

Key Regulatory Developments 2017

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Issue	Activity	Key dates
<p>Alternative Investment Fund Managers Directive (AIFMD)</p>	<p>FCA to provide feedback to Chapter 10 of CP16/17 (Transparency requirements for Alternative Investment Fund Managers (AIFMs)).</p> <p>The European Commission (Commission) will carry out a review of the application and scope of the Alternative Investment Fund Managers Directive 2011/61/EU (AIFMD) by 22 July 2017. The Commission has the power to propose appropriate amendments to the AIFMD as a consequence of this review.</p> <p>The Commission may adopt a delegated act specifying the date when passports for non-EU AIFs and AIFMs will be available.</p>	<p>TBC</p> <p>22 July 2017</p> <p>Q1 – Q4 2017</p>
<p>Asset Management Study</p>	<p>FCA to publish its final report on its market study on asset management, including policy recommendations.</p>	<p>Q2 2017</p>
<p>Bank of England (BoE) Stress Test</p>	<p>BoE to publish its detailed scenario and methodology for 2017 exercise.</p> <p>BoE to conduct 2017 stress testing exercise.</p> <p>BoE publishes the results of the 2017 stress testing exercise.</p>	<p>Q1 2017</p> <p>Q2 – Q3 2017</p> <p>Q4 2017</p>

Basel III	Basel Committee on Banking Supervision (BCBS) expected to finalise the following: <ul style="list-style-type: none"> • the leverage ratio framework • enhanced disclosure rules under Pillar 3 • revised Standardised Approach to credit risk • revised Standard Approach to operational risk BCBS also expected to comment on the calibration of capital floors.	Q1 2017 Q1 2017
Benchmarks	FCA to consult on the implementation of the Benchmarks Regulation (Regulation (EU) 2016/1011).	February 2017
Brexit	Target date for the UK Government to trigger Article 50 to initiate negotiations to leave the EU.	March 2017
Capital Requirements Directive (CRD) IV	European Banking Authority (EBA) and European Securities and Markets Authority (ESMA) expected to finalise guidelines for the assessment of suitability of Members of the Management Body and Key Function Holders in accordance with the requirements of CRD IV and The Markets in Financial Instruments Directive II (MiFID II).	Q2 2017
Conduct of Business	FCA plans to review definition of "durable medium" and consult on possible changes within the confines of EU legislation.	Early 2017
Consumer credit	FCA will report on the results of its thematic review into staff remuneration and incentives in the consumer credit sector. FCA to publish consultation paper on creditworthiness assessments in consumer credit. During 2017, the FCA will continue its work to review the retained conduct requirements within the Consumer Credit Act 1974 and develop rule-based alternatives, where possible. The FCA was expected to publish an update of its progress on the review by the fourth quarter of 2016, which is still outstanding. It is required to complete the review by 1 April 2019.	Q1 2017 Q1 2017 Q1 – Q4 2017

	The FCA review of high-cost credit will continue in 2017 and, in particular, it will consider whether the high-cost short-term credit price cap needs to be revised. The FCA expects to publish its findings on the price cap review in mid-2017.	Q2 – Q3 2017
Cyber Security	EBA to finalise its guidelines on the supervisory assessment of Information and Communication Technology risk in financial institutions.	Q2 2017
	UK regulators will be considering cyber security issues and the PRA may publish UK standards on the supervisory assessment of cyber resilience in firms.	Q1 – Q4 2017
Data Protection Regulation	In 2017, financial institutions should be preparing for the application of the General Data Protection Regulation ((EU) 2016/679), which will have direct effect in all EU member states from 25 May 2018.	Q1 – Q4 2017
European Market Infrastructure Regulation (EMIR)	Publication of Regulatory Technical Standards (RTS) on margin requirements for non-cleared derivatives in the Official Journal.	Q1 2017
	Phase-in of initial margin requirements expected to commence.	Q1 - Q2 2017
	Phase-in of variation margin requirements expected to commence.	Q1 - Q2 2017
	Implementation of credit default swap (CDS) clearing obligation: Category 1 firms will be subject to the CDS clearing obligation Category 2 firms will be subject to the CDS clearing obligation	February 2017 August 2017
	Commission expected to publish the EMIR Review.	Q1 – Q2 2017
	Category 3 firms will be subject to the clearing obligation for interest rate derivatives.	June 2017

FCA Business Plan	The FCA's business plan for 2017/18 is likely to be published in March or April 2017. This will set out the FCA's work programme and priorities for 2017/18.	March / April 2017
FCA Mission	Deadline for responses to FCA's consultation on its future Mission. FCA expects to publish its final Mission alongside its 2017/2018 business plan.	26 January 2017 Q1 – Q2 2017
Financial Advice Market Review (FAMR)	HM Treasury and FCA due to report on progress of the FAMR to the Economic Secretary and the FCA Board. HM Treasury is expected to introduce legislation to amend the definition of regulated advice in the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) to bring it into line with the narrower EU definition in MiFID. The FCA intends to produce new guidance to complement this.	1 March 2017 Q1 – Q4 2017
Financial Sanctions regime	The Government's reforms to the UK financial sanctions regime are expected to come into force in April 2017. The Office of Financial Sanctions Implementation's guidance on the regime is expected to be published before the power to impose monetary penalties comes into effect in April 2017.	April 2017
Financial Services Compensation Scheme (FSCS)	FCA to consult on FSCS Management Expenses Levy Limit for 2017/2018. Prudential Regulation Authority expected to increase FSCS deposit protection limit to £85,000.	January 2017 30 January 2017
Financial Stability Board (FSB)/International Organization of Securities Commissions (IOSCO)	IOSCO to publish regulatory toolkit for wholesale market conduct. FSB to issue a progress report, including recommendations to reduce misconduct risk in the financial sector.	1 January 2017 Q3 2017

<p>Fintech</p>	<p>Closing date for application to be part of the second cohort of the FCA's regulatory sandbox.</p> <p>FCA Advice Unit Guidance on automated advice propositions expected to be published.</p> <p>European Supervisory Authorities (EBA, EIOPA and ESMA) to issue a feedback statement on their Discussion Paper on Automation in Financial Advice (JC 2015 080, 4 December 2015).</p> <p>Commission's Task Force on Financial Technology is expected to publish policy proposals and recommendations in relation to FinTech.</p>	<p>19 January 2017</p> <p>Q1 2017</p> <p>Q1 2017</p> <p>Q1 – Q2 2017</p>
<p>Markets in Financial Instruments Directive (MiFID) II</p>	<p>Commission expected to adopt remaining RTS and Implementing Technical Standards in relation to MiFID II.</p> <p>FCA expected to transpose all MiFID II rules into the Handbook (EU-wide transposition deadline is 3 July 2017).</p> <p>FCA expected to publish the policy statements in relation to its MiFID II consultation papers (CP15/43) (CP16/19) (CP16/29) and (CP16/43).</p> <p>EBA and ESMA expected to finalise guidelines for the assessment of suitability of Members of the Management Body and Key Function Holders in accordance with the requirements of CRD IV and MiFID II.</p> <p>MiFID II due to come into force.</p>	<p>Q1 2017</p> <p>1 April 2017</p> <p>Q1 – Q2 2017</p> <p>Q2 2017</p> <p>3 January 2018</p>
<p>Money Laundering</p>	<p>The FCA and the Joint Money Laundering Steering Group are expected to revise their anti-money laundering and counter financing of terrorism guidance to reflect the new UK provisions transposing the Fourth Money Laundering Directive ((EU) 2015/849). They are likely to consult on amendments during the first half of 2017.</p>	<p>Q1 – Q2 2017</p>

Money Market Fund Regulation	<p>The Parliament and the Council are expected to formally adopt the proposed Regulation on Money Market Funds in 2017. This will introduce a new framework of requirements to enhance the liquidity and stability of money market funds.</p>	<p>Q1 – Q4 2017</p>
Packaged Bank Accounts	<p>FCA plans to hold a "roundtable" with firms selling insurance as part of a packaged bank account, to confirm the regulator's expectations on checking customer eligibility.</p>	<p>Q1 – Q4 2017</p>
Packaged retail and insurance-based investment products (PRIIPs)	<p>Commission expects to adopt RTS on PRIIPs key investor document (KID) as a delegated act.</p> <p>PRIIPs delegated regulation on KID to be approved by Parliament and Council.</p> <p>FCA expects to publish its policy statement on PRIIPs KID including its final rules.</p> <p>PRIIPs due to come into force.</p>	<p>Q1 2017</p> <p>Q2 2017</p> <p>Q2 – Q3 2017</p> <p>1 January 2018</p>
Payment Services Directive (PSD) 2	<p>EBA expects to submit its final draft RTS on strong customer authentication under the PSD 2 to the Commission.</p>	<p>12 February 2017</p>
Prudential Regulation Authority (PRA)	<p>PRA expected to transfer its functions to BoE. The BoE will exercise these functions through a new committee, the Prudential Regulation Committee.</p>	<p>1 March 2017</p>
Remuneration	<p>FCA to publish policy statement to CP16/28 (to bring the FCA Handbook in line with EBA Guidelines on sound remuneration in CRD IV firms) and to provide new non-Handbook guidance.</p> <p>FCA will report on the results of its thematic review into staff remuneration and incentives in the consumer credit sector.</p>	<p>Q1 – Q2 2017</p> <p>Q1 2017</p>

SARS Regime	Reforms to the UK suspicious activity reports (SARs) regime are expected to commence in 2017.	Q2 – Q4 2017
Senior Managers & Certification Regime	<p>Application of conduct rules to banking sector staff who are not within the Senior Managers or Certification Regime (SMCR).</p> <p>Relevant firms must have issued fitness and propriety certificates for individuals within the SMCR.</p> <p>New Regulatory Reference rules come into force.</p> <p>PRA to finalise its rules governing whistleblowing within UK branches of foreign firms.</p> <p>FCA to finalise application of its Code of Conduct sourcebook to Non-Executive Directors in banks, building societies, credit unions, dual-regulated investment firms, and insurance firms.</p> <p>PRA to finalise a variety of amendments to the regime, including the creation of a new Senior Management Function for the Chief Operations function.</p> <p>FCA to consult on extension of SMCR to all FSMA authorised firms (regime intended to start from 2018).</p>	<p>7 March 2017</p> <p>7 March 2017</p> <p>7 March 2017</p> <p>Q1 2017</p> <p>Q2 2017</p> <p>Q2 2017</p> <p>Q1 – Q4 2017</p>
Structural Vulnerabilities from Asset Management Activities	FSB to publish final policy recommendations to address structural vulnerabilities from asset management activities.	12 January 2017
Total Loss Absorbing Capital (TLAC)	<p>BCBS to develop a framework for the disclosure of Global Systemically Important Banks' TLAC positions.</p> <p>FSB expects to produce additional guidance on the setting and workings of 'internal' TLAC (currently consulting on this – closes on 10 February 2017).</p>	<p>Q4 2016</p> <p>Q1 – Q4 2017</p>

UK Pension Freedoms etc.	New FCA rules capping early exit pension charges will come into effect on 31 March 2017.	31 March 2017
	FCA expects to publish strategy on aging population.	Summer 2017
	FCA expects to publish the final report of its Retirement Outcomes Review.	Q2 – Q3 2017

The dates set out in this document are subject to change and should be cross-checked with the relevant regulatory authority before reliance is placed upon them. This document summarises certain matters which may be of interest and should not be considered to include all items that may be relevant to any particular topic. If you require further information on anything covered in this document please contact Fiona Lowrie (fiona.lowrie@farrer.co.uk; 020 3375 7232) or your usual contact at the firm on 020 3375 7000. © Farrer & Co LLP, January 2017

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