CLIFFORD
CHANCE

Briefing note

International Regulatory Update

22 December 2014 – 02 January 2015

IN THIS WEEK'S NEWS

- BRRD: EBA consults on draft RTS on the functioning of resolution colleges and on procedures and contents of notifications
- BRRD: EBA publishes final draft RTS on resolution planning and guidelines on measures to reduce impediments to resolvability
- EBA publishes final guidelines on the security of internet payments
- CRD 4: EBA publishes final draft technical standards on the functioning of colleges of supervisors
- CRD 4: EBA publishes final guidelines on supervisory review and evaluation process
- CRR: EBA publishes final guidelines on materiality, proprietary, confidentiality and disclosure frequency
- CRR: EBA publishes final draft technical standards on countercyclical buffer disclosure
- CRR: EBA publishes draft technical standards on data waiver permission
- CRR: EBA updates list of common equity tier 1 capital instruments
- EBA publishes opinion and report on improving the well-functioning of the securitisation market
- CRR: ESMA publishes final draft ITS on main indices and recognised exchanges
- UCITS: ESMA consults on share classes
- Financial conglomerates: ESAs publish final draft RTS on risk concentration and intra-group transactions and guidelines on consistency of supervisory practices
- ESAs publish discussion paper on the use of credit ratings by financial intermediaries
- ESAs consult on cross-selling practices in the financial sector
- FSB reports on global adherence to regulatory and supervisory standards on international cooperation and information exchange
- CPMI and IOSCO publish assessment methodology for oversight expectations of critical service providers
- Basel Committee consults on capital floor framework

Clifford Chance's International Regulatory Update is a weekly digest of significant regulatory developments, drawing on our daily content from our Alerter: Finance Industry service.

If you would like to continue to receive International Regulatory Update or would like to request a subscription for a colleague, please click here.

To request a subscription to our Alerter: Finance Industry service, please email Online Services.

If you would like to know more about the subjects covered in this publication or our services, please contact:

International Regulatory Group Contacts

Chris Bates +44 (0)20 7006 1041

Nick O'Neill +1 212 878 3119

Marc Benzler +49 69 7199 3304

Steven Gatti +1 202 912 5095

Mark Shipman + 852 2826 8992

Donna Wacker +852 2826 3478

International Regulatory Update Editor

Joachim Richter +44 (0)20 7006 2503

To email one of the above, please use firstname.lastname@cliffordchance.com

Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ, UK
www.cliffordchance.com

- Basel Committee consults on standardised approach for credit risk
- Basel Committee consults on outstanding issues related to the fundamental review of trading book capital requirements
- BRRD: HMT publishes a number of SIs for UK implementation
- FCA announces regulation of seven additional benchmarks and consults on supervisory regime
- New FCA disclosure and transparency rules on reports on payments to governments enter into force
- Decree amending investment rules relating to loans-to-real economy published
- Law on the Reduction of Dependencies of Ratings published in the Federal Gazette
- CONSOB publishes guidance on practices for firms selling complex products to retail investors
- CSSF issues new circular on accounting treatment of lump sums and AGDL for prudential reporting
- Polish President signs Act amending rules on interchange fees and Act amending Trading in Financial Instruments Act
- AFM publishes report on sustainable and responsible crowdfunding
- State Council issues Decision to amend administrative regulations on foreign-funded banks
- State Council publishes trial rules for immovable properties registration
- SSE publishes draft rules on investor suitability for the stock option pilot program
- SSE publishes draft rules on market making business for the stock option pilot program
- SSE and CSDCC jointly issue draft rules on risk control of the stock option pilot program
- SSE publishes draft trading rules for the stock option pilot program
- Revised disclosure rules for banks gazetted
- AML/CFT: HKMA issues circular on FATF risk-based approach guidance for banking sector and risk assessment
- HKEx publishes consultation conclusions on proposals regarding risk management and internal control
- MAS responds to public feedback on improved retail access to debt securities
- OFAC issues a new Executive Order related to Crimea
- Recent Clifford Chance Briefings: US Government Holds First Consultation on National Action Plan on Business and Human Rights. Follow this link to the briefings section.

BRRD: EBA consults on draft RTS on the functioning of resolution colleges and on procedures and contents of notifications

The European Banking Authority (EBA) has launched a consultation on draft Regulatory Technical Standards (RTS) on the functioning of resolution colleges that are to be established for those banking groups that operate on a cross-border basis within the EEA in accordance with Article 88(7) of the Bank Recovery and Resolution Directive (BRRD).

The draft RTS set out in the consultation paper relate to:

- the operational organisation of resolution colleges, including provisions for their establishment and ongoing functioning, the organisation of meetings, exchanging information, communications policies and procedures for an emergency situation;
- resolution planning joint decisions, which will be a key annual deliverable of the resolution colleges, in particular group resolution plans and resolvability assessments, measures to address substantive impediments to resolvability and setting up minimum requirements for own funds and eligible liabilities (MREL), as well as situations of disagreement; and
- clear procedural steps to be taken by resolution colleges for cross-border group resolution, covering the situation where a notification of a failing or likely to fail institution is received by the group-level resolution authority and the ensuring process to assess the need for a group resolution scheme and for mutualising financing arrangements.

Comments on the consultation are due by 18 March 2015.

The EBA has also launched a consultation on draft RTS on notifications and the notice of suspension under BRRD. The BRRD identifies three notification scenarios relating to determination that an institution is failing or likely to fail and the draft RTS specify the process and content of each of the notifications:

- when a management body considers the entity to be failing or likely to fail and should duly notify the competent authority;

- when a competent authority should inform the resolution authorities of a notification that an entity is likely fail and the measures that the competent authority requires the entity to take under Article 104 of the Capital Requirements Directive (CRD 4); and
- when a competent or resolution authority should inform relevant authorities that an institution is failing or likely to fail and that there is no reasonable prospect that any alternative private measure or supervisory action that would prevent the failure of the institution or the entity within a reasonable timeframe.

The draft RTS also address the process and content of a notice summarising the effects of resolution action and, in particular, the effects on retail customers.

Comments on this consultation are due by 20 March 2015.

BRRD: EBA publishes final draft RTS on resolution planning and guidelines on measures to reduce impediments to resolvability

The EBA has published its final draft RTS on resolution planning and final guidelines on measures to reduce or remove impediments to resolvability under the BRRD.

The final draft RTS specify the content of resolution plans for institutions and groups and identify eight categories of information that should be contained:

- a summary;
- a description of the resolution strategy;
- arrangements for information;
- arrangement for operational continuity;
- financing;
- communication;
- conclusions of the assessment of resolvability; and
- responses from the institution or group.

The RTS also specify the criteria that resolution authorities should apply in the assessment of resolvability, for which the EBA proposes a staged approach under which resolution authorities should first assess whether liquidation under normal insolvency procedures is feasible and credible and, if not, identify a preferred resolution strategy under specified criteria. The RTS require resolution authorities to consider whether and how some liabilities are less likely to be subject to bail-in.

The final guidelines, published alongside the final draft RTS, further specify the circumstances under which resolution authorities can require measures to overcome obstacles to resolvability that might have been identified in the assessment and also specify the measures that can be taken to reduce or remove these impediments. The guidelines are intended to allow for a case-by-case analysis for each institution or group and the best way to address the impediments identified.

EBA publishes final guidelines on the security of internet payments

The EBA has published final guidelines on the security of internet payments, which set out the minimum security requirements that payment service providers (PSPs) in the EU will be expected to implement. The guidelines are based on final recommendations published by the ECB on 31 January 2013 following work by the European Forum on the Security of Retail Payments (SecuRe Pay), a voluntary cooperative initiative between relevant authorities from the EEA that aims to facilitate knowledge and understanding of issues related to the security of electronic retail payment services. In summer 2014 the SecuRe Pay forum concluded that a more solid legal basis would help to ensure the consistent implementation of the recommendations across the EU and tasked the EBA, a member of the SecuRe Pay forum, to develop these guidelines.

Among other things, the final guidelines require PSPs to:

- carry out strong customer authentication in order to verify customer identity before proceeding with online payment; and
- provide assistance and guidance to customers in relation to the secure use of internet payment services.

Publication of the final guidelines follows an EBA consultation that sought views, among other things, on how to approach the inclusion of potentially stronger requirements in the future under the second Payment Services Directive (PSD 2). In particular, the EBA asked stakeholders whether to implement a one-step approach, which would involve the EBA anticipating future requirements and frontloading these through the final guidelines, or a two-step approach, which would involve implementation of more stringent requirements if required by PSD 2 at a later date. Following the consultation, the EBA has decided to implement a two-step approach and will implement further guidelines at a later date if necessary.

The final guidelines will be applicable to all PSPs across the EU from 1 August 2015 and all competent authorities across the EU are expected to comply with the final guidelines by incorporating them into their supervisory

practices and amending their legal framework or their supervisory processes accordingly.

CRD 4: EBA publishes final draft technical standards on the functioning of colleges of supervisors

The EBA has published its final draft RTS and Implementing Technical Standards (ITS) on the functioning of the colleges of supervisors in the EU under the Capital Requirements Directive (CRD 4). The technical standards relate to colleges for institutions with significant branches in other Member States and colleges of cross-border banking groups. Both the RTS and ITS have been published together in one document and cover:

- general conditions of functioning of colleges;
- planning and coordination of supervisory activities in going concern situations; and
- planning and coordination of supervisory activities in preparation for and during emergency situations.

The Committee of European Banking Supervisors (CEBS) Guidelines on the operational functioning of colleges (GL34) and the CEBS Guidance on the Template for a Multilateral Cooperation and Coordination Agreement on the Supervision of XY Group, issued by the EBA's predecessor organisation, will be repealed with the implementation of this proposed Regulation.

CRD 4: EBA publishes final guidelines on supervisory review and evaluation process

The EBA has published final guidelines addressed to national competent authorities (NCAs) on the common procedures and methodologies for the supervisory review and evaluation process (SREP) which have been developed under CRD 4. The guidelines detail all aspects of the SREP framework, which is built around four main components:

- business model analysis;
- assessment of internal governance and institution-wide control arrangements;
- assessment of risks to capital and adequacy of capital; and
- assessment of risks to liquidity and adequacy of liquidity.

NCAs will use specific elements of the SREP framework when identifying material changes in the risk profile of institutions and will attribute indicators with a score on a scale of 1-4. The outcome of the assessments, both individually and considered as a whole, will form the basis of an overall SREP assessment to represent the up-to-date supervisory view of an institution's risks and viability. The final guidelines also relate to the BRRD as the SREP assessment includes a possible negative grade (F) which will indicate that an institution is failing or likely to fail under the BRRD and activate the procedure for interaction with resolution authorities.

Competent authorities are expected to apply the guidelines from 1 January 2016 and incorporate them into their supervisory practices.

CRR: EBA publishes final guidelines on materiality, proprietary, confidentiality and disclosure frequency

The EBA has published its final guidelines on the information that institutions in the EU banking sector should disclose under Pillar 3. The Capital Requirements Regulation (CRR) requires the EBA to draft guidelines on:

- how institutions have to apply materiality in relation to the disclosure requirements set out in Title II of Part Eight of the CRR;
- how institutions have to apply proprietary and confidentiality in relation to the disclosure requirements of Titles II and III of Part Eight of the CRR; and
- assessing more frequent disclosures by institutions under Titles II and III of Part Eight of the CRR.

The EBA has published all three sets of guidelines in a single document. The guidelines are intended to contribute to the correct functioning of market discipline by addressing weaknesses relating to variation in applying the concepts of materiality, proprietary and confidentiality, as well as the frequency of disclosures, by ensuring some degree of consistency across the EU.

The guidelines provide a common but flexible framework that covers:

- the process that institutions should follow in their assessments of the use of any disclosure waiver and their need to disclose certain information more frequently than annually;
- the criteria that institutions should consider in the assessments of the use of any disclosure waiver and of their need to disclose certain information more frequently than annually; and
- the information that institutions should provide when using the disclosure waivers or choosing to disclose more frequently.

CRR: EBA publishes final draft technical standards on countercyclical buffer disclosure

The EBA has published its final draft RTS specifying the disclosure requirements relating to institutions' compliance with the requirement for a countercyclical capital buffer (CCB) under Article 440 of the CRR. These RTS specify what information institutions must disclose in relation to their requirements for a CCB. The RTS provide two disclosure templates that will harmonise the information available on the institution-specific CCB and the geographical location of the exposures determining the buffer.

Following the approval of these RTS, the EBA intends to update the ITS on supervisory reporting to ensure that the two technical standards are aligned regarding information related to the CCB. Institutions must provide disclosure in accordance with the specifications of these RTS either six months following the date of their publication in the Official Journal or on 1 January 2016, whichever is earlier.

CRR: EBA publishes draft technical standards on data waiver permission

The EBA has published its final draft RTS on the conditions for competent authorities (CAs) to grant permission for data waiver permission, which will allow institutions to use relevant data covering shorter time series when estimating risk parameters. The final draft RTS have been developed under the CRR and will form part of the EU Single Rulebook on banking.

In particular, the EBA proposes to introduce some conditions that would exclude low-default portfolios from the waiver and limit its application to a small proportion of assets. In order to further mitigate the risks associated with shorter data series, the proposed RTS also highlight the importance of applying an appropriate margin of conservatism to parameter estimates, as well as ensuring an enhanced data vetting process. Institutions should be able to prove that relevant datasets covering longer time series are not available if that is the case. The final draft RTS will only apply to new data waiver permissions to be granted by the CAs.

CRR: EBA updates list of common equity tier 1 capital instruments

The EBA has published an updated list of capital instruments that Competent Supervisory Authorities across the EU have classified as Common Equity Tier 1 (CET1). Since the publication of the first list on 28 May 2014, some new CET1 instruments have been assessed and evaluated as compliant with the CRR.

The list is compiled in accordance with Article 26 of CRR and is updated on a regular basis.

EBA publishes opinion and report on improving the well-functioning of the securitisation market

The EBA has published an opinion and a report on how to improve the functioning of the securitisation market. While expressing support for the provisions laid down in the CRR, the EBA has made a series of recommendations to ensure increased transparency, legal certainty of compliance with the retention rules as well as prevention of any potential regulatory arbitrage. The accompanying report also assesses the application and effectiveness of such requirements in light of the international developments.

The EBA is of the opinion that the retention requirements and its multiple components, namely the type of retainer (originator, original lender or sponsor), the forms of retention used, the level of net economic interest retained, and the assessment of the consolidated situation of the retainer, are appropriate, and recommends to introduce certain additional safeguards and provisions to support the current framework.

In particular, the EBA recommends implementing a complementary 'direct' approach (where the onus is on the originator, sponsor or original lender) together with the existing 'indirect' approach (where the onus on the investors) aimed at creating more certainty and transparency for investors.

In addition, the report highlights that as a result of the wide scope of the definition of 'originator' in the CRR, securitisation transactions may be structured so as to meet the legal requirements of the regulation without following the 'spirit' of the regulation. The EBA believes that the scope of the originator definition should be narrowed down to ensure that industry participants do not abuse the rules.

The report was developed following a call for advice from the EU Commission, which required the EBA to provide technical advice on the application and effectiveness of the CRR requirements for investor, sponsor and originator institutions in relation to exposures to transferred credit risk in light of international market developments.

CRR: ESMA publishes final draft ITS on main indices and recognised exchanges

The European Securities and Markets Authority (ESMA) has published its final draft ITS for specifying main indices and recognised exchanges under the CRR, which have been submitted to the EU Commission for endorsement.

The ITS propose criteria for determining main indices and recognised exchanges and include a list of each. The final ITS provides a summary of the original proposals on which ESMA consulted with stakeholders, feedback received and explains the reasons for the decisions taken with regard to the feedback. The list of main indices has been increased since the consultation.

Now that ESMA has submitted its final report, the Commission must decide whether to endorse the ITS within three months.

UCITS: ESMA consults on share classes

ESMA has issued a discussion paper on different share classes of undertakings for collective investment in transferable securities (UCITS).

The UCITS Directive recognises the possibility for UCITS to offer different share classes to investors but it does not prescribe whether, and to what extent, share classes of a given UCITS can differ from each other. ESMA has identified diverging national practices as to the types of share class that are permitted and sees merit in developing a common understanding of what constitutes a share class and of the other ways in which share classes may differ from each other. The discussion paper sets out ESMA's views on what constitutes a share class and provides possible approaches to the extent of differentiation between share classes that should be permitted.

ESMA will take into account feedback from stakeholders and the possible impact on current market practices when developing its final position. Comments to this discussion paper should be submitted by 27 March 2015.

Financial conglomerates: ESAs publish final draft RTS on risk concentration and intra-group transactions and guidelines on consistency of supervisory practices

The Joint Committee of the European Supervisory Authorities (ESAs), comprising the European Banking Authority (EBA), European Securities and Markets Authority (ESMA) and European Insurance and Occupational Pensions Authority (EIOPA), has published final draft RTS on risk concentration and intra-group transactions under the Financial Conglomerates Directive (FICOD - Directive 2002/87/EC).

The draft RTS are intended to foster a more harmonised approach by:

- clarifying what should be considered 'significant' in order that significant risk concentration and intra-group transactions be reported to the coordinators;
- providing for coordination of factors which coordinators and other relevant competent authorities should take into account when identifying types of significant risk concentration, and for reporting purposes as part of the supplementary supervision of the FICOD; and
- providing that coordinators and the other relevant competent authorities should require regulated entities or mixed financial holding companies to report certain minimum information and agree the form and content of certain reports.

The Joint Committee has also published joint guidelines on the convergence of practices to ensure consistency of supervisory coordination arrangements for financial conglomerates. The guidelines aim to clarify and enhance cooperation between national competent authorities (NCAs) when dealing with cross-border groups that have been identified as financial conglomerates.

The guidelines focus on how authorities should cooperate in order to achieve a supplementary level of supervision of financial conglomerates, which is intended to address loopholes in present legislation, as prescribed by the FICOD. The guidelines are also aimed at enhancing the level playing field in the financial market and reduce administrative burdens for firms and supervisory authorities.

Among other things, the guidelines set out:

- mapping of the financial conglomerate structure and written agreements;
- the coordination of information exchange, supervisory planning and coordination of supervisory activities in going concern and emergency situations;
- supervisory assessment of financial conglomerates; and
- other decision-making processes among the competent authorities.

The guidelines will apply from 23 February 2015.

ESAs publish discussion paper on the use of credit ratings by financial intermediaries

The Joint Committee of the ESAs has published a discussion paper in order to seek views from stakeholders on the reliance on credit ratings by financial intermediaries within the EU. The discussion paper follows the results of a preliminary questionnaire issued to sectoral competent authorities (SCAs) on the issue and aims to:

- provide an initial overview of the experiences of SCAs on the use of credit ratings by the institutions they supervise; and
- obtain feedback from the supervised entities on their level of contractual reliance on credit ratings and what alternative means are available to them for assessing their creditworthiness.

Comments on the paper are due by 27 February 2015, and will be used to produce a first draft of guidelines aimed at reducing reliance on credit ratings in the second quarter of 2015.

ESAs consult on cross-selling practices in the financial sector

The Joint Committee of the ESAs has launched a consultation on draft guidelines for regulating cross-selling practices in the financial sector across the EU. The draft guidelines are aimed at EU competent authorities and develop how EU firms engaging in cross-selling practices in the financial sector should comply with the general conduct of business standards expected toward customers, and in particular, provide an approach for supervising firms valid across the EU.

Comments on this consultation are due by 22 March 2015. The Joint Committee expects to publish the final guidelines sometime in Q2 2015.

FSB reports on global adherence to regulatory and supervisory standards on international cooperation and information exchange

The Financial Stability Board (FSB) has published a statement providing an update on the jurisdictions that have been evaluated to date under its initiative to encourage adherence by all jurisdictions to regulatory and supervisory standards on international cooperation and information exchange.

Approximately 60 jurisdictions have been evaluated by the FSB and were selected in 2010 on the basis of their financial importance. The FSB update sets out that:

- 46 jurisdictions have demonstrated sufficiently strong adherence to the relevant standards;
- thirteen jurisdictions are taking action recommended by the FSB but have yet to demonstrate sufficiently strong adherence; and
- Venezuela elected not to engage in dialogue with the FSB and has therefore been determined to be non-cooperative. On 19 June 2014, the FSB issued a notice advising financial institutions to be aware of this determination and therefore to exercise appropriate caution in conducting business in Venezuela or with financial institutions supervised by the Venezuelan authorities.

The FSB has decided to add six jurisdictions to the evaluation pool that were not in the initial pool but now rank in the 60 financially most important jurisdictions according to latest data and will therefore add Kuwait, Macao, Nigeria, Panama, Peru and Qatar at the beginning of 2015.

Amendments have been made to the toolbox of possible measures to promote the implementation of international financial standards (the updated version is attached as Annex C of the annual statement). These limited amendments reflect the experience to date and clarify the process for using these measures.

CPMI and IOSCO publish assessment methodology for oversight expectations of critical service providers

The Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements (BIS) and the International Organization of Securities Commissions (IOSCO) have jointly published an assessment methodology for the oversight expectations applicable to critical service providers.

In April 2012, the then Committee on Payment and Settlement Services (CPSS) and IOSCO published the Principles for financial market infrastructures (FMI), which outlines five oversight expectations applicable to critical service providers in Annex F. The expectations are intended to support the overall safety and efficiency of an FMI. A regulator, supervisor or overseer of an FMI may use Annex F to establish expectations specifically targeted at critical service providers.

The CPMI/IOSCO paper establishes an assessment methodology and provides guidance to:

- supervisory authorities in assessing an FMI's critical service providers against the oversight expectations set out in Annex F; and
- critical service providers for complying with the oversight expectations.

Basel Committee consults on capital floor framework

The Basel Committee on Banking Supervision (BCBS) has launched a consultation on the design of a capital floor framework. The floor will be based on revised standardised approaches for credit, market and operational risk and will replace the existing transitional capital floor based on the Basel I framework.

The Committee's proposed floor is designed to ensure that the level of capital across the banking system does not fall below a certain level. The floor is also meant to mitigate model risk and measurement error stemming from internally-modelled approaches and would also enhance the comparability of capital outcomes across banks.

Comments on the consultation are due by 27 March 2015.

Basel Committee consults on standardised approach for credit risk

The BCBS has launched a consultation on revisions to the standardised approach for credit risk. The revisions are intended to strengthen the existing regulatory capital standard by:

- reducing reliance on external credit ratings;
- enhancing granularity and risk sensitivity;
- updating risk weight calibrations, which for purposes of the consultation are indicative risk weights and will be further informed by the results of a quantitative impact study;
- enhancing comparability with the internal ratings-based (IRB) approach with respect to the definition and treatment of similar exposures; and
- improving clarify with respect to application of the standards.

The BCBS also notes that it is considering replacing references to external ratings with a limited number of risk drivers, which vary based on the particular type of exposure. However, there are challenges associated with identifying risk drivers that can be both applied globally and reflect the local nature of some exposures and the BCBS recognises that the proposals are still at an early stage of development.

BCBS is seeking stakeholder input in order to enhance the proposals set out in the consultation, the key aspects of which include:

- bank exposures would no longer be risk-weighted by reference to the bank's external credit rating or that of its sovereign of incorporation, but would instead be based on two risk drivers, the bank's capital adequacy and its asset quality;
- corporate exposures would no longer be risk-weighted by reference to the borrowing firm's external credit rating, but would instead be based on the firm's revenue and leverage. Risk sensitivity and comparability with the IRB approach would be increased by introducing a specific treatment for specialised lending;
- the retail category would be enhanced by tightening the criteria to qualify for a preferential risk weight, and by introducing an alternative treatment for exposures that do not meet the criteria;
- residential real estate would no longer receive a 35% risk weight. Instead, risk weights would be based on two commonly used loan underwriting ratios, the amount of the loan relative to the value of the real estate securing the loan (the loan-to-value ratio) and the borrower's indebtedness (a debt-service coverage ratio);
- two options are being considered for commercial real estate, treating the exposures as unsecured with national discretion for a preferential risk weight under certain conditions or determining the risk weight based on the loan-to-value ratio; and
- the credit risk mitigation framework would be amended by reducing the number of approaches, recalibrating supervisory haircuts and updating the corporate guarantor eligibility criteria.

Comments on the consultation are due by 27 March 2015.

Basel Committee consults on outstanding issues related to the fundamental review of trading book capital requirements

The BCBS has published a consultation paper on outstanding issues related to the fundamental review of trading book capital requirements. BCBS intends that its review will improve trading book capital requirements in order to contribute to a more resilient banking sector by strengthening capital standards for market risk, promote consistent implementation and produce a comparable framework across jurisdictions.

The paper is the third consultation on the fundamental review of trading book capital requirements and sets out a limited set of revisions to the proposed market risk framework set out in the second consultation in October 2013. The revisions reflect feedback received on the second consultation and a hypothetical portfolio exercise, as well as the results of a comprehensive Quantitative Impact Study (QIS) in the second half of 2014. To address the challenges that the BCBS identified, the consultation paper outlines refinements in three broad areas:

- the treatment of internal risk transfers (IRTs) of equity risk and interest rate risk between the banking book and the trading book, to supplement the existing treatment of internal transfers of credit risk;
- a revised standardised approach that uses as inputs changes in the value of an instrument based on sensitivity to underlying risk factors; and
- a simpler method for incorporating the concept of liquidity horizons in the internal models approach.

Comments on the consultation are due by 20 February 2015.

The BCBS also notes that for the follow-up QIS in early 2015 an updated version of the full draft Accord text on the revised risk framework will be published as a reference document, incorporating changes made via the BCBS frequently asked questions (FAQs) on the 2014 QIS and the proposals set out in this consultation paper.

BRRD: HMT publishes a number of SIs for UK implementation

Four Statutory Instruments (SIs) that implement certain aspects of the EU Bank Recovery and Resolution Directive (BRRD) in the UK have been made. The final text of the Bank Recovery and Resolution Order 2014 (BRRO), which was laid before Parliament in draft on 24 November 2014 – and which makes the most important amendments to the special resolution regime under Part 1 of the Banking Act 2009 – has not yet been published.

The following SIs have been published:

- the Banking Act 2009 (Mandatory Compensation Arrangements Following Bail-In) Regulations 2014 (SI 2014/3330), which makes provision for compensation where post resolution valuation determines that creditors have made a worse recovery in a bail-in resolution than they would have done in ordinary insolvency; and
- the Banking Act 2009 (Restriction of Special Bail-In Provision, etc.) Order 2014 (SI 2014/3350), which protects some categories of claim (including certain derivatives) from the effects of bail-in.

Both of these SIs entered into force on 1 January 2015.

Additionally, the following SIs, which commence either fully or in part on 10 January 2015, have also been published:

- the Building Societies (Bail-In) Order 2014 (SI 2014/3344), which modifies the special resolution regime to facilitate the exercise of the bail-in option in relation to building societies; and
- the Bank Recovery and Resolution (No. 2) Order 2014 (SI 2014/3348), which sets out the procedural requirements that the Bank of England, Prudential Regulation Authority (PRA), Financial Conduct Authority (FCA) and HM Treasury must follow when exercising their powers and functions under the amended special resolution regime, in particular relating to planning for or managing the failure of an institution or acting to achieve one or more of the special resolution objectives. The order also modifies the 2003 Financial Collateral Regulations in order to ensure that resolution action prevails over protections relating to netting, set-off and security enforcement otherwise established by those regulations. The order also modifies the 2004 Credit Institutions (Reorganisation and Winding up) Regulations in order to give primacy to home state resolution action and to prevent the UK authorities from taking special resolution action in relation to an EEA credit institution. Part 9 of the Order, which relates to minimum requirements for own funds and eligible liabilities (MREL), will enter into force on 1 January 2016.

In addition to these statutory implements that amend existing primary and secondary legislation, part of the UK's implementation of the BRRD will also be achieved through new PRA and FCA Rules, drafts of which were consulted on in 2014. Final versions of these rules are expected to be published by mid January 2015.

FCA announces regulation of seven additional benchmarks and consults on supervisory regime

The Financial Conduct Authority (FCA) has announced that it will regulate seven additional benchmarks from 1 April 2015. The benchmarks are all major UK-based financial benchmarks in the fixed income, commodity and currency (FICC) markets, following recommendations from the Fair and Effective Markets Review (FEMR), and comprise:

- the Sterling Overnight Index Average (SONIA);
- the Repurchase Overnight Index Average (RONIA);
- ISDAFIX;
- WM/Reuters (WMR) London 4pm Closing Spot Rate;
- London Gold Fixing (to be replaced by LBMA Gold Price);
- LBMA Silver Price; and
- ICE Brent Index.

Currently, the London Interbank Offered Rate (LIBOR) is the only regulated benchmark. To coincide with the announcement, the FCA has launched a consultation into extending its generic approach to benchmark regulation from LIBOR regulation to other benchmark administrators. Chapter 8 of the Market Conduct Sourcebook (MAR) contains provisions that apply to benchmark administrators and submitters as originally implemented to regulate LIBOR. The FCA has identified that a major difference between LIBOR and certain other benchmarks is that some benchmarks do not have 'benchmark submitters'. As such, the FCA is consulting on amending the existing rules so that administrators of the seven additional benchmarks that do not have submitters or in addition to submission rely on other information are brought into the scope of benchmarks regulation.

The FCA proposes that a senior individual within each relevant firm should oversee compliance with the FCA's requirements, which will include:

- establishing credible oversight measures;
- identifying potentially manipulative behaviour and maintain an audit trail of submissions;
- maintaining sufficient financial resources to ensure that operating costs can be covered for six months, plus a buffer period of three months, to ensure the viability and continuity of the benchmark; and
- controlling conflicts of interest.

Comments on the consultation are due by 30 January 2015.

To coincide with the FCA announcement, HM Treasury (HMT) has confirmed that it will extend the legislative regime established for the regulation of LIBOR to the seven additional benchmarks, including criminal sanctions for those found manipulating the benchmarks. HMT has published a draft statutory instrument (SI), the draft Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2015, which it intends to enter into force from 1 April 2015.

New FCA disclosure and transparency rules on reports on payments to governments enter into force

The FCA has confirmed that a new instrument, the Disclosure and Transparency Rules (Reports on Payments to Governments) instrument 2014 (FCA 2014/63), has entered into force. The new Disclosure and Transparency Rules (DTRs) follow an announcement on 12 December 2014 which set out requirements under the Transparency Directive for certain issuers involved in the extractive and logging industries to produce annual reports on payments made to the governments in the countries they operate in.

The new DTRs will take effect for financial years beginning on or after 1 January 2015.

Decree amending investment rules relating to loans-to-real economy published

Decree no. 2014-1530, dated 17 December 2014, has been published in the French Journal Official. It complements the reform initiated in 2013 by the decree no. 2013-717 of 2 August 2013 which encourages financing of the real economy, notably by French insurance companies, either:

- directly and upon conditions, though direct loans; or
- indirectly through the so-called 'loan-to-real economy funds', fonds de prêts à l'économie (FPEs).

The Decree aligns the investment rules applicable to pension institutions (institutions de prévoyance) subject to the French 'code de la sécurité sociale' and mutual insurers and grouping unions (mutuelles et unions d'assurance) subject to the French 'code de la mutualité' with those applicable to companies, including French insurance companies and certain mutual insurers, subject to the French 'code des assurances' as amended by the 2013 decree.

The Decree also enlarges the scope of receivables which are eligible to FPEs' investments, in particular, to receivables over the following entities:

- member states of the EU;
- individual companies engaged in a commercial, industrial, agricultural, craft or real estate activity, established in France and having a valid SIREN number;
- certain EU holding companies;
- EU special purpose vehicles (SPVs) the purpose of which is to finance manufacturing, acquisition, operation of capital or infrastructure goods, for the

benefit of EU member states and certain EU holding companies engaged in a commercial, industrial, agricultural, craft or real estate activity; and

- real estate investment schemes including French organismes de placement collectif immobilier (OPCI).

Further, the Decree revises certain provisions of the French 'code des assurances' so as to:

- enlarge the perimeter of unsecured loans which could be eligible to French insurance companies' regulated liabilities (engagements réglementés), to reflect the scope of the eligible receivables above except for those engaged in certain commercial, industrial, agricultural, craft or real estate activity, established in France and having a valid SIREN number;
- clarify the eligibility of loans acquired in the secondary market to French insurance companies' regulated liabilities; and
- allow FPEs to enter into currency hedging contracts.

Several editorial amendments have been made by the Decree, aiming at increasing the intelligibility of the provisions introduced by the 2013 decree.

Law on the Reduction of Dependencies of Ratings published in the Federal Gazette

The Law on the Reduction of Dependencies on Ratings has been published in the Federal Gazette (BGBl. 2014 Part I No. 59, 18 December 2014). It partly entered into force on 19 December 2014 and entirely on 21 December 2014. The law mainly stipulates modifications to the existing German law, in particular:

- administrative fines in the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG), the German Banking Act (Kreditwesengesetz, KWG) and German Law on Capital Investments (Kapitalanlagegesetz, KAGB) are broadened and include the disobedience of the prerequisites of ratings pursuant to Regulation (EC) 1060/2009 on credit rating agencies;
- an automatic rating of credit portfolios by capital investment companies (Kapitalverwaltungsgesellschaften) is no longer possible (section 29 para 2a KAGB) and respective risk management systems have to reflect this; and
- credit institutions and financial services institutions that are not CRR institutions are treated as CRR institutions if they make use of ratings for regulatory purposes.

CONSOB publishes guidance on practices for firms selling complex products to retail investors

The Commissione Nazionale per le Società e la Borsa (CONSOB) has published a communication on practices for firms selling complex products to retail investors (Communication no. 0097996) following a consultation process that ended on 30 June 2014. The Communication is intended to introduce a set of provisions that aim to increase the degree of protection for retail investors in accordance with the general principles inspiring MiFID 2.

Amongst other things, the Communication is intended to:

- encourage firms to adhere to the guidelines set forth under the Opinions 'Mifid practices for firms selling complex products', 'Good practices for product governance arrangements', respectively published by the ESMA on 7 February 2014 and 27 March 2014, and the Statement 'Potential Risks Associated with Investing in Contingent Convertible Instruments', published by ESMA on 31 July 2014; and
- prevent firms from selling certain complex products to retail investors.

Firms and intermediaries must comply with the provisions set out under the Communication as soon as possible, and in any event by 30 June 2015, and notify CONSOB of the relevant internal measures adopted in this respect.

CSSF issues new circular on accounting treatment of lump sums and AGDL for prudential reporting

The Luxembourg financial sector supervisory authority, the Commission de Surveillance du Secteur Financier (CSSF), has issued a new circular (14/599) on the accounting treatment of the lump sum provision and the AGDL provision in the context of prudential reporting. Both provisions are set up as a preventive measure in prosperous economic periods with the aim of using them in less favourable periods to face losses or possible insolvency situations.

The circular informs banks of the adaptation of the accounting treatment of the lump sum provision and the AGDL provision for the purposes of prudential reporting following the implementation of the Capital Requirements Regulation (CRR).

The adaptation involves the following three points:

- a technical adjustment in the FINREP reporting following the harmonisation of European reporting;

- adapting the treatment of the lump sum provision with respect to own funds (capitaux propres); and
- specifications in relation to the transition of the deposit protection scheme funded on the basis of provisions made to a deposit protection scheme funded ex ante by contributions to a fund.

Polish President signs Act amending rules on interchange fees and Act amending Trading in Financial Instruments Act

The Polish President has signed the Act of 28 November 2014 on the Amendment of the Act on Payment Services. The purpose of the amendment is to lower the maximum statutory cap for the interchange fee in domestic payment transactions concluded with the use of payment cards. According to the new Act, the interchange fee rate may not exceed 0.2% of the unit value of a domestic payment transaction effected with the use of a debit card and 0.3% of the unit value of a domestic payment transaction effected with the use of a credit card. In addition, the Act specifies in more detail the disclosure obligations of settlement agents towards merchants and extends the preference period with respect to the interchange fee rate for newly created card organisations.

The Polish President has also signed the Act of 5 December 2014 on the Amendment of the Act on Trading in Financial Instruments and Certain Other Acts. The Act relates to short selling and the purpose of the amendment is to implement into the Polish legal system provisions of the Short Selling Regulation (SRR) and the European Market Infrastructure Regulation (EMIR). Consequently, the draft aims, among other things, to:

- ensure consistency of the definition of short selling and naked short selling with the SRR;
- introduce administrative penalties for not complying with the SRR;
- specify the Polish Financial Supervision Authority as the competent supervisory authority; and
- set rules for supervision over central counterparties, as well as penalties for any entities which do not comply or which do not properly comply with the obligations provided for in the SRR.

AFM publishes report on sustainable and responsible crowdfunding

The Netherlands Authority for the Financial Markets (AFM) has published a report on the crowdfunding market, and made recommendations for it to function in a sustainable and responsible manner for the financing needs of mainly small and medium-sized enterprises (SMEs). In order to protect borrowers and lenders, crowdfunding platforms should provide adequate transparency on contract terms.

Generally, the AFM recommends that the Dutch legislator adjust its regulatory framework and design more detailed rules for the crowdfunding sector, including a tailored approach to regulations in relation to the type of platform in particular whether it is loan-based or equity-based. Under current law, five supervisory regimes could be applicable, including rules on investment services, credit intermediary services, consumer credit services, soliciting repayable funds, and payment services. The AFM also invites the sector to consider self-regulation to professionalise the sector, such as focusing on best practices.

The Minister of Finance has acknowledged the added value of crowdfunding activities as alternative financing source for SMEs and agrees with the AFM's recommendations. This will lead to certain amendments in Dutch legislation.

State Council issues Decision to amend administrative regulations on foreign-funded banks

In order to promote foreign investment in the domestic banking industry, the PRC State Council has announced the Decision to Amend the Administrative Regulations on Foreign-funded Banks, which took effect from 1 January 2015. The Amendment consists of several relaxations concerning the establishment and business operations of foreign-funded banking intuitions in China, including but not limited to:

- the establishment of a representative office in China, which will no longer be a pre-condition for a foreign bank to set up a banking presence (such as a wholly foreign-owned bank, Sino-foreign joint venture bank or bank branch);
- removal of the RMB 100 million minimum working capital requirement for branches of wholly foreign-owned banks or Sino-foreign joint venture banks;
- lowering of the threshold for any foreign-funded banking presence to operate RMB business to one-year operation record from the current requirements of three-year track record and two-year profitability; and
- once a branch of a foreign bank has been approved to conduct RMB business in China, the operation record requirement will be waived for the foreign bank's other branches to engage in RMB business in China.

State Council publishes trial rules for immovable properties registration

The State Council has published the Trial Rules for Immovable Properties Registration, which were issued on 24 November 2014. The Rules, which will come into effect from 1 March 2015, are intended to establish a nationwide unified immovable properties registration system in China. Among other things, the Rules specify the following:

- the initial registration, title transfer, de-registration, and attachment order of any immovable properties (including real estate, forests, farmland, grassland, etc.) shall be subject to the Rules;
- the registration procedures for immovable properties will be streamlined and can be proceeded with one department designated by the local government;
- a unified immovable properties registration platform will be established and an information sharing mechanism will be developed among various government agencies including the authorities of land and resources, public security, civil affairs, finance, tax, industry and commerce, auditing, statistics, etc.;
- immovable properties registration information shall only be checked by the owners, the relevant stake holders and government authorities in accordance with laws and regulations; and
- the relevant title certificates and registration records created prior to the implementation of the Rules shall remain valid.

SSE publishes draft rules on investor suitability for the stock option pilot program

In order to set up the investor suitability system for the stock option pilot program, the Shanghai Stock Exchange (SSE) has published the draft 'Guidelines on Investor Suitability Management for the Stock Option Pilot Program' for consultation.

The draft guidelines provide the specific requirements for qualified individual investors and ordinary institutional investors including minimum assets, experience, knowledge and track record.

The draft guidelines also set out what constitutes professional institutional investors, which may participate in option trading, including commercial banks, option trading institutions, insurance institutions, trust companies, fund management companies, financial companies, qualified foreign institutional investors and the subsidiaries of such institutions, and securities investment funds, social security funds, pension funds, enterprise annuity, trust plans, asset management plans, banking and insurance wealth management products and other funds or client assets managed by the above professional institutions.

SSE publishes draft rules on market making business for the stock option pilot program

The SSE has published the draft 'Guidelines on Market Making Business for the Stock Option Pilot Program' for consultation. The stock option pilot program intends to introduce a market making system to improve the liquidity of stock option trading. The consultation draft provides the qualification requirements, rights and obligations of market makers. Among others things, the draft guidelines indicate that:

- market makers are classified as primary market makers and general market makers, depending on the permissible business scope;
- while primary market makers may provide continuous bilateral quotes to investors, bilateral quotes in response to investors' inquiries, and other services as required by SSE or the relevant market making business agreement, general market makers may only provide bilateral quotes in response to investors' inquiries, and other services as required by SSE or the relevant market making business agreement; and
- any institution satisfying the following requirements may apply to the SSE for a market maker qualification:
  - the institution must have been approved by the China Securities Regulatory Commission to conduct market making business for stock option trading;
  - it has participated in market making for SSE's stock option mock trading for more than 3 months and has passed all the relevant tests;
  - its performance during the mock trading has complied with the relevant standards of market making business; and
  - it has passed the on-site inspection organized by SSE.

SSE and CSDCC jointly issue draft rules on risk control of the stock option pilot program

The SSE and China Securities Depository and Clearing Co., Ltd. (CSDCC) have jointly published the draft 'Administrative Measures on Risk Control of the Stock Option Pilot Program' for consultation. The risk management systems stipulated in the consultative document include margin deposit, position limit, large-position reporting, forced liquidation, trading cancellation,

settlement reserve funds and risk alerts. Among other things, the draft measures indicate that:

- margin deposits are classified as settlement deposits and trading deposits and both may be submitted in cash or securities recognized by SSE and CSDCC;
- trading position limits shall be determined and adjusted by SSE and made public to the market;
- where there is no settlement reserve funds or insufficient securities and the relevant participant fails to provide sufficient funds or securities within the designated time period or liquidate the positions by himself, CSDCC shall conduct forced liquidation of the relevant participant's positions and make a public announcement; and
- if any force majeure event, accident, technical problem or human error results in material abnormity of the option trading, SSE may cancel the trading of the relevant stock option contract.

SSE publishes draft trading rules for the stock option pilot program

The SSE has published the draft 'Trading Rules for the Stock Option Pilot Program' for consultation, in order to further develop the derivatives market. The document sets out that underlying subjects of stock option contracts include eligible SSE traded stocks, exchange traded funds (ETFs) and other securities approved by the China Securities Regulatory Commission and sets out the requirements that a particular SSE stock should satisfy in order to be the underlying subject of a stock option contract:

- it should be on the eligible securities list for margin trading and securities lending as published by SSE;
- it should have been listed for no less than 6 months;
- its average daily fluctuation range in the recent 6 months should not exceed 3 times that of the benchmark index; and
- its average daily number of share holding accounts in the recent 6 months should be no less than 4000.

In order for an ETF to be the underlying subject of a stock option contract, it should:

- be on the eligible securities list for margin trading and securities lending as published by SSE;
- have been established for no less than 6 months; and
- have had average daily number of share holding accounts in the recent 6 months of no less than 4000.

The consultation draft trading rules also set out that:

- any listed company, its directors, supervisors, senior management personnel, shareholders holding more than 5% of the company's shares and the persons acting in concert with such shareholders shall not trade the stock option contracts with shares of the listed company being the underlying subject unless for hedging purpose or otherwise permitted by SSE; and
- for the purpose of business and risk segregation, to trade stock options, investors should use an account system which is independent from the spot market trading.

Revised disclosure rules for banks gazetted

The Hong Kong Monetary Authority (HKMA) has announced that the Banking (Disclosure) (Amendment) Rules 2014 to introduce disclosure requirements associated with the second phase of Basel III requirements for authorised institutions have been gazetted. The disclosure requirements relate primarily to:

- the capital buffers and the liquidity coverage ratio to be implemented via the Banking (Capital) (Amendment) Rules 2014 and the Banking (Liquidity) Rules respectively, which will come into effect on 1 January 2015; and
- the Basel III leverage ratio which, according to the Basel Committee on Banking Supervision's Basel III implementation timetable, is required to be disclosed by banks with effect from 2015.

The HKMA has indicated that it has engaged the banking industry in formulating disclosure standards which closely reflect those promulgated internationally.

The Banking (Disclosure) (Amendment) Rules 2014 will be tabled before the Legislative Council on 7 January 2015 for negative vetting. The Rules are scheduled to come into operation on 31 March 2015.

AML/CFT: HKMA issues circular on FATF risk-based approach guidance for banking sector and risk assessment

The HKMA has issued a circular to Authorized Institutions (AIs) to inform them of the risk-based approach guidance for the banking sector, published by the Financial Action Task Force on Money Laundering (FATF) on 27 October 2014.

The FATF guidance outlines the principles involved in applying a risk-based approach (RBA) to anti-money laundering and counter-terrorist financing (AML/CFT) and addresses countries, their competent authorities and the

banking sector. The circular highlights, in particular, section I of the guidance which sets out the key elements of an RBA and section III which provides specific guidance to banks on the effective implementation of an RBA. The HKMA has indicated that the FATF guidance should be read in conjunction with the Basel Committee on Banking Supervision's (BCBS') guidance paper entitled 'Sound Management of Risks Related to Money Laundering and Financing of Terrorism', which was circulated to AIs on 10 February 2014.

The circular also clarifies the expectations of the HKMA in respect of AIs' assessment of money laundering and terrorist financing (ML/TF) risks.

AIs are encouraged to review the guidance and assess the implications for enhancing their AML/CFT control framework. The HKMA will have regard to the FATF guidance during future review of local legal and regulatory AML/CFT requirements.

HKEx publishes consultation conclusions on proposals regarding risk management and internal control

The Stock Exchange of Hong Kong Limited (HKEx) has published the conclusions of its June 2014 consultation on proposed amendments to the Corporate Governance Code and Corporate Governance Report (the Code) relating to internal controls and risk management.

In summary, the main changes to the Code include:

- incorporating risk management into the Code where appropriate;
- defining the roles and responsibilities of the board and management;
- clarifying that the board has an ongoing responsibility to oversee the issuer's risk management and internal control systems;
- upgrading voluntary recommendations to Code Provisions (CPs), that are subject to 'comply or explain', which relate to the annual review of the effectiveness of the issuer's risk management and internal control systems, and disclosures in the Corporate Governance Report; and
- upgrading to a CP the recommendation that issuers should have an internal audit function, and those without to review the need for one on an annual basis.

The amendments to the Code will apply to accounting periods beginning on or after 1 January 2016. HKEx has also published a set of frequently asked questions (FAQs) to guide issuers on amendments to the Code.

MAS responds to public feedback on improved retail access to debt securities

The Monetary Authority of Singapore (MAS) has published responses to the feedback it received on its September 2014 consultation paper on facilitating bond offerings to retail investors. It now intends to proceed with a number of key proposals to make it easier for corporate issuers to offer bonds to retail investors while maintaining sufficient safeguards including changes to prospectus requirements, in particular:

- under the bond seasoning framework, which will now enable wholesale bonds issued by eligible issuers without a prospectus to offer the bonds to retail investors after a period of six months of being listed (seasoned bonds). Eligible issuers under the seasoning framework will be exempted from the prospectus requirement for additional offers of new bonds to retail investors with the same terms as the seasoned bonds; and
- removing prospectus requirements for offerings to retail investors for bonds issued by issuers that satisfy specified thresholds which are higher than the eligibility criteria under the seasoning framework.

The MAS has also published a consultation paper on draft legislation to effect the policy proposals. Comments on the draft regulations are due by 23 January 2015.

In tandem with MAS' September 2014 consultation paper on facilitating bond offerings to retail investors, the Singapore Exchange (SGX) also published a consultation paper inviting comments on initiatives to improve retail access to debt securities and related changes to the listing rules. SGX has now issued its responses to the feedback it received, and will be making refinements to the seasoning framework (which includes expanding the scope of qualifying debt securities).

The SGX has launched a public consultation on proposed amendments to the listing rules relating to trustee and trust deed requirements and continuing listing obligations for debt securities issuers. Comments on the SGX consultation are also due by 23 January 2015.

OFAC issues a new Executive Order related to Crimea

President Obama has issued a new Executive Order (EO) on Blocking Property of Certain Persons and Prohibiting Certain Transactions with Respect to the Crimea Region of

Ukraine. The EO became effective immediately and imposes broad prohibitions on engaging in commercial activity in or related to Crimea. For the purposes of the EO, US Persons are defined as US citizens and permanent residents, US domiciled entities and their foreign branches, and any person while located in the United States. The EO prohibits:

- new investment in Crimea by US Persons;
- importing goods, services or technology from Crimea into the United States, directly or indirectly;
- exporting, reexporting, selling or supplying, directly or indirectly, from the United States, or by a US Person, any goods, services or technology to Crimea; and
- US Persons facilitating commerce by others with Crimea (including trade in non-US origin goods between third countries and Crimea).

In addition, the EO prohibits engaging in transactions that evade or avoid, have the purpose of evading or avoiding, cause a violation of, or attempt to violate, any of the EO's prohibitions.

The Treasury Department has indicated that the EO is intended to bring US Ukraine-related sanctions more in line with the current EU sanctions, which impose restrictions on certain activities related to Crimea and Sebastopol.

OFAC has not yet issued any guidance or regulations under the new sanctions.

RECENT CLIFFORD CHANCE BRIEFINGS

US Government Holds First Consultation on National Action Plan on Business and Human Rights

This briefing discusses the first US Government public consultation on the White House National Action Plan on Responsible Business Conduct held on 15 December 2014 in New York City. The consultation is the first of four national consultations announced by the Government to develop the US NAP and included discussion of US Government and company reporting on social risks, land rights and agricultural investments, the extractive sector, trade and investment agreements, and the financial sector.

http://www.cliffordchance.com/briefings/2014/12/us_government_holdsfirstconsultationo.html