

COVID-19 Regulatory Actions and Developments

Other Regulatory

Date: May 22, 2020

NEW! *BoE Publishes Update on the Contingent Term Repo Facility (“CTRF”)*

The BoE confirmed that it will discontinue three-month CTRF operations at the end of May 2020, but will continue to offer one-month term CTRF operations on a weekly basis until the end of June 2020.

[External Link](#)

Date: May 22, 2020

NEW! *PRA Statement on Regulatory Capital and IFRS Requirements*

The PRA published a statement that provides further information on the application of regulatory capital and International Financial Reporting Standard 9 requirements to payment holidays granted or extended to address the challenges of the COVID-19 pandemic.

[External Link](#)

Date: May 19, 2020

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

PRA Statement on the Prioritisation of Critical Functions

The PRA sets out a number of measures to help firms maintain their safety and soundness, and deliver the critical functions that they provide to the economy. The statement covers, among other things, advice around climate change, the LIBOR transition and guidance on the

calculation of the 12-month period used for stressed VAR.

[External Link](#)

Date: May 7, 2020

PRA Statement on Pillar 2A Capital Requirements

In response to the COVID-19 pandemic, the PRA announced that it is setting all Pillar 2A requirements as a nominal amount, instead of a percentage of total risk weighted assets.

[External Link](#)

Date: May 7, 2020

Bank of England and PRA Statement on Resolution Measures

The Bank of England and PRA published a joint statement announcing changes to resolution measures aimed at alleviating operational burdens on PRA-regulated firms. The announcement includes an update on the minimum requirement for own funds and eligible liabilities.

[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](#)

Date: May 4, 2020

EBA Press Release on an Additional EU-Wide Transparency Measure

The EBA launched an additional EU-wide transparency measure that will, by the beginning of June, provide market participants with updated information on the financial condition of EU banks. The information will be taken from data provided by banks to the EBA in December 2019, and will cover banks' capital positions, financial assets, financial liabilities, risk exposure amounts, sovereign exposures and asset quality.

[External Link](#)

Date: May 4, 2020

PRA Statement on the Bounce Back Loan Scheme

The PRA published a statement that sets out its observations on credit risk mitigation eligibility and the leverage ratio treatment of loans under the UK Government's Bounce Back Loan Scheme ("BBLs"). For example, the PRA has confirmed that the BBLs guarantee provided by the Secretary of State can be recognised as unfunded credit risk protection.

[External Link](#)

Date: April 30, 2020

ECB Press Release on Amending Interest Rates

The ECB has announced a number of measures to recalibrate targeted lending operations to further support the EU economy. Key changes include a reduction in the interest rate on all targeted longer-term refinancing operations by 25 basis points to -0.5% from June 2020 to June 2021, and for banks meeting the lending threshold of 0% introduced on March 12, 2020, the interest rate can be as low as -1%.

[External Link](#)

Date: April 30, 2020

ECB Announcement Regarding New Longer-Term Refinancing Operations

The ECB has introduced seven additional longer-term refinancing operations to ensure liquidity support for the EU financial system. These measures are intended to contribute to preserving the smooth functioning of European money markets by providing an effective backstop after the expiry of the longer-term bridge refinancing operations that have been conducted since March 2020.

[External Link](#)

Date: April 28, 2020

EC Adopts a New Set of Measures in Response to the COVID-19 Pandemic.

The European Commission ("EC") introduced a new set of measures to facilitate bank lending to support the EU economy and help mitigate the impact of the COVID-19 pandemic. The approach generally relaxes the EU's accounting and prudential rules; for example, European banks will benefit from a temporary measure that amends their obligations under the EU's Capital Requirements Regulation when calculating capital ratios and loan-loss provisions.

[External Link](#)

Date: April 27, 2020

FCA and PRA Statements on HM Treasury's Amendments to the UK's CBILS, CLBILS and BBL Schemes

HM Treasury has amended the coronavirus business interruption loan scheme ("CBILS") and the new bounce back loan ("BBL") scheme to support small businesses. In response, the FCA notes that certain FCA Handbook creditworthiness rules and customer due diligence procedures for lenders may be relaxed in some limited instances in connection with the CBILS. The PRA's statement considers whether guarantees provided by the Secretary of State for Business,

Energy and Industrial Strategy under the amended CBILS and the coronavirus large business interruption loan scheme ("CLBILS") are eligible for recognition as unfunded credit risk mitigation under the Capital Requirement Regulation.

[External Link](#)

Date: April 22, 2020

ECB Announces Measures to Mitigate the Impact of Possible Rating Downgrades on Collateral Availability

In light of the COVID-19 pandemic, the ECB adopted a number of temporary measures to mitigate the effect on the availability of collateral due to possible rating downgrades. The measures aim to ensure that banks have sufficient assets available to participate in liquidity-providing operations in the EU and to continue the provision of funding to the Eurozone economy.

[External Link](#)

Date: April 22, 2020

EBA Provides Further Guidance on Flexibility in Relation to Market Risk

To mitigate the impact of the COVID-19 pandemic on market risk prudential requirements, the EBA proposed amending its standards on prudent valuation by introducing the use of a 66% aggregation factor to be applied until December 31, 2020 and to delay reporting of the first FRTB-SA figures to September, 2021. The EBA also published a statement on additional supervisory measures and the application of the prudential framework on targeted aspects in the area of market risk.

[External Link](#)

Date: April 22, 2020

BoE Statement on Increase to APF Gilt Lending Limits

The BoE announced that it has increased the proportion of gilts held in the asset purchase facility ("APF") that are made available to the UK Debt Management Office (the "DMO") to use in its market operations and for the DMO's standing and special repo facilities. The BoE will more than double the total percentage of the APF's gilt holdings available each day, which will facilitate an additional £30 billion of lending to the market by the DMO.

[External Link](#)

Date: April 20, 2020

PRA Q&A on the Usability of Liquidity and Capital Buffers

In light of the COVID-19 pandemic, the BoE's PRA published a Q&A on liquidity and capital buffers for all firms to which the Capital Requirements Directive IV applies. This includes the PRA's views on the usability of liquidity and capital buffers, how these buffers will support the

economy and the expected period required to restore the buffers.

[External Link](#)

Date: April 9, 2020

PRA Decision on Systemic Risk Buffer Rates

In light of the COVID-19 pandemic, the PRA, with the support of the Financial Policy Committee, issued a decision to maintain the systemic risk buffer rates for ring-fenced banks and large building societies at the rate set in December 2019. The PRA will next reassess these rates in December 2021.

[External Link](#)

Date: April 6, 2020

KOSPI 200 Index Transitions to Narrow-Based Security Index

Korea Exchange ("KRX") noted that the KOSPI 200 index was deemed a narrow-based security index under the U.S. Commodity Exchange Act and U.S. Securities Act since April 1, 2020, and as such, futures on the KOSPI 200 index are now available for trading by certain U.S. persons only in accordance with applicable SEC and CFTC staff guidance. In addition, KOSPI 200 index futures are no longer available for trading via Globex pursuant to a 2014 KRX – CME Group Strategic Partnership.

[External Link](#) and [External Link](#)

Date: April 3, 2020

FinCEN Issues Special Notice

The Financial Crimes Enforcement Network has issued a notice to assist financial institutions in complying with anti-money laundering and related obligations during the COVID-19 pandemic. The notice also includes a direct contact mechanism for urgent COVID-19-related issues.

[External Link](#)

Date: April 3, 2020

Basel Committee and IOSCO announce deferral of final implementation phases of the margin requirements for non-centrally cleared derivatives

On April 3, the Basel Committee on Banking Supervision and the International Organization of Securities Commissions announced a delay in the global implementation of mandatory initial margin for uncleared swaps. The initial margin compliance dates for Phase 5 and Phase 6 will now be, respectively, September 1, 2021, and September 1, 2022. The CFTC and US prudential regulators will have to amend their respective margin rules to make this change official for US swap dealers

[External Link](#)

Date: April 3, 2020

ECB Updated its FAQ on Certain Supervisory Measures

The European Central Bank ("ECB") published FAQs on supervisory measures in reaction to the COVID-19 pandemic, including: relief measures regarding asset quality deterioration and non-performing loans; relief measures regarding the operational aspects of supervision; and relief measures regarding capital and liquidity requirements.

[External Link](#)

Date: April 3, 2020

Joint PRA and HMT statement on the delay to implementation of the Basel 3.1 standards

The PRA and the HM Treasury (UK) published a statement welcoming the one-year delay to the implementation of Basel 3.1 standards, which was announced by the Group of Central Bank Governors and Heads of Supervision in order to provide operational capacity to banks and supervisors to meet the financial stability challenges of the COVID-19 pandemic.

[External Link](#)

Date: March 31, 2020

EBA Clarifies Measures to Mitigate the Impact of the COVID-19 Pandemic on the EU Banking Sector

The European Banking Authority ("EBA") clarified its expectations in relation to dividend and remuneration policies, provided additional guidance on how to use flexibility in supervisory reporting and recalled the necessary measures to prevent money laundering and terrorist financing ("ML/TF"). The EBA also advised institutions to refrain from distributing dividends or making share buybacks and separately requested that national competent authorities of the various EU Member States offer flexibility on reporting and Pillar 3 disclosure dates. Finally, the EBA called on regulators to support financial institutions' ongoing ML/TF prevention efforts by sharing information on emerging risks, setting clear regulatory expectations and using supervisory tools flexibly.

Supervisory reporting and Pillar 3 disclosure statement [available here](#)

Dividend distribution, share buybacks and variable remuneration statement [available here](#)

Financial crime risk statement [available here](#)

Date: March 26, 2020

Letter from PRA to UK Bank Chief Executives on IFRS 9, capital requirements and loan covenants

The PRA wrote to the chief executives of UK banks on the regulatory and supervisory measures that it is taking to alleviate the financial stability impact of the COVID-19 pandemic and to maintain the safety and soundness of authorised firms. The PRA's letter also includes guidance in respect of consistent and robust IFRS 9 accounting and the regulatory definition of default; the treatment of borrowers who breach covenants due to COVID-19; and the regulatory capital

treatment of IFRS 9.

[External Link](#)

Date: March 25, 2020

EBA Provides Clarity to Banks and Consumers on the Application of the EU Prudential Framework

The EBA published a statement to explain a number of additional interpretative aspects on the functioning of the prudential framework in relation to the classification of loans in default, the identification of forborne exposures, and the accounting treatment of the credit risk of exposures under IFRS 9.

[External Link](#)

Date: March 20, 2020

ECB Coordinated Central Bank Action to Further Enhance the Provision of US Dollar Liquidity

The ECB, the Bank of Canada, the Bank of England, the Bank of Japan, the Federal Reserve and the Swiss National Bank announced coordinated measures to enhance the provision of liquidity via the standing US dollar liquidity swap line arrangements by offering seven-day US dollar operations on a daily basis until at least the end of April and continuing to offer weekly operations with 84-day maturity. The daily operations began on March 23, 2020 and will remain in place for as long as appropriate to support the smooth functioning of US dollar funding markets.

[External Link](#)

Date: March 20, 2020

ECB and Danmarks Nationalbank reactivate swap line to provide euro liquidity

The ECB reactivated its swap line with the Danish central bank (Danmarks Nationalbank) from March 20, 2020 and increased the size of the swap line from €12 billion to €24 billion, which will remain in place for as long as necessary.

[External Link](#)

Date: March 20, 2020

BoE Announces Supervisory and Prudential Policy Measures to Address the Challenges of COVID-19

The Bank of England ("BoE") and PRA announced a number of measures to alleviate operational burdens on PRA-regulated firms and BoE-regulated financial market infrastructures ("FMIs") due to the COVID-19 pandemic, which include cancelling its 2020 annual stress test for eight major UK banks and buildings societies and postponing, where appropriate, non-critical

data requests, on-site visits and deadlines for PRA-regulated firms and BoE-regulated FMI.

[External Link](#)

Date: March 19, 2020

ECB response to the COVID-19 Pandemic

In a statement, the President of the ECB, Christine Lagarde, summarized the recent measures taken by the ECB to mitigate the economic fallout of the COVID-19 pandemic, including in particular the ECB's new Pandemic Emergency Purchase Programme.

[External Link](#)

Date: March 18, 2020

ECB announces €750 billion Pandemic Emergency Purchase Programme (PEPP)

The ECB launched its new PEPP, a temporary asset purchase programme of private and public sector securities, to counter the serious risks to the monetary policy of, and overall outlook for, the Eurozone posed by the COVID-19 pandemic.

[External Link](#)

Date: March 12, 2020

EBA Statement on Actions to Mitigate the Impact of COVID-19 on the EU Banking Sector

The EBA published a statement on the postponement of the EU-wide stress test exercise until 2021 to allow banks to prioritize operational continuity. For 2020, the EBA will carry out an additional EU-wide transparency exercise in order to provide updated information on banks' exposures and asset quality to market participants. In the meantime, national competent authorities of the various EU Member States can give banks some leeway in the remittance dates for some ancillary areas of supervisory reporting.

[External Link](#)

Date: March 12, 2020

ECB announces easing of conditions for targeted longer-term refinancing operations (TLTRO III)

The ECB introduced a number of measures to support bank lending to small- and medium-sized enterprises most affected by the virus. These measures include lowering the interest rate on TLTRO III by 25 basis points, raising the borrowing allowance from 30% to 50% of eligible loans and reducing the lending performance threshold on TLTRO III to 0% from 2.5%.

[External Link](#)

Date: March 12, 2020

ECB Measures to Support Bank Liquidity Conditions and Money Market Activity

The ECB announced a series of additional longer-term refinancing operations to safeguard

liquidity to support banks and to safeguard money market conditions.

[External Link](#)

Date: March 12, 2020

ECB Banking Supervision Provides Temporary Capital and Operational Relief in Reaction to the COVID-19 Pandemic

Principally, the ECB's relief permits banks to fully use capital and liquidity buffers, including operating temporarily below the level of capital required under Pillar 2 Guidance, the capital conservation buffer and the liquidity coverage ratio. Banks will also be permitted, temporarily, to partially use certain otherwise non-qualifying capital instruments to meet their Pillar 2 capital requirements. Finally, the ECB intends to adopt certain operational flexibility in implanting bank-specific supervisory measures.

[External Link](#)
