



**POLICY AND REGULATORY
NETWORK MEETING 24
MARCH 2022 – AGENDA
AND SUMMARY**

POLICY AND REGULATORY NETWORK MEETING

DATE: 24 MARCH 2022 (16:30 – 18:00)

AGENDA AND SUMMARY

Attendees

ABN AMRO - Gael Kerrigan	Landesbank Baden-Württemberg - Gesine Schmidt
Bank of the Philippine Islands - Lizette Yulo	Landesbank Baden-Württemberg - Jonathan Bashforth
Bank Sepah International - Christine Johnston	Landesbank Hessen-Thüringen Girozentrale - Yves Elbaz
BMO Financial Group - Gladys Asogbon	Mashreqbank - Rob Dollery
Citibank - Howard Miller	NBG Bank - Paraskevi Nazou
Danske Bank - Nicolas Mattis	NIBC Bank - David Marshall
Deutsche Pfandbriefbank AG - Andrew Fenton	SMBC Bank - Luke Wilson
DNB Bank - Eggert Hilmarsson	Société Générale - Antony Hainsworth
Elavon Financial Services - Rosemary O'Doherty	The Chiba Bank - John Byrne
First Commercial Bank - David Attree	Latham & Watkins - Charles Claypoole
George Bonneville	Latham & Watkins - Rob Moulton
Gulf International Bank - Sophie Dupre-Echeverria	AFB - Andrew Brooke
Finantia – David Pfeiffer	AFB - James Neill
ING Bank - Stephen Richards	AFB - Rebecca Simons
Intesa Sanpaolo, S.p.A. - Carlos Reguero	
Jordan International Bank - Berna Redman	

SECTION A – GENERAL

1. Intro/AFB Competition Law Guidance/Minutes of last meeting

Minutes of meeting held on 24 February 2022 ([here](#)) were approved.

2. Overview of AFB Policy Initiatives

No comments.

SECTION B - ISSUES FOR DISCUSSION BY PRN MEMBERS

3. Economic Crime Bill

On 14 March 2022 the Economic Crime Bill was passed into law ([here](#)). The measures include: (a) a beneficial ownership register for overseas entities holding UK real estate; (b) strengthening of unexplained wealth orders (UWOs); (c) measures to make it easier to prosecute those involved in sanctions-busting; (d) a “strict civil liability test” so that firms face liability even where they have no knowledge or reasonable cause to suspect that a transaction to which they are party is in breach of sanctions; (e) a cap on potential damages and the removal of the “appropriateness” test for designations (which could allow individuals to be sanctioned more easily)(f) an urgent designation procedure to allow

the UK to mirror EU/USA sanctions and (g) allowing OFSI to name publicly firms that breach sanctions regardless of whether a penalty is imposed.

Members discussed the impact of the Economic Crime Bill (now called the 'Economic Crime (Transparency and Enforcement) Act 2022'). In principle members on the call welcomed the measures.

One member raised a query on the strict liability test and whether it might apply retroactively. RM commented that this was unlikely.

4.Impact of sanctions against Russia

On 22 February 2022 the FCA set out their expectations for firms in relation to the Russia sanctions ([here](#)). For general discussion.

Members discussed their experience in dealing with the sanctions regime. A number of issue/ points were raised, including (a) the complexity of the regime and lack of coordination between EU/USA and UK (for example on ownership levels); (b) timing (the speed at which general licences are published or sanctions are introduced following an announcement by politicians); (c) the use of manual controls (re aggregation); (d) the lack of detailed guidance from OFSI in some areas; and (e) the benefits of the general licensing regime.

In particular it was noted that there is often a gap between the announcement being made about the freezing of assets and the measures coming into legal effect. It is also the case that, once the measures are in place, it takes time for the relevant general license to be published. Both these delays mean that banks are unable to implement the restrictions efficiently.

The AFB is seeking a meeting with HMT and its sanctions policy team (in the week beginning 28 March) and is planning these and other points.

5.Temporary Transitional Power

On 31 March 2022 the Temporary Transitional Power (TTP) period – which allows the UK's financial services regulators to delay or phase-in onshoring changes to UK regulatory requirements arising at the end of the transition period – comes to an end. From this point, financial services firms and other regulated entities will need to ensure that they comply with all UK on-shored EU legislation.

No comments.

6.Temporary Permissions Regime

The Temporary Permissions Regime (TPR) enables EEA banks (that were passporting into the UK prior to the UK's withdrawal from the EU) to continue operating in the UK whilst seeking full authorisation from the FCA or PRA. The EEA bank was required to have notified the regulators that they wished to enter the TPR prior to 31 December 2020. The regulators will notify each bank with their 'landing slot' (the time period during which the bank must submit its full authorisation application). The regulators have until 31 December 2023 to process applications.

Members discussed their experiences so far with the use of TPR and ongoing authorisation process.

Several members expressed an interest in further discussions with other banks currently going through, or recently having completed, the authorisation process as third country branches. The AFB will arrange a meeting for interested members of the PRN to discuss amongst themselves.

7. UK Overseas Persons Framework

In March 2021, the AFB responded ([here](#)) to HM Treasury's Call for Evidence on the overseas framework. HM Treasury aimed to gather evidence surrounding the role of the current framework and to ensure the UK's regime is appropriate following the UK's withdrawal from the EU.

The FCA response from HM Treasury to the Call for Evidence has been delayed – for discussion.

Rob Moulton informed members of a recent meeting between the FCA and a group of law firms to discuss changes to the UK Overseas Persons Framework, at which the FCA queried aspects of the framework. Separately HMT has asked the AFB to consider with its members whether the framework should be amended so that entities utilizing the framework are required to notify regulators that they are doing so.

Members noted the importance of maintaining the framework in general (without amendment). It was acknowledged that it is difficult to provide practical examples as to why it is important to AFB members.

8. Wholesale Markets Review

On 1 March 2022 HM Treasury published its response to the Wholesale Markets Review consultation, which summarises the feedback received and details HM Treasury and FCA plans to take forward the various proposals ([here](#)).

No comments.

9. European Commission Directive on Corporate Sustainability Due Diligence

On 23 February 2022 the European Commission published its proposal for a Directive on Corporate Sustainability Due Diligence, which requires in-scope companies to identify, prevent, mitigate and remediate the adverse impacts of their own operations, the operations of their subsidiaries and of the business relationships established within their value chains, on human rights and the environment in Europe and beyond ([here](#)).

No comments.

SECTION C – ISSUES ARISING FROM AFB POLICY WORKING GROUPS/FOR NOTING

10. FCA Consultation Paper 21/36 – A new Consumer Duty

On 7 December 2021 the FCA published their second consultation (CP21/36) ([here](#)) on the proposed Consumer Duty rules. CP21/36 addresses responses to the original Consultation Paper 21/13 ([here](#)) and confirms the FCA's decision to introduce a new Consumer Duty enacted via a new Principle 12. The FCA expects to confirm its final rules in a policy statement by the end of July 2022.

The deadline for a response to CP 21/36 was 15 February 2022. The AFB's submission can be found [here](#).

11. AFB Survey – The Operational Impact of the UK's Points-Based Immigration System

The AFB has conducted a member survey on the operational impact of the UK's points-based immigration system, as it has now been in operation for over one year. The survey closed on Friday 11 March.

The aim of the survey was to collect feedback on banks' experiences when hiring recruits from overseas and also in arranging transfers from head offices.

The AFB is following-up with certain interested members, to discuss the operational impact of the points-based immigration system in more detail.

12. European Commission Review of EU banking rules/impact on third country banks (CRD VI Banking Package)

The AFB's feedback on the proposals (submitted on 11 February 2022) can be found [here](#). For reference a paper submitted by AFME (prepared with Clifford Chance) in January 2022 is attached.

13. AFB Annual Regulatory Conference 2022

The AFB's Annual Regulatory Conference will take place (virtually) on 19 May from 9:00 – 17:30, in partnership with Latham & Watkins.

Six sessions will cover topics including the Future Regulatory Framework Review, the Overseas Persons Regime, the UK's Anti-Money Laundering Framework, CRD6, the UK's post-Brexit points-based visa system and the UK green taxonomy.

Speakers include senior representatives from HM Treasury, the European Commission, the Bank of England, the FCA, and the Green Finance Institute.

Attendance is complimentary of AFB membership. You can find further details and register to attend [here](#).

Any Other Business

14. AFB Roundtable with the Home Office – Changes to the nominated anti-fraud organisation for the purposes of the Immigration Acts 2014 and 2016

The AFB invited members to attend the roundtable to be held on Friday 25 March.

[The AFB has since sent an email on the changes to the PRN and Money Laundering Reporting Working Group, outlining the changes and Home Office's expectations.]

15. AFB Roundtable with PRA on Operational Resilience/Outsourcing rules implementation

The AFB will be holding a roundtable with the PRA to discuss Operational Resilience/Outsourcing rules implementation in late April/early May. Interested members should register their interest in attending by contacting Robert Kemble (Robert.kemble@foreignbanks.org.uk).

16. Next PRN Meeting

The next PRN meeting will take place in person and will allow time for networking.

