

Financial Regulation Weekly Bulletin

23 January 2020 / Issue 1043

Major UK and European regulatory developments of interest to banks, insurers and reinsurers, asset managers and other market participants

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If you have any comments or questions, please contact [Selmin Hakki](#).

Slaughter and May also produces a periodical Insurance Newsletter. If you would like to go on the distribution list, please contact [Beth Dobson](#).

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General

1. Financial Stability Board

- 1.1 Global Monitoring Report on Non-Bank Financial Intermediation 2019 - published by the FSB - 19 January 2020** - The Financial Stability Board (FSB) has published its global monitoring report on non-bank financial intermediation, previously referred to as ‘shadow banking’. The report is based on data up to the end of 2018 from 29 jurisdictions and focuses on potential bank-like financial stability risks and/or regulatory arbitrage arising in this context.

[FSB 2019 global monitoring report on non-bank financial intermediation](#)

[Press release](#)

2. Financial Conduct Authority

- 2.1 Cross-border testing pilot 2019 - Global Financial Innovation Network publishes report - January 2020** - The Global Financial Innovation Network (GFIN) has published details of the lessons learned as a result of last year’s cross-border testing pilot. The GFIN was launched in January 2019 by an international group of financial regulators, including the FCA, and related organisations, to collaborate on innovation-related topics and to trial cross-border solutions (referred to as the “Global Sandbox”).

It was envisaged that firms in the pilot would be looking to trial a single solution in multiple markets, or a business model with inherent cross-border applications. After an initial screening of 44 applications, the GFIN announced in April 2019 that it would work with 8 firms to develop testing plans; although none of these firms were ultimately ready to begin testing. Consequently, the GFIN will open applications for a new cohort of firms to participate in a pilot in the first half of this year, after several improvements are made to the structure and processes involved.

[GFIN report on its 2019 cross-border testing pilot](#)

[Webpage](#)

3. Financial Conduct Authority and Bank of England

- 3.1 Financial Services AI Public Private Forum - launched by the FCA and the Bank of England - January 2020** - The FCA and the Bank of England have announced the establishment of the Financial Services Artificial Intelligence (AI) Public Private Forum. This follows the publication, in October 2019, of their report on the application of AI and machine learning (ML) in UK financial services. The Forum will “*further constructive dialogue with the public and private sectors to better understand the use and impact of AI/ML, including the potential benefits and constraints to deployment, as well as the risks associated with the application of AI/ML*”. In particular, it will seek to:

- explore the means by which the safe adoption of AI and ML within financial services can be supported, including principles, guidance, regulation and industry good practice;
- share information and understand the practical challenges of using AI and ML within financial services, as well as the barriers to deployment and potential risks; and

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- consider whether ongoing industry input may be useful and, if so, what form this could take.

The FCA and the Bank of England have also published the Forum's Terms of Reference, which outlines the selection process for membership of the Forum, among other things.

[Press release: FCA and Bank of England announce launch of Financial Services Artificial Intelligence Public Private Forum](#)

[The Forum's Terms of Reference](#)

4. Competition and Markets Authority

4.1 Tackling the “loyalty penalty” - CMA publishes update on progress - January 2020 - The Competition and Markets Authority (CMA) has published an update on the progress made by the government and regulators in implementing the CMA's December 2018 recommendations relating to loyalty penalty charges, in response to a super-complaint made by the Citizens Advice Bureau (CAB). The update covers the five markets highlighted in the super-complaint and the CMA's December 2018 report, namely: (i) mobile phone contracts; (ii) broadband; (iii) household insurance; (iv) cash savings; and (v) mortgages.

The update notes, among others, the following developments:

- Ofcom has made progress in the mobile phone contracts market, introducing new rules on end of contract and annual best tariff notifications which will come into effect from February 2020;
- from February 2020 Ofcom will introduce new rules in the broadband market to ensure that consumers are told when their contract is coming to an end, and that customers are shown the best deals available;
- the FCA is reviewing several proposed solutions to address the “loyalty penalty” in the insurance market following its October 2019 market study (MS18/1) on the matter;
- in the cash savings market, the FCA is consulting on proposals to introduce a single easy access rate for easy access savings accounts and cash ISAs to enhance transparency for consumers and competition in the market; and
- the FCA is carrying out further research on the mortgage market but would like to see swifter progress made on developing ways to help protect longstanding customers who could switch, but do not.

The CMA is progressing with its own investigations into the potentially unfair use of roll-over contracts to examine whether longstanding customers are disadvantaged by such practices.

[CMA January 2020 update on progress on tackling the loyalty penalty](#)

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Brexit

5. UK Parliament

- 5.1 Taxonomy Regulation for Sustainable Investment - House of Lords EU Committee publishes letter to HM Treasury - 16 January 2020** - The House of Lords has published a letter from Lord Kinnoull (Chair of the European Union Committee) to John Glen MP (Economic Secretary to the Treasury) on proposed Regulation (EU) 2018/0178(COD) (Taxonomy Regulation) on the establishment of a framework to facilitate sustainable investment and identify green economic activities. Among other things, Lord Kinnoull asks what the impact of Brexit will be on the implementation of the legislation in the UK, both before and after the transition period.

[House of Lords European Union Committee letter to HM Treasury the impact of Brexit on the implementation of the proposed Taxonomy Regulation](#)

6. European Commission

- 6.1 AML/CTF - Discussions on the future UK-EU relationship published by the European Commission - 16 January 2020** - The European Commission has published details of internal EU27 preparatory discussions on the future UK-EU relationship in relation to law enforcement and judicial cooperation in criminal matters, including the enforcement and supervision of anti-money laundering (AML) and counter-terrorist financing (CTF) standards. The document notes that the UK and EU have agreed, in the political declaration, to support and go beyond the Financial Action Task Force's (FATF's) standards on AML and CTF, particularly with regards to beneficial ownership, transparency and the anonymity associated with the use of virtual currencies.

[European Commission document on the future UK-EU relationship post-Brexit in the area of AML and CTF](#)

Banking and Finance

7. European Banking Authority

- 7.1 EU-wide stress test - EBA publishes consultation on future changes - 22 January 2020** - The European Banking Authority (EBA) has published a Discussion Paper setting out proposed future changes to the EU-wide stress test. This would involve a new framework comprising a supervisory component and a bank component. The former would be based on a common EU methodology, similar to the current bottom-up approach, but with the possibility for competent authorities to adjust bank's estimates on top-down models or other benchmarking tools, which would be directly linked to the setting of Pillar 2 guidance. Meanwhile, the bank component would, in theory, allow banks greater discretion in their own assessment of risks in an adverse scenario.

The Discussion Paper also consults on the costs and benefits of the design of multiple macroeconomic scenarios, and the feasibility of introducing exploratory scenarios focusing on short or long-term risks, such as liquidity risk, or changes in environmental, social, political or technological risks.

The consultation period closes on 30 April 2020.

[EBA Discussion Paper on future changes to the EU-wide stress test](#)

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- 7.2 PSD2 - EBA updates Guidelines on fraud reporting - 22 January 2020** - The EBA has published updated Guidelines on fraud reporting under the revised Payment Services Directive (EU) 2015/2366 (PSD2). The updated Guidelines introduce two new data fields for reporting transactions where strong customer authentication (SCA) is not applied for reasons other than an exemption to SCA under Commission Delegated Regulation (EU) 2018/389.

The Guidelines will apply from 1 July 2020.

[EBA updated Guidelines on fraud reporting under PSD2](#)

[Final report on amendments to Guidelines for fraud reporting under PSD2](#)

[Press release](#)

8. European Central Bank

- 8.1 Single Supervisory Mechanism - ECB consults on the materiality threshold for credit obligations past due for less significant institutions - January 2020** - The European Central Bank (ECB) has published for consultation a draft Guideline on the definition of the materiality threshold for credit obligations past due for less significant institutions under the Single Supervisory Mechanism Regulation (EU) 1024/2013. The draft Guideline provides for national competent authorities (NCAs) to exercise their discretion, under Article 178(2)(d) of the Capital Requirements Regulation (575/2013/EU) (CRR), in setting a single materiality threshold for both retail and non-retail exposures, irrespective of the method used for the calculation of capital requirements.

The consultation period closes on 17 February 2020.

[ECB Consultation Paper on a draft ECB Guideline on the definition of the materiality threshold for less significant institutions under the Single Supervisory Mechanism](#)

[FAQs](#)

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[Press release](#)

- 8.2 Dividend distribution policies and variable remuneration policies - ECB publishes Recommendation and letter from Chair of the Supervisory Board - 21 January 2020** - The ECB has published a Recommendation, dated 17 January 2020, on firms' dividend distribution policies and a letter from Andrea Enria (Chair of the Supervisory Board of the ECB) on the variable remuneration policies of credit institutions under the Single Supervisory Mechanism. Among other things, the ECB states that:

- it pays close attention to the dividend and remuneration policies of financial institutions under its supervision and, in particular, any impact that such policies may have on maintaining a sound capital base;

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- firms should adopt a prudent, forward-looking stance when deciding on a remuneration policy and apply a policy that is consistent with a conservative (and at a minimum, a linear) path towards its fully-loaded capital requirements, including the combined buffer requirement, and outcomes of the supervisory review and evaluation process (SREP); and
- firms should consider the potentially negative impact of their remuneration policy on their ability to maintain a sound capital base, taking into account the transitional requirements set out in the Capital Requirements Directive (2013/36/EU) (CRD IV) and the transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds under the CRR.

[ECB Recommendation on dividend distribution policies](#)

[ECB letter on variable remuneration policies of credit institutions under the Single Supervisory Mechanism](#)

9. [Bank of England](#)

- 9.1 Central bank digital currencies - New group launched which includes the Bank of England - 21 January 2020** - The Bank of England has announced the launch of a central bank group to assess the potential cases for developing central bank digital currencies (CBDCs). The group comprises the Bank of England, the Bank of Canada, the Bank of Japan, the Sveriges Riksbank, the ECB, the Swiss National Bank and the Bank for International Settlements (BIS). It group will “*assess CBDC use cases; economic, functional and technical design choices, including cross-border interoperability; and the sharing of knowledge on emerging technologies*”. The Bank of England first raised the possibility of a central bank-issued digital currency in its research agenda in 2015.

[Press release: Bank of England announces launch of central bank digital currencies group](#)

10. [Prudential Regulation Authority](#)

- 10.1 Branch Return Form - PRA publishes corrected version - 17 January 2020** - The PRA has published a corrected version of its Branch Return Form for international banks, having identified incorrect validations in Part 3 of the Form, which was published alongside Policy Statement (PS17/19) in September 2019. The PRA will consult on the changes to the Form in March 2020, with the corrected version taking effect from May 2020.

[Corrected version of the PRA Branch Return Form](#)

[Webpage](#)

- 10.2 PRA Policy Statement PS2/20 - Pillar 2 Capital: Updating the framework - January 2020** - The PRA has published a Policy Statement (PS2/20) setting out its final amendments to the Pillar 2 capital framework. This follows the PRA’s Consultation Paper (CP5/19) on the same matter, published in March 2019. CP5/19 sought to amend the Pillar 2 capital framework to: (i) reflect continued developments in setting the PRA buffer (Pillar 2B); (ii) clarify its approach to assessing weaknesses in risk management and governance; (iii) explain the process for updating the benchmarks used to calculate the Pillar 2A requirement for credit risk; and (iv) correct some minor drafting errors that had been identified in previous publications.

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The PRA intends to implement its proposals largely as consulted on, save for minor changes, including that:

- in general, the PRA will use the leverage exposure measure as the single scaling base for operational risk and interest rate risk in the banking book (IRRBB); and
- in setting the PRA buffer, factors in addition to a firm's hurdle rate will be considered, including, but not limited to, the firm's leverage ratio, Tier 1 and total capital ratios, risks associated with double leverage and the extent to which potentially significant risks are not captured fully as part of the stress test.

The PRA has updated Statement of Policy (SoP) 'The PRA's methodologies for setting Pillar 2 capital', Supervisory Statement (SS) 31/15 'The Internal Capital Adequacy Assessment Process (ICAAP) and the Supervisory Review and Evaluation Process (SREP)' and SS6/14 'Implementing CRD IV: Capital buffers' to reflect the final policy changes outlined in PS2/20.

[PRA Policy Statement PS2/20 - Pillar 2 Capital: Updating the framework](#)

[Updated Statement of Policy 'The PRA's methodologies for setting Pillar 2 capital'](#)

[Updated SS31/15 'The Internal Capital Adequacy Assessment Process \(ICAAP\) and the Supervisory Review and Evaluation Process \(SREP\)'](#)

[Updated SS6/14 'Implementing CRD IV: Capital buffers'](#)

[Webpage](#)

11. Financial Conduct Authority

- 11.1 Responsible mortgage lending - FCA publishes further data on the mortgage prisoner population - 17 January 2020** - The FCA has published a new webpage with further information on the regulatory barriers faced by so-called "*mortgage prisoners*". This follows the FCA's Mortgages Markets Study and October 2019 Policy Statement (PS19/27) which introduced changes to the responsible mortgage lending rules and guidance. Prior to its intervention, the FCA estimated that up to 140,000 borrowers were unable to switch to a better mortgage deal, even though they were up-to-date with their payments. The FCA calls on as many lenders as possible to offer the modified affordability assessment, introduced by PS19/27, over the next three months.

[FCA webpage on mortgage prisoner data](#)

12. Payment Systems Regulator

- 12.1 Confirmation of Payee - PSR publishes consultation on varying Specific Direction 10 - January 2020** - The Payment Systems Regulator (PSR) has published a Consultation Paper (CP20/1) proposing to vary Specific Direction 10 (SD10) on the implementation of Confirmation of Payee (which ensures that the names of payment recipients are checked before payments are sent, with a view to preventing Authorised Push Payment scams). On 1 August 2019, the PSR gave SD10 to the UK's six largest banking groups to implement Confirmation of Payee by 31 March 2020. The proposed changes would widen the scope for exemptions to Confirmation of Payee (as it stands, SD10 only makes provision for exemption requests under exceptional circumstances).

The consultation period closes on 29 January 2020.

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[PSR Consultation Paper on proposals to vary Specific Direction 10 on Confirmation of Payee](#)

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13. [European Cards Stakeholders Group](#)

- 13.1 Cards standardisation - ECSG publishes SEPA Cards Standardisation Volume Version 9.0 - 15 January 2020** - The European Cards Stakeholders Group (ECSG) has published version 9.0 of the Single Euro Payments Area (SEPA) Cards Standardisation Volume following a three month-long public consultation. The document contains a standard set of requirements to enable an interoperable and scalable card and terminal infrastructure across SEPA, based on open international card standards. Version 9.0 incorporates changes relating to: (i) implementing SCA requirements under PSD2; (ii) contactless card acceptance at ATMs; and (iii) integrating several other global standards for card payments.

Version 9.0 takes effect immediately for a period of three years.

[Webpage on SEPA Cards Standardisation Volume Version 9.0](#)

[Press release](#)

Please see the **General** section for an item on the Competition and Markets Authority's update on the progress made in tackling the "loyalty penalty".

Securities and Markets

14. [European Securities and Markets Authority](#)

- 14.1 Securitisation Regulation - ESMA publishes consultation on Guidelines on the submission of data by repositories - 17 January 2020** - The European Securities and Markets Authority (ESMA) has published a Consultation Paper on draft Guidelines on securitisation repository data submission and consistency thresholds under the Securitisation Regulation (EU) 2017/2402. The draft Guidelines aim to assist market participants and securitisation repositories in understanding ESMA's expected maximum use of 'no data options' within a securitisation data submission.

The consultation period closes on 16 March 2020. ESMA intends to publish a final report on the Guidelines as soon as possible thereafter.

[ESMA Consultation Paper on proposed Guidelines on securitisation repository data submission](#)

[Press release](#)

15. [Recent Cases](#)

- 15.1 The legal status of cryptoassets under English law - AA v Persons unknown and others, [2019] EWHC 3556 (QBD), 13 December 2019**

Legal status of cryptoassets as property under English law - application for proprietary injunction granted in respect of Bitcoin paid as a ransom following a cyber-attack

The High Court has lifted reporting restrictions on a case in which it granted injunctive relief to an anonymous insurer in proceedings relating to the payment of a ransom in Bitcoin following a

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cyber-attack. In granting the relevant applications, the court considered whether or not Bitcoin and other cryptoassets and cryptocurrencies were a form of property under English law capable of being subject to a proprietary or freezing injunction.

In his analysis, Bryan J referred to the UK Jurisdiction Taskforce's (UKJT's) November 2019 legal statement on the proprietary status of cryptoassets and smart contracts under English law, which held that "*cryptoassets have all the indicia of property*" and are therefore to be treated, in principle, as property under English law. Whilst acknowledging that the UKJT's legal statement is not a definitive statement of law, Bryan J adopted the statement's analysis of the proprietary status of cryptoassets, ruling that, for the reasons identified in the legal statement, cryptoassets such as Bitcoin constitute property: "*Essentially, and for the reasons identified in that legal statement, I consider that a cryptoasset such as Bitcoin are property. They meet the four criteria set out in Lord Wilberforce's classic definition of property in National Provincial Bank v Ainsworth [1965] 1 AC 1175 as being definable, identifiable by third parties, capable in their nature of assumption by third parties, and having some degree of permanence. That too, was the conclusion of the Singapore International Commercial Court in B2C2 Limited v Quoine PTC Limited [2019] SGHC (I) 03 [142]*".

[AA v Persons unknown and others \[2019\] EWHC 3556 \(QBD\)](#)

Please see the **Brexit** section for an item on the House of Lords European Union Committee letter to HM Treasury questioning how Brexit may affect the UK's implementation of the proposed Taxonomy Regulation.

Asset Management

16. Financial Conduct Authority

- 16.1 Asset Management and Alternatives Supervision Strategy - FCA publishes 'Dear CEO' letters - 20 January 2020** - The FCA has published a 'Dear CEO' letter from Marc Teasdale (Director of Wholesale Supervision, Investment, Wholesale and Specialists Division at the FCA) to the CEOs of asset management firms (namely, firms that predominantly manage mainstream investment vehicles directly, or advise on mainstream investments, excluding wealth managers and financial advisers). The letter sets out the FCA's supervisory priorities for these firms, which include: (i) ensuring effective liquidity management; (ii) ensuring effective governance, including the application of the Senior Managers and Certification Regime (SMCR); (iii) conducting value assessments of funds following new requirements prompted by the Asset Management Market Study; (iv) compliance with product governance rules; (v) facilitating the transition from the use of the London interbank offered rate (LIBOR); (vi) strengthening operational resilience; and (vi) considering the impact of Brexit.

The FCA has also published a similar letter to the CEOs of alternative investment firms (namely, firms that predominantly manage alternative investment vehicles - for example, hedge funds or private equity funds - or alternative assets directly, or advise on these types of investments or investment vehicles). The FCA's supervisory priorities in this area include: (i) ensuring the suitability and appropriateness of retail investors' exposure to investment risk; (ii) compliance with the Client Assets sourcebook (CASS) relating to holding or controlling client money or safeguarding custody assets; (iii) assessing the effectiveness of firms' market abuse controls in accordance with the Market Abuse Regulation (596/2014/EU) (MAR); (iv) firms' operation of robust risk management controls; (v) reviewing the adequacy of firms' anti-money laundering (AML) and anti-bribery systems and controls; and (vi) Brexit.

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[FCA 'Dear CEO' letter to asset management on its supervisory priorities](#)

[FCA 'Dear CEO' letter to alternative investment firms on its supervisory priorities](#)

16.2 Financial Advisers - FCA publishes 'Dear CEO' letter - 21 January 2020 - The FCA has published a 'Dear CEO' letter from Debbie Gupta (Director of Life Insurance and Financial Advice Supervision at the FCA) to the CEOs and Directors of firms of financial advisers, setting out the FCA's supervisory priorities and expectations in this area. The letter outlines several areas on which the FCA intends to focus as part of its wider supervision of firms over the next two years, including:

- the suitability of firms' advice and fee disclosures, particularly in relation to advice on defined benefit pension transfers;
- ensuring that firms undertake appropriate due diligence and oversight to prevent the facilitation of increasingly sophisticated pensions and investment scams;
- ensuring that firms hold and maintain adequate financial resources and/or professional indemnity insurance for the business activities that they carry out; and
- examining senior managers' understanding of, and compliance with, the SMCR, which was extended to most FCA-authorized solo-regulated firms, including financial advisers, on 9 December 2019.

The FCA has also published a statement setting out its intention to carry out a second review of the market for pensions and investment advice. The review will focus on the suitability and quality of advice that consumers receive in relation to retirement income. The FCA will publish a report setting out the results of that review in 2020.

[FCA 'Dear CEO' letter to financial advisers](#)

[FCA statement on Assessing Suitability Review 2](#)

Insurance

17. Insurance Europe and others

17.1 PRIIPs Regulation - Insurance Europe and other trade associations publish letter regarding the on-going review of KID RTS - 20 January 2020 - Insurance Europe and several other trade associations have published a letter addressed to Valdis Dombrovskis (Vice President of the European Commission) highlighting their concerns regarding the European Supervisory Authorities' (ESAs') ongoing review of proposals to amend the existing rules on the provision of information in the key information document (KID) regulatory technical standards (RTS) under the Packaged Retail and Insurance-Based Investment Products Regulation (EU) 1286/2014 (PRIIPs Regulation). This follows the ESA's October 2019 Consultation Paper on the matter. In particular the letter notes that the proposed "one-size-fits-all" approach to changes fails to take account of the range of products, providers and national specificities captured by the PRIIPs Regulation.

[Insurance Europe letter to Valdis Dombrovskis highlighting concerns with the ESAs' ongoing review of the KID RTS under the PRIIPs Regulation](#)

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18. [British Insurance Brokers' Association](#)

- 18.1 Access to life and protection insurance for consumers with pre-existing medical conditions or disabilities - BIBA publishes agreement - 21 January 2020** - The British Insurance Brokers' Association (BIBA) has announced an agreement between BIBA, insurers, brokers and other stakeholders to help people with pre-existing medical conditions and disabilities obtain affordable protection insurance.

The agreement, which has 26 signatories, including regulated firms and supporting bodies, aims to develop a signposting system for consumers, consumer groups and charities to assist those with pre-existing medical conditions and disabilities by enabling easier access to protection insurance products. Under the agreement, where a consumer has been refused cover, an insurance provider must: (i) inform the consumer that cover has been refused and that appropriate cover may be available through another suitable firm or signposting service; (ii) provide the consumer with the contact details of the signposting service; and (iii) obtain permission before the consumers' details are transferred to a third party.

[BIBA agreement on access to life and protection insurance for consumers with pre-existing medical conditions and disabilities](#)

[Press release](#)

Financial Crime

19. [European Commission](#)

- 19.1 Transposition of 5MLD - European Commission publishes speech by Valdis Dombrovskis - 21 January 2020** - The European Commission has published the opening remarks made by Valdis Dombrovskis (Vice President of the European Commission) at a press conference ahead of the latest Economic and Financial Affairs Council (ECOFIN) meeting. Among other points, Mr Dombrovskis announced that he proposes to initiate infringement proceedings against the few EU member states who have failed to transpose the Fifth Money Laundering Directive (EU) 2018/843 (5MLD) into domestic legislation by the 10 January 2020 deadline.

[Opening remarks of Valdis Dombrovskis \(Vice President of the European Commission\) on the initiation of infringement proceedings for failing to transpose 5MLD into domestic legislation](#)

Please see the **Brexit** section for an item on discussions on the future UK-EU relationship in relation to anti-money laundering (AML) and counter-terrorist financing (CTF) standards.

Please see the **Enforcement** section for an item on the publication by the Serious Fraud Office of a new chapter in its Operational Handbook on assessing an organisation's compliance programme.

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Enforcement

20. Serious Fraud Office

- 20.1 Operational Handbook - SFO publishes new chapter on assessing an organisation's compliance programme - January 2020** - The Serious Fraud Office (SFO) has published a new chapter in its Operational Handbook providing guidance on evaluating an organisation's compliance programme. The SFO defines a compliance programme as "*an organisation's internal systems and procedures for helping to ensure that the organisation, and those working there, comply with legal requirements and internal policies and procedures*". An assessment is likely to inform, among other things, decisions on whether an organisation should be invited into deferred prosecution agreement (DPA) negotiations.

[SFO Operational Handbook chapter on organisations' compliance programmes](#)

[Webpage](#)

21. Financial Conduct Authority

- 21.1 Data breaches and unauthorised copying of client signatures - FCA fines CMC £91,000 - 21 January 2020** - The FCA has published a Final Notice fining Hall and Hanley Limited (H&H), a claims management company (CMC) which focuses on claims for mis-sold PPI, £91,000 in connection with data breaches and the unauthorised copying of client signatures. This follows the First-Tier Tribunal of the Grand Regulatory Chamber's decision to dismiss an appeal made by H&H against the fine, which was imposed by the Claims Management Regulator (CMR), in November 2019 (as reported in a previous edition of this Bulletin). The FCA assumed responsibility for the enforcement proceedings against H&H after taking over the functions of the CMR on 1 April 2019.

In March 2019 the CMR held that H&H: (i) sent marketing text messages to consumers without taking sufficient steps to check whether the consumers had consented to receiving such messages; and (ii) copied several clients' signatures on claim documentation, which was subsequently submitted to financial firms, without authorisation.

[FCA Final Notice fining a CMC £91,000 for data breaches and the unauthorised copying of client signatures](#)

This Bulletin is prepared by the Financial Regulation Group of Slaughter and May in London. The Group comprises a team of lawyers with expertise and experience across all sectors in which financial institutions operate.

We advise on regulatory issues affecting firms across the financial services sector, including banks, investment firms, insurers and reinsurers, brokers, asset managers and funds, non-bank lenders, payment service providers, e-money issuers, exchanges and clearing systems. We also advise non-regulated businesses involved in financial regulatory matters. In addition, our leading financial regulatory investigations practice is regularly instructed by financial institutions requiring specialist knowledge of financial services regulation together with experience in high profile and complex investigations and contentious regulatory matters.

Most of the projects that we advise on have an extensive international or cross-border element. We work in seamless integrated teams with leading independent law firms which offer many of the most highly regarded financial institutions lawyers in Europe, the US and Asia, as well as strong and constructive relationships with local regulators.

Our Financial Regulation Group also produces occasional briefing papers and other client publications. The five most recent issues of this Bulletin and our most recent briefing papers and client publications appear on the Slaughter and May website [here](#).

The Group's recent work includes advising:

- A number of global banks, insurance and asset management groups on their preparations for Brexit;
- A number of banking groups in relation to banking structural reform, including the UK ring-fencing regime;
- Prudential plc on the proposed demerger of its UK & Europe business (M&G Prudential) from Prudential plc, resulting in two separately-listed companies;
- Standard Life plc on the recommended all-share merger with Aberdeen Asset Management and the subsequent sale by Standard Life Aberdeen plc of its capital-intensive insurance business to Phoenix;
- UK Asset Resolution and Bradford & Bingley plc in relation to the disposal of legacy buy-to-let mortgage assets to Prudential plc and funds managed by Blackstone for a total consideration of £11.8bn;
- On the legal implications of developments across a broad Fintech waterfront for clients such as Euroclear, TreasurySpring, Bupa, TrueLayer, WorldRemit and Stripe, as well as other established businesses, challengers and start-ups; and
- A number of multi-national clients in relation to the UK, EU, and US economic and trade sanctions regimes.

If you would like to find out more about our Financial Regulation Group or require advice on a financial regulation matter, please contact one of the following or your usual Slaughter and May contact:

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