

Newsletter

FCA sets out its approach to authorisation and supervision of international firms

The Financial Conduct Authority (FCA) has published its approach to the supervision of international firms, explaining the assessment methodology it utilises to assess international firms when they apply for authorisation to operate in the UK. As international firms serving UK customers can sometimes pose risks of harm compared to UK firms because of the way their businesses are structured, the FCA seeks to supervise UK activities of these firms and thereby mitigate such risks.

Find out more:

<https://www.fca.org.uk/news/press-releases/fca-sets-out-its-approach-international-firms>

ESAs publish Final Report and draft RTS on disclosures under SFDR

The Joint Committee of the three European Supervisory Authorities (EBA, EIOPA and ESMA) deliver a Final Report (including draft Regulatory Technical Standards) – 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 the provision of ESG disclosures on the principal adverse impacts of investment decisions and on the sustainability features of a wide range of financial products.

Find out more:

<https://www.eba.europa.eu/>

Join our expert panel-led webinar 'From SFTR to SFDR', at 12pm GMT on Wednesday 10 February, to discover the latest securities lending regulatory developments, including the #SFTR and #SFDR regimes. Register for free here: <https://lnkd.in/eCKQAKW>

ECB lists governance as a supervisory priority for 2021

The European Central Bank (ECB) has set out the primary areas of focus for 2021, prioritising credit risk management, capital strength, business model sustainability and governance. With plans to carry out further structural activities, the ECB consider structural activities beyond the impact of the pandemic, particularly with regard to banks' alignment with climate-related and environmental risks (per ECB expectations) and banks' preparation for the final stages of the implementation of Basel III.

Find out more:

<https://www.bankingsupervision.europa.eu/banking/priorities/priorities/html/index.en.html>

PRA's 'Dear CEO' letter on the operational readiness to implement negative interest rates

The Bank of England's Prudential Regulation Authority (PRA) has issued a 'Dear CEO' letter on the operational readiness to implement zero or negative interest rates. The letter states that, as set out in the February 2021 MPC minutes, the PRA will now engage with PRA-authorized firms on their development of tactical solutions, with the aim of having firms put themselves in a position to be able to implement a negative interest rate at any point after six months.

Find out more:

<https://www.bankofengland.co.uk/prudential-regulation/letter/2021/february/letter-from-sam-woods-4-feb-21>

<https://www.bankofengland.co.uk/-/media/boe/files/monetary-policy-summary-and-minutes/2021/february-2021.pdf>

PRA-regulated firms (UK banks and building societies) should expect a period of intensive regulatory engagement, focused on addressing firm-specific operational risks and the implementation of a negative central bank interest rate. To ensure operational readiness, firms will need to effectively map the various required work streams, conduct risk implications of depositors or borrowers, as well develop comprehensive customer communication programmes.