COVID-19 REGULATORY UPDATE WEBINAR

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RECENT

PUBLICATIONS

The information in the next slides provides a non-exhaustive list of main regulatory developments that have occurred response to the COVID-19 crisis in some locations where BP2S is active.

- BP2S COVID-19 Regulatory watch
- <u>Coronavirus: the science, the markets and the liquidity challenge</u> (CIB)
- European Regulatory Intelligence Newsletter
 - European regulatory news Q1/Q2
 - European regulation: upcoming trends
 - Crypto-Assets: Towards Greater Regulatory Certainty
 - EU Sustainable Finance Action Plan
 - <u>Liquidity Increased Regulatory Scrutiny in the EU</u>



AT INTERNATIONAL LEVEL

AT EU LEVEL

 On 2 April 2020, the Financial Stability Board ("FSB") issued a <u>statement</u> on reprioritising its work programme for 2020 in light of Covid-19.

- On 3 April 2020, in light of the global COVID-19 crisis, the European Commission (EC) <u>extended</u> the deadline for the MiFID II//R and the NFRD consultations by four weeks.
- On 20 March 2020, ESMA <u>decided</u> to extend the response date for all ongoing consultations with a closing date on, or after, 16 March by four weeks.
- On 11 March 2020, ESMA made <u>recommendations</u> to financial market participants in respect of business continuity planning, market disclosure, financial reporting and fund management.







- On 26 March 2020, the ordinance n°2020-306, adopted pursuant to the Emergency Law, was <u>published</u> in the Official Journal. The ordinance provides, inter alia, for the extension of deadlines as regards some contractual arrangements e.g. cash financing arrangements.
- On 16 April 2020, the ordinance n°2020-427 modifying ordinance n°2020-306, was also published in the Official Journal.



- On 24 March 2020, the BaFin issued a <u>press release</u> outlining its supervisory approach in the face of the Covid-19 crisis.
 The BaFin sets out a range of measures to ease the burden on financial market participants and ensure financial stability.
- The measures focus on credit institutions, insurers, pension funds, and firms active in the securities services sector.
- All specific measures taken by BaFin are listed in a FAQ which is updated and expanded as situation develops.

IRELAND

 In March 2020, the Central Bank of Ireland published a page on its website with FAQ's and a press release on the current situation in Ireland surrounding Covid-19.



UNITED KINGDOM

FCA – Expectations of investment firms

The FCA has set out its general guidance and rules regarding its expectations of firms in the light of the coronavirus (Covid-19) crisis.

FCA – Non-critical Regulatory Change

- The FCA reviewed the possibility of delaying or postponing activity which is not critical to protecting consumers and market integrity in the short-term. This allowed firms to focus on supporting their customers during this difficult period.
- This includes extending the closing date for responses to open consultation papers and calls for input until 1 October 2020 and rescheduling most other planned work.
- For a full list covering Asset & Wealth Management, Insurance, Pensions and more see the FCA's <u>website</u>.

SPAIN

- On 20 March 2020, the Spanish Government issued Royal Decree (RD-Ley 8/2020) related to economic measures. The Royal Decree includes:
 - new limitations on foreign investments,
 - changes in the corporate governance of issued companies, how shareholder meetings are held during 2020 and,
 - extensions to the deadlines for annual audited financial statements, intermediate management statements and semi-annual financial statements.
- On 31 March 2020, the Spanish Government issued Royal Decree (RD-Ley 11/2020) related to social and economic measures that complement and maintain all the provisions already included in RD- Ley 8/2020.



BASEL III IMPLEMENTATION POSTPONED • On 27 March 2020, the Bank of International Settlements ("BIS") published a press release announcing the deferral of the implementation of the so-called Basel III standards i.e. those standards still outstanding. The deferral aims to increase the operational capacity of banks and supervisors in order to respond to the situation created by Covid-19.

ECB PROVIDES FURTHER FLEXIBILITY TO BANKS IN REACTION TO CORONAVIRUS

- On 20 March 2020, the European Central Bank (ECB) announced further measures to ensure that its directly supervised banks can continue to fulfil their role to fund households and corporations amid the coronavirus-related economic shock to the global economy.
- On 29 April 2020, the ECB decided to extend the deadlines applicable to the reporting of statistical data by reporting agents such as insurance companies or pension funds.



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ASSET MANAGEMENT / AT EUROPEAN & NATIONAL LEVEL





- On 20 March 2020, EIOPA published <u>recommendations</u> addressed to competent authorities for the insurance sector regarding the deadline of supervisory reporting and public disclosure (annual reporting – quarterly reporting – Solvency and Financial Condition report) and a Q&A in relation thereto.
 - On 2 April 2020, EIOPA issued a <u>public statement</u> urging (re)insurers to suspend all discretionary dividend distributions and share buy-backs.
 - On 2 April 2020, EIOPA issued a <u>public statement</u> outlining the impact of Covid-19 on its work programme.
 - On 17 April 2020, EIOPA issued a <u>public statement</u> on principles to mitigate the impact of Covid-19 on the occupational pensions sector, which is covered by the IORP II Directive. EIOPA – new timetable for advice on Solvency II review;
 - On 30 April 2020, EIOPA delivered its <u>advice</u> to the European Commission on Solvency II review at end December 2020, to take into account the importance of assessing the impact of the current Covid-19 situation on the Solvency II review.



AT EU LEVEL

INSURANCE / NATIONAL LEVEL

LUXEMBOURG

- <u>CAA Publications</u>
- Throughout March and April 2020, the Commissariat aux Assurances (CAA) published inter alia the following in the context of Covid-19:
- On 25 March 2020, the CAA published that the CSSF will follow these recommendations and extend deadlines for the submission of Solvency 2 reporting and public disclosure, in accordance with the EIOPA's recommendations of 20 March 2020 (« Recommendations on supervisory flexibility regarding the deadline of supervisory reporting disclosure and public Coronavirus/COVID-19 (EIOPA-BoS-20/236)).
- On 2 April 2020, the CAA offered some relief in respect of annual and quarterly reporting including in respect of Solvency II reporting SOLO.

BNP PARIBAS

SECURITIES SERVICES

SPAIN

- Ministry of Economy & Digital Transformation - Directorate General for Insurance and Pension Funds - EIOPA's recommendations on supervisory reports
- On 23 March 2020, the Spanish Ministry of Economy and Digital Transformation's Directorate General for Insurance and Pension Funds issued a press release communicating EIOPA's recommendations on supervisory flexibility regarding deadlines of supervisory reporting and public disclosure by insurers in the official regulator website.

UNITED KINGDOM

• FCA – letter to CEOs of insurance firms

On 15 April 2020, FCA <u>published</u> its CEO letter to insurance firms with specific focus on Business Interruption.

 FCA – letter to CEOs of insurance firms

On the 17 April 2020, the FCA has <u>updated</u> their expectations on financial resilience for FCA solo-regulated firms:

FRANCE

- <u>ACPR</u> <u>Recommendation</u> <u>addressed</u> to <u>insurance</u> <u>companies</u>
- On 3 April 2020, the Autorité de Contrôle Prudentiel et de Résoution (ACPR) issued a recommendation addressed to insurance companies to suspend distribution of dividends, in the context of Covid-19.

REGULATORY REPORTING

IRELAND

LUX

ITALY

- On 20 April 2020, the Central Bank of Ireland has <u>published</u> an update relating to flexibility for remittance of certain returns / reporting
- Companies Registration Office Update Regarding Filing of Annual Returns

CSSF – Press release on regulatory reporting

On 23 March, the CSSF issued a press release in light of the COVID-19 situation as regards regulatory reporting obligations.

CSSF – Press release on submission of long form reports

On 25 March, the CSSF issued a press release in light of the COVID-19 situation as regards the submission of long form reports.

- Bank of Italy grants extensions to certain reporting obligations: on 20 March 2020, the Bank of Italy granted extensions (from 60 to 150 days depending on the different topics) to certain reporting obligations in order to enable the banking and financial system to concentrate all its efforts on dealing with the Covid-19 crisis.
- CONSOB grants extensions for reporting obligations: on 25 March 2020, the CONSOB granted a 60 day extensions to certain reporting
 obligations stated in its Circular 17297/2010 in order to enable the banking and financial system to concentrate all its efforts on dealing with the
 Covid-19 crisis.
- COVIP extends reporting deadlines: on 11 March, 20 March and 1st April 2020, in light of the Covid-19 crisis, the COVIP, Italian regulatory authority for pension schemes, issued three circulars in order to extend specific deadlines. Official links to the communications: <u>1</u>, <u>2</u>, <u>3</u>.



OTC DERIVATIVES

MARGIN REQUIREMENTS

- Since 1st September 2016, initial margin rules for non-cleared derivative transactions have been
 progressively entering into force. As the rules are phased-in (1st September 2019 was the 4th phase),
 increasing numbers of market participants are subject to the requirements every year.
- Bank of International Settlements Additional supporting measures: on 3 April 2020, the BIS has agreed, together with the International Organisation of Securities Commissions (IOSCO), to extend the deadline by one year of completion of the final two implementation phases of the margin requirements for non-centrally cleared derivatives. The BIS issued a press release announcing additional measures to alleviate the impact of Covid-19 on the global banking system.
- As expected, the three European Supervisory Authorities (EBA/ESMA/EIOPA) formally confirmed this deferral in the context of EMIR.



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SFTR & MIFID II

MiFID II

• At EU level: postponement of reporting requirements under SFTR:

- On 26 March 2020, ESMA asked NCAs not to prioritise their supervisory actions towards entities subject to securities financing transactions reporting obligations during the period 13 April to 13 July 2020.
- The 13 April 2020 reporting deadline has been postponed to 13 July 2020 due to the Covid-19 pandemic.

• Luxembourg:

 On 9 April 2020, Circular 20/739 was published announcing that the CSSF applies the ESMA Guidelines on the Reporting under Articles 4 and 12 of the SFTR (published on 6 January 2020) and has integrated them into its administrative practice and regulatory approach.

- ESMA clarifications for best execution reports under MiFID II
- On 31 March 2020, ESMA issued a public statement to clarify issues regarding the publication by execution venues and firms of the general best execution reports required under RTS 27 and 28 of MiFID II, in light of the COVID-19 pandemic.



GENERAL MEETINGS



LUX

IRELAND



 Luxembourg Government – <u>Decree</u> on Shareholder meetings and meetings of management bodies in digital form.

• The Office of Director of Corporate Enforcement FAQ update.



SHORT-SELLING

NATIONAL LEVEL

 Due to share prices plunging to record lows in March, a number of European nations, including France, Spain and Italy intervened by banning the short selling of shares.

ESMA

 On 18 May 2020, ESMA published a <u>communication</u> on the non-renewal and termination of short selling bans by Austria, Belgium, France, Greece and Spain.

WHAT'S NEXT? • BACK TO BAU?



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