

October 2016

INVEST

InVest – October 2016

This month's roundup of developments affecting banks, wealth managers, brokers and funds sees the financial service sector publish an article on "Brexit effects: too early to speculate", ESMA publish responses to call for evidence on asset segregation, a discussion paper on MiFID II derivatives trading obligation from ESMA and a £34m customer redress scheme agreed with a payday lender.

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- ▶ ESAs' opinion rejects proposed amendment to draft RTS on non-centrally cleared OTC derivatives

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Investments & Investment Services

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Market Conduct

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- ▶ Corrigendum to Market Abuse Regulation published by the Council of the EU

General Developments

ESMA consultation paper on RTS specifying the scope of consolidated tape for non-equity financial instruments

ESMA has published a [consultation](#) on draft regulatory technical standards (RTS) specifying the scope of the consolidated tape for non-equity financial instruments. Comments to be received by 5 December 2016.

ESMA, 3 October 2016

ESMA methodological framework - model written arrangements for benchmark colleges

ESMA has published a [methodological framework](#) which includes model written arrangements for benchmark colleges.

ESMA, 3 October 2016

Compromise proposal on Regulation amending EuVECA and EuSEF published

The Presidency of the EU has [published](#) its first compromise proposal relating to the proposed amending of the European Venture Capital Funds Regulation (EuVECA) and the European Social Entrepreneurship Funds Regulation (EuSEF). This amends the original proposal and follows on from the legislative proposal for the proposed Regulation published in July 2016.

Council of the EU, 26 September 2016

BoE speech - Rebuilding Trust through the FX global code

The Bank of England has published a [speech](#) by Chris Salmon, Executive Director of Markets, on rebuilding trust through the 'FX Global Code'.

The Bank of England, 21 September 2016

FSB Implementation of G20/FSB financial reforms in other non-priority areas – Summary of key findings

The Financial Stability Board (FSB) has published a [summary](#) of the key findings based on the 2016 FSB implementation monitoring network survey in relation to the implementation of G20/FSB financial reforms in other non-priority areas.

The Financial Stability Board, 22 September 2016

Speech on combating financial crime from FCA

The FCA has published a [speech](#) by the FCA Executive Director of Supervision – Investment, Wholesale and Specialists which looks at taking a more effective approach to combating financial crime. The speech was addressed to banks at the British Banker's Association Financial Crime and Sanctions Conference.

FCA, 22 September 2016

EC's overview of its level 2 measures in financial services

The European Commission has published a [document](#) setting out an overview of level 2 financial services measures. The document comprises a table of initiatives as follows:

- CRD IV Directive and the Capital Requirements Regulation
- Bank Recovery and Resolution Directive
- MiFID II Directive and the Markets in Financial Instruments Regulation
- Market Abuse Regulation
- EMIR - the Regulation on OTC derivative transactions, central counterparties and trade repositories
- Alternative Investment Fund Managers Directive
- CRA III Regulation

European Commission, 22 September 2016

Wealth managers set for seven month winning run

Initial estimates published by Asset Risk Consultants has found that the value of wealth management [portfolios](#) has continued to rise in August and confirmed its marks the seventh successive month that the four private client indices have been in positive territory.

Wealth Manager, 20 September 2016

FCA publishes new form for notifying transaction reporting errors

The FCA has published a new [form](#) to be used by firms when notifying transaction reporting errors or failures to submit transactions. This is required under Chapter 17 of the FCA's SUP and the form explains the need to notify the transaction monitor unit as soon as possible and notify an FCA supervisor.

FCA, 15 September 2016

Dark pool reference prices: occasional paper from the FCA

The FCA has published a paper on asymmetries in dark pool reference prices. [Occasional paper 21](#) sets out the results of a study which analysed two key aspects of reference prices in dark pools – the prevalence, costs and impact of trades at stale reference prices; and the choice of reference price. The paper concludes that dark pools may still offer a valuable service to market participants but it is only the most sophisticated participants that benefit.

FCA, 15 September 2016

Financial service sector Brexit effects: too early to speculate

The FCA's director for competition has reiterated the "business as usual" stance for firms and added that it is too early to evaluate how the [EU referendum](#) will impact the financial services industry in the UK, especially in the longer term. However an informal poll taken at the Financial Services Expo in London showed that more than half of advisers felt the UK would be better off in 20 years' time following the referendum.

Professional Adviser, 14 September 2016

AIMA survey shows change in business models

A [survey](#) by the Alternative Investment Management Association has shown that alternative asset managers are changing their business models and looking at a broader set of arrangements and deepening the relationship with investors. Key findings include:

- 77% of managers are considering or already offer a sliding fee scale
- 97% of managers charge performance fees above a high watermark only
- One in three now charge performance fees above a hurdle rate
- 48% offer or are considering offering co-investment to their investors

- Data disclosure has increased substantially since the financial crisis

AIMA, 12 September 2016

EACB responds to ESMA consultation on Distributed Ledger Technology applied to securities markets

The European Association of Co-operative Banks has [responded](#) to ESMA's discussion paper on the Distributed Ledger Technology Applied to Securities Markets.

EACB, 7 September 2016

European Parliament motion for a resolution objecting to Delegated Regulation on RTS on key information documents for PRIIPs

The European Parliament has published a [motion](#) for a resolution objecting to the Commission's proposed Delegated Regulation supplementing the Regulation on key information documents (KIDs) for packaged retail and insurance-based investment products (PRIIPs) with regard to the presentation, content, review and revision of KIDs and the conditions for fulfilling the requirement to provide such documents.

European Parliament, 5 September 2016

ESRB responds to ESMA consultation

The European Systemic Risk Board has [responded](#) to ESMA's consultation paper on the clearing obligation for financial counterparties with a limited volume of activity.

ESRB, 5 September 2016

ESMA discussion paper responses on distributed ledger technology applied to securities markets

ESMA has published the [responses](#) received in relation to its discussion paper on distributed ledger technology (DLT) applied to securities markets.

ESMA, 5 September 2016

EMIR & Derivatives

ESAs' opinion rejects proposed amendment to draft RTS on non-centrally cleared OTC derivatives

The Joint Committee of the European Supervisory Authorities (ESAs) has [rejected](#) the European Commission's proposed amendment to draft regulatory technical standards (RTS) on non-centrally cleared OTC derivatives under Article 11(15) of EMIR.

ESA, 9 September 2016

Funds

ESMA publishes responses to call for evidence on asset segregation

ESMA has published the [responses](#) it has received in relation to its call for evidence on asset segregation and custody services under the Alternative Investment Fund Managers and UCITS V Directives.

ESMA, 27 September 2016

House of Commons European Scrutiny Committee considers proposal to amend EuVECA Regulation and EuSEF Regulation

The House of Commons European Scrutiny Committee has published its eleventh [report](#) of the 2016-17 parliamentary session requesting further information in relation to the European Commission's legislative proposal for a Regulation to amend the European Venture Capital Funds Regulation and the European Social Entrepreneurship Funds Regulation.

House of Commons European Scrutiny Committee, 20 September 2016

ECB opinion on a proposed Regulation amending EuVECA and EuSEF Regulations

The European Central Bank has published an [opinion](#) on a proposal for a Regulation amending the European Venture Capital Funds Regulation and the European Social Entrepreneurship Funds Regulation
European Central Bank, 13 September 2016

CLLS publishes response to FCA's consultation on proposals for additional reporting requirements for AIFMs

The City of London Law Society (CLLS) has published its [response](#) to the FCA's Quarterly Consultation paper No.13 (CP16/17), which includes commentary on proposals for transparency reporting requirements for alternative investment fund managers (AIFMs).
CLLS, 6 September 2016

Investments & Investment Services

ESMA Q&As on MiFID II and MiFIR transparency topics published

ESMA has published a set of [questions and answers](#) on transparency topics under the MiFID II Directive and the Markets in Financial Instruments Regulation (MiFIR).
ESMA, 3 October 2016

ESMA consultation: draft RTS under SFT Regulation and related amendments

ESMA has published a [consultation](#) on draft Regulatory Technical Standards and Implementing Technical Standards on reporting and transparency of securities financing transactions. The SFT Regulation will require reporting of securities financing transactions details to approved EU trade repositories and the draft RTS give details about the requirements. Amendments to existing technical standards implementing requirements are also proposed, which relate to trade repositories under EMIR. The consultation will close on 30 November 2016.
ESMA, 30 September 2016

Deadline extended on cross-border distribution of investment funds consultation

The European Commission has updated the [deadline](#) on its consultation on the main barriers to cross-border distribution of investment funds. The original closing date has been extended from 2 October to 9 October 2016.
European Commission, 30 September 2016

Discussion paper on MiFID II derivatives trading obligation from ESMA

ESMA has published a [discussion paper](#) on trading obligation for derivatives under MiFIR. Views are sought on how to calibrate the trading obligation and includes options on how to determine the trading obligation by applying two tests specified under Article 32: the venue test and the liquidity test. Comments on the paper can be made until 21 November 2016.
ESMA, 21 September 2016

FCA's market data reporting under MiFID II

The FCA has published [information](#) on market data reporting and its new market data processor system.
FCA, 5 September 2016

Market Conduct

Final guidelines on inside information and commodity derivatives under MAR

Final [guidelines](#) on information relating to commodity derivatives that has to be disclosed under MAR, have been issued by ESMA. The list of examples provided should be taken into account when assessing whether information is inside information, however the guidelines do not impose any additional information disclosure requirements.
ESMA, 30 September 2016

ESMA consultation - Trading obligation for derivatives

ESMA has published a discussion [paper](#) in relation to the trading obligation under the Markets in Financial Instruments Regulation. The consultation closes on 21 November 2016.

ESMA, 20 September 2016

£34m customer redress scheme agreed with payday lender

The FCA has [announced](#) that CFO Lending Ltd, a payday lending firm, has entered into an agreement to provide over £34 million of redress to in excess of 97,000 customers for unfair practices. Further details of the redress scheme are available on a dedicated [webpage](#) and CFO Lending will contact customers to explain how the scheme works.

FCA, 19 September 2016

Corrigendum to Market Abuse Regulation published by the Council of the EU

The Council of the EU has published a [corrigendum](#) to the Market Abuse Regulation.

Council of the EU, 14 September 2016

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