C L I F F O R D
C H A N C E

Briefing note

International Regulatory Update

21 – 25 July 2014

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- CRR/CRD 4: CSSF publishes final document specifying reporting requirements for credit institutions under CRD 4 framework
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EU Council adopts UCITS V

The EU Council has formally adopted the proposed Directive on undertakings for collective investment in transferable securities (UCITS V). The Council's adoption follows the EU Parliament's adoption of the text on 15 April 2014. The text amends Directive 2009/65/EC and introduces provisions on the depository's safekeeping and oversight duties, including delegation to a sub-custodian. The Directive also includes:

- a list of entities eligible to act as UCITS depositories;
- clarifies the depository's liability in the event of the loss of a financial instrument held in custody;
- provisions on redress;
- a list of the main breaches encountered in implementing Directive 2009/65/EC and sets out the administrative sanctions that authorities should be empowered to apply; and
- requirements on remuneration.

Member States will have 18 months to transpose the Directive into national law once it has been published in the Official Journal. An additional 24-month transition period will follow the transposition deadline.

EU Council adopts Payment Accounts Directive

The EU Council has adopted the proposed Payment Accounts Directive (PAD). This follows the adoption of the proposal by the EU Parliament Plenary Session on 15 April 2014. The Directive establishes rules on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features, in particular:

- the right for all consumers legally residing in the EU to open a payment account that allows them to perform essential operations, such as receiving their salary, pensions and allowances or payment of utility bills etc.;
- easier comparison of fees charged for payment accounts by payment service providers in the EU through standardised documentation and guaranteed access to fee comparison websites; and
- a new procedure for switching payment accounts to another service provider within the same Member State, and facilitates the process of closing a bank account in one Member State and opening it in another to remove discrimination based on residency.

Member States will have 24 months to transpose the Directive into national law once it has been published in the Official Journal.

Central securities depositories: EU Council adopts regulation and Commission requests ESMA's technical advice on possible delegated acts

The EU Council has adopted a regulation aimed at improving safety in the securities settlement system and opening the market for central securities depositories (CSD) services. The regulation aims to:

- introduce an obligation to represent all transferable securities in book entry form and to record them in CSDs before trading them on regulated venues;
- harmonise settlement periods and settlement discipline regimes across the EU;
- introduce a common set of rules addressing the risks of CSD operations and services; and
- enable the European Central Bank's Target2-Securities initiative for the settlement of securities transactions in euro to begin operating as planned in 2015.

Adoption of the regulation follows an agreement with the European Parliament in December 2013. The Parliament adopted its position at first reading on 15 April 2014.

The EU Commission has asked the European Securities and Markets Authority (ESMA) to provide its technical advice on possible delegated acts under the regulation on penalties for settlement fails and substantial importance.

Lithuania to adopt euro on 1 January 2015

The EU Council has adopted a decision allowing Lithuania to accede to the euro area on 1 January 2015. Regulations setting a permanent conversion rate for the Lithuanian lita to the euro and in relation to certain technical provisions were also adopted by the Council. Lithuania will be the 19th Member State to adopt the euro as its currency.

EBA publishes final draft RTS and guidelines on recovery plans

The European Banking Authority (EBA) has published final draft regulatory technical standards (RTS) and guidelines relating to recovery plans for credit institutions and investment firms under the framework established by the Bank Recovery and Resolution Directive (BRRD). In particular, the RTS specify:

- the minimum content and essential items an institution or group should include in a recovery plan; and
- criteria relating to completeness, quality and credibility which competent authorities should assess recovery plans against in order to ensure a common approach.

Additional guidelines developed by the EBA in cooperation with the European Systemic Risk Board (ERSB) have also been published and provide the range of scenarios that institutions should consider for testing the effectiveness and adequacy of the recovery options and indicators. These guidelines stipulate that at least three scenarios of severe macroeconomic and financial distress should be included that relate to a system-wide event, an idiosyncratic event and a combination of system-wide and idiosyncratic events.

EBA publishes peer review on NCA supervision of credit concentration risk

The EBA has published a report that peer-reviews national competent authorities (NCAs) on the credit concentration risk aspects in the EBA Guidelines on the management of concentration risk under the supervisory review process (GL 31). The assessment reviewed NCAs from EU Member States, Liechtenstein and Norway and considers compliance with the EBA Guidelines and the role of credit concentration risk as part of NCA's risk assessment system.

The report highlights various examples of good supervisory practice and identifies weaknesses in some approaches. The EBA will consider the practices identified in the peer review when developing the single supervisory handbook in relation to the Capital Requirements Directive (CRD 4).

EBA consults on identification guidelines for other systemically important institutions

The EBA has launched a consultation on guidelines that specify the criteria for identifying institutions that are systemically important at an individual Member State or EU level, known as other systemically important institutions (O-SIIs) under Article 131(3) of the Capital Requirements Directive (CRD 4). The guidelines set out the criteria for the scoring process to determine the systemic importance of an institution based on:

- size;
- importance (including substitutability / financial system infrastructure);
- complexity and cross-border activity; and
- interconnectedness.

Competent authorities will obtain scores based on these criteria to identify institutions falling within an upper threshold as O-SIIs and those falling within a lower threshold as not being O-SIIs. In a second step, competent authorities will be able to identify banks scoring between the lower and upper thresholds as O-SIIs using their supervisory judgment on the basis of a closed list of optional indicators included in the draft guidelines. Competent authorities may opt to exclude very small institutions from the identification process if they assess that these institutions are unlikely pose systemic risk to the domestic economy, a measure intended to reduce the reporting burden on small institutions.

Comments are due by 18 October 2014. The EBA is required to publish the final version of the guidelines by 1 January 2015. Designated authorities are expected to implement the guidelines within six months of publication of the final version on the EBA website.

ESMA consults on calculation of counterparty risk by UCITS for derivative transactions subject to clearing obligations

ESMA has launched a consultation on the calculation of counterparty risk by Undertakings for Collective Investment in Transferable Securities (UCITS) for OTC financial derivative transactions subject to clearing obligations. The discussion paper seeks views on how UCITS should calculate the limits on counterparty risk in OTC derivative transactions that are centrally cleared under the European Markets Infrastructure Regulation (EMIR) and whether the

same rules for both OTC transactions and exchange-traded derivatives (ETDs) should be applied by UCITS. Under the UCITS Directive only investments in OTC derivative transactions are subject to counterparty risk exposure limits.

The discussion paper distinguishes between direct and indirect clearing arrangements and analyses the impact of a default of a clearing member or of other clients of that member for the calculation of the counterparty risk by UCITS.

Comments are due by 22 October 2014.

European Supervisory Authorities publish draft RTS on risk concentration in financial conglomerates

The Joint Committee of the European Supervisory Authorities (ESAs), comprising the EBA, ESMA and the European Insurance and Occupational Pensions Authority (EIOPA), has published a consultation paper on draft regulatory technical standards (RTS) for financial conglomerates' risk concentration and intra-group transactions. The standards aim at enhancing supervisory consistency in the application of the Financial Conglomerates Directive (FICOD).

The objective of the draft RTS is to clarify which risk concentrations and intra-group transactions within a financial conglomerate should be considered as significant. In addition, the RTS provide some supervisory measures for coordinators and other relevant competent authorities when identifying types of significant risk concentration and intra-group transactions, their associated thresholds and reports, where appropriate.

Comments are due by 24 October 2014.

ECB regulation on oversight requirements for systemically important payment systems published in Official Journal

The European Central Bank (ECB) regulation on oversight requirements for systemically important payment systems (ECB/2014/28) has been published in the Official Journal. The regulation implements the CPSS-IOSCO principles for financial market infrastructures and specifies oversight requirements for systemically important payment systems (SIPS), both large-value payment systems and retail payment systems of systemic importance. It will apply to systems operated by central banks and private operators.

The regulation comes into force on 15 August 2014. SIPS operators will have one year following the decision of the Governing Council identifying the payment systems that are subject to these requirements, which shall be listed on the ECB's website, to comply with the regulation.

ECB decision on submission of data reported to national competent authorities by supervised entities published in Official Journal

The ECB decision on submission of data reported to national competent authorities by supervised entities (ECB/2014/29) has been published in the Official Journal. The decision lays down procedures concerning the submission to the ECB of data reported to the national competent authorities by supervised entities on the basis of Implementing Regulation (EU) No 680/2014, which sets out implementing technical standards (ITS) with regard to supervisory reporting of institutions according to the Capital Requirements Regulation (CRR).

ACER consults on transaction reporting under REMIT

The Agency for the Cooperation of Energy Regulators (ACER) has published consultation papers on ACER's Transaction Reporting User Manual (TRUM) and the registered reporting mechanism (RRM) requirements, for transactions reporting under Regulation (EU) No 1227/2011 on wholesale Energy Market Integrity and Transparency (REMIT).

In July 2014 the Commission presented a draft of the Implementing Acts to be adopted pursuant to Article 8 of REMIT. The draft Implementing Acts provided that ACER should:

- explain the details of the reportable transaction information under REMIT in a user manual; and
- develop technical and organisational requirements for submitting data to ensure efficient, effective and safe exchange and handling of information.

The purpose of the public consultation papers is to collect views from all parties interested in the implementation of REMIT, including market participants and organised market places. The two documents are based on the July 2014 versions of the Commission's draft Implementing Acts.

Comments are due by 2 September 2014.

FSB and IOSCO publish reports on implementation and reform of major interest rate benchmarks

The Financial Stability Board (FSB) has published its report on reforming major interest rate benchmarks, focussing initially on LIBOR, EURIBOR and TIBOR, following a request from the G20. The report, prepared by the Official Sector Steering Group (OSSG) of regulators and central

banks established by the FSB in order to undertake this fundamental review, incorporates recommendations from the International Organization of Securities Commissions (IOSCO) on principles for financial benchmarks and the Market Participants Group (MPG) established by the OSSG on identifying additional benchmark rates.

IOSCO has separately published its review on the implementation of benchmarks by interest rate administrators, which informed the OSSG report. The IOSCO paper assesses the extent to which administrators of LIBOR, EURIBOR and TIBOR have implemented the IOSCO Principles for Financial Benchmarks, which have been endorsed by the FSB. The report recommends remedial action to strengthen administrators' implementation of the Principles and plans addressing this action should be provided to relevant regulatory authorities by the end of 2014. IOSCO recommends a follow-up review on implementation progress in mid-2015.

The MPG final report, dated March 2014, has also been published by the FSB to coincide with the publication of the OSSG recommendations. The MPG report considers alternative benchmark rates to the major IBORs that would be consistent with the IOSCO Principles and proposes strategies for any transition to alternative benchmarks. The report considers these issues on a cross-currency basis and looks specifically at EUR, GBP, CHF, USD, JPY and emerging markets.

Based on the IOSCO and MPG findings, the final OSSG report sets out recommendations and implementation plans that have been fully endorsed by the FSB Plenary, in particular:

- concrete proposals and timelines for the reform and strengthening of existing 'IBOR' benchmarks and other potential reference rates based on unsecured bank funding costs by underpinning them to the greatest extent possible with transactions data; and
- additional work on the development and introduction of additional, nearly risk-free reference rates.

The OSSG recommendations will be used to monitor progress on benchmark reforms, and an interim progress report will be published in 12 months time. A final monitoring report is expected in 24 months.

Single Market: HM Government reviews balance of competences between EU and UK

HM Government has published a review of the balance of competences between the EU and the UK in the area of the Single Market for financial services and the free movement of capital. The report sets out the development of the single market, the current legal framework and key pieces of legislation that regulate financial services and assesses whether the balance of competences in this area is appropriate to the UK national interest. The review is informed by responses to a Call for Evidence that closed on 28 February 2014. The balance is assessed against four themes:

- the importance of the financial services sector to the UK and the economic benefits of the Single Market;
- the global nature of financial services and the impact of international frameworks of regulatory standards;
- the impact of recent euro area developments, in particular banking union and the European System of Financial Supervision; and
- the post-crisis shift in the EU's approach to rule-making from market-opening to financial stability.

The report highlights weaknesses in existing EU policy-making frameworks and suggests future options and challenges relating to the EU's competences in this area.

Bank Recovery and Resolution Directive: HM Government and PRA consult on transposition and implementation

HM Government has launched a consultation on the transposition of the Bank Recovery and Resolution Directive (BRRD) into UK law. The BRRD provides national authorities with tools to pre-empt bank crises by introducing instruments at preparatory and preventative, early intervention and resolution stages of bank failure. In transposing the BRRD, HM Government will build on the UK's current systems and powers. The Bank of England will be the UK resolution authority, in accordance with its current role in the Banking Act. The PRA and FCA will carry out the functions of the competent authorities and HM Treasury will be the competent ministry as specified in the BRRD.

The consultation seeks views on key aspects of transposition, particularly in areas where policy choice remains in implementation including, among other things, recovery and resolution planning, valuation, stabilisation options, depositor preference and bail-in. The Directive must be transposed into national law by 31 December 2014, with the option to delay the application of the bail-in provisions until 1 January 2016. The document expresses preliminary views and indicative timings, including the Government's intention not to take advantage of the option

to delay the application of the bail-in provisions, although the Government is considering delaying the application of minimum requirements for own funds and eligible liabilities (MREL) until 1 January 2016.

Draft legislation is also included as an annex to the consultation:

- the draft Banks and Building Societies (Depositor Preference and Priorities) Order 2014 which will establish the framework for the recovery and resolution of credit institutions and investment firms for Member States to ensure that eligible deposits under the financial services compensation scheme and other deposits which are not eligible solely because they were made in branches of UK banks outside the EEA, are treated as preferential debts, and that eligible deposits are given a higher priority within the class of preferential debts than other deposits; and
- the draft The Banking Act 2009 (Recovery and Resolution Directive) (Amendment) Order 2014.

Comments are due by 28 September 2014.

The Prudential Regulation Authority (PRA) has launched a separate consultation on implementing the BRRD, setting out the proposed changes to the PRA Rulebook and amendments to the Recovery Planning supervisory statement (SS18/13).

The consultation paper sets out the PRA's proposals for rules in relation to:

- preparing, maintaining and submitting recovery plans;
- providing information in resolution packs for resolution planning purposes;
- intragroup financial support agreements;
- notifying the PRA of failure or likely failure; and
- contractual recognition of bail-in.

Proposed rules and the proposed amendment to SS18/13 are included in the consultation paper, including proposed rules for holding companies. The scope of the BRRD covers credit institutions, certain investment firms, financial holding companies, mixed holding companies, mixed-activity holding companies and financial institutions that are subsidiaries of credit institutions, investment firms or financial holding companies. The PRA currently has limited powers to make rules for financial holding companies and mixed financial holdings companies, and no powers over mixed activity holding companies, but HM Treasury is consulting on extending the PRA's powers to make rules over holding companies. Consequently the PRA's proposals for holding companies are included in its paper.

Comments on the PRA consultation are due by 19 September 2014.

HM Treasury consults on pensions liabilities for ring-fenced banks

HM Treasury has launched a consultation on the draft Banking Reform Pensions Regulations. Existing pensions legislation specifies that when more than one employer shares a pension scheme but one employer in the scheme fails, then under certain circumstances other employers in the scheme may be called upon to support the pension scheme. The Banking Reform Pensions Regulations would require that ring-fenced banks are not, and cannot become, liable for the pension liabilities of other entities, with the exception of other ring-fenced banks in their group, or wholly owned subsidiaries of ring-fenced banks.

Following this consultation the government will seek to introduce final versions of the draft regulations into Parliament as soon as time allows. Comments are due by 15 October 2014.

HM Treasury revises policy on financial sanctions for designated persons outside the EU

HM Treasury (HMT) has issued a notice on a revision to its policy on financial sanctions in relation to funds arriving in the UK, or in a UK bank anywhere in the world, which have come from or via a designated person outside the EU. The new policy specifies that funds from or via a designated person based outside the EU will need to be frozen in a suspense account or other separate account on arrival in the UK and release of funds will require a licence from HMT. A list of designated persons outside the EU is available from the HMT consolidated list of targets for financial sanctions. The policy change is necessary to comply with recent EU case law and brings the UK into line with other EU Member States. The new policy approach will come into force on 31 July 2014.

FCA consults on removing Transparency Directive requirement to publish interim management statements

The Financial Conduct Authority (FCA) has published a consultation paper (CP14/12) on removing the requirement for issuers of shares admitted to trading on a regulated market to publish interim management statements pursuant to Transparency Directive Amending Directive.

Comments are due by 4 September 2014.

Financial Services and Markets Act 2000 (Ring-fenced Bodies and Core Activities) Order 2014 published

The Financial Services and Markets Act 2000 (Ring-fenced Bodies and Core Activities) Order 2014 (SI 2014/1960) has been published. The Order defines the circumstances when accepting a deposit is not a core activity under the Financial Services and Markets Act 2000 (FSMA), as amended by the Financial Services (Banking Reform Act) 2013 which inserts a new provision for ring-fencing. Under the Act, a ring-fenced body is a UK institution which carries on one or more core activities, and provides for the single core activity of accepting deposits.

The Order provides that accepting a deposit is not a core activity if the deposit is not a core deposit and sets out the circumstances under which a deposit is a core deposit, which would need to be held by a ring-fenced bank. The Order also sets out circumstances under which deposits from organisations and individuals will not be core deposits and the process depositors must go through to certify that their deposits are not core deposits.

The Order comes into force on 1 January 2015.

EBA publishes opinion on French proposals on limits to intra-group large exposures

The EBA has published an opinion on a draft structural measure of banking separation impacting the limits to intra-group large exposures that France intends to implement at national level. France notified the EBA of its intention of implementing a structural measure of banking separation aimed at reducing risk group profiles. This measure introduces a specific limit to intra-group large exposures between a group and its segregated subsidiary, while providing banking and market supervisory authorities with new control powers.

The EBA has concluded that the measure is consistent with the general principles governing the EU internal market.

CRR/CRD 4: CSSF publishes final document specifying reporting requirements for credit institutions under CRD 4 framework

The Luxembourg financial sector supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), has issued the final version of its document 'Reporting requirements for credit institutions' providing further guidance on the technical specifications of the reporting requirements as applicable to credit institutions under the CRD 4 /CRR framework, in particular under Commission Implementing Regulation (EU) No 680/2014 of 16 April 2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council.

The document aims to provide an overview of the periodical reporting requirements applicable to credit institutions in Luxembourg from January 2014 onwards (chapters 1-4) as well as the reporting formats and technical specifications (chapter 5).

CSSF publishes Circular concerning the protection of investors in case of a material change to an open-ended UCI

The Luxembourg financial sector supervisory authority, the CSSF has published Circular 14/591 concerning the protection of investors in case of a material change to an open-ended undertaking for collective investment (UCIs) governed by the Luxembourg law of 17 December 2010 on undertaking for collective investment (UCI Law).

The circular provides some clarifications on the existing well-established supervisory practice according to which the CSSF requires, for a material change to investors' interests in an open-ended UCI governed by the UCI Law, that sufficient time be provided to these investors in order for them to take an informed decision on the envisaged change and, in the event they disagree, that they are given the possibility to present their holding for redemption or conversion free of redemption or conversion charges.

According to the CSSF's current administrative practice, the minimum notification period to notify investors of a significant change to the UCI they are invested in should be one month. The CSSF may agree to not impose such a notification period with the ability for investors to redeem or convert their holdings free of charge (for example, in cases where all the investors in the relevant UCI agree with the contemplated change). Similarly, the CSSF may agree to only impose a notification period to duly inform the investors of the relevant change before it becomes effective, but without the ability for investors to redeem or convert their holdings free of charge.

Circular 14/591 provides that the above one month notification period is without prejudice to (i) the other notice period(s) required by law for investors to pre-approve such events and (ii) the specific requirements of other competent authorities in jurisdictions (within and outside the European Union) where the UCI is registered for distribution.

SFC publishes consultation conclusions on amendments to Code on Real Estate Investment Trusts

The Securities and Futures Commission (SFC) has published the conclusions of its January 2014 consultation paper on proposed amendments to the Code on Real Estate Investment Trusts (REIT Code). The proposed amendments are intended to give real estate investment trusts (REITs) the flexibility to invest in property development activities and financial instruments.

The SFC has indicated that the proposals were generally supported by the market and will be adopted with some modifications and amendments taking into account the comments received. The final form of amendments to the REIT Code is set out in Appendix A of the consultation conclusions document.

The revised REIT Code will become effective after it is published in the Government Gazette. The SFC will also provide further practical guidance to the industry by way of a set of frequently asked questions (FAQs).

HKMA and SFC launch joint consultation on mandatory reporting and related record keeping rules for OTC derivatives market

The Hong Kong Monetary Authority (HKMA) and the SFC have launched a joint consultation on the detailed requirements relating to the mandatory reporting and related record keeping obligations under the new over-the-counter (OTC) derivatives regime.

The consultation marks the first of a series of consultations on the detailed rules for implementing the new OTC derivatives regulatory regime, which is reflected in the Securities and Futures (Amendment) Ordinance 2014 enacted by the Legislative Council in April 2014.

Following consultation, the proposed detailed requirements will be set out in subsidiary legislation to be made under the new regime. The key proposals cover the following six main areas:

- which types of transactions will have to be reported;
- who will be subject to reporting and in what circumstances;
- what exemptions and reliefs may apply;
- reporting timeframes and applicable grace periods;
- the form, manner and contents of reports; and
- related record keeping obligations.

Comments on the consultation paper are due by 18 August 2014.

MAS issues consultation paper on proposals to enhance regulatory safeguards for investors in the capital markets

The Monetary Authority of Singapore (MAS) has launched a consultation on proposals to enhance its regulatory framework for safeguarding investors' interests. Amongst other things, the MAS proposes to:

- extend to investors in non-conventional investment products the current regulatory safeguards available to investors in capital markets, to ensure that structures which are in substance capital market products are regulated as such. These include:
  - Buy-back arrangements involving precious metals, which the MAS proposes to prescribe and regulate as debentures arrangements; and
  - Collectively-managed investment schemes where investors' contributions are not initially pooled, which the MAS proposes to regulate as collective investment schemes under the SFA;
- require all investment products to be rated for complexity of structure and risk of loss of initial investment principal, and for these ratings in product offering documents/marketing materials, along with information on the historical price volatility or credit rating of the product to be disclosed to investors; and
- provide 'accredited investors' the option to benefit from the full range of capital markets regulatory safeguards that are applicable for retail investors. Under this proposal, accredited investors will by default be treated as retail investors unless they choose to 'opt-in' to 'accredited investor' status.

Comments on the consultation paper are due by 1 September 2014.

Thai SEC approves regulations on municipal bond offers by public sector organisations

Regulations on municipal bond offers by public sector organizations have been approved in principle by the Thai Securities and Exchange Commission (SEC). The SEC is in the process of preparing the regulations which are expected to be in force early next year. The aim of the regulations is to ensure municipal bond offers by public sector organizations meet international standards.

These regulations will apply to domestic offerings of bonds denominated in Baht and foreign currencies and offshore offerings. The public sector organisations covered by these regulations include public organisations, municipalities, the

Bangkok Metropolitan Administration, Pattaya city and juristic persons established by specific law.

Under the proposed new regulations, it is expected that public sector organizations will be required to:

- disclose information (in a manner similar to private issuers) where the filing of an application for offering approval is required for public offerings;
- prepare financial statements in accordance with financial reporting standards and file financial statements or reports on financial condition with the SEC;
- have executives who possess the prescribed qualifications;
- file the registration statement with additional material information for investment decision making; and
- file the report on the offering result and periodic reports with the SEC after the closing period of the offering.

More relaxed regulations will apply to private placements.

RECENT CLIFFORD CHANCE BRIEFINGS

Fund marketing without a passport under the AIFMD – the emerging landscape

The AIFMD transitional period came to an end on 22 July 2014. Many fund managers took advantage of this 12 month 'grace period' to continue marketing their funds under pre-AIFMD regimes. However, this will soon cease and managers will be required to comply with the AIFMD marketing requirements.

This briefing focuses on the marketing requirements for non-EU managers marketing funds in Europe and examining some of the practical issues that have arisen in key European markets.

http://www.cliffordchance.com/briefings/2014/07/fund_marketing_withoutapassportundertheaifmd.html

Banking Union – ECB publishes preliminary list of 'significant' banks subject to direct supervision

The European Central Bank (ECB) has published its preliminary list of 'significant' eurozone banks to be directly supervised by the ECB under the EU Regulation establishing the single supervisory mechanism. The ECB's preliminary list includes 120 separate banks and groups, covering more than 1,200 institutions – over 25% of eurozone banking entities, representing almost 85% of eurozone banking assets.

When the ECB commences its supervisory tasks (scheduled for 4 November 2014), it will immediately be one of the world's leading banking supervisors. It will supervise banks with banking assets of almost EUR 30 trillion, including nine globally systemically important banks – more than any other international regulator. It will also directly supervise several eurozone entities from non-eurozone banking groups.

This briefing discusses the ECB's new regulatory powers.

http://www.cliffordchance.com/briefings/2014/07/banking_union_ecbpublishespreliminarylisto.html

New regulatory framework for private equity in Spain

On 18 July 2014 the Official Gazette published the Draft Bill regulating Private Equity and Venture Capital Funds. The Draft Bill constitutes a further landmark in the transposition of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers (AIFMD).

This briefing discusses the main developments introduced by the Draft Bill.

http://www.cliffordchance.com/briefings/2014/07/new_regulatory_frameworkforprivateequityi.html

New Sanctions against Russia – significant but targeted

On 16 July 2014 the US Treasury Department's Office of Foreign Assets Control (OFAC) expanded the Ukraine-related sanctions against Russia and others alleged to be involved in the situation in Ukraine. In addition, on 18 July 2014 the EU published a new Council Regulation which widens the legal basis for the EU to impose new restrictive measures.

This briefing provides a high level overview of the latest developments.

http://www.cliffordchance.com/briefings/2014/07/new_sanctions_againstrussiasignificantbu.html

Hong Kong releases consultation paper on draft OTC derivatives mandatory reporting and record keeping rules

Following the enactment of the Securities and Futures (Amendment) Ordinance (the Amendment Ordinance) in April 2014, the Hong Kong Monetary Authority (HKMA) and the Securities and Futures Commission (SFC) have released a further public consultation paper (2014 Consultation Paper) containing draft rules to implement a

mandatory reporting and record keeping regime for over-the-counter (OTC) derivatives. The consultation period will end on 18 August 2014. This new regime is expected to take effect at the earliest by the end of Q4 2014 or the beginning of 2015. The HKMA and SFC have indicated that the implementation of mandatory clearing and trading for OTC derivatives will come at a later stage.

The 2014 Consultation Paper is an important part of the OTC derivatives reform as it introduces the finer details relevant to mandatory reporting of OTC derivatives that will be set out in the subsidiary legislation.

This briefing highlights some key observations from the 2014 Consultation Paper and drawing comparisons with the mandatory reporting regimes that have been introduced in other jurisdictions.

http://www.cliffordchance.com/briefings/2014/07/hong_kong_releasesconsultationpaperondraf.html

Companies Act Reform – parent and subsidiary companies and the new shareholders' double-derivative suit

An amendment to Japan's Companies Act was enacted on 20 June 2014 and is expected to come into effect on 1 April 2015.

This briefing focuses on the amendments relating to parent and subsidiary companies and their implications.

http://www.cliffordchance.com/briefings/2014/07/companies_act_reformparentandsubsidiar0.html

This publication does not necessarily deal with every important topic or cover every aspect of the topics with which it deals. It is not designed to provide legal or other advice.

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