



## POLICY AND REGULATORY NETWORK

DATE: 16 DECEMBER 2020 (14:00 – 15:30)

LOCATION: VIDEO CONFERENCE

### MINUTES

#### Attendees

Arab National Bank, London Branch - Robert Garai

ICICI Bank UK PLC – Merlin Dsa

Sonali Bank - David Blackmore

Agricultural Bank of China - David Lawton

NIBC Bank N.V. - David Marshall

DZ Bank - Helen Nicolaou

KBC Bank N.V. - Deborah Wright

Bank of the Philippine Islands (Europe) plc - Lizette Yulo

Riyad Bank – Nichola Bridger

OCBC Bank - Tony Antoniou

Mashreqbank psc – Robert Dollery

VTB Capital - Greg Hughes

Gulf International Bank - Aaron Goddard

Eurobank Private Bank Luxembourg S.A. - Sofia Chrysostomou

PNC Business Credit - Tina Stavrou

Bank of China - Jon Sartoris

Arab National Bank - Stephen Blyth

Halkbank London - Taner Akcesme

China CITIC Bank Corporation - Rhod Sutton

Chiba Bank - John Byrne

Rob Moulton (Latham & Watkins); Andrew Brooke (AFB); Dami Oluwa (AFB)

#### SECTION A – GENERAL

1. **Intro/Summary of meeting on 6 November and AFB Competition Law Guidance**
2. **Overview of AFB Policy Initiatives (as at 14 December)**

AB provided a brief outline of the items set out in the policy initiatives table dated 14/12/20.

#### SECTION B - ISSUES FOR CONSIDERATION BY PRN MEMBERS

3. **HMT Financial Services Future Regulatory Framework Review/Phase II consultation ([here](#))**

RM provided an overview of the paper and referred members to the AFB's draft response which discusses:

- the considerations that should be taken into account when designing and establishing a regulatory framework
- the need to strike a balance between regulators being linked into the political system without becoming reactive to political events as well as how the work of regulators can be scrutinised and panels can better reflect industry views
- the need for HMT to provide clarity on how the UK will respond to forthcoming rule changes by the EU

RM emphasised the importance of responding to the consultation, noting that in the past the lobbying voice (of UK financial services) has been less important as the UK had to go through EU legislation. However, now that UK regulation will stand on its own following the end of transition period, it is important that industry provides input in order to ensure it works well in the future.

Members were asked to provide comments on the draft response by COB on Friday 15 January 2021.

#### **4. UK Parliament Treasury Committee/Call for evidence on the future of financial services – consideration of issues raised**

The call for evidence can be found [here](#). Members did not have any comments.

#### **5. PRA Response (PS26/20) to consultation on the implementation of CRD V (CP12/20)**

The PRA's response can be found [here](#). The section dealing with the reporting of the third country branches (in relation to recovery plans), which AFB members raised as an issue, is dealt with in para 6.4 (page 29). AB noted that the PRA had amended the statement in response to the concerns of (some) AFB members. The updated version of PRA [SS34/15](#) provides guidance on the reporting by third country branches (in relation to recovery plans) in sections 5.7 to 5.9.

#### **6. Brexit preparations – Potential Engagement with HM Treasury on the use of reverse solicitation post-Brexit**

The Financial Stability EU team in HMT approached the AFB to propose a meeting with AFB members to discuss how reverse solicitation is being used, in particular in the context of continuing to service clients in the EU. AB reported that subsequently HMT decided that they would not proceed with a meeting on this topic in advance of the end of the transition period.

RM commented that whilst firms can receive/have received legal advice before the end of the transition period (with regard to reverse solicitation), it is important to note that depending on how the UK/EU dialogue plays out, the rules within EU jurisdictions may change over the next few months.

Members agreed to keep this topic on the agenda for the January 2021 PRN meeting.

#### **7. MAR – future developments in the UK**

RM highlighted three aspects that are contributing to the change in the impact of MAR. 1) Brexit and the onshoring of EU legislation, 2) the proposed changes within the Financial Services Bill including defining time periods, 3) the ongoing review of MAR within the EU.

### **SECTION C – ISSUES UNDER REVIEW BY AFB POLICY WORKING GROUPS**

#### **8. FCA Consultations on Benchmark Regulation Powers/Financial Services Bill**

The Financial Services Bill was published on 21 October – see [here](#). The FCA is consulting on draft statements of policy on how it exercises its proposed powers under the FS Bill. They are the power to: (a) designate an unrepresentative benchmark under proposed [Article 23A](#); and (b) require changes to a critical benchmark, including its methodology, using under proposed [Article 23D](#). The LIBOR Transition working group is working on preparing a response, which is due by 18 January. [Note: the response to the consultations can be found [here](#).]

#### **9. Climate Financial Risk**

Members of the Climate Financial Risk working group met with the PRA on 20 November to discuss the PRA's expectations for firms following a review/Dear CEO letter published in July 2020. The working group prepared a list of discussion points in advance of a roundtable meeting with the PRA. The discussion points together with the PRA's responses can be found [here](#).

#### **10. FCA CP 20/20 'Approach to International Firms'**

The response to CP20/20 was submitted on 27 November ([here](#)). The FCA's feedback on the responses and the publication of final guidance is due in Q1 2021.

#### **11. AOB**

AB noted the input provided by a sub-group of members into the FCA's consideration of how to respond to the MiFID quick fix proposals relating to Product Governance, RTS27, Costs and Charges and Research. A consultation on the FCA's proposals will be published at end of Q1 2021. Should members have any questions or comments on this at this stage please email [Andrew.Brooke@foreignbanks.org.uk](mailto:Andrew.Brooke@foreignbanks.org.uk).