparties with an aggregate average notional amount of non-centrally cleared derivatives above €8 billion will become subject to the requirement from September 1, 2022.

[External Link](#)

Date: April 9, 2020

ESMA Publishes Statement on Supervisory Expectations for the Publication of Investment Fund Periodic Reports

The statement is directed at fund managers and concerns their obligations to publish yearly and half yearly reports. ESMA expects EU financial regulators to adopt a risk-based approach and not to prioritize supervisory actions relating to the late publication of such reports.

[External Link](#)

Date: April 9, 2020

ESMA Statement on Coordinated Action Regarding Benchmarks External Audit Requirements

ESMA expects EU financial regulators not to prioritize their supervisory action against benchmark administrators and supervised contributors relating to the timeliness of external audit requirements where such audits are carried out by September 30, 2020.

[External Link](#)

Date: March 20, 2020

ESMA extends consultations response dates

ESMA extended the response date for all ongoing consultations with a closing date on, or after,

March 16, 2020, for a period of four weeks.

[External Link](#)

Date: March 11, 2020

ESMA Recommendation to Financial Market Participants in Light of the COVID-19 Pandemic

ESMA issued a statement recommending actions that EU financial market participants should take as a result of the COVID-19 pandemic, including the use of business contingency plans, disclosure by issuers of any relevant significant information under the Market Abuse Regulation, transparency by issuers of the actual and potential impacts of the COVID-19 pandemic, and the application of ordinary-course risk management requirements by asset

[External Link](#)

Financial Conduct Authority (FCA)

Date: May 14, 2020

FCA Statement on the UK Corporate Insolvency and Governance Bill

The FCA published a statement commenting on certain impacts on the financial services sector of the planned Corporate Insolvency and Governance Bill (which aims to help businesses affected by the COVID-19 pandemic). The FCA notes that certain measures will not be available for some financial services firms and contracts, including company moratoriums, the suspension of ipso facto (termination) clauses and the temporary suspension of wrongful trading provisions.

[External Link](#)

Date: May 7, 2020

Regulatory Initiatives Grid Launched

The Financial Services Regulatory Initiatives Forum, comprised of the Bank of England, PRA, FCA, Payment Systems Regulator, Competition and Markets Authority, and HM Treasury, launched a new initiative, the Regulatory Initiatives Grid (the “Grid”), to help financial firms prepare for upcoming regulatory work. The launch of the Grid was brought forward due to the COVID-19 pandemic. The Grid sets out the planned timetable for major initiatives, including the transition from LIBOR and the introduction of financial services legislation post Brexit.

[External Link](#)

Date: April 29, 2020

FCA Statement on LIBOR Timeline

Following discussions with the Working Group on Sterling Risk-Free Reference Rates, the FCA published a joint statement with the Bank of England maintaining the position that firms cannot rely on LIBOR being published after the end of 2021, despite any impacts of the COVID-19 pandemic. The Working Group has made a number of LIBOR transition recommendations to the

FCA.

[External Link](#)

Date: April 25, 2020

FCA Updates Key Workers Website after expansion of COVID-19 Testing

The FCA notes that, after the expansion of coronavirus testing in England to include self-isolating essential workers showing symptoms, only those financial services workers previously identified as essential workers should seek testing at this time.

[External Link](#)

Date: April 22, 2020

FCA Publishes Webpage on Changes to Regulatory Reporting

The FCA introduced a number of temporary measures to assist firms with their regulatory reporting requirements during the COVID-19 pandemic. The FCA has extended the submission date for certain regulatory returns and waived the administrative fee for late returns for small or medium-size businesses until June 30, 2020.

[External Link](#)

Date: April 21, 2020

FCA Webpage on Financial Advisers' Professional Indemnity Insurance ("PII")

The FCA published a new webpage setting out its position on the impact of the COVID-19 pandemic on financial advisers' PII. Following the FCA's conversations with the International Underwriting Association, it understands that PII cover remains available in the market and the COVID-19 pandemic is not preventing insurers from undertaking the renewals process. The FCA continues to require firms to have PII policies in place in accordance with its rules, to support their ability to meet liabilities as they fall due and protect their consumers.

[External Link](#)

Date: April 20, 2020

FCA Provides for an Extension on the Time Limit for Obtaining Appropriate Qualifications

While the FCA still expects firms to ensure that all employees have the skills, knowledge and expertise needed to discharge their responsibilities, the FCA has announced that it has no intention of taking action against firms that are not able to ensure that an employee has attained an appropriate qualification within the usually required 48 months because the relevant examinations were cancelled or postponed. Affected employees now have an additional 12 months to complete the appropriate qualifications.

[External Link](#)

Katten's *Corporate and Financial Weekly Digest* article on this topic is [available here](#)

Date: April 20, 2020

FCA Announcement on Wet-Ink Signatures

The FCA has clarified that firms may use electronic signatures for all interactions with the FCA, but it also notes that firms should consider the legal position of the validity of electronic signatures when liaising with the FCA.

[External Link](#)

Date: April 15, 2020

FCA Updates Website on its Expectations Regarding Funds

The FCA has published a website dedicated to its expectations regarding funds in light of the COVID-19 pandemic, which includes a number of flexible measures to help funds navigate the challenges that they might be facing. The latest update relates to portfolio value reporting, the use of repos for liquidity management, client assets and paper-based and manual processes.

[External Link](#)

Date: April 8, 2020

FCA Publishes Statement of Policy on Listed Companies and Recapitalization Issuances

The FCA introduced a series of measures aimed at assisting companies in raising new share capital in response to the COVID-19 pandemic while retaining an appropriate degree of investor protection. These include measures relating to smaller share issues, shorter form prospectuses, working capital statements and general meeting requirements.

[External Link](#)

Date: April 8, 2020

FCA Welcomes BCBS and IOSCO Delay to Initial Margin Requirements for Non-Centrally Cleared Derivatives

The Basel Committee on Banking Supervision and the International Organization of Securities Commissions published a joint statement announcing a one-year deferral of the September 2020 and September 2021 phase-ins of the global initial margin requirements for non-centrally cleared derivatives.

[External Link](#)

Date: April 6, 2020

FCA Publishes Revised COVID-19 Statement

The FCA issued a revised statement on its joint efforts with the Bank of England and HM Treasury to engage with firms, trade associations and industry bodies to understand the pressures they are facing as a result of the COVID-19 pandemic. This work includes actively reviewing the contingency plans of a wide range of firms. In particular, while the FCA has no objection in principle to staff working from home or from alternative sites, it expects that firms will, for example, use recorded lines when trading and give staff access to any compliance support they may need.

[Available here](#)

Katten's *Corporate and Financial Weekly Digest* article on this topic is [available here](#)

Date: March 31, 2020

FCA Information for Firms on COVID-19 Response Webpage

The FCA updated its COVID-19 response webpage to state that it continues to monitor the spread of the virus and is prepared to take any necessary steps to ensure customers are protected and markets continue to function well. The FCA is in regular contact with firms to assess their current position and expects them to take reasonable steps to ensure they are prepared to meet the challenges COVID-19 poses to customers and staff. The new webpage also sets out the FCA's responses on a variety of discrete regulatory and compliance topics.

[Available here](#)

Katten's *Corporate and Financial Weekly Digest* article on this topic is [available here](#)

Date: March 27, 2020

FCA and PSR Respond to the CMA's Guidance on Business Cooperation under Competition Law.

Both the FCA and the UK's Payment Systems Regulator ("PSR") supported the UK's Competition and Markets Authority's guidance on its approach to business cooperation under competition law. Both regulators will take a consistent approach to their competition law enforcement activity, which should not impede firms from working together to provide essential services to consumers during the COVID-19 pandemic. At the same time, the FCA and the PSR will not tolerate conduct that exploits the situation and harms consumers.

FCA statement [available here](#)

CMA's guidance is [available here](#)

Date: March 27, 2020

Joint Statement by the FCA, FRC and PRA on Actions to Support Capital Markets

The FCA, the UK's Financial Reporting Council ("FRC") and the PRA announced certain actions to ensure information flow to investors and to support the continued functioning of the UK's capital markets, including a two-month delay in publishing audited annual financial reports, overcoming challenges in obtaining audit evidence and assessing expected loss provisions under IFRS 9.

FCA statement [available here](#)

BoE statement is [available here](#)

Date: March 25, 2020

Impact of COVID-19 on Firms' LIBOR Transition Plans

The FCA, Bank of England ("BoE") and members of the Working Group on Sterling Risk-Free Reference Rates ("Working Group") concluded that firms must not rely on LIBOR being

published after the end of 2021, even in light of the COVID-19 pandemic. There has, however, been an impact on the timing of some aspects of the transition programs of many firms and some interim transition milestones. The FCA, BoE and Working Group will continue to monitor and assess the impact of the COVID-19 pandemic on transition timelines with a view to updating market participants as soon as possible.

[External Link](#)

Date: March 20, 2020

FCA and PRA Publish Guidance on Key Financial Workers Critical to COVID-19 Response

The FCA and the PRA separately published guidance on steps that firms should take in identifying key workers in the financial services industry, which is defined to include those who are essential to the provision of financial services to the real economy or to financial stability. The identification of key workers should also include those associated with critical outsource partners, which may not be financial services firms.

FCA statement [available here](#)

BoE statement is [available here](#)

Katten's *Corporate and Financial Weekly Digest* article on this topic is [available here](#)

Other Regulatory

Date: May 19, 2020

NEW! ECB Publishes Results of Survey on Credit Terms and Conditions in Securities Financing and OTC Derivative Markets

From the results of the survey, the ECB noted that credit terms and conditions remained broadly unchanged but are expected to tighten significantly in the next reference period due to the ongoing COVID-19 pandemic. The ECB also explained that financing collateralised by euro-denominated securities has continued to decline, whilst valuation disputes have significantly increased.

Press Release available here: [External Link](#)

Report available here: [External Link](#)

Date: May 7, 2020

BoE Publishes its Interim Financial Stability Report and Quarterly Monetary Policy Report

The BoE published an interim financial stability report setting out its view of the performance of the UK's financial system during the COVID-19 pandemic and the outlook for the UK's financial stability, including its assessment of the resilience of the UK financial system. The BoE has also published its quarterly monetary policy report that sets out its response to the COVID-19 pandemic in relation to the BoE's interest rate and the UK's level of inflation. In the financial stability report, the BoE has advised that while there may be a need for short-term reprioritisation, market participants should remain focused on the continued importance of removing reliance on Libor by the end of 2021.

The financial stability report is available here: [External Link](#)

The monetary policy report is available here: [External Link](#)
