



## Regulatory, monetary and fiscal policy initiatives in response to the COVID-19 pandemic

Summary of initiatives announced in the UK and pan-EU  
Updated as of 1 June 2020

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# Policy initiatives in response to the COVID-19 pandemic

## What you will find in this document

This document outlines the key initiatives taken by governments, central banks, regulators and supervisors in the UK and at the EU-level since 11 March 2020 to support households, companies and the economy through the COVID-19 pandemic that have implications for the financial services sector.

We have classified these initiatives into the categories shown in the table of contents below.

*Note: The material on fiscal policy initiatives is taken from Deloitte's report on government funding in response to COVID-19, which can also be found [HERE](#).*

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**Annex:** list of delayed regulatory and supervisory activities as of 11 May 2020 – p. 79

# **UK policy initiatives in response to the COVID-19 pandemic**

# Policy initiatives in response to the COVID-19 pandemic – UK

## Fiscal policy (1/8)

Institution	Date	Sector	Headline	Summary	Link
HMT	11.03.20 20.03.20 03.03.20	Cross-sector	<b>COVID-19 Business Interruption Loan Scheme (CBILS)</b>	<p><b>Small business financial support:</b></p> <ul style="list-style-type: none"> <li>• Currently established for businesses with turnover of up to £45m (up from £41m), available from week commencing 23 March 2020.</li> <li>• Lending scheme through the British Business Bank from £1,000 up to £5m (increased from up to £1.2m) per company with government meeting interest costs for the first 12 months. Finance terms are for up to 6 years for term loans and asset finance facilities, and for up to 3 years for overdrafts and invoice finance facilities.</li> <li>• The scheme provides the lender with a government-backed guarantee against 80% of the outstanding facility balance, potentially enabling a ‘no’ credit decision from a lender to become a ‘yes’. NB – the borrower always remains 100% liable for the debt.</li> <li>• The first 12 months of these loans will be interest free, as the government will cover these payments as well as any lender-levied charges.</li> <li>• Scheme amended to applies to <b>ALL viable businesses, not just those that are unable to secure regular commercial funding.</b></li> <li>• Personal guarantees prohibited for loans under £250,000. For loans over £250,000, personal guarantees are limited to 20% of amounts outstanding after recoveries of other assets and cannot be on principal homes.</li> </ul> <p><b>Eligibility:</b> The route to accessing this financing is for borrowers to approach 40+ accredited lenders who will then, if necessary, apply to the scheme. To qualify, Small Businesses must:</p> <ul style="list-style-type: none"> <li>• Be UK based, with turnover of no more than £45 million per annum).</li> <li>• Application must be for business purposes.</li> <li>• Self-certify that the business has been adversely impacted by COVID-19.</li> <li>• For sole traders/freelancers, more than 50% of turnover must come from trading. The facility must primarily be used to support trading in the UK.</li> <li>• Company must have a borrowing proposal that would be viable were it not for COVID-19 and be able to demonstrate that the provision of finance will enable the business to trade through short to medium term difficulty</li> <li>• Operate within an eligible industrial sector (a small number of industrial sectors are not eligible for support). Click <a href="#">here</a> to see list.</li> </ul>	<p><a href="https://www.british-business-bank.co.uk/ourpartners/COVID-19-business-interruption-loan-scheme-cbils/">https://www.british-business-bank.co.uk/ourpartners/COVID-19-business-interruption-loan-scheme-cbils/</a></p> <p><a href="https://www.gov.uk/government/news/chancellor-strengthens-support-on-offer-for-business-as-first-government-backed-loans-reach-firms-in-need">https://www.gov.uk/government/news/chancellor-strengthens-support-on-offer-for-business-as-first-government-backed-loans-reach-firms-in-need</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Fiscal policy (2/8)

Institution	Date	Sector	Headline	Summary	Link
HMT	11.03.20	Cross-sector	<b>Statutory sick pay (SSP) for SMEs</b>	<p>The government will bring forward legislation to allow SMEs to reclaim SSP for sickness absence due to COVID-19. SSP is payable to qualifying employees and is now payable from day one for those who self-isolate or are unwell because of COVID-19 (the first 3 days are normally unpaid). The current rate of SSP is £94.25 per week. Employees must self-isolate for over four days to be eligible.</p> <p>HMT has announced that small and medium sized employers (those with fewer than 250 employees as of 28 February 2020) may recover this cost where SSP has been paid as a result of COVID-19 from 13 March for a maximum of two weeks' sickness per employee.</p>	<a href="https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-who-are-paying-sick-pay-to-employees">https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-who-are-paying-sick-pay-to-employees</a>
HMT	11.03.20	Cross-sector	<b>Time to pay (TTP) arrangements</b>	<p>TTP has been available to businesses for over a decade, but HMT has announced a stepping up of resource and a specific COVID-19 helpline that businesses can call. TTP allows a business to defer current (as opposed to prospective) tax debts (principally corporation / income tax, payroll taxes and VAT – but theoretically any other tax or duty) by converting settlement to instalments over a 3-12 months period.</p> <p>As part of the process, directors are expected to provide written confirmation that the instalment will be made on time.</p> <p>Any business is theoretically eligible to apply, although HMRC has made it clear that it sees itself in this instance as lender of last resort. Therefore, the taxpayer must demonstrate that all other sources of finance have been pursued and exhausted.</p>	<a href="https://www.gov.uk/difficulties-paying-hmrc">https://www.gov.uk/difficulties-paying-hmrc</a>
HMT	11.03.20	Cross-sector	<b>Support for businesses that pay little or no business rates</b>	<p>The government will provide additional funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR). As per an update on 17 March, this will provide a one-off grant of £10,000 to businesses currently eligible for SBRR or rural rate relief, to help meet their ongoing business costs.</p> <p>Scheme funding is expected to be available from 1 April 2020.</p>	<a href="https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses">https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Fiscal policy (3/8)

Institution	Date	Sector	Headline	Summary	Link
BoE/HMT	17.03.20 20.03.20	Cross-sector	<b>Covid Corporate Financing Facility (CCFF)</b>	<p>The CCFF is designed to provide additional help to large firms to bridge through COVID-19-related disruption to their cash flows.</p> <p>The CCFF will provide funding to businesses by purchasing commercial paper of up to one-year maturity, issued by firms making a material contribution to the UK economy.</p> <p>The facility will offer financing on terms comparable to those prevailing in markets in the period before the COVID-19 economic shock and will be open to firms that can demonstrate they were in sound financial health prior to the shock. In this regard, firms must have had a short or long-term rating of investment-grade or financial health equivalent to an investment grade rating. The facility will look through temporary impacts on firms' balance sheets and cash flows by basing eligibility on firms' credit ratings prior to the COVID-19 shock. Businesses do not need to have previously issued commercial paper in order to participate. See <a href="#">here</a> for more details on how the facility is priced and how much can be issued.</p> <p>The scheme will operate for at least 12 months, with the possibility to extend for as long as needed.</p> <p>On 20 March, the Bank of England (BoE) published a Q&amp;A, setting out what firms need to do to access the facility. The Q&amp;A also outlines how companies thinking of issuing commercial paper can take part, and information is provided for banks acting on behalf of companies.</p>	<p><a href="https://www.bankofengland.co.uk/news/2020/march/hmt-and-boe-launch-a-covid-corporate-financing-facility">https://www.bankofengland.co.uk/news/2020/march/hmt-and-boe-launch-a-covid-corporate-financing-facility</a></p> <p>Additional BoE information: <a href="https://www.bankofengland.co.uk/news/2020/march/the-covid-corporate-financing-facility">https://www.bankofengland.co.uk/news/2020/march/the-covid-corporate-financing-facility</a></p>
HMT	17.03.20	Cross-sector	<b>Grants for retail, hospitality and leisure businesses</b>	<p>A £25,000 grant will be provided to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value between £15,000 and £51,000. Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority. The scheme is not eligible where there is occupation for personal uses. In addition, businesses which as of 11 March were in liquidation or were dissolved will be ineligible. The maximum permitted support under EU state aid is EUR800,000.</p>	<p><a href="https://www.gov.uk/government/publications/guide-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses">https://www.gov.uk/government/publications/guide-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Fiscal policy (4/8)

Institution	Date	Sector	Headline	Summary	Link
HMT	20.03.20 27.03.20	Cross-sector	<b>COVID-19 Job Retention Scheme</b>	<p>Payroll support for all firms in the UK.</p> <ul style="list-style-type: none"> <li>Grant support to cover up to 80% of reference salary plus associated costs of anyone not working due to Coronavirus but whose job has been retained.</li> <li>The maximum grant will be £2,500 plus employer National Insurance plus the minimum auto-enrolment pension contribution.</li> <li>Employees can be deemed “furloughed” from 1 March 2020 and must be “furloughed” for at least 3 continuous weeks.</li> <li>Furloughing requires employee-employer agreement in writing.</li> <li>Scheme runs from 1 March to 30 June and may be extended further.</li> <li>No limit on the total level of funding available.</li> <li>Grant portal due to open on 20 April 2020 with grants due to be paid within 4-6 days of claims made.</li> <li>At the end of a furlough period employees return to work or may be made redundant (subject to normal employment law obligations)</li> </ul> <p><b>Eligibility:</b></p> <ul style="list-style-type: none"> <li>Covers any employer, business, charity or non-for-profit organisation in the UK who has a PAYE scheme set up on 19 March 2020.</li> <li>Public sector employers and non-public sector employers who are primarily funded from public funds are not expected to participate</li> <li>Eligible employees must have been paid earnings during the 2019/20 tax year with an RTI payroll submission made on or before 19 March</li> <li>Applies to full, part-time, flexible or zero-hour and agency contracts.</li> <li>Applies to UK businesses and those on the UK PAYE scheme, including foreign nationals.</li> <li>Calculation of the grant is based on defined elements of pay which meet the test of being “regular” and for salaried staff are based on reference salary paid in the pay period that ends before 19 March 2020. For variably paid employees it is based on the greater of the pay from the corresponding calendar period in 2019 or the average of 2019/20 tax year reference salary, excluding furlough periods.</li> </ul>	<p><a href="https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-COVID-19-job-retention-scheme">https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses#support-for-businesses-through-the-COVID-19-job-retention-scheme</a></p> <p>Additional information:  <a href="https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme">https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme</a>  <a href="https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme">https://www.gov.uk/guidance/check-if-you-could-be-covered-by-the-coronavirus-job-retention-scheme</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Fiscal policy (5/8)

Institution	Date	Sector	Headline	Summary	Link
HMT	20.03.20	Cross-sector	<b>Rates relief</b>	All property occupiers in the retail, leisure and hospitality sectors including shops, cinemas, restaurants, music venues, museums, art galleries, theatres, caravan parks, gyms, small hotels, B&Bs, guest houses, sports clubs, night clubs and club houses and nurseries will receive 100% rates relief between 1 April 2020 and 31 March 2021.	<a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873622/Expanded_Retail_Discount_Guidance.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873622/Expanded_Retail_Discount_Guidance.pdf</a>
HMT	20.03.20	Cross-sector	<b>Deferral of income tax and VAT payments</b>	<p><b>Income tax:</b></p> <ul style="list-style-type: none"> <li>Income tax payments on account due under Self-Assessment on 31 July 2020 will be deferred until 31 January 2021.</li> <li>The measure will apply to all self-employed individuals and we anticipate that this will also include partners in trading partnerships</li> </ul> <p><b>VAT:</b></p> <ul style="list-style-type: none"> <li>VAT payments due from businesses between 20 March 2020 and the end of June 2020 will be deferred.</li> <li>No VAT registered business will have to make a VAT payment normally due with their VAT return to HMRC in this period. Payment of VAT will be deferred to the end of the tax year.</li> <li>We await HMRC guidance but anticipate that the measure will apply to all businesses registered for UK VAT</li> </ul> <p>Additionally, HM Treasury announced that the standard rate in Universal credit and Tax Credits will be increased by £20 a week for one year from April 6th.</p>	<a href="https://www.gov.uk/government/news/chancellor-announces-workers-support-package">https://www.gov.uk/government/news/chancellor-announces-workers-support-package</a>



# Policy initiatives in response to the COVID-19 pandemic – UK

## Fiscal policy (6/8)

Institution	Date	Sector	Headline	Summary	Link
HMT	26.03.20	Cross-sector	<b>Self-Employed Income Support Scheme</b>	<p>Those eligible for the scheme will receive a cash grant worth 80% of their average monthly trading profit over the last three years, up to a maximum grant of £2500 per calendar month.</p> <p>The scheme will run for three months, although it can be extended if necessary, and will be open to those with a trading profit of less than £50,000 in 2018-19 or an average trading profit of less than £50,000 from 2016-17, 2017-18 and 2018-19. Also, to be eligible, individuals must make more than 50% of their income from self-employment or as a member of a trading partnership, and profits must have been negatively affected by COVID-19. Payments will be made as a single lump sum and will begin at the start of June.</p> <p>To allow for taxpayers who may not have filled their 2018/19 tax return (due by 31 January 2020), those who meet the qualifying criteria and file before 23 April will be eligible. Those eligible for the scheme will be able to continue doing business whilst claiming the grant.</p>	<a href="https://www.gov.uk/government/news/chancellor-gives-support-to-millions-of-self-employed-individuals">https://www.gov.uk/government/news/chancellor-gives-support-to-millions-of-self-employed-individuals</a>
HMT	28.03.20	Cross-sector	<b>Insolvency legislation reformed</b>	<p>Measures announced to support businesses struggling to survive as a result of COVID-19:</p> <ul style="list-style-type: none"> <li>• Fast track implementation of planned reforms to the corporate insolvency framework.</li> <li>• Temporary suspension of the wrongful trading provisions, retrospectively from 1 March, for three months.</li> </ul> <p>Planned government legislation to fast track new legislation introducing:</p> <ul style="list-style-type: none"> <li>• A short moratorium protecting companies from creditor action.</li> <li>• A new restructuring tool.</li> <li>• Prohibit the termination of essential supplies to protect the supply chain for companies undergoing a restructuring.</li> </ul>	<a href="https://www.gov.uk/government/news/regulations-temporarily-suspended-to-fast-track-supplies-of-ppe-to-nhs-staff-and-protect-companies-hit-by-covid-19">https://www.gov.uk/government/news/regulations-temporarily-suspended-to-fast-track-supplies-of-ppe-to-nhs-staff-and-protect-companies-hit-by-covid-19</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Fiscal policy (7/8)

Institution	Date	Sector	Headline	Summary	Link
HMT	03.04.20 20.04.20	Cross-sector	<b>COVID-19 Large Business Interruption Loan Scheme (CLBILS) launched</b>	<p>Financial support for large businesses:</p> <ul style="list-style-type: none"> <li>For businesses with turnover of &gt; £45m.</li> <li>Loan thresholds will be £25m where turnover is £45m-250m, and £50m where turnover is over £250m</li> <li>Loans of up to £50m backed by 80% government guarantee. NB: the borrower always remains 100% liable for the debt</li> <li>Unlike the CBILS scheme there is no indication (at the moment) that any interest on fees will be covered by Government. Lenders will pay a fee to access the guarantee. The maximum repayment term is three years</li> <li>Personal guarantees are prohibited for loans under £250,000. For loans over £250,000 personal guarantees are limited to 20% of amounts outstanding after recoveries of other assets and cannot be on principal homes</li> </ul>	<p><a href="https://www.gov.uk/government/news/chancellor-strengthens-support-on-offer-for-business-as-first-government-backed-loans-reach-firms-in-need">https://www.gov.uk/government/news/chancellor-strengthens-support-on-offer-for-business-as-first-government-backed-loans-reach-firms-in-need</a></p> <p><a href="#">Accredited lenders</a></p>
HMT	21.04.20	Cross-sector	<b>COVID-19 business support finder tool launched</b>	The UK government has launched a tool to help businesses and self-employed people determine what financial support is available to them. A questionnaire will signpost business owners to relevant government financial support.	<a href="https://www.gov.uk/government/news/government-launches-new-coronavirus-business-support-finder-tool">https://www.gov.uk/government/news/government-launches-new-coronavirus-business-support-finder-tool</a>
HMT	27.04.20	Cross-sector	<b>Bounce Back loan scheme</b>	<p><b>Loan scheme for small and medium sized businesses backed by a 100% Government Guarantee</b></p> <ul style="list-style-type: none"> <li>Loans of between £2,000 and £50,000 (up to 25% of turnover)</li> <li>The Government will guarantee 100% of the loan and there will be no fees or interest for the first 12 months</li> <li>Loan terms will be for up to 6 years</li> <li>The scheme will be delivered through a network of accredited lenders</li> </ul>	<a href="https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan">https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan</a>
HMT	27.04.20	Cross-sector	<b>Statement on the launch of bounce back loans</b>	The scheme, dedicated to small businesses, announced by HM Treasury will enable firms to borrow between £2,000 and £50,000 and access the cash within days. Loans will be interest free for the first 12 months, and the application system will be fast-tracked. The Government will provide a 100% guarantee on these loans.	<a href="https://www.gov.uk/government/news/small-businesses-boosted-by-bounce-back-loans">https://www.gov.uk/government/news/small-businesses-boosted-by-bounce-back-loans</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Fiscal policy (8/8)

Institution	Date	Sector	Headline	Summary	Link
HMT	13.05.20	Cross-sector	<b>Government to temporarily guarantee business-to-business transactions currently supported by trade credit insurance</b>	The guarantee will be delivered through a temporary reinsurance agreement with insurers currently operating in the market. The guarantees will cover trading by domestic firms and exporting firms and the intent is for agreements to be in place with insurers by end of this month. The guarantee will be temporary and targeted to cover COVID-19 economic challenges and will provisionally last until the end of the year.	<a href="https://www.gov.uk/government/news/government-to-support-businesses-through-trade-credit-insurance-guarantee">https://www.gov.uk/government/news/government-to-support-businesses-through-trade-credit-insurance-guarantee</a>
HMT	19.05.20	Cross-sector	<b>Maximum loan size available through the Coronavirus Large Business Interruption Loan Scheme (CLBILS) extended to £200 million</b>	The maximum loan size is being increased from £50 million. In addition, companies borrowing more than £50 million through CLBILS will be subject to restrictions on dividend payments, senior pay and share buy-backs during the period of the loan, including a ban on dividend payments and cash bonuses, except where they were previously agreed.	<a href="https://www.gov.uk/government/news/larger-businesses-to-benefit-from-loans-of-up-to-200-million">https://www.gov.uk/government/news/larger-businesses-to-benefit-from-loans-of-up-to-200-million</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Monetary policy and liquidity/market operations (1/3)

Institution	Date	Sector	Headline	Summary	Link
BoE (MPC)	11.03.20 19.03.20 26.03.20	Cross-sector	<b>Reduction in Bank Rate</b>	<p>Following its decision on 11 March to reduce the Bank Rate to 0.25%, the MPC voted to further reduce the Bank Rate by 15 basis points to 0.1%.</p> <p>On 26 March, the MPC voted to uphold this rate.</p>	<p><a href="https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-COVID-19">https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-COVID-19</a></p> <p><a href="https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2020/monetary-policy-summary-for-the-special-monetary-policy-committee-meeting-on-19-march-2020">https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2020/monetary-policy-summary-for-the-special-monetary-policy-committee-meeting-on-19-march-2020</a></p> <p><a href="https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2020/march-2020">https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2020/march-2020</a></p>
BoE (MPC)	11.03.20 19.03.20 26.03.20	Cross-sector	<b>Increase holdings of UK government and corporate bonds</b>	<p>After announcing on 11 March to maintain the stock of UK government bond purchases at £435 billion and the stock of sterling non-financial investment-grade corporate bond purchases at £10 billion, the MPC announced plans to increase holdings of UK government bonds and sterling non-financial investment-grade corporate bonds by £200 billion to £645 billion, financed by the issuance of central bank reserves.</p> <p>On 26 March, the MPC voted to continue with the programme.</p> <p>The BoE published a market notice on 2 April setting out more detail. The BoE sets out the criteria for eligibility of issuers, securities, counterparties and applications. It also sets out the operating parameters, including the purchase process, size of operations, the transaction process, and submission of offers.</p>	<p><a href="https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-COVID-19">https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-COVID-19</a></p> <p><a href="https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2020/monetary-policy-summary-for-the-special-monetary-policy-committee-meeting-on-19-march-2020">https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2020/monetary-policy-summary-for-the-special-monetary-policy-committee-meeting-on-19-march-2020</a></p> <p><a href="https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873870/170320.pdf">https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873870/170320.pdf</a></p> <p><a href="https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2020/march-2020">https://www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2020/march-2020</a></p> <p><a href="https://www.bankofengland.co.uk/markets/market-notices/2020/asset-purchase-facility-additional-corporate-bond-purchases">https://www.bankofengland.co.uk/markets/market-notices/2020/asset-purchase-facility-additional-corporate-bond-purchases</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Monetary policy and liquidity/market operations (2/3)

Institution	Date	Sector	Headline	Summary	Link
BoE	11.03.20 06.04.20	Cross-sector	<b>Term Funding Scheme with additional incentives for SMEs (TFSME) announced</b>	<p>The TFSME, financed by the issuance of central bank reserves, will over the next 12 months offer four-year funding of at least 10% of participants' stock of real economy lending at interest rates at, or very close to, Bank Rate. Experience from the Term Funding Scheme launched in 2016 suggests that the TFSME could provide in excess of £100 billion in term funding. The scheme will open for drawings on 15 April.</p>	<p><a href="https://www.bankofengland.co.uk/markets/market-notices/2020/term-funding-scheme-market-notice-mar-2020">https://www.bankofengland.co.uk/markets/market-notices/2020/term-funding-scheme-market-notice-mar-2020</a></p> <p><a href="https://www.bankofengland.co.uk/-/media/boe/files/news/2020/april/the-tfsme-will-open-to-drawings-on-15-april-2020.pdf?la=en&amp;hash=B0F464E6B6B59BA698C7E1EF95212CCC2863F8FC">https://www.bankofengland.co.uk/-/media/boe/files/news/2020/april/the-tfsme-will-open-to-drawings-on-15-april-2020.pdf?la=en&amp;hash=B0F464E6B6B59BA698C7E1EF95212CCC2863F8FC</a></p>
BoE	15.03.20	Cross-sector	<b>Coordinated central bank action to enhance the provision of US dollar repo operations</b>	<p>The BoE, in coordination with the Bank of Canada, Bank of Japan, ECB, Federal Reserve and the Swiss National Bank, has enhanced the provision of liquidity via the standing US dollar liquidity swap line arrangements. The group reached an agreement to lower the pricing on standing USD liquidity swap arrangements by 25 basis points (bps), so that the new rate will be the USD overnight index swap rate plus 25bps. The foreign central banks with USD liquidity operations have also agreed to begin offering USD with an 84 day maturity weekly in each jurisdiction, in addition to the one week maturity operations currently offered. These changes took effect on March 16 2020.</p> <p>On 20 March, the group announced further coordination, agreeing to increase the frequency of 7-day maturity operations from weekly to daily, commencing 23 March 2020, and continuing to at least the end of April. The group will also continue to hold weekly 84-day maturity operations.</p>	<p><a href="https://www.bankofengland.co.uk/news/2020/march/coordinated-central-bank-action-to-enhance-the-provision-of-global-us-dollar-liquidity">https://www.bankofengland.co.uk/news/2020/march/coordinated-central-bank-action-to-enhance-the-provision-of-global-us-dollar-liquidity</a></p> <p><a href="https://www.bankofengland.co.uk/markets/market-notices/2020/further-enhancements-to-the-provision-of-us-dollar-repo-operations-market-notice-march-2020">https://www.bankofengland.co.uk/markets/market-notices/2020/further-enhancements-to-the-provision-of-us-dollar-repo-operations-market-notice-march-2020</a></p> <p>See also: <a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200320_1~be7a5cd242.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200320_1~be7a5cd242.en.html</a></p>
BoE	24.03.20 30.03.20	Cross-sector	<b>Contingent Term Repo Facility (CTRF) launched</b>	<p>The CTRF is a flexible liquidity insurance tool that allows participants to borrow central bank reserves in exchange for less liquid assets, helping to alleviate recent frictions in money markets. It will run alongside the Bank's existing liquidity facilities. The CTRF will lend reserves for three months.</p> <p>On 30 March, the Bank announced an extension of the facility – three-month term CTRF operations will continue to run weekly until 30 April. In addition, beginning w/c 30 March, there will also be a 1-month term CTRF operation each week, with the final operation scheduled on 1 May 2020.</p>	<p><a href="https://www.bankofengland.co.uk/news/2020/march/boe-launches-contingent-term-repo-facility">https://www.bankofengland.co.uk/news/2020/march/boe-launches-contingent-term-repo-facility</a></p> <p><a href="https://www.bankofengland.co.uk/markets/market-notices/2020/extension-of-the-contingent-term-repo-facility">https://www.bankofengland.co.uk/markets/market-notices/2020/extension-of-the-contingent-term-repo-facility</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Monetary policy and liquidity/market operations (3/3)

Institution	Date	Sector	Headline	Summary	Link
HMT/BoE	09.04.20	Cross-sector	<b>Temporary extension to Ways and Means (W&amp;M) facility</b>	HMT and the BoE announced the temporary measure as a short-term source of additional liquidity for the government, to smooth its cash flows and support the orderly functioning of markets through the disruption caused by COVID-19. The W&M facility is the government's pre-existing overdraft at the BoE. Any drawings will be repaid as soon as possible before the end of the year.	<a href="https://www.bankofengland.co.uk/-/media/boe/files/news/2020/april/hmt-and-boe-announce-temporary-extension-to-ways-and-means-facility.pdf">https://www.bankofengland.co.uk/-/media/boe/files/news/2020/april/hmt-and-boe-announce-temporary-extension-to-ways-and-means-facility.pdf</a>
BoE	22.04.20	Cross-sector	<b>Statement on increase to Asset Purchase Facility (APF) gilt lending limits</b>	The BoE and the UK Debt Management Office (DMO) announced they are doubling the proportion of gilts held in the APF that are made available to the DMO to use in its market operations and for the DMO's Standing and Special Repo Facilities. When combined with the current ongoing expansion of gilt holdings this will mean the DMO can access in excess of £30 billion of the APF's gilt holdings for on-lending to the market. There will be no specific limit on particular stocks.	<a href="https://www.bankofengland.co.uk/-/media/boe/files/markets/asset-purchase-facility/joint-bank-dmo-statement-on-gilt-lending.pdf?la=en&amp;hash=F3A7D3C66AD3D7FOCC0B6F0ACADDED68CDCA19EF%0a">https://www.bankofengland.co.uk/-/media/boe/files/markets/asset-purchase-facility/joint-bank-dmo-statement-on-gilt-lending.pdf?la=en&amp;hash=F3A7D3C66AD3D7FOCC0B6F0ACADDED68CDCA19EF%0a</a>
BoE	19.05.20	Cross-sector	<b>Update to the terms of the Covid Corporate Financing Facility</b>	Businesses that wish to draw from the CCFF for a term extending beyond 19 May 2021 will need to send a letter to HMT that commits to showing restraint in the payments of dividends and other capital distributions, and on senior pay during the period in which their commercial paper is outstanding. Secondly, businesses which have used the CCFF will be able to repay their drawings early if they choose to do so. Finally, HMT and the BoE have decided to publish the names of the businesses that have used CCFF, as well as the amounts borrowed. The BoE has updated its market notice to reflect these changes.	<a href="https://www.bankofengland.co.uk/news/2020/may/update-to-the-covid-corporate-financing-facility">https://www.bankofengland.co.uk/news/2020/may/update-to-the-covid-corporate-financing-facility</a>
PRA	22.05.20	Cross-sector	<b>Update on the Contingent Term Repo Facility (CTRF)</b>	The Bank discontinued 3-month CTRF operations at the end of May 2020. The final operation was scheduled to take place on 28 May.	<a href="https://www.bankofengland.co.uk/markets/market-notices/2020/update-on-the-contingent-term-repo-facility-22-may-2020">https://www.bankofengland.co.uk/markets/market-notices/2020/update-on-the-contingent-term-repo-facility-22-may-2020</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Capital and stress testing (1/5)

Institution	Date	Sector	Headline	Summary	Link
BoE (FPC)	12.03.20	Banking	<b>FPC reduces CCyB to zero</b>	Reduction of countercyclical capital buffer (CCyB) to 0%. The rate had been 1% and had been due to reach 2% by December 2020. The FPC expects to maintain the 0% rate for at least 12 months, so that any subsequent increase would not take effect until March 2022 at the earliest.	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19">https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19</a>
BoE/FPC/PRA	11.03.20 11.03.20	Banking	<b>Statement on drawdown of buffers</b>	<p>The FPC announced that all elements of banks' capital and liquidity buffers can be drawn down as necessary to support the wider economy through the shock caused by COVID-19.</p> <p>Alongside the FPC's announcement, the PRA set out its expectation that firms should not increase dividend and other distributions in response to draw down of buffers.</p>	<p><a href="https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19">https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19</a></p> <p><a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2020/statement-by-the-pra-accompanying-measures-announced-by-the-fpc">https://www.bankofengland.co.uk/prudential-regulation/publication/2020/statement-by-the-pra-accompanying-measures-announced-by-the-fpc</a></p>
BoE/FPC	11.03.20 11.03.20	Insurance	<b>Insurance companies invited to request recalculation of transitional measures</b>	<p>In response to falling government bond yields in the preceding weeks, the PRC invites requests from insurance companies to use the flexibility in Solvency II regulations to recalculate transitional measures that smooth the impact of market movements.</p> <p>The PRA has invited firms to apply for a recalculation of the Transitional Measures on Technical Provisions (TMTP) due to movements in risk-free rates and the risks posed by COVID-19, and is willing to accept applications from firms to recalculate TMTP as at 31 March 2020.</p>	<p><a href="https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19">https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19</a></p> <p><a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2020/statement-by-the-pra-accompanying-measures-announced-by-the-fpc">https://www.bankofengland.co.uk/prudential-regulation/publication/2020/statement-by-the-pra-accompanying-measures-announced-by-the-fpc</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Capital and stress testing (2/5)

Institution	Date	Sector	Headline	Summary	Link
BoE/PRA	20.03.20	Banking	<b>Cancellation of 2020 annual cyclical scenario (ACS) stress test</b>	The planned 2020 stress test for the eight major UK banks and building societies – known as the annual cyclical scenario (ACS) – is cancelled.	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19</a>
BoE/PRA	20.03.20	Banking	<b>Amendments to timetable for the Biennial Exploratory Scenario (BES) exercise</b>	<p>On liquidity, the BoE was due to publish the results of the 2019 BES on liquidity in mid-2020. In order to alleviate burdens on core treasury staff at banks, this exercise has been paused until further notice.</p> <p>Second, in terms of climate risk, the BoE published a discussion paper on the 2021 BES on the financial risks from climate change on 18 December 2019. The Bank will take stock of responses as well as the evolving situation, with a view to announcing the way forward in the summer.</p>	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19</a>
BoE	20.03.20	Banking	<b>Potential delay to Basel 3.1 implementation in the UK</b>	<p>On 20 March the UK government announced that it will be introducing legislation that will enable the implementation of Basel 3.1 in the UK. The PRA acknowledges that the existing Basel timetable may prove to be challenging, and is coordinating internationally to ensure that implementation will happen alongside other major jurisdictions.</p> <p>On 27 March the Basel Committee on Banking Supervision (BCBS) announced that the global target implementation date for revisions to Basel 3 (Basel 3.1) will be delayed from 1 January 2022 to 1 January 2023.</p> <p>On 31 March, HMT and the PRA issued a joint statement welcoming the delay to Basel 3.1 implementation. Both institutions state that they remain committed to the full, timely and consistent implementation of Basel 3.1 and will work together towards a UK implementation timetable that is consistent with the one year delay.</p>	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19</a>  <a href="https://www.bis.org/press/p200327.htm">https://www.bis.org/press/p200327.htm</a>



# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Capital and stress testing (3/5)

Institution	Date	Sector	Headline	Summary	Link
PRA	30.03.20	Banking	<b>Statement on VAR back-testing exceptions temporary approach</b>	In order to mitigate the possibility of pro-cyclical market risk capital requirements through the automatic application of a higher VAR multiplier the PRA will allow firms – on a temporary basis – to offset increases due to new exceptions through a commensurate reduction in risks-not-in-VAR (RNIV) capital requirements.	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/var-back-testing-exceptions-temporary-approach.pdf?la=en&amp;hash=2C747DA5257758AE3AF33B47DE2D29F7DBB2D86F">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/var-back-testing-exceptions-temporary-approach.pdf?la=en&amp;hash=2C747DA5257758AE3AF33B47DE2D29F7DBB2D86F</a>
PRA	30.03.20	Banking	<b>Statement on exposure value for internal models method counterparty credit risk</b>	The PRA states that it is aware that some firms have recently experienced significant moves in Counterparty Credit Risk (CCR) risk-weighted assets (RWAs), and it understands that these moves are partially attributable to large margin calls following significant intraday market price movements.	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/exposure-value-for-internal-models-method-counterparty-risk.pdf?la=en&amp;hash=E5EA72573DD4D787ABDD939427E8A1F47CB05B25">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/exposure-value-for-internal-models-method-counterparty-risk.pdf?la=en&amp;hash=E5EA72573DD4D787ABDD939427E8A1F47CB05B25</a>
PRA	31.03.20	Banking	<b>Dear CEO letters to largest UK banks outlining the PRA's expectations that they should cancel the distribution of outstanding 2019 dividends</b>	<p>The PRA published a series of individual Dear CEO letters to the six largest UK deposit-taking banks and the Nationwide building society. In the letter, PRA CEO Sam Woods asked the banks to cancel all outstanding payments of 2019 dividends and to take other measures to ensure profits are not distributed, including not paying any cash bonuses to senior staff and material risk takers, or to initiate any share buybacks on ordinary shares.</p> <p>Following statements released by the banks informing of their intention to comply with the request, the PRA released a statement outlining its assessment that UK banks are currently sufficiently capitalised to withstand the combined impact of a “severe” recession in the UK and globally. In this context, they describe the dividend decisions taken yesterday as a “sensible precautionary step” due to the role that banks will have to play in supporting the wider economy through the disruption caused by COVID-19. They underline their view that the decision to request the cancellation of 2019 dividends does not reflect an opinion that these measures are needed to help banks maintain adequate capital positions.</p>	<p><a href="https://www.bankofengland.co.uk/prudential-regulation/letter/2020/letter-from-sam-woods-to-uk-deposit-takers-on-dividend-payments-share-buybacks-and-cash-bonuses">https://www.bankofengland.co.uk/prudential-regulation/letter/2020/letter-from-sam-woods-to-uk-deposit-takers-on-dividend-payments-share-buybacks-and-cash-bonuses</a></p> <p><a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2020/prs-statement-on-deposit-takers-approach-to-dividend-payments-share-buybacks-and-cash-bonuses">https://www.bankofengland.co.uk/prudential-regulation/publication/2020/prs-statement-on-deposit-takers-approach-to-dividend-payments-share-buybacks-and-cash-bonuses</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Capital and stress testing (4/5)

Institution	Date	Sector	Headline	Summary	Link
PRA	31.03.20	Insurance	<b>Dear CEO letters to UK insurers on the distribution of profits</b>	<p>The PRA expects boards to pay close attention to the need to protect policyholders and maintain safety and soundness when considering any distributions to shareholders or making decisions on variable remuneration, in order to support the economy throughout the disruption arising from COVID-19.</p> <p>The letter reminds insurers that according to Supervisory Statement 4/18, boards should satisfy themselves that each distribution is prudent and consistent with their risk appetite. It also states that in the current situation of “high uncertainty”, it is critical that insurers manage their financial resources prudently in order both to ensure that they are able to meet the commitments they have made to policyholders in a way that is consistent with the expectations of the Financial Conduct Authority, and to enable them to continue to invest in the economy.</p>	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2020/letter-from-sam-woods-to-insurers-distribution-of-profits.pdf?la=en&amp;hash=C1FF7D6C560E1C377CC35C1513E27F16646A1B70">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2020/letter-from-sam-woods-to-insurers-distribution-of-profits.pdf?la=en&amp;hash=C1FF7D6C560E1C377CC35C1513E27F16646A1B70</a>
PRA	09.04.20	Banking	<b>Systemic Risk Buffer (SRB) maintained at December 2019 level</b>	<p>The PRA decided to maintain SRB rates at the rate set in December 2019, in response to the economic shock from COVID-19, until at least December 2021.</p>	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/pradecision-on-srb-rates.pdf?la=en&amp;hash=F2888919B63C42E52BAE8C1BE5E9CE478CD420A4">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/pradecision-on-srb-rates.pdf?la=en&amp;hash=F2888919B63C42E52BAE8C1BE5E9CE478CD420A4</a>
PRA	20.04.20	Banking	<b>Q&amp;A on the use of banks’ capital and liquidity buffers</b>	<p>The PRA states its expectation that banks should prioritise continuing to provide services to the wider economy, even if it means their LCR ratio goes significantly below 100%. The Q&amp;A also covers the implications for banks of using their liquidity buffers – reiterating that LCR breaches will not automatically trigger any automatic restrictions. On capital, the PRA gives an overview of the implications of using capital buffers, including the automatic restriction of distributions that banks will face upon using their publicly disclosed regulatory buffers. For both capital and liquidity, there is no pre-specified time period in which buffers should be restored, and the PRA will give banks a specific time period based on banks’ individual circumstances. In the case of capital, this is likely to be a significant time after the end of the current stress.</p>	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/qanda-on-the-use-of-liquidity-and-capital-buffers.pdf?la=en&amp;hash=151DF13BD8CA7E3755D515BC5A44F9A299C1235D">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/qanda-on-the-use-of-liquidity-and-capital-buffers.pdf?la=en&amp;hash=151DF13BD8CA7E3755D515BC5A44F9A299C1235D</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Capital and stress testing (5/5)

Institution	Date	Sector	Headline	Summary	Link
BoE	07.05.20	Banking	<b>Statement by the BoE and PRA on resolution measures and COVID-19</b>	The BoE and PRA set out changes to resolution measures to alleviate operational burdens on firms, announcing changes to the Resolvability Assessment Framework, Valuation in Resolution, resolution plan reporting, and Minimum Requirement for Own Funds and Eligible Liabilities (MREL).	<a href="https://www.bankofengland.co.uk/-/media/boe/files/news/2020/may/statement-by-the-bank-of-england-and-pra-on-resolution-measures-and-covid-19.pdf?la=en&amp;hash=4E8567A6ED4BDA7DE5B9D27C80B1331F2CCA653">https://www.bankofengland.co.uk/-/media/boe/files/news/2020/may/statement-by-the-bank-of-england-and-pra-on-resolution-measures-and-covid-19.pdf?la=en&amp;hash=4E8567A6ED4BDA7DE5B9D27C80B1331F2CCA653</a>
PRA	04.05.20	Banking	<b>Statement on credit risk mitigation eligibility and leverage ratio treatment of loans under the Bounce Back Loan scheme</b>	The PRA set out its observations on the risk weighted treatment of exposures under the scheme, particularly eligibility for recognition as unfunded credit risk mitigation (CRM) under the Capital Requirements Regulation (CRR). In regards to the UK leverage ratio framework, the PRA is offering a modification by consent for banks subject to the UK Leverage Ratio to exclude loans under this scheme from the leverage ratio total exposure measure, if they choose to do so.	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/statement-on-bbls-and-leverage-ratio-treatment.pdf?la=en&amp;hash=41877EE26855CDC6E8EAD0A5BFA3485C4D953656">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/statement-on-bbls-and-leverage-ratio-treatment.pdf?la=en&amp;hash=41877EE26855CDC6E8EAD0A5BFA3485C4D953656</a>
PRA	07.05.20	Banking	<b>Statement by the PRA on conversion of Pillar 2A capital requirements from RWA percentage to nominal amount</b>	For the 2020 and 2021 SREP processes, the PRA will set the Pillar 2A as a nominal amount, rather than as a percentage of capital requirements. This will allow banks to increase their lending, including under government support schemes, with the Pillar 2A capital buffer not rising commensurately.	<a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2020/conversion-of-pillar-2a-capital-requirements-from-rwa-percentage-to-a-nominal-amount">https://www.bankofengland.co.uk/prudential-regulation/publication/2020/conversion-of-pillar-2a-capital-requirements-from-rwa-percentage-to-a-nominal-amount</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: IFRS 9 (1/2)

Institution	Date	Sector	Headline	Summary	Link
BoE/PRA	20.03.20	Banking	<b>Statement on IFRS9 and COVID-19</b>	<p>Forward-looking information used to incorporate the impact of COVID-19 on borrowers into the expected credit loss (ECL) estimate needs to be both reasonable and supportable for the purposes of IFRS9. Given the sudden onset of the virus, the PRA believes that there is very little such information available as yet, and regards the preparation of reliable and detailed forecasts as very challenging currently. In the event firms believe such forecasts can be made, the PRA expects firms to reflect the temporary nature of the shock, and fully take into account the significant economic support measures already announced by global fiscal and monetary authorities.</p> <p>In particular, any such forecasts should take into account the relief measures – such as repayment holidays – that will be made available to enable borrowers who are affected by the COVID-19 outbreak to resume regular payments. Our expectation is that eligibility for HMG’s policy on the extension of mortgage repayment holidays should not automatically, other things being equal, be a sufficient condition to move participating borrowers into Stage 2 ECL.</p>	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-covid-19</a>
FCA/PRA/FRC	26.03.20	Banking	<b>Joint statement addressed to companies, auditors, investors and other stakeholders</b>	<p>The FCA, FRC and PRA announced a series of actions including:</p> <ul style="list-style-type: none"> <li>• Allowing listed companies an extra two months to publish their audited annual financial reports; guidance from the FRC for companies preparing financial statements in the current uncertain environment.</li> <li>• Guidance from the PRA regarding the approach that should be taken by banks, building societies and PRA-designated investment firms in assessing expected loss provisions under IFRS9.</li> <li>• Guidance from the FRC for audit firms seeking to overcome challenges in obtaining audit evidence.</li> </ul>	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/joint-statement-on-covid-19.pdf">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/joint-statement-on-covid-19.pdf</a>
PRA	26.03.20	Banking	<b>Dear CEO letter on COVID-19: IFRS 9, capital requirements and loan covenants</b>	<p>The Dear CEO letter provides detailed guidance on IFRS9 accounting and the regulatory definition of default; treatment of borrowers who breach covenants; and the regulatory capital treatment of IFRS9. The letter emphasises the need to weigh up the sharp, large reduction in activity in the short-term against the potential for a rebound when social distancing measures are lifted, and the government and central bank measures taken in the interim.</p>	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2020/covid-19-ifrs-9-capital-requirements-and-loan-covenants.pdf">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/letter/2020/covid-19-ifrs-9-capital-requirements-and-loan-covenants.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: IFRS 9 (2/2)

Institution	Date	Sector	Headline	Summary	Link
PRA	23.04.20	Banking	<b>Follow-up note to insurers on the letter from Sam Woods 'COVID-19: IFRS 9, capital requirements and loan covenants'</b>	The note clarifies how the points raised in Sam Woods' letter to the CEOs of UK banks, setting out the PRA's position regarding IFRS 9, capital requirements for their firms and loan covenants, should be read across to insurers' internal assessments of loan creditworthiness and treatment of unrated assets.	<a href="https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/dc-investment-and-transfer-values-covid-19-guidance-for-trustees">https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/dc-investment-and-transfer-values-covid-19-guidance-for-trustees</a>
PRA	22.05.20	Cross-sector	<b>Statement on regulatory capital and IFRS 9 requirements for payment holidays</b>	The paper deals with the treatment of borrowers coming to the end of a payment deferral period, and takes into consideration the draft guidelines that the FCA published on Friday about how lenders should treat borrowers at the end of the initial deferral period. The PRA's view is that eligibility for, and use of, Covid-19 related payment deferrals or extensions to those deferrals granted in accordance with the FCA's proposed guidance would not automatically result in a loan: (a) being regarded as having suffered a significant increase in credit risk ('SICR') or being credit-impaired for ECL purposes, or (b) triggering a default under CRR.	<a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2020/statement-on-application-regulatory-capital-ifrs9">https://www.bankofengland.co.uk/prudential-regulation/publication/2020/statement-on-application-regulatory-capital-ifrs9</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: LIBOR and operational resilience

Institution	Date	Sector	Headline	Summary	Link
BoE	20.03.20	Cross-sector	<b>Operational resilience and Outsourcing consultations extended</b>	The deadline for responses to the current Bank and PRA consultations on “Building Operational Resilience: Impact tolerances for important business services” and the PRA consultation on “Outsourcing and third party risk management” will, in line with the FCA, be extended to 1 October 2020.	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19</a>
BoE/FCA	25.03.20	Cross-sector	<b>FCA, BoE and members of the Working Group on Sterling Risk-Free Reference issue statement on impact of COVID-19 on firms' LIBOR transition plans</b>	The central assumption that firms cannot rely on LIBOR being published after the end of 2021 has not changed and should remain the target date for all firms to meet. Many preparations for transition will be able to continue. There has, however, been an impact on the timing of some aspects of the transition programmes of many firms. Particularly in segments of the UK market that have made less progress in transition and are therefore still more reliant on LIBOR, such as the loan market, COVID-19 is likely to affect some of the interim transition milestones.	<a href="https://www.fca.org.uk/news/statements/impact-COVID-19-firms-libor-transition-plans">https://www.fca.org.uk/news/statements/impact-COVID-19-firms-libor-transition-plans</a>
FCA	01.05.20	Cross-sector	<b>Further Statement from the RFRWG on the impact of COVID-19 on the timeline for firms' LIBOR transition plans</b>	The Working Group on Sterling Risk Free Reference Rates (RFRWG) recommends that: by end-Q3 2020 lenders should be able to offer non-LIBOR linked products to their customers and after the end-Q3 2020, lenders should include clear contractual arrangements in all new and re-financed LIBOR-referencing loan products to facilitate conversion ahead of end-2021. In addition, there should be no new issuances of sterling LIBOR-referencing loan products with maturities beyond the end of 2021 by end-Q1 2021. The FCA, BoE and the Chair of the UK's RFRWG will continue to support the delivery of the RFRWG's workplan, including through publishing guidance on 'tough legacy' contracts and the calculation of a fair credit spread adjustment in legacy cash products to assist LIBOR transition in cash markets. They will also continue to assess the evolving impact of COVID-19 on transition plans.	<a href="https://www.fca.org.uk/news/statements/further-statement-rfrwg-impact-coronavirus-timeline-firms-libor-transition-plans">https://www.fca.org.uk/news/statements/further-statement-rfrwg-impact-coronavirus-timeline-firms-libor-transition-plans</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Amendments to other planned activities (1/7)

Institution	Date	Sector	Headline	Summary	Link
BoE	20.03.20	Banking	<b>Scaling back of data requests, on site visits and deadlines</b>	Bank and PRA supervisors will review their work plans so that non-critical data requests, on-site visits and deadlines can be postponed, where appropriate. This includes pausing the skilled persons Section 166 reviews relating to the reliability of banks' regulatory returns that were announced in October 2019.	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19</a>
BoE	20.03.20	Banking	<b>Review of SMF approval process</b>	The PRA will review its approach for considering and processing applications with a view to reducing the burdens involved during current events.	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19</a>
BoE	20.03.20	Banking	<b>Internal Ratings Based (IRB) models initiatives delayed</b>	The implementation of proposals related to the Definition of Default, Probability of Default, and Loss Given Default estimation, will be delayed by one year to 1 January 2022. The move to 'hybrid' IRB models will also be delayed until the same date. Firms using the standardised approach to credit risk will also benefit from a delay to changes they need to make as part of guidelines on definition of default.	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19</a>
BoE/FCA	20.03.20	Investment management	<b>Postponement of the joint BoE / FCA survey into open-ended funds</b>	The planned survey has been delayed until further notice, with a subsequent impact on the FCA consultation that would have followed.	<a href="https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19">https://www.bankofengland.co.uk/news/2020/march/boe-announces-supervisory-and-prudential-policy-measures-to-address-the-challenges-of-COVID-19</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Amendments to other planned activities (2/7)

Institution	Date	Sector	Headline	Summary	Link
PRA	02.04.20	Banking	<b>Regulatory reporting and disclosure amendments</b>	<p>The PRA outlined its approach to regulatory reporting and Pillar 3 disclosures for UK banks, building societies, designated investment firms and credit unions in response to COVID-19.</p> <p>The PRA has considered the EBA’s recommendation on 31 March, and will accept delayed submission for the following aspects of harmonised regulatory reporting, where the original remittance deadlines fall on or before 31 May 2020: COREP solvency; FINREP; Liquidity – stable funding; Large exposures and concentration risk; Leverage ratio; Asset encumbrance; Resolution plan reporting (excluding liability structure. The PRA will accept a delay of up to one month.</p> <p>The PRA will not accept delays on remittance for: the liquidity coverage ratio and additional liquidity reporting metrics; and information on institutions liability structure, including intra-group financial connections that is required as part of reporting for resolution planning purposes.</p> <p>The PRA will accept delayed submission on a number of PRA-owned regulatory reporting obligations. This includes a delays of up to two months on Annual reports and accounts, and a one month delay on: memorandum items; sectoral information; quarterly returns for credit unions; ring-fenced bodies returns; and forecast financial statements</p>	<a href="https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/regulatory-reporting-covid-19.pdf?la=en&amp;hash=8B7DC0B5B5B0B5563ADCBE54E45FE32A5B561527">https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/publication/2020/regulatory-reporting-covid-19.pdf?la=en&amp;hash=8B7DC0B5B5B0B5563ADCBE54E45FE32A5B561527</a>
FCA	21.03.20	Cross-sector	<b>Request for moratorium on publication of financial statements</b>	<p>The FCA has requested those companies that were due to publish their preliminary financial statements shortly after 21 March to delay this, in light of COVID-19. It acknowledged that the unprecedented events of the last couple of weeks mean that the basis on which companies are reporting and planning is changing rapidly. It is important that due consideration is given by companies to these events in preparing their disclosures. Observing timetables set before this crisis arose may not give companies the necessary time to do this.</p>	<a href="https://www.fca.org.uk/publication/correspondence/fca-requests-delay-forthcoming-announcement-preliminary-financial-accounts.pdf">https://www.fca.org.uk/publication/correspondence/fca-requests-delay-forthcoming-announcement-preliminary-financial-accounts.pdf</a>



# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Amendments to other planned activities (3/7)

Institution	Date	Sector	Headline	Summary	Link
FCA	17.03.20	Cross-sector	<b>Statement on Market Abuse Regulation</b>	The FCA issued a statement requiring that issuers should continue to comply with their obligations under the Market Abuse Regulation and relevant FCA rules. The FCA accepts that COVID-19 may create challenges in the operation of disclosure committees, but it expects listed issuers to make every effort to meet their disclosure obligations in a timely manner. In the short term, the FCA accepts that there might be delays as new processes are put in place.	<a href="https://www.fca.org.uk/publications/newsletters/pr-inary-market-bulletin-issue-no-27-COVID-19-update">https://www.fca.org.uk/publications/newsletters/pr-inary-market-bulletin-issue-no-27-COVID-19-update</a>
FCA	18.03.20	Investment Management	<b>Statement on property fund suspensions</b>	<p>The FCA understands that certain Standing Independent Valuers have determined that there is currently material uncertainty over the value of commercial real estate (CRE). In such situations, a fair and reasonable valuation of CRE funds cannot be established. As a result, some managers of open-ended CRE funds have temporarily suspended dealing in units of these funds and others are likely to follow for the same reason.</p> <p>Suspensions can be used by managers of open-ended funds, in line with their obligations under applicable regulations. In these circumstances, suspension is likely to be in the best interests of fund investors.</p>	<a href="https://www.fca.org.uk/news/statements/property-fund-suspensions">https://www.fca.org.uk/news/statements/property-fund-suspensions</a>
BoE/PRA	23.03.20	Insurance	<b>Approach to regulatory reporting for UK insurers in response to COVID-19</b>	This statement outlines the PRA's approach to regulatory reporting in response to COVID-19 and builds on EIOPA's recommendations on supervisory flexibility regarding the deadline for supervisory reporting and public disclosures due to COVID-19. The PRA has, among other things, delayed its deadlines for annual and Q1 quarterly reporting, as well as for reporting of firms' SFCRs, RSRs and ORSAs.	<a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2020/covid19-regulatory-reporting-amendments">https://www.bankofengland.co.uk/prudential-regulation/publication/2020/covid19-regulatory-reporting-amendments</a>
FCA	19.03.20	Insurance	<b>Expectations for General Insurance firms</b>	The FCA set out expectations for general insurance firms and provided information for consumers about what they should see from their insurance provider during the COVID-19 pandemic.	<a href="https://www.fca.org.uk/news/press-releases/fca-sets-out-expectations-general-insurance-firms-during-COVID-19-COVID-19-pandemic">https://www.fca.org.uk/news/press-releases/fca-sets-out-expectations-general-insurance-firms-during-COVID-19-COVID-19-pandemic</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Amendments to other planned activities (4/7)

Institution	Date	Sector	Headline	Summary	Link
FCA	26.03.20	Cross-sector	<b>Firms expected to continue recording calls</b>	Firms should continue to record calls, although it is accepted that some scenarios may emerge where this is not possible. In this situation, firms should make the FCA aware, and consider what steps could be taken to mitigate outstanding risks where unable to record voice communications. This could include enhanced monitoring or retrospective review later.	<a href="https://www.fca.org.uk/firms/information-firms-COVID-19-COVID-19-response">https://www.fca.org.uk/firms/information-firms-COVID-19-COVID-19-response</a>
FCA	26.03.20	Cross-sector	<b>Expectations on financial resilience for FCA solo-regulated firms</b>	The FCA wants firms to continue operating in these challenging circumstances and, where possible, intends to provide flexibility where it can. The FCA echoes the PRA's previous statement that capital and liquidity buffers are there to be used in times of stress. It says that firms who have been set buffers can use them to support the continuation of the firm's activities. Firms should be planning ahead and ensuring the sound management of their financial resources. If the firm needs to exit the market, planning should consider how this can be done in an orderly way while taking steps to reduce the harm to consumers and the markets. If a firm is concerned it will not be able to meet its capital requirements, or its debts as they fall due, they should contact their FCA supervisor with its plan for the immediate period ahead.	<a href="https://www.fca.org.uk/news/statements/fca-expectations-financial-resilience-fca-solo-regulated-firms">https://www.fca.org.uk/news/statements/fca-expectations-financial-resilience-fca-solo-regulated-firms</a>
FCA	31.03.20	Cross-sector	<b>Dear CEO letter to firms providing services to retail investors on the relaxation of certain FCA rules</b>	The FCA has been in discussion with industry on the operational burden of certain regulatory requirements and has decided to provide flexibility within the 10% loss reporting rule, Best Execution rules and Client Identity verification rules. The FCA expects firms to continue to comply with the rules, but flexibility is available where necessary and within certain limits as stipulated in the letter.	<a href="https://www.fca.org.uk/publication/correspondence/dear-ceo-letter-COVID-19-update-firms-providing-services-retail-investors.pdf">https://www.fca.org.uk/publication/correspondence/dear-ceo-letter-COVID-19-update-firms-providing-services-retail-investors.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Amendments to other planned activities (5/7)

Institution	Date	Sector	Headline	Summary	Link
FCA/PRA	03.04.20	Cross-sector	<b>Senior Managers and Certification Regime (SM&amp;CR) and COVID-19:= expectations of joint and solo regulated firms</b>	<p>For solo regulated firms, the FCA recognises that affected firms may need to make changes to governance arrangements in certain situations, and firms should allocate responsibilities in the way that best enables them to manage the risks that they face. The FCA will not require submission of Statements of Responsibilities (SoRs) where: the change is to cover multiple sicknesses, or other temporary changes in responsibilities related to COVID-19; or the change is temporary and the firm is expected to revert to previous arrangements.</p> <p>For joint-regulated firms, the FCA and PRA are aware that 'significant changes' to an SMF's responsibilities may be required in this period due to temporary situations as a result of COVID-19. Flexibility in the requirement to update and resubmit updated SoRs will be provided as follows:</p> <ul style="list-style-type: none"> <li>• They expect firms to resubmit relevant SoRs as soon as reasonably practicable taking into account the current circumstances; and</li> <li>• They understand that firms may take longer than usual to submit revised SoRs in the present environment</li> </ul> <p>The FCA and PRA have also provided further guidance on, notifications about temporary arrangements (i.e. 12 week rule), allocation of responsibilities, furloughing senior management functions and certification requirements for dual regulated firms.</p>	<p><b>Solo-regulated:</b>  <a href="https://www.fca.org.uk/news/statements/smcr-coronavirus-our-expectations-solo-regulated-firms">https://www.fca.org.uk/news/statements/smcr-coronavirus-our-expectations-solo-regulated-firms</a></p> <p><b>Joint regulated</b>  <a href="https://www.fca.org.uk/news/statements/joint-fca-pra-statement-smcr-coronavirus-covid-19">https://www.fca.org.uk/news/statements/joint-fca-pra-statement-smcr-coronavirus-covid-19</a></p>
FCA	08.04.20	Cross-sector	<b>Statement of Policy on listed companies and recapitalisation issuances during the coronavirus crisis</b>	<p>The FCA announced a series of measures aimed at assisting companies to raise new share capital in response to the coronavirus crisis while retaining an appropriate degree of investor protection. Key issues covered were; i) smaller share issues; ii) shorter form prospectuses; iii) working capital statements; iv) general meeting requirements under the Listing Rules and v) expectations under the Market Abuse Regulation.</p>	<p><a href="https://www.fca.org.uk/news/statements/listed-companies-recapitalisation-issuances-coronavirus">https://www.fca.org.uk/news/statements/listed-companies-recapitalisation-issuances-coronavirus</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Amendments to other planned activities (6/7)

Institution	Date	Sector	Headline	Summary	Link
TPR	09.04.20	Cross-sector	<b>COVID-19 pension guidance for employers</b>	<p>The guidance sets out how employers can meet their automatic enrolment (AE) duties throughout the COVID-19 crisis. It includes information about:</p> <ul style="list-style-type: none"> <li>(i) the government’s Job Retention Scheme;</li> <li>(ii) what employers need to know about payroll;</li> <li>(iii) maintaining AE pensions contributions;</li> <li>(iv) information for employers paying more than the minimum AE contributions;</li> <li>(v) re-enrolment responsibilities and flexibilities; and (vi) what employers must do if staff ask to opt out or reduce their contributions.</li> </ul> <p>The Pensions Regulator also announced that it will be adopting a more flexible approach to reporting obligations for those running occupational schemes until 30 June 2020.</p>	<p><a href="https://www.thepensionsregulator.gov.uk/en/medi-a-hub/press-releases/2020-press-releases/new-covid-19-pension-guidance-published-for-employers">https://www.thepensionsregulator.gov.uk/en/medi-a-hub/press-releases/2020-press-releases/new-covid-19-pension-guidance-published-for-employers</a></p> <p><a href="https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/covid-19-an-update-on-reporting-duties-and-enforcement-activity">https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/covid-19-an-update-on-reporting-duties-and-enforcement-activity</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Amendments to other planned activities (7/7)

Institution	Date	Sector	Headline	Summary	Link
FCA	15.04.20	Cross-sector	<b>Dear CEO letter on lending to small businesses</b>	The letter discusses the FCA's guidance on the Coronavirus Business Interruption Loan Scheme (CBILS) and FCA's expectations regarding SMCR in relation to lending to small businesses – specifically, that the FCA expects banks that lend to SMEs to have a Senior Manager in place with responsibility for that activity. The FCA will, going forward, look for evidence that Boards are collecting information on firms' SME lending, and, where appropriate, challenging Senior Managers on the subject.	<a href="https://www.fca.org.uk/publication/correspondence/dear-ceo-lending-small-businesses-coronavirus.pdf">https://www.fca.org.uk/publication/correspondence/dear-ceo-lending-small-businesses-coronavirus.pdf</a>
FCA	15.04.20	Insurance	<b>Dear CEO letter on insuring SMEs</b>	The letter focuses on conduct in relation to businesses interruption (BI) insurance. The FCA expects firms to communicate clearly, accurately and in a timely fashion. The FCA has no intention of stepping in where policies have basic cover that does not cover pandemics. However, for policies where it is clear that the insurance firm has an obligation to pay out, the FCA expects that claims are assessed and settled quickly to ensure that financial pressures on policyholders are not exacerbated by slow payment. Where there are reasonable grounds for making a partial payment, the FCA would like firms to adopt the approach of making an interim payment. Where firms disagree with doing so, the FCA expects that firms will send them an explanation of the grounds for the decision.	
FCA	20.04.20	Cross-sector	<b>FCA expectations for wet-ink signatures in light of COVID-19</b>	The FCA has clarified that its rules do not explicitly require wet-ink signatures in agreements, nor do they prevent firms from using electronic signatures in agreements. The validity of signatures is a matter of law and firms must consider the legal position and the risks of accepting electronic signatures. Firms must also consider the FCA's Principles for Businesses and general rules. FCA reiterated that it would accept electronic signatures for fund related applications and on all applications from mutual societies. It also stated that firms may use electronic signatures for all interactions with it.	<a href="https://www.fca.org.uk/news/statements/expectations-wet-ink-signatures-coronavirus-restrictions">https://www.fca.org.uk/news/statements/expectations-wet-ink-signatures-coronavirus-restrictions</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Short-selling

Institution	Date	Sector	Headline	Summary	Link
FCA	17.03.20 23.03.20 31.03.20	Cross-sector	<b>Statements on short-selling</b>	<p>The FCA took note of the European Securities and Markets Authority's (ESMA) decision to temporarily lower the reporting threshold for net short positions, and will apply this change in the UK. However, to receive these data required changes to the FCA's technology. The FCA is working on what is involved to effect these changes and how long it will take to implement them. In the meantime, firms should continue to report according to the previous thresholds, until further notice.</p> <p>On 23 March, the FCA released a statement which outlined their intention to keep markets open and orderly, implying a reluctance to impose short-selling bans of their own.</p> <p>On 31 March, the FCA confirmed that the required changes have been made, and it will be ready to receive notifications at the lower threshold from 6 April. Firms are not required to amend and resubmit notifications submitted between 16 March and 3 April. If firms are unable to amend their systems to report at the threshold from this date, they should reach out to the FCA to discuss further. The new reporting obligation will apply to shares for which the FCA is the relevant competent authority and not to exempted shares where the principal venue for the trading of the shares is located outside of the EU.</p>	<p><a href="https://www.fca.org.uk/firms/information-firms-COVID-19-COVID-19-response">https://www.fca.org.uk/firms/information-firms-COVID-19-COVID-19-response</a></p> <p><a href="https://www.fca.org.uk/news/statements/statements-uk-markets">https://www.fca.org.uk/news/statements/statements-uk-markets</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Consumer protection (1/4)

Institution	Date	Sector	Headline	Summary	Link
FCA	20.03.20	Banking	<b>Guidance to firms on mortgages</b>	<p>The FCA published guidance for mortgage lenders, mortgage administrators, home purchase providers and home purchase administrators. Customers should be granted a payment holiday for an initial period of three months, where they may experience payment difficulties as a result of COVID-19 and where they have indicated they wish to receive one.</p> <ul style="list-style-type: none"> <li>• Firms should ensure that there is no additional fee or charge (other than additional interest) as a result of the payment holiday.</li> <li>• The guidance also sets out the steps firms should take to ensure that the payment holiday does not have a negative impact on the customer's credit score.</li> <li>• Finally, the FCA makes clear that repossession should not be commenced or continued with unless the firm can demonstrate clearly that the customer has agreed it is in their best interest.</li> </ul>	<a href="https://www.fca.org.uk/firms/mortgages-COVID-19-guidance-firms">https://www.fca.org.uk/firms/mortgages-COVID-19-guidance-firms</a>
FCA	23.03.20	Investment Management	<b>Measures to ensure that markets continue to function in an orderly manner</b>	<p>The FCA assured markets that it is working with international counterparts in the US, EU and elsewhere so that markets can remain open and orderly. With regards to short selling, the FCA stated that it has not currently banned short selling despite other European authorities having done so. It is continuing to monitor market activity. Aggregate net short selling activity reported to FCA is low as a percentage of total market activity and has decreased in recent days. It will continue to fluctuate, but there is no evidence that short selling has been the driver of recent market falls.</p>	<a href="https://www.fca.org.uk/news/statements/statement-uk-markets">https://www.fca.org.uk/news/statements/statement-uk-markets</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Consumer protection (2/4)

Institution	Date	Sector	Headline	Summary	Link
FCA	02.04.20	Cross-sector	<b>FCA proposes temporary financial relief for customers affected by COVID-19</b>	<p>The FCA's proposals are to:</p> <ul style="list-style-type: none"> <li>• Set out its expectations on firms to offer a temporary payment freeze on loans and credit cards where consumers face difficulties with their finances as a result of COVID-19, for up to three months.</li> <li>• Ensure that for customers who have been hit financially by COVID-19 and already have an arranged overdraft on their main personal current account, up to £500 will be charged at zero interest for up to three months.</li> <li>• Require firms to make sure that all overdraft customers are no worse off on price when compared to the prices they were charged before the recent overdraft changes came into force.</li> <li>• Ensure consumers using any of these temporary measures should not have their credit rating affected because of this.</li> </ul>	<a href="https://www.fca.org.uk/news/press-releases/fca-proposes-temporary-financial-relief-customers-impacted-COVID-19">https://www.fca.org.uk/news/press-releases/fca-proposes-temporary-financial-relief-customers-impacted-COVID-19</a>
FCA	17.04.20	Cross-sector	<b>Draft guidance on motor finance and high-cost credit, and COVID-19</b>	<p>Proposals include that firms should provide a 3-month payment deferral to customers who are having temporary difficulties meeting finance or leasing payments due to COVID-19. Customers should also be able to request a payment deferral at any point after the guidance comes into force for a period of 3 months.</p>	<a href="https://www.fca.org.uk/publications/guidance-consultations/motor-finance-coronavirus">https://www.fca.org.uk/publications/guidance-consultations/motor-finance-coronavirus</a> <a href="https://www.fca.org.uk/publications/guidance-consultations/high-cost-short-term-credit-coronavirus">https://www.fca.org.uk/publications/guidance-consultations/high-cost-short-term-credit-coronavirus</a>
FCA	20.04.20	Cross-sector	<b>Temporary guidance on rent-to-own, buy-now pay-later and pawnbroking agreements amid the COVID-19 outbreak</b>	<p>The Guidance presents various temporary measures that firms should take to support vulnerable customers with regard to pawnbroking agreements, payment deferrals, buy-now-pay-later arrangements and rent-to-own agreements. The FCA reiterates that firms should communicate the potential implications of payment deferrals to their customers (including the consequences of the interest that is accrued during the three-month period). The Guidance is expected to come into force on 27 April 2020.</p>	<a href="https://www.fca.org.uk/publications/finalised-guidance/rent-own-buy-now-pay-later-and-pawnbroking-agreements-and-coronavirus-temporary-guidance-firms">https://www.fca.org.uk/publications/finalised-guidance/rent-own-buy-now-pay-later-and-pawnbroking-agreements-and-coronavirus-temporary-guidance-firms</a>



# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Consumer protection (3/4)

Institution	Date	Sector	Headline	Summary	Link
FCA	24.04.20	Cross-sector	<b>Temporary guidance for firms in regards to motor finance agreements and COVID-19</b>	Measures include requiring that firms provide a three month payment deferral to customers who are having temporary difficulties meeting finance or leasing payments due to COVID-19. If such customers need use of the vehicle, firms should not take steps to end the agreement or repossess the vehicle. The measures come into force on 27 April 2020.	<a href="https://www.fca.org.uk/publications/finalised-guidance/motor-finance-agreements-and-coronavirus-temporary-guidance-firms">https://www.fca.org.uk/publications/finalised-guidance/motor-finance-agreements-and-coronavirus-temporary-guidance-firms</a>
FCA	24.04.20	Cross-sector	<b>High-cost short-term credit and coronavirus: temporary guidance for firms</b>	The FCA highlights the temporary measures firms should take to support customers experiencing payments difficulties. It highlights the conditions under which customers should be granted payment deferrals, and reiterates the need for firms to communicate to customers the availability of payment deferral where customers may be eligible for it, and highlight clearly the potential implications of such deferral. The Guidance was brought into effect on 27 April 2020.	<a href="https://www.fca.org.uk/publications/finalised-guidance/high-cost-short-term-credit-and-coronavirus-temporary-guidance-firms">https://www.fca.org.uk/publications/finalised-guidance/high-cost-short-term-credit-and-coronavirus-temporary-guidance-firms</a>
FCA	01.05.20	Insurance	<b>Draft guidance for insurance firms on product value and COVID-19</b>	The draft guidance sets out the FCA's expectations for insurers and insurance intermediaries to consider the value for money of their products in light of the exceptional circumstances arising out of COVID-19. This includes that when firms identify something that could materially affect the value of a product, they should consider the appropriate action to take, including: delivering benefits in a different way; providing alternative, comparable benefits; reducing premiums for the duration of the change in value; or providing partial refunds of premiums already paid.	<a href="https://www.fca.org.uk/publications/guidance-consultations/product-value-coronavirus-draft-insurance-firms">https://www.fca.org.uk/publications/guidance-consultations/product-value-coronavirus-draft-insurance-firms</a>
FCA	22.05.20	Cross-sector	<b>Updated measures announced for customers who are struggling to pay their mortgage due to COVID-19</b>	The proposal outlines the options firms will be required to provide to customers coming to an end of a payment holiday. In addition, the FCA proposes extending the deadline for customers yet to request a mortgage holiday to October 2020. Lenders should continue to support customers who have already had a payment holiday where they need further help. Firms are expected to engage with their customers and find out what they can re-pay and, for those who remain in temporary financial difficulty, offer further support. As part of this firms should consider a further three-month payment holiday. The short consultation closed on 26 May, and the FCA expects to finalise the guidance soon.	<a href="https://www.fca.org.uk/publications/guidance-consultations/mortgages-coronavirus-updated-draft-guidance-firms">https://www.fca.org.uk/publications/guidance-consultations/mortgages-coronavirus-updated-draft-guidance-firms</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Supervisory policy: Consumer protection (4/4)

Institution	Date	Sector	Headline	Summary	Link
FCA	22.05.20	Cross-sector	<b>Draft information for consumers on dealing with financial difficulties during COVID-19</b>	The FCA published guidance for consumers on how to deal with financial difficulties arising from COVID-19. This included steps on how to understand and manage their financial situation and a list of organisations that can offer help and advice.	<a href="https://www.fca.org.uk/publications/guidance-consultations/draft-information-consumers-financial-difficulties-coronavirus">https://www.fca.org.uk/publications/guidance-consultations/draft-information-consumers-financial-difficulties-coronavirus</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Other (1/7)

Institution	Date	Sector	Headline	Summary	Link
FCA	24.03.20 29.03.20 30.03.20	Banking	<b>Advice to firm's on branch openings identifying key workers</b>	<p>Current advice to banks and building societies is that branches and contact centres should be kept open where possible.</p> <p>The FCA later reiterated that each firm's Senior Manager or equivalent person is responsible for identifying which employees are unable to perform their jobs from home and have to travel to the office/business continuity site. The FCA expects that the total number of roles requiring an ongoing physical presence in the office or business continuity site to be far smaller than the number of workers needed to ensure all of a firm's business activities continue to function on a business as usual basis.</p> <p>On 30 March, the FCA updated its advice to firms on identifying key workers in financial services. To help firms identify who they are, firms should first identify the activities, services or operations which, if interrupted, are likely to lead to the disruption of essential services to the real economy or financial stability. Firms should then identify the individuals that are essential to support these functions, recommending that the Chief Executive Officer Senior Management Function (SMF1) is accountable for ensuring a process so that only roles meeting the definition are designated.</p> <p>The FCA provides a list of types of roles that may be considered as providing essential services – for example, individuals captured by the Senior Managers Regime.</p>	<p><a href="https://www.fca.org.uk/news/statements/statement-bank-branch-opening">https://www.fca.org.uk/news/statements/statement-bank-branch-opening</a></p> <p><a href="https://www.fca.org.uk/news/statements/work-travel-responsibilities-senior-managers">https://www.fca.org.uk/news/statements/work-travel-responsibilities-senior-managers</a></p> <p><a href="https://www.fca.org.uk/firms/key-workers-financial-services">https://www.fca.org.uk/firms/key-workers-financial-services</a></p>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Other (2/7)

Institution	Date	Sector	Headline	Summary	Link
FCA	27.04.20	Cross-sector	<b>Clarifications on the Coronavirus Business Interruption Loan Scheme (CBILS) and the new Bounce Back loan scheme (BBL)</b>	The FCA clarified how CBILS interacts with its rules around the assessment of customers' creditworthiness. It also provides clarity to individuals subject to the Senior Managers and Certification Regime involved in the CBILS scheme. Finally, the FCA provides guidance on managing financial crime and customer due diligence when dealing with applicants to the schemes.	<a href="https://www.fca.org.uk/news/statements/uk-coronavirus-business-interruption-loan-scheme-cbils-and-new-bounce-back-loan-scheme-bbl">https://www.fca.org.uk/news/statements/uk-coronavirus-business-interruption-loan-scheme-cbils-and-new-bounce-back-loan-scheme-bbl</a>
FCA	28.04.20	Cross-sector	<b>Dear CEO letter on ensuring fair treatment of corporate customers preparing to raise equity finance</b>	The FCA warned banks that may have used their lending relationship to exert pressure on corporate clients to secure roles on equity mandates that the issuer would not otherwise appoint them to could be in breach of FCA Rules and Principles and that it will not hesitate to take action. The FCA will be contacting firms directly to speak to the relevant senior manager in banks that have both a lending relationship and equity role with any issuers who have recently raised significant equity capital, to understand how they ensured clients were treated fairly, and whether inside information was handled appropriately.	<a href="https://www.fca.org.uk/publication/correspondence/dear-ceo-ensuring-fair-treatment-corporate-customers-preparing-raise-equity-finance.pdf">https://www.fca.org.uk/publication/correspondence/dear-ceo-ensuring-fair-treatment-corporate-customers-preparing-raise-equity-finance.pdf</a>
FCA	30.04.20	Cross-sector	<b>Implementation of strong customer authentication (SCA) rules delayed</b>	The FCA has decided to give firms an additional 6 months to comply with the SCA requirements for e-commerce - the new deadline for compliance being 14 September 2021, after which firms not complying will be subject to FCA supervision and enforcement action. The FCA recommends that firms continue to undertake the “necessary preparatory activities such as robust end-to-end testing”.	<a href="https://www.fca.org.uk/news/statements/strong-customer-authentication-and-coronavirus">https://www.fca.org.uk/news/statements/strong-customer-authentication-and-coronavirus</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Other (3/7)

Institution	Date	Sector	Headline	Summary	Link
PRA	27.04.20	Cross-sector	<b>Statement on the regulatory treatment of the UK Coronavirus Business Interruption Loan Scheme (CBILS) and the UK Coronavirus Large Business Interruption Loan Scheme (CLBILS)</b>	The PRA considered that the terms of the guarantees provided by the Secretary of State around CBILS and CLBILS "do not contain features that would render these guarantees ineligible for recognition as unfunded credit risk protection, and the effects of these guarantees would appear to justify such treatment". The PRA reiterated that given the difficulty for businesses in providing financial information forecasts in the current circumstances, it expects lenders to "use their judgement" on what is required to make credit decisions and use all information available to them.	<a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2020/statement-on-the-regulatory-treatment-of-the-uk-cbils-and-the-uk-clbils">https://www.bankofengland.co.uk/prudential-regulation/publication/2020/statement-on-the-regulatory-treatment-of-the-uk-cbils-and-the-uk-clbils</a>
TPR	20.04.20	Pensions	<b>Guidance for trustees of defined contribution (DC) pension schemes to follow during the COVID-19 crisis</b>	Key points include that trustees review any previously agreed investment and risk management decisions to be implemented in the future, to ensure they remain appropriate, efficient and do not introduce risks or crystallise losses, and review investment governance structures and delegations to ensure they can continue to function and make decisions in the event of trustee incapacity or absence.	<a href="https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/dc-investment-and-transfer-values-covid-19-guidance-for-trustees">https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/dc-investment-and-transfer-values-covid-19-guidance-for-trustees</a>
TPR	29.04.20	Insurance	<b>Guidance for pension schemes, requiring them to issue COVID-19 transfer warning to savers</b>	Under the guidance, trustees are asked to send defined benefit scheme members looking to move retirement funds a letter warning them of the risks during the pandemic and urging them to consider the decision carefully.	<a href="https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/communicating-to-members-during-covid-19">https://www.thepensionsregulator.gov.uk/en/covid-19-coronavirus-what-you-need-to-consider/communicating-to-members-during-covid-19</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Other (4/7)

Institution	Date	Sector	Headline	Summary	Link
TPR	30.04.20	Insurance	<b>Statement on the need for enhanced cooperation between trustees and employers amid the COVID-19 crisis</b>	The TPR reiterated the need to focus on long-term planning and risk management to protect savers. It also clarified how defined benefit schemes should approach forthcoming scheme valuations, and dealt with key issues related to covenant assessments and affordability, scheme funding positions and designing recovery plans.	<a href="https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2020-press-releases/trustees-and-employers-must-work-together-to-protect-savers-tp">https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2020-press-releases/trustees-and-employers-must-work-together-to-protect-savers-tp</a>
FCA	04.05.20	Cross-sector	<b>Letters exchanged between the FCA and the Financial Ombudsman Service (FOS) on the Government's Coronavirus Business Interruption Loan Scheme and Bounce Back Loan Scheme</b>	The FCA's letter to the FOS outlines key aspects of the arrangements for the two Government schemes. In response, the FOS confirmed that it acknowledges the new legal and regulatory framework, the differences between the two schemes, as well as the changes the Government is making to the Regulated Activities Order.	<a href="https://www.fca.org.uk/publication/correspondence/fca-letter-to-financial-ombudsman-service-cbils-bbils.pdf%0a%0ahttps://www.fca.org.uk/publication/correspondence/letter-financial-ombudsman-service-response-cbils-bbils.pdf%0a%0a">https://www.fca.org.uk/publication/correspondence/fca-letter-to-financial-ombudsman-service-cbils-bbils.pdf%0a%0ahttps://www.fca.org.uk/publication/correspondence/letter-financial-ombudsman-service-response-cbils-bbils.pdf%0a%0a</a>
FCA	04.05.20	Cross-sector	<b>Digital sandbox COVID-19 pilot announced</b>	The pilot will provide enhanced regulatory support to innovative firms tackling challenges caused by COVID-19. The sandbox could potentially include access to high-quality data sets, an application programming interface (API) or vendor market place, and access to regulatory support. The FCA will publish shortly additional information on specific proposals for launching the pilot and applications are expected to open later in the summer.	<a href="https://www.fca.org.uk/firms/innovation/digital-sandbox">https://www.fca.org.uk/firms/innovation/digital-sandbox</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Other (5/7)

Institution	Date	Sector	Headline	Summary	Link
FCA	06.05.20	Cross-sector	<b>Period to cover absent Senior Managers extended due to coronavirus (Covid-19)</b>	The FCA has extended the maximum period solo regulated firms can arrange cover for a Senior Manager without being approved, from 12 weeks to 36 weeks, in a consecutive 12-month period. The modification by consent will take effect from the date the firm applies for it and will end on 30 April 2021.	<a href="https://www.fca.org.uk/news/news-stories/period-cover-absent-senior-managers-extended-due-coronavirus-covid-19%0a">https://www.fca.org.uk/news/news-stories/period-cover-absent-senior-managers-extended-due-coronavirus-covid-19%0a</a>
FCA	06.05.20	Cross-sector	<b>Update on information security in light of COVID-19</b>	The FCA expects firms to maintain vigilance and ensure that adequate controls are in place to manage cyber threats and respond to major incidents. Firms should keep reviewing the impact of COVID-19 on their information and security defences and take action as needed. They should also ensure that general notification requirements are followed and that incidents are reported.	<a href="https://www.fca.org.uk/firms/information-firms-coronavirus-covid-19-response%0a">https://www.fca.org.uk/firms/information-firms-coronavirus-covid-19-response%0a</a>
FCA	06.05.20	Cross-sector	<b>Financial crime systems and controls during COVID-19</b>	The FCA has set out its expectations on how firms should employ their systems and controls to combat and prevent financial crime during the COVID-19 crisis. The note covers operational challenges, client identity verification, SMCR and changes to regulatory reporting. It also highlights that where firms need to amend their systems and controls in response to COVID-19, decisions should be clearly risk assessed, documented and subjected to appropriate governance procedures. Firms are also expected to notify the FCA of any material issues that affect the effectiveness of their financial crime controls or cause significant delays to remediation plans.	<a href="https://www.fca.org.uk/firms/financial-crime/financial-crime-systems-controls-during-coronavirus-situation">https://www.fca.org.uk/firms/financial-crime/financial-crime-systems-controls-during-coronavirus-situation</a>
PRA	07.05.20	Cross-sector	<b>Statement on alleviating operational burdens on PRA-regulated firms in light of Covid-19</b>	The measures include postponing the launch of the Climate Biennial Exploratory Scenario until at least mid-2021, resuming full supervisory engagement on LIBOR from 1 June 2020 (including data reporting at the end of Q2), and not publishing the results of last year's insurance stress test. The next Insurance Stress Test is postponed to 2022 (seeking feedback from firms on the proposed design in Q4 2021).	<a href="https://www.bankofengland.co.uk/prudential-regulation/publication/2020/pr-a-statement-on-prioritisation-covid19">https://www.bankofengland.co.uk/prudential-regulation/publication/2020/pr-a-statement-on-prioritisation-covid19</a>

# Policy initiatives in response to the COVID-19 pandemic – UK

## Other (6/7)

Institution	Date	Sector	Headline	Summary	Link
FCA	14.05.20	Cross-sector	<b>Expectations on firms' handling of complaints during COVID-19</b>	<p>Firms should prioritise:</p> <ol style="list-style-type: none"> <li>1. Paying promptly those complainants who have accepted an offer of redress</li> <li>2. The prompt and fair resolution of complaints from: <ul style="list-style-type: none"> <li>– vulnerable consumers who are likely to be vulnerable to harm if their complaint is not resolved promptly and fairly; and</li> <li>– micro-enterprises and small businesses who are likely to face serious financial difficulties if their complaint is not resolved promptly and fairly.</li> </ul> </li> <li>3. Sending timely holding responses to those complainants in point two above, where their complaints cannot be resolved promptly.</li> </ol> <p>If firms cannot deliver these three priorities adequately and effectively through home working, firms should maintain the minimal physical onsite presence needed to do so - whilst complying with social distancing guidelines. Firms should also maintain quality of complaints handling and continue to meet all relevant obligations.</p>	<a href="https://www.fca.org.uk/firms/firm-handling-complaints-during-coronavirus#revisions">https://www.fca.org.uk/firms/firm-handling-complaints-during-coronavirus#revisions</a>
FCA	14.05.20	Cross-sector	<b>Guidance on handling post and paper documents</b>	<p>Firms must ensure that no customers are disadvantaged because of delays and make particular efforts to ensure communication continues with vulnerable clients who are unable to use online services. Firms should ask customers who have sent instructions or cheques which have not been processed to contact the firm urgently by telephone or electronic means. Firms should consider the potential harm caused by unprocessed cheque payments and ensure clients receive the required services. Where the uncashed cheque represents client money under the Client Assets Sourcebook (CASS) regime and the firm provides the service/cover without cashing the cheque, firms must consider whether proceeding in this way might breach CASS and expose other clients to the risk of a client money shortfall. Suitability assessments must continue via phone/online checks. Where firms cannot comply with the requirements for post and paper-based processes due to current circumstances they must notify the FCA as soon as possible.</p>	<a href="https://www.fca.org.uk/news/statements/how-firms-should-handle-post-and-paper-documents">https://www.fca.org.uk/news/statements/how-firms-should-handle-post-and-paper-documents</a>



# Policy initiatives in response to the COVID-19 pandemic – UK

## Other (7/7)

Institution	Date	Sector	Headline	Summary	Link
FCA	14.05.20	Cross-sector	<b>Guidance for insurance and premium finance firms on COVID-19 and customers in temporary financial difficulty</b>	The guidance points to circumstances in which firms could consider actions to support customers who may be in financial distress as a result of COVID-19, including when a customer contacts the firm because they are having difficulty making repayments, or has missed payments during the crisis period. Actions firms can take to meet their obligations include reassessing the risk profile of the customer, considering other products the firm may offer, and waiving cancellation fees.	<a href="https://www.fca.org.uk/publications/finalised-guidance/coronavirus-customers-temporary-financial-difficulty-guidance-insurance-premium-finance">https://www.fca.org.uk/publications/finalised-guidance/coronavirus-customers-temporary-financial-difficulty-guidance-insurance-premium-finance</a>
FCA	14.05.20	Cross-sector	<b>Financial services exemptions in forthcoming Corporate Insolvency and Governance Bill</b>	Business Secretary Alok Sharma announced new insolvency and corporate governance measures to help businesses affected by COVID-19. The list of exclusions from the measures is expected to include banks; investment firms; insurers; payments and e-money institutions; and certain market infrastructure bodies. Firms that safeguard client assets are also expected to be excluded from the company moratorium during COVID-19 and temporary suspension of wrongful trading provisions. In addition, the Bill proposes to provide a new Restructuring Plan which is expected to be available to financial services firms, through the appropriate safeguards, including a role for the FCA and PRA.	<a href="https://www.fca.org.uk/news/statements/financial-services-exemptions-forthcoming-corporate-insolvency-and-governance-bill">https://www.fca.org.uk/news/statements/financial-services-exemptions-forthcoming-corporate-insolvency-and-governance-bill</a>
FCA	22.05.20	Cross-sector	<b>Draft guidance for payment firms on safeguarding customers' funds</b>	The FCA proposes additional temporary guidance to strengthen payment firms' prudential risk management and arrangements for safeguarding customers' funds in response to COVID-19. The consultation includes proposals on several topics including keeping records and accounts and making reconciliations; safeguarding accounts and acknowledgement letters; unallocated funds; governance and controls; and liquidity and capital stress testing. The consultation closes on 5 June.	<a href="https://www.fca.org.uk/publications/guidance-consultations/coronavirus-safeguarding-customers-funds-proposed-guidance-payment-firms">https://www.fca.org.uk/publications/guidance-consultations/coronavirus-safeguarding-customers-funds-proposed-guidance-payment-firms</a>

# **Pan-EU policy initiatives in response to the COVID-19 pandemic**

# Policy initiatives in response to the COVID-19 pandemic – EU

## Fiscal policy (1/3)

Institution	Date	Sector	Headline	Summary	Link
European Commission	19.03.20 27.03.20 03.04.20	Cross-sector	<b>Temporary Framework for state aid measures to enable Member States to further support the economy in the COVID-19 outbreak</b>	<p>The Temporary Framework allowed EU Member States exceptionally to provide five types of state aid: (i) Direct grants, selective tax advantages and advance payments; (ii) State guarantees for loans taken by companies from banks; (iii) Subsidised public loans to companies; (iv) Safeguards for banks that channel state aid to the economy; and (v) Short-term export credit insurance.</p> <p>The Commission sent a consultation to Member States on extending the temporary framework to five additional types of state aid: (i) support for COVID-19-related research and development; (ii) support for the construction and upgrading of testing facilities; (iii) support for the production of products to tackle the COVID-19 outbreak; (iv) Targeted support in the form of deferral of tax payments and/or suspensions of employers' social security contributions; and (v) Targeted support in the form of wage subsidies for employees. On 3 April, the Commission decided to extend the Temporary Framework to include these five measures.</p> <p>The Commission also decided to temporarily remove all countries from the list of "marketable risk" countries under the short-term credit insurance Communication, in order to make public short-term export credit insurance more widely available. This contributes to expanding the flexibility introduced by the temporary state aid framework with respect to the possibility by State insurers to provide insurance for short-term export-credit.</p>	<p><a href="https://ec.europa.eu/competition/state_aid/what_is_new/sa_covid19_temporary-framework.pdf">https://ec.europa.eu/competition/state_aid/what_is_new/sa_covid19_temporary-framework.pdf</a></p> <p><a href="https://ec.europa.eu/commission/presscorner/detail/en/statement_20_551">https://ec.europa.eu/commission/presscorner/detail/en/statement_20_551</a></p> <p><a href="https://ec.europa.eu/commission/presscorner/detail/en/ip_20_542">https://ec.europa.eu/commission/presscorner/detail/en/ip_20_542</a></p>
European Commission/ European Council	20.03.20 23.03.20	Cross-sector	<b>Activation of the general escape clause of the Stability and Growth Pact (SGP)</b>	<p>Following proposals by the European Commission, the European Council agreed that the conditions for the use of the general escape clause of the EU's fiscal framework – namely, "a severe economic downturn in the euro area or the Union as a whole" – were fulfilled. The use of the clause will provide flexibility for Member States to take necessary measures to support their economies, "including through further discretionary stimulus and coordinated action, designed, as appropriate, to be timely, temporary and targeted".</p>	<p><a href="https://ec.europa.eu/commission/presscorner/detail/en/ip_20_499">https://ec.europa.eu/commission/presscorner/detail/en/ip_20_499</a></p> <p><a href="https://www.consilium.europa.eu/en/press/press-releases/2020/03/23/statement-of-eu-ministers-of-finance-on-the-stability-and-growth-pact-in-light-of-the-covid-19-crisis/">https://www.consilium.europa.eu/en/press/press-releases/2020/03/23/statement-of-eu-ministers-of-finance-on-the-stability-and-growth-pact-in-light-of-the-covid-19-crisis/</a></p>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Fiscal policy (2/3)

Institution	Date	Sector	Headline	Summary	Link
European Commission	02.04.20	Cross-sector	<b>Proposal for a Council Regulation on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak</b>	<p>The new instrument, open to all 27 Member States, proposes a EUR 100 billion solidarity instrument to complement or contribute to the creation of national short-term unemployment schemes in the form of loans. The Commission intends to mobilise the EUR 100 billion with support of the Member States, who will provide voluntary guarantees for 25 billion euros. The loans should help recipient States increase their public expenditure in the area of short-time work schemes and measures aiming to protect jobs. The recipient State should open a "special account with its national central bank for the management of the financial assistance received", and the Commission and Member State should conclude an implementation agreement.</p>	<a href="https://ec.europa.eu/info/sites/info/files/support_to_mitigate_unemployment_risks_in_an_emergency_sure_0.pdf">https://ec.europa.eu/info/sites/info/files/support_to_mitigate_unemployment_risks_in_an_emergency_sure_0.pdf</a>
European Commission	06.04.20	Cross-sector	<b>EIF unlocks funds to support SMEs</b>	<p>The European Investment Fund (EIF) confirmed that it has unlocked EUR1bn from the European Fund for Strategic Investments that will serve as a guarantee to the EIF. The €1 billion unlocked from the EFSI under the COSME Loan Guarantee Facility and the InnovFin SME Guarantee under Horizon 2020 allows the EIF to provide guarantees worth €2.2 billion to financial intermediaries, unlocking €8 billion in available financing. The guarantees have been offered through the EIF to the market via a call for expressions of interest issued on 6 April to intermediaries. Key guarantees include:</p> <ul style="list-style-type: none"> <li>• Simplified and quicker access to the EIF guarantee.</li> <li>• A higher risk cover – up to 80% of potential losses on individual loans.</li> <li>• Focus on working capital loans across the EU.</li> <li>• Allowing for more flexible terms, including postponement, rescheduling or payment holidays.</li> </ul>	<a href="https://ec.europa.eu/commission/presscorner/detail/en/ip_20_569">https://ec.europa.eu/commission/presscorner/detail/en/ip_20_569</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Fiscal policy (3/3)

Institution	Date	Sector	Headline	Summary	Link
European Commission	27.05.20	Cross-sector	<b>EU Recovery Plan</b>	The Recovery Plan will include: (i) an emergency European Recovery Instrument amounting to eur750bn; and (ii) a reinforced multiannual financial framework for 2021-2027. Together with the three safety nets for workers, businesses and sovereigns endorsed by the European Council in April and amounting to a package worth EUR 540 billion, "these exceptional measures taken at the EU level would reach EUR 1 290 billion of targeted and front-loaded support to Europe's recovery".	<a href="https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/1_en_act_part1_v9.pdf">https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/1_en_act_part1_v9.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Monetary policy and liquidity/market operations (1/5)

Institution	Date	Sector	Headline	Summary	Link
ECB	12.03.20	Cross-sector	<b>Interest rate remains unchanged and additional asset purchases to support the real economy</b>	<p>The interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 0.00%, 0.25% and -0.50% respectively.</p> <p>In addition, a temporary envelope of additional net asset purchases of €120 billion will be added until the end of the year, ensuring a strong contribution from the private sector purchase programmes. Reinvestments of the principal payments from maturing securities purchased under the asset purchasing programme (APP) will continue, in full, for an extended period of time past the date when the Governing Council starts raising the key ECB interest rates, and in any case for as long as necessary to maintain favourable liquidity conditions and an ample degree of monetary accommodation.</p>	<a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp200312~8d3aec3ff2.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp200312~8d3aec3ff2.en.html</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Monetary policy and liquidity/market operations (2/5)

Institution	Date	Sector	Headline	Summary	Link
ECB	12.03.20 30.04.20	Cross-sector	<b>Easing of conditions for targeted longer-term refinancing operations (TLTRO) III, and announcement of longer-term refinancing operations (LTROs)</b>	<p>Interest rate on TLTRO III reduced by 25bps, can now be as low as 25bps below average deposit facility rate from June 2020 to June 2021 for all TLTRO III operations outstanding during that period (-0.75%).</p> <p>Borrowing allowance raised from 30% to 50% of eligible loans.</p> <p>Lending performance threshold to be met between 1 April 2020 and 31 March 2021 in order to attain minimum interest rate on TLTRO III reduced to 0% from 2.5%.</p> <p>Early repayment option available after one year from settlement starting in September 2021.</p> <p>Easing of TLTRO III accompanied by series of LTROs designed to bridge liquidity needs until settlement of fourth TLTRO III operation in June 2020. Operations will be conducted as fixed rate tender procedures with full allotment. Rate in these operations will be fixed at the average of the deposit facility rate over the life of the respective operation. Interest paid on maturity, all operations mature on 25 June 2020.</p> <p>*The interest rate on all targeted longer-term refinancing operations has been reduced by 25 basis points to -0.5%. For banks that meet the lending threshold introduced on 12 March, the interest rate can be as low as -1%. The start of the period over which banks' lending performance will be assessed has been brought forward to 1 March 2020, from 1 April 2020.</p>	<p><a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp200312~8d3aec3ff2.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp200312~8d3aec3ff2.en.html</a></p> <p><a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200430~fa46f38486.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200430~fa46f38486.en.html</a></p>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Monetary policy and liquidity/market operations (3/5)

Institution	Date	Sector	Headline	Summary	Link
ECB	17.03.20	Cross-sector	<b>Pandemic Emergency Purchase Programme (PEPP) launched</b>	<p>The PEPP is a new temporary asset purchase programme of private and public sector securities, with a total envelope of EUR 750 billion.</p> <p>Purchases will be conducted until the end of 2020 and will include the asset categories eligible under the APP. For the purchase of public sector securities, the benchmark allocation across jurisdictions will continue to be capital key of national central banks, but PEPP will be conducted in flexible manner – allowing for fluctuations in the distribution of purchase flows over time, across asset classes and among jurisdictions.</p> <p>A waiver of eligibility requirements for securities issued by the Greek government will be granted for purchases under PEPP. The eligible range of assets under the corporate sector purchase programme (CSPP) extended to non-financial commercial paper, making all commercial papers of sufficient credit quality eligible for purchase under CSPP.</p> <p>Additionally, the ECB announced the easing of collateral standards by adjusting main risk parameters under the collateral framework. In particular, the scope of Additional Credit Claims (ACC) – i.e. loans and other debt obligations which are not tradable bonds – has been expanded to include claims related to the financing of the corporate sector.</p> <p>On 26 March, it was clarified that the Public Sector Purchase Programme issuer/issue limit, which limited purchases to 33% of a single Member State's debt instrument, will not apply to the PEPP. The ECB distinguishes the PEPP's objectives from those of other bond-buying programmes, saying “the PEPP requires a high degree of flexibility in its design and implementation compared to the APP and its monetary policy objectives are not identical to that of the APP.”</p>	<p><a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200318_1~3949d6f266.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200318_1~3949d6f266.en.html</a></p> <p><a href="https://www.ecb.europa.eu/ecb/legal/pdf/celex_32020d0440_en_txt.pdf">https://www.ecb.europa.eu/ecb/legal/pdf/celex_32020d0440_en_txt.pdf</a></p>



# Policy initiatives in response to the COVID-19 pandemic – EU

## Monetary policy and liquidity/market operations (4/5)

Institution	Date	Sector	Headline	Summary	Link
ECB	07.04.20	Cross-sector	<b>Package of temporary collateral easing measures</b>	<p>The collateral easing measures facilitate the availability of eligible collateral for Eurosystem counterparties to participate in liquidity providing operations, such as the targeted longer-term refinancing operations (TLTRO-III). The easing of collateral conditions has three main features:</p> <ol style="list-style-type: none"> <li>1) an expansion of the use of credit claims as collateral, in particular through the potential expansion of the additional credit claims (ACCs) frameworks to include loans with lower credit quality, loans to other types of debtors, not accepted in the ECB's general framework, and foreign-currency loans;</li> <li>2) a general reduction of collateral valuation haircuts; and</li> <li>3) a waiver to accept Greek sovereign debt instruments as collateral in Eurosystem credit operations.</li> </ol> <p>The ECB will assess further measures to temporarily mitigate the effect on counterparties' collateral availability from rating downgrades.</p>	<a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200407~2472a8ccda.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200407~2472a8ccda.en.html</a>
ECB	07.04.20	Cross-sector	<b>ECB and Hrvatska narodna banka set up swap line to provide euro liquidity</b>	<p>ECB and Hrvatska narodna banka (Central Bank of Croatia) set up new swap line. The swap line will remain in place until end-2020, or as long as needed. The size of swap line is set at €2 billion</p>	<a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200415_1~92fe0267b1.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200415_1~92fe0267b1.en.html</a>
ECB	22.04.20	Cross-sector	<b>Loosened collateral eligibility rules to mitigate the possible effect of ratings downgrades</b>	<p>Following the ECB's first package of temporary collateral easing measures, the ECB has decided to exempt temporarily any bonds that are downgraded to junk status from its requirement that any collateral it accepts has to have an investment grade rating. Any bonds rated at investment grade on April 7 will continue to be eligible even if they are downgraded below the triple-B level, as long as their rating remains no more than two notches below investment grade. But these assets will be subjected to "haircuts" to reduce their value as collateral based on their latest credit rating. A separate treatment is included for asset-backed securities.</p>	<a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200422_1~95e0f62a2b.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200422_1~95e0f62a2b.en.html</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Monetary policy and liquidity/market operations (5/5)

Institution	Date	Sector	Headline	Summary	Link
ECB	30.04.20	Cross-sector	<b>ECB announces new pandemic emergency longer-term refinancing operations</b>	The ECB will conduct a new series of longer-term refinancing operations, called pandemic emergency longer-term refinancing operations (PELTROs). The PELTROs will be conducted as fixed rate tender procedures, with interest rates 25 basis points below the average rate applied in the Eurosystem's main refinancing operations (which is currently 0%).	<a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200430_1~477f400e39.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200430_1~477f400e39.en.html</a>
ECB	07.05.20	Cross-sector	<b>Opinion on a proposal for a regulation on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE)</b>	The ECB has welcomed the endorsement by the European Council of the Eurogroup agreement on three safety nets for workers, businesses and sovereigns (i.e. SURE instrument) together with the Pandemic Crisis Support by the European Stability Mechanism and a pan-European guarantee fund. The Opinion also gives technical observations on the functioning of the SURE instruments, in particular on how the ECB and national central banks may open accounts for, inter alia, public entities and act as fiscal agents for, inter alia, Union institutions and central governments.	<a href="https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2020_14_fsign.pdf">https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2020_14_fsign.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Capital and stress testing (1/4)

Institution	Date	Sector	Headline	Summary	Link
ECB	12.03.20	Banking	<b>Banks can use capital and liquidity buffers, and meet P2R partially with lower quality capital</b>	<p>Clarifying that banks are allowed to operate temporarily below Pillar 2 Guidance (P2G), the Capital Conservation Buffer (CCB) and the Liquidity Coverage Ratio (LCR) in times of stress.</p> <p>The ECB has also brought forward the implementation of Article 104a CRD5, which allows banks to meet Pillar 2 Requirements (P2R) partially with lower quality capital (a measure which was originally set to apply to EU banks from June 2021).</p> <p>The ECB set out its expectation that NCAs draw down the Countercyclical Capital Buffer (CCyB).</p> <p>On 20 March, the ECB published FAQs on supervisory measures in reaction to COVID-19. The release covers relief measures regarding asset quality deterioration and non-performing loans, relief measures regarding operational aspects of supervision, and relief measures regarding capital and liquidity requirements.</p> <p>On 27 March, the ECB issued a recommendation that at least until 1 October 2020 no dividends are paid out to banks' shareholders and no irrevocable commitment to pay out dividends is undertaken by banks for the financial years 2019 and 2020. Banks should also refrain from share buy-backs aimed at remunerating shareholders. Where a bank considers itself legally required to pay dividends, it should immediately give reasons to its relevant supervisor.</p>	<p><a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200312~45417d8643.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200312~45417d8643.en.html</a></p> <p><a href="https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320_FAQs~a4ac38e3ef.en.html">https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320_FAQs~a4ac38e3ef.en.html</a></p> <p><a href="https://www.ecb.europa.eu/ecb/legal/pdf/ecb_2020_19_f_sign.pdf">https://www.ecb.europa.eu/ecb/legal/pdf/ecb_2020_19_f_sign.pdf</a></p>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Capital and stress testing (2/4)

Institution	Date	Sector	Headline	Summary	Link
EBA	12.03.20 31.03.20 02.04.20	Banking	<b>Actions to mitigate the impact of COVID-19 on the EU banking sector</b>	<p>The EBA announced that the EU-wide stress test is postponed to 2021 to allow banks to prioritise operational continuity. It also encouraged national competent authorities to make full use of the flexibility embedded in the existing regulatory framework, such as allowing banks to cover Pillar 2 requirements with capital instruments other than common equity tier 1.</p> <p>The EBA provided some further information later in March. It reiterated its call to banks to refrain from distributing dividends or share buybacks for the purpose of remunerating shareholders and assess their remuneration policies in line with the risks stemming from the economic situation. In addition, the EBA urged one month flexibility for reports with remittance dates between March and the end of May 2020, and called for flexibility in assessing deadlines of institutions' Pillar 3 disclosures. The Quantitative Impact Study based on June 2020 data has also been cancelled. Finally, the EBA called on NCAs to share information on emerging ML/TF risks, setting clear regulatory expectations and using supervisory tools flexibly.</p> <p>On April 2, the EBA published Guidelines on the criteria to be fulfilled by legislative and non-legislative moratoria applied before June 30. The guidelines clarify that payment moratoria do not trigger classification as forbearance if the measures taken are based on the applicable national law, or an industry- or sector-wide private initiative applied. However, the Guidelines also clarify that institutions must continue to adequately identify those situations where borrowers may face longer-term financial difficulties, and classify exposures in accordance with existing regulation.</p>	<p><a href="https://eba.europa.eu/eba-statement-actions-mitigate-impact-COVID-19-eu-banking-sector">https://eba.europa.eu/eba-statement-actions-mitigate-impact-COVID-19-eu-banking-sector</a></p> <p><a href="https://eba.europa.eu/eba-provides-additional-clarity-on-measures-mitigate-impact-covid-19-eu-banking-sector">https://eba.europa.eu/eba-provides-additional-clarity-on-measures-mitigate-impact-covid-19-eu-banking-sector</a></p> <p><a href="https://eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2020/Guidelines%20on%20legislative%20and%20non-legislative%20moratoria%20on%20loan%20repayments%20applied%20in%20the%20light%20of%20the%20COVID-19%20crisis/EBA-GL-2020-02%20Guidelines%20on%20payment%20moratoria.pdf">https://eba.europa.eu/sites/default/documents/files/document_library/Publications/Guidelines/2020/Guidelines%20on%20legislative%20and%20non-legislative%20moratoria%20on%20loan%20repayments%20applied%20in%20the%20light%20of%20the%20COVID-19%20crisis/EBA-GL-2020-02%20Guidelines%20on%20payment%20moratoria.pdf</a></p>
ECB	20.03.20	Banking	<b>FAQs on supervisory measures in reaction to COVID-19</b>	<p>The release covers relief measures regarding asset quality deterioration and non-performing loans, relief measures regarding operational aspects of supervision, and relief measures regarding capital and liquidity requirements.</p>	<p><a href="https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320_FAQs~a4ac38e3ef.en.html">https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320_FAQs~a4ac38e3ef.en.html</a></p>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Capital and stress testing (3/4)

Institution	Date	Sector	Headline	Summary	Link
EIOPA	02.04.20	Insurance	<b>EIOPA urges insurers to suspend all discretionary dividend distributions and share buy backs</b>	This approach should be applied by all insurance groups at the consolidated level and also regarding significant intra-group dividend distributions or similar transactions, whenever these may materially influence the solvency or liquidity position of the group or of one of the undertakings involved, and should also be applicable to the variable remuneration policies.	<a href="https://www.eiopa.europa.eu/sites/default/files/publications/statement-on-dividend-distribution-april2020.pdf">https://www.eiopa.europa.eu/sites/default/files/publications/statement-on-dividend-distribution-april2020.pdf</a>
ECB	15.04.20	Cross-sector	<b>Statement supporting macroprudential policy actions taken in response to coronavirus outbreak</b>	The ECB expressed its support for the measures taken by euro area macroprudential authorities to address the impact of the COVID-19 outbreak on the financial sector. The ECB expects that the measures, which include reduction of the countercyclical capital buffer, systemic risk buffer or buffers for other systemically important institutions (O-SII buffer), will free up more than EUR 20 billion of Common Equity Tier 1 (CET1) capital for euro area banks.	<a href="https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200415~96f622e255.en.html">https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200415~96f622e255.en.html</a>
ECB	16.04.20	Banking	<b>Temporary relief for capital requirements for market risk</b>	In response to the recent extreme volatility in financial markets as a result of the COVID-19 outbreak, the ECB is temporarily reducing a supervisory measure for banks – the qualitative market risk multiplier – which is set by supervisors and is used to compensate for the possible underestimation by banks of their capital requirements for market risk. This temporary reduction of the qualitative multiplier compensates for currently observed increases of another factor, the quantitative multiplier, which can rise when market volatility has been higher than predicted by the bank's internal model.	<a href="https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200416~ecf270bca8.en.html">https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200416~ecf270bca8.en.html</a>
EBA	23.04.20	Banking	<b>EBA provides further guidance on the use of flexibility in relation to COVID-19</b>	The EBA's guidance covers market risk, the Supervisory Review and Evaluation process (SREP), recovery planning, operational resilience, and securitisation in the context of legislative and non-legislative payment moratoria. Most significantly, the EBA proposes to modify its RTS on prudent valuation in the market risk framework, and proposes a delay to reporting for the Standardised Approach for market risk in the EU. The EBA also highlights further flexibility available to supervisors in relation to capital charges around Value at Risk models for EU banks.	<a href="https://eba.europa.eu/eba-provides-further-guidance-use-flexibility-relation-covid-19-and-calls-heightened-attention-risks">https://eba.europa.eu/eba-provides-further-guidance-use-flexibility-relation-covid-19-and-calls-heightened-attention-risks</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Capital and stress testing (4/4)

Institution	Date	Sector	Headline	Summary	Link
EIOPA	30.04.20	Insurance	<b>Revised timetable for advice on Solvency II Review until end December 2020</b>	EIOPA stated that the revised timing for issuing its advice to the European Commission (December 2020) strikes a balance between the need to use the opportunity of reviewing the Solvency II directive and the need for its advice to reflect recent developments. EIOPA had already extended the deadline of the information request for the holistic impact assessment of the 2020 Solvency II Review by two months, to 1 June 2020.	<a href="https://www.eiopa.europa.eu/content/eiopa-revises-its-timetable-advice-solvency-ii-review-until-end-december-2020_en">https://www.eiopa.europa.eu/content/eiopa-revises-its-timetable-advice-solvency-ii-review-until-end-december-2020_en</a>
EU Commission	28.04.20	Banking	<b>Adoption of banking package to facilitate lending to households and businesses in the EU</b>	The package aims to facilitate lending to businesses and households amid the COVID-19 crisis. It includes an Interpretative Communication on the EU's accounting and prudential frameworks, as well as targeted "quick fix" amendments to EU banking rules. It reiterates that EU rules "allow banks and their supervisors to act in a flexible, but responsible, manner during economic crises to support citizens and firms, particularly small and medium-sized companies". The new Regulation also implements some targeted changes to "maximise the capacity of credit institutions to lend and to absorb losses related to the Coronavirus pandemic, while still ensuring their continued resilience".	<a href="https://ec.europa.eu/commission/presscorner/detail/en/ip_20_740">https://ec.europa.eu/commission/presscorner/detail/en/ip_20_740</a>
ECB	20.05.20	Banking	<b>Opinion on amendments to the EU prudential framework in response to the COVID-19 pandemic in the CRR 'Quick Fix' package</b>	The ECB outlined its full support for the Commission's proposal. In addition, the ECB proposes some additional modifications. On the exclusion of central bank reserves from the leverage ratio exposure calculation, the ECB recommends recalibration of the application of the revised offsetting mechanism of the central bank reserves in the leverage ratio and allowing competent authorities to be able to set the reference date for the recalibration. This would allow competent authorities, in consultation with central banks, to choose a date which marks the beginning of the period of exceptional circumstances, as evidenced by key monetary policy decisions. On market risk, the ECB recommends competent authorities should be given further flexibility which would allow them to temporarily adjust the number of overshootings (resulting from both actual and hypothetical losses) or take other appropriate action.	<a href="https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2020_16.sign.pdf">https://www.ecb.europa.eu/ecb/legal/pdf/en_con_2020_16.sign.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: IFRS 9 (1/2)

Institution	Date	Sector	Headline	Summary	Link
ECB	20.03.20	Banking	<b>Classification of non-performing loans (NPLs) and IFRS9</b>	<p>The ECB will exercise flexibility regarding the classification of debtors as “unlikely to pay” when banks call on public guarantees granted in the context of COVID-19. The supervisor will also exercise certain flexibilities regarding loans under COVID-19 related public moratoriums.</p> <p>Second, loans which become non-performing and are under public guarantees will benefit from preferential prudential treatment in terms of supervisory expectations about loss provisioning.</p> <p>Lastly, supervisors will deploy full flexibility when discussing with banks the implementation of NPL reduction strategies, taking into account the extraordinary nature of current market conditions. It encourages banks to avoid excessive pro-cyclical effects when applying the IFRS 9 international accounting standards.</p> <p>The ECB also confirmed the activation of capital and operational relief measures announced on March 12. Estimates that these could free up EUR 120 billion of CET1.</p>	<a href="https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320~4cddbcbf466.en.html">https://www.bankingsupervision.europa.eu/press/pr/date/2020/html/ssm.pr200320~4cddbcbf466.en.html</a>
ESMA	25.03.20	Capital Markets	<b>Guidance on accounting implications of COVID-19 on the calculation of expected credit losses in accordance with IFRS9</b>	<p>The statement sets out some accounting implications of the economic support and relief measures adopted by EU Member States in response to the outbreak. The measures include moratoria on repayment of loans and have an impact on the calculation of expected credit losses in accordance with IFRS9. The statement provides guidance to issuers and auditors on the application of IFRS 9 Financial Instruments, specifically as regards the calculation of expected credit losses and related disclosure requirements.</p>	<a href="https://www.esma.europa.eu/sites/default/files/library/esma32-63-951_statement_on_ifrs_9_implications_of_COVID-19_related_support_measures.pdf">https://www.esma.europa.eu/sites/default/files/library/esma32-63-951_statement_on_ifrs_9_implications_of_COVID-19_related_support_measures.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: IFRS 9 (2/2)

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Institution	Date	Sector	Headline	Summary	Link
EBA	25.03.20	Banking	<b>Further detail on the application of the prudential framework in light of COVID-19 measures</b>	Following its call on 12 March 2020 to Competent Authorities to make use of the full flexibility provided for in the existing regulation, the EBA issued a second statement to explain a number of additional interpretative aspects on the functioning of the prudential framework in relation to the classification of loans in default, the identification of forborne exposures, and their accounting treatment. The EBA also provides some guidance for payment system providers to ensure the protection of consumers and the good functioning of the EU payment system.	<a href="https://eba.europa.eu/eba-provides-clarity-banks-consumers-application-prudential-framework-light-COVID-19-measures">https://eba.europa.eu/eba-provides-clarity-banks-consumers-application-prudential-framework-light-COVID-19-measures</a>

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# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Financial market participants

Institution	Date	Sector	Headline	Summary	Link
ESMA	11.03.20	Capital Markets	<b>Recommendation of actions by financial market participants for COVID-19 impact</b>	<p>ESMA is making the following recommendations to financial market participants:</p> <p><b>Business Continuity Planning</b> – All financial market participants, including infrastructures should be ready to apply their contingency plans, including deployment of business continuity measures, to ensure operational continuity in line with regulatory obligations;</p> <p><b>Market disclosure</b> – issuers should disclose as soon as possible any relevant significant information concerning the impacts of COVID-19 on their fundamentals, prospects or financial situation in accordance with their transparency obligations under the Market Abuse Regulation;</p> <p><b>Financial Reporting</b> – issuers should provide transparency on the actual and potential impacts of COVID-19, to the extent possible based on both a qualitative and quantitative assessment on their business activities, financial situation and economic performance in their 2019 year-end financial report if these have not yet been finalised or otherwise in their interim financial reporting disclosures; and</p> <p><b>Fund Management</b> – asset managers should continue to apply the requirements on risk management, and react accordingly.</p>	<a href="https://www.esma.europa.eu/press-news/esma-news/esma-recommends-action-financial-market-participants-COVID-19-impact">https://www.esma.europa.eu/press-news/esma-news/esma-recommends-action-financial-market-participants-COVID-19-impact</a>
ESMA	27.03.2020	Capital Markets	<b>COVID-19: ESMA guidance on financial reporting deadlines</b>	<p>The statement addresses implications of the COVID-19 pandemic on the deadlines for publishing financial reports which apply to listed issuers under the Transparency Directive. It recommends NCAs to apply forbearance powers towards issuers who need to delay publication of financial reports beyond the statutory deadline. The statement also underlines that issuers should keep their investors informed of the expected publication delay and that requirements under the MAR still apply. ESMA and NCAs will continue to monitor the situation and re-assess the need to extend the forbearance period.</p>	

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Short-selling (1/2)

Institution	Date	Sector	Headline	Summary	Link
ESMA	16.03.20	Capital Markets	<b>Lowering of the reporting threshold for net short positions</b>	The decision temporarily requires holders of net short positions in shares traded on a EU regulated market to notify the relevant NCA if the position reaches or exceeds 0.1% of the issued share capital after the entry into force of the decision. This is a precautionary action due to the outbreak that is essential for authorities to monitor developments in markets. The measure can support more stringent action if required. The temporary transparency obligations apply immediately.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma70-155-9546_esma_decision_-_article_28_ssr_reporting_threshold.pdf">https://www.esma.europa.eu/sites/default/files/library/esma70-155-9546_esma_decision_-_article_28_ssr_reporting_threshold.pdf</a>
ESMA	17.03.20	Capital Markets	<b>Positive opinion on short selling ban by Italian CONSOB</b>	ESMA agreed to an emergency short selling prohibition, for a period of three months, by CONSOB on all transactions which might constitute or increase net short positions on all shares traded on the Italian MTA regulated market, for which CONSOB is the relevant competent authority as well as to all related instruments relevant for the calculation of the net short position.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma70-155-9565_opinion_on_consob_emergency_measure_under_the_ssr_all_shares.pdf">https://www.esma.europa.eu/sites/default/files/library/esma70-155-9565_opinion_on_consob_emergency_measure_under_the_ssr_all_shares.pdf</a>
ESMA	18.03.20	Capital Markets	<b>Positive opinion on short selling ban by French AMF</b>	ESMA agreed to an emergency short selling prohibition, for a period of one month, by the AMF of France on all transactions which might constitute or increase net short positions on shares admitted to trading on French trading venues (Euronext Paris, Euronext Growth Paris, Euronext Access Paris), for which the AMF is the relevant competent authority as well as to all related instruments relevant for the calculation of the net short position.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma70-155-9581_opinion_on_amf_emergency_measure_under_the_ssr_all_shares-tc.pdf">https://www.esma.europa.eu/sites/default/files/library/esma70-155-9581_opinion_on_amf_emergency_measure_under_the_ssr_all_shares-tc.pdf</a>
ESMA	18.03.20	Capital Markets	<b>Positive opinion on short-selling ban by Spanish CNMV</b>	ESMA issued a positive opinion on a short selling prohibition by CNMV of Spain on all transactions which might constitute or increase net short positions on shares admitted to trading to Spanish trading venues (BOLSA DE MADRID, S.A., BOLSA DE BARCELONA, S.A., BOLSA DE VALENCIA, S.A., BOLSA DE BILBAO, S.A. and Mercado Alternativo Bursátil, S.A.), as well as to all related instruments relevant for the calculation of the net short position. The measure entered into force on 17 March 2020 and will expire on 17 April 2020.	<a href="https://www.esma.europa.eu/press-news/esma-news/esma-issues-positive-opinion-short-selling-ban-french-amf">https://www.esma.europa.eu/press-news/esma-news/esma-issues-positive-opinion-short-selling-ban-french-amf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Short-selling (2/2)

Institution	Date	Sector	Headline	Summary	Link
ESMA	19.03.20	Capital Markets	<b>Positive opinions on bans on net short positions by Belgian and Greek NCAs</b>	Belgian FSMA and Greek HCMC will ban transactions which might constitute or increase net short positions on stocks admitted to trading on Euronext Brussels, Euronext Growth and the Athens Stock Exchange (as well as to all related instruments relevant to calculations). FSMA ban will last until 17 April, and the HCMC's until 24 April 2020. Both measures may be lifted before the deadline or extended as necessary. The prohibitions apply to transactions executed both on a trading venue and over the counter. The measures aim to address current threats to market confidence and financial stability in the respective countries.	<a href="https://www.esma.europa.eu/press-news/esma-news/esma-issues-positive-opinions-bans-net-short-positions-belgian-fsma-and-greek">https://www.esma.europa.eu/press-news/esma-news/esma-issues-positive-opinions-bans-net-short-positions-belgian-fsma-and-greek</a>
ESMA	23.03.20	Capital Markets	<b>Opinion on short selling ban by Austrian FMA</b>	The measure bans from entering into or increasing a short sale. The ban applies to transactions executed both on a trading venue or over the counter. The proposed measure entered into force on 18 March 2020 and will expire on 18 April 2020.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma70-155-9604_opinion_on_fma_emergency_measure_under_the_ssr_all_shares.pdf">https://www.esma.europa.eu/sites/default/files/library/esma70-155-9604_opinion_on_fma_emergency_measure_under_the_ssr_all_shares.pdf</a>
ESMA	15.04.20	Capital Markets	<b>Positive opinion on the renewal of five short-selling bans</b>	ESMA agreed to the renewal of emergency restrictions on short-selling and similar transactions by the Austrian, Belgian, French, Greek and Spanish NCAs. All five NCAs had imposed restrictions in March 2020 which were due to expire in April, and all five decided to renew those restrictions. The renewal decisions will all be in place until 18 May with the possibility of a further renewal.	<a href="https://www.esma.europa.eu/press-news/esma-news/esma-issues-positive-opinions-short-selling-bans-austrian-fma-belgian-fsma">https://www.esma.europa.eu/press-news/esma-news/esma-issues-positive-opinions-short-selling-bans-austrian-fma-belgian-fsma</a>
ESMA	18.05.20	Capital Markets	<b>Non-renewal and termination of short selling bans by Austrian FMA, Belgian FSMA, French AMF, Greek HCMC, Italian CONSOB and Spanish CNMV</b>	ESMA noted the non-renewal of the emergency restrictions on short selling and similar transactions by the NCAs from Austria, Belgium, France, Greece and Spain. It also noted the early termination of the emergency restrictions by the Italian CONSOB that was due to expire on 18 June 2020. On 16 March ESMA issued a decision temporarily requiring the holders of net short positions in shares traded on an EU regulated market to notify the relevant NCA if the position reaches or exceeds 0.1% of the issued share capital after the entry into force of the decision. The measure remains in force until 16 June and can be renewed.	<a href="https://www.esma.europa.eu/press-news/esma-news/esma-%E2%80%93-non-renewal-and-termination-short-selling-bans-austrian-fma-belgian-fsma">https://www.esma.europa.eu/press-news/esma-news/esma-%E2%80%93-non-renewal-and-termination-short-selling-bans-austrian-fma-belgian-fsma</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Consumer protection

Institution	Date	Sector	Headline	Summary	Link
EBA	25.03.20	Banking	<b>Statement on consumer and payment issues in light of COVID-19</b>	<p>The EBA:</p> <ul style="list-style-type: none"> <li>• Called on financial institutions to ensure that they act in the interest of the consumer, in particular when engaging with customers regarding temporary measures for consumer and mortgage loans in identified cases;</li> <li>• notes the importance of careful consideration from a legal and reputational perspective of any new and additional charges specifically introduced in relation to contingency measures;</li> <li>• calls on financial institutions offering general temporary measures to note that, given that such measures may not automatically lead to loan reclassification from a prudential perspective, the acceptance of temporary measures should not automatically lead to negative implications for the consumer’s credit rating; and</li> <li>• calls on payments services providers to facilitate consumers’ ability to make payments without the need for physical contact, by making use of the existing exemption from strong customer authentication (SCA) available for contactless payments at the point of sale.</li> </ul>	<a href="https://eba.europa.eu/sites/default/documents/files/document_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20provides%20clarity%20to%20banks%20and%20consumers%20on%20the%20application%20of%20the%20prudential%20framework%20in%20light%20of%20COVID-19%20measures/Statement%20on%20consumer%20protection%20and%20payments%20in%20the%20COVID19%20crisis.pdf">https://eba.europa.eu/sites/default/documents/files/document_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20provides%20clarity%20to%20banks%20and%20consumers%20on%20the%20application%20of%20the%20prudential%20framework%20in%20light%20of%20COVID-19%20measures/Statement%20on%20consumer%20protection%20and%20payments%20in%20the%20COVID19%20crisis.pdf</a>
EIOPA	01.04.20	Insurance	<b>Statement to insurers and intermediaries, urging them to take steps to mitigate the impact of COVID-19 on consumers</b>	<p>The steps EIOPA is recommending include providing clear and timely information to consumers; keeping consumers informed about contingency measures that have been put in place; continuing to apply product oversight and governance requirements; and exercising flexibility in the treatment of consumers where reasonable and practical.</p>	<a href="https://www.eiopa.europa.eu/sites/default/files/publications/statement-consumer-protection-and-conduct-risks-covid19-april2020.pdf">https://www.eiopa.europa.eu/sites/default/files/publications/statement-consumer-protection-and-conduct-risks-covid19-april2020.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (1/13)

Institution	Date	Sector	Headline	Summary	Link
SRB	01.04.20 01.04.20	Banking	<b>Letter to banks on potential operational relief measures related to COVID-19</b>	<p>The SRB is committed to working on 2020 resolution plans and issuing 2020 Minimum Requirement for own funds and Eligible Liabilities (MREL) decisions according to the planned deadlines in early 2021. However, it will apply a pragmatic approach to consider postponing less urgent information requests related to the upcoming 2020 planning cycle. The Liability Data Report, the Additional Liability Report and the MREL quarterly template are considered to be essential.</p> <p>The SRB will assess leeway in submission dates for other reports, such as those related to critical functions and access to FMIs.</p> <p>Finally, over the coming months, the SRB will analyse market conditions and the impact on transition periods needed for the build-up of MREL, with a view to adapting transition periods and interim targets applied to banking groups, as well as adjusting MREL targets in line with capital requirements, with a particular reference to capital buffers.</p>	<p><a href="https://srb.europa.eu/sites/srbsite/files/srb_letter_on_potential_covid-19_outbreak_relief_measures_0.pdf">https://srb.europa.eu/sites/srbsite/files/srb_letter_on_potential_covid-19_outbreak_relief_measures_0.pdf</a></p> <p><a href="https://srb.europa.eu/en/node/966">https://srb.europa.eu/en/node/966</a></p>
EBA	31.03.20	Banking	<b>Statement on actions to mitigate financial crime risks in the COVID-19 pandemic</b>	<p>The EBA called on competent authorities that are responsible for the AML/CFT supervision of credit and financial institutions to support credit and financial institutions' ongoing AML/CFT efforts by, inter alia, considering how to adapt the use of their supervisory tools temporarily to ensure ongoing compliance by credit and financial institutions with their AML/CFT obligations, and continuing to share information on emerging ML/TF risks and setting clear expectations of the steps credit and financial institutions should take to mitigate those risks.</p>	<p><a href="https://eba.europa.eu/sites/default/documents/files/document_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20provides%20additional%20clarity%20on%20measures%20to%20mitigate%20the%20impact%20of%20COVID-19%20on%20the%20EU%20banking%20sector/Statement%20on%20actions%20to%20mitigate%20financial%20crime%20risks%20in%20the%20COVID-19%20pandemic.pdf">https://eba.europa.eu/sites/default/documents/files/document_library/News%20and%20Press/Press%20Room/Press%20Releases/2020/EBA%20provides%20additional%20clarity%20on%20measures%20to%20mitigate%20the%20impact%20of%20COVID-19%20on%20the%20EU%20banking%20sector/Statement%20on%20actions%20to%20mitigate%20financial%20crime%20risks%20in%20the%20COVID-19%20pandemic.pdf</a></p>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (2/13)

Institution	Date	Sector	Headline	Summary	Link
ESMA	19.03.20	Capital Markets	<b>Statement on the postponement of reporting obligations related to securities financing transactions under SFTR and MiFIR</b>	The statement sets out ESMA’s approach to the reporting start date and the registration of Trade Repositories (TRs) in light of the COVID-19 pandemic. ESMA expects competent authorities not to prioritise their supervisory actions towards entities subject to Securities Financing Transactions (SFT) reporting obligations as of 13 April 2020 and until 13 July 2020. ESMA also expects TRs to be registered sufficiently ahead of the next phase of the reporting regime, i.e. 13 July 2020, for credit institutions, investment firms, CCPs and CSDs and relevant third-country entities to start reporting as of this date. ESMA continues monitoring closely the implementation by the relevant market participants as well as the impact of the relevant measures taken with regards to COVID-19 to ensure alignment of SFT reporting requirements and supervisory practices in the EU.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma80-191-995_public_statement.pdf">https://www.esma.europa.eu/sites/default/files/library/esma80-191-995_public_statement.pdf</a>
ESMA	20.03.20	Capital Markets	<b>Clarification of MiFID II requirements on call recording</b>	ESMA recognises that, considering the exceptional circumstances created by the COVID-19 outbreak, some scenarios may emerge where, notwithstanding steps taken by the firm, the recording of relevant conversations required by MiFID II may not be practicable. If firms, under these exceptional scenarios, are unable to record voice communications, ESMA expects them to consider what alternative steps they could take to mitigate the risks related to the lack of recording. Firms are expected to deploy all possible efforts to ensure that the above measures remain temporary and that recording of telephone conversations is restored as soon as possible.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma35-43-2348_esma_statement_on_COVID-19_telephone_recording.pdf">https://www.esma.europa.eu/sites/default/files/library/esma35-43-2348_esma_statement_on_COVID-19_telephone_recording.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (3/13)

Institution	Date	Sector	Headline	Summary	Link
ESMA	20.03.20	Capital Markets	<b>Statement on approach to MiFIR tick-size regime for systematic internalisers</b>	The statement aims to coordinate supervisory actions by national competent authorities (NCAs) on the application of the new tick-size regime for systematic internalisers under MiFIR and IFR in light of the COVID-19 pandemic. ESMA expects NCAs not to prioritise their supervisory actions in relation to the new tick-size regime from 26 March, the application date, until 26 June 2020, and to generally apply their risk-based supervisory powers in their day-to-day enforcement of applicable legislation in this area in a proportionate manner. ESMA, in coordination with NCAs, continues to monitor developments in financial markets as a result of the COVID-19, including the application of relevant EU requirements by market participants, and is prepared to use its powers to ensure financial stability, orderly functioning of EU markets and investor protection.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma70-156-2486_public_statement_tick_sizes.pdf">https://www.esma.europa.eu/sites/default/files/library/esma70-156-2486_public_statement_tick_sizes.pdf</a>
ESMA	20.03.20	Capital Markets	<b>Extension of consultations response dates</b>	Due to the outbreak of COVID-19, ESMA has extended response dates for all of its ongoing consultations with a closing date on or after 16 March by four weeks. <u>The following consultations have been postponed:</u> (i) Draft technical standards on the provision of investment services and activities in the Union by third-country firms under MiFID II and MiFIR, (ii) Draft Regulatory Technical Standards under the Benchmarks Regulation, (iii) Consultation on MiFIR report on Systematic Internalisers, (iv) Consultation on MiFID II/MiFIR review report on the transparency regime for equity, (v) Consultation on MiFIR review report on transparency for non-equity and the trading obligation for derivatives, (vi) Consultation on guidelines on internal controls for CRAs, and (v) Guidelines on securitisation repository data completeness and consistency thresholds.	<a href="https://www.esma.europa.eu/press-news/esma-news/esma-extends-consultations-response-dates">https://www.esma.europa.eu/press-news/esma-news/esma-extends-consultations-response-dates</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (4/13)

Institution	Date	Sector	Headline	Summary	Link
ESMA	26.03.20	Capital Markets	<b>Revised statement on Securities Financing Transactions Regulation (SFTR) application</b>	ESMA expects competent authorities not to prioritise their supervisory actions towards counterparties, entities responsible for reporting and investment firms in respect of their reporting obligations pursuant to SFTR or MIFIR, regarding SFTs concluded between 13 April 2020 and 13 July 2020, and SFTs subject to backloading under SFTR, and to generally apply their risk-based approach in the exercise of supervisory powers in their day-to-day enforcement of applicable legislation in this area in a proportionate manner. ESMA updated its statement in response to feedback received from financial market participants and stakeholders.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma80-191-995_public_statement.pdf">https://www.esma.europa.eu/sites/default/files/library/esma80-191-995_public_statement.pdf</a>
ESMA	27.03.20	Capital Markets	<b>Confirmation of application date for equity transparency calculations</b>	ESMA has decided to keep the date of application of the transparency calculations for equity instruments of 1 April 2020 unchanged. Having consulted with various market participants ESMA considers that delaying the application of the new transparency results would in itself entail some risks and might even create additional operational burdens to all the market participants that have already planned for them.	<a href="https://www.esma.europa.eu/press-news/esma-news/esma-confirms-application-date-equity-transparency-calculations">https://www.esma.europa.eu/press-news/esma-news/esma-confirms-application-date-equity-transparency-calculations</a>
ESMA	27.03.20 31.03.20	Capital Markets	<b>ESMA guidance on publication deadlines under the Transparency Directive and MiFID II</b>	<p>The statement addresses implications of the COVID-19 pandemic on the deadlines for publishing financial reports which apply to listed issuers under the Transparency Directive. It recommends NCAs to apply forbearance powers towards issuers who need to delay publication of financial reports beyond the statutory deadline. The statement also underlines that issuers should keep their investors informed of the expected publication delay and that requirements under the Market Abuse Regulation (MAR) still apply. ESMA and NCAs will continue to monitor the situation and re-assess the need to extend the forbearance period.</p> <p>On the publication of best execution reports under MiFID II, ESMA recommended that NCAs consider the possibility that: (i) execution venues unable to publish RTS 27 reports due by 31 March 2020 may only be able to publish them as soon as reasonably practicable after that date and no later than by the following reporting deadline (i.e. 30 June 2020); and (ii) firms may only be able to publish the RTS 28 reports due by 30 April 2020 on or before 30 June 2020. ESMA encourages NCAs not to prioritise supervisory actions in that respect and to generally apply a risk-based approach in the enforcement of those deadlines.</p>	<p><a href="https://www.esma.europa.eu/sites/default/files/library/esma31-67-742_public_statement_on_publication_deadlines_under_the_td.pdf">https://www.esma.europa.eu/sites/default/files/library/esma31-67-742_public_statement_on_publication_deadlines_under_the_td.pdf</a></p> <p><a href="https://www.esma.europa.eu/sites/default/files/library/esma35-36-1919_esma_statement_on_covid-19_and_best_execution_reports.pdf">https://www.esma.europa.eu/sites/default/files/library/esma35-36-1919_esma_statement_on_covid-19_and_best_execution_reports.pdf</a></p>



# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (5/13)

Institution	Date	Sector	Headline	Summary	Link
ESMA	02.04.20	Capital Markets	<b>Update to ESMA risk assessment in light of COVID-19</b>	<p>The pandemic, in combination with existing valuation risks, has led to large equity market corrections since mid-February, driven by a sharp deterioration in the outlook for consumers, businesses and of the economic environment. Corporate bond, government bond markets and a number of investment funds show signs of stress. Market infrastructures have continued to function in an orderly manner despite significant surges in trading activity, the use of circuit breakers and increases in derivatives margins.</p> <p>ESMA sees a prolonged period of risk to institutional and retail investors of market corrections and very high risks across the whole of ESMA's remit.</p>	<a href="https://www.esma.europa.eu/press-news/esma-news/esma-updates-its-risk-assessment-in-light-covid-19-pandemic">https://www.esma.europa.eu/press-news/esma-news/esma-updates-its-risk-assessment-in-light-covid-19-pandemic</a>
ESMA	09.04.20	Investment Management	<b>Statement on publication of periodic reports by fund managers</b>	<p>ESMA made a statement expressing its view that NCAs should take into account the burdens associated with COVID-19 with respect to fund managers' obligation to publish yearly and half-yearly reports. ESMA encourages NCAs to adopt a risk-based approach and to deprioritise supervisory actions with respect to these upcoming reporting deadlines, and expects NCAs not to prioritise supervisory actions against market participants that miss publication deadlines.</p>	<a href="https://www.esma.europa.eu/sites/default/files/library/esma34-45-896_public_statement_on_publication_deadlines_in_fund_management_area.pdf">https://www.esma.europa.eu/sites/default/files/library/esma34-45-896_public_statement_on_publication_deadlines_in_fund_management_area.pdf</a>
ESMA	09.04.20	Cross-sector	<b>Statement on fulfilment of external audit requirements for interest rate benchmarks under the BMR</b>	<p>ESMA, in coordination with NCAs, expects NCAs not to prioritise supervisory actions against administrators and supervised contributors relating to the timeliness of fulfilling the audit requirements where the audits are carried out by 30 September 2020. ESMA encourages NCAs to generally apply a risk-based approach in the exercise of supervisory powers in their day-to-day enforcement of the BMR in a proportionate manner concerning the timeliness of fulfilling those audit requirements.</p>	<a href="https://www.esma.europa.eu/sites/default/files/library/esma80-187-546_public_statement_external_audit_bmr_april_2020.pdf">https://www.esma.europa.eu/sites/default/files/library/esma80-187-546_public_statement_external_audit_bmr_april_2020.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (6/13)

Institution	Date	Sector	Headline	Summary	Link
ESMA	09.04.20	Capital markets	<b>Postponement of publication dates for annual non-equity transparency calculations and quarterly systematic internaliser (SI) data</b>	ESMA postponed the application of the annual non-equity transparency calculations and the calculations for the systematic internaliser test for derivatives, equity transparency calculations (ETCs), exchange traded notes (ETNs), emission allowances and structured finance products (SFPs) under MiFID II. The publication of the transparency calculations will be postponed to 15 July 2020 and their application to 15 September 2020. ESMA will publish the data for the performance of the SI test for derivatives, ETCs, ETNs, emission allowances and structured finance products by 1 August 2020 and the mandatory SI regime for derivatives, ETCs, ETNs, emission allowances and structured finance products will apply from 15 September 2020. Publication and application of the annual transparency calculations for bonds remain unchanged.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma70-155-9817_public_statement_mifid_transparency_calculations.pdf">https://www.esma.europa.eu/sites/default/files/library/esma70-155-9817_public_statement_mifid_transparency_calculations.pdf</a>
ESMA	09.04.20	Capital markets	<b>Extension of MiFID II/MiFIR transparency review report consultation</b>	ESMA further extended the response date for its consultation on the MiFID II/MiFIR review report on the transparency regime for non-equity instruments and the trading obligation for derivatives to 14 June 2020.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma70-155-9817_public_statement_mifid_transparency_calculations.pdf">https://www.esma.europa.eu/sites/default/files/library/esma70-155-9817_public_statement_mifid_transparency_calculations.pdf</a>
ESMA	17.04.20	Capital Markets	<b>New Q&amp;A on alternative performance measures (APM) in the context of COVID-19</b>	The Q&As (i) highlight the main principles of the APM guidelines; (ii) encourage issuers to use caution when adjusting APMs-and when including new APMs to address the impact of COVID-19; (iii) invite issuers to provide narrative information regarding the modifications made, the assumptions used and the impact of COVID-19, and information on measures taken or expected to be taken by issuers to address the impact that the COVID-19 outbreak may have on their operations and performance.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma32-51-370_qas_on_esma_guidelines_on_apms.pdf">https://www.esma.europa.eu/sites/default/files/library/esma32-51-370_qas_on_esma_guidelines_on_apms.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (7/13)

Institution	Date	Sector	Headline	Summary	Link
EIOPA	17.03.20	Insurance	<b>Statement on actions to mitigate the impact of COVID-19</b>	EIOPA has stated that it will limit its request for information to firms to only those which are essential to the current situation, that it is extending the deadline of the Holistic Impact Assessment for the 2020 Solvency II Review by two months, to 1 June 2020. It also pointed that a ladder of intervention for SCR and MCR breaches exist, and that this includes the possibility to extend recovery periods of affected insurers. Finally, it stated that insurance companies should take measures to preserve their capital position in balance with the protection of the insured, following prudent dividend and other distribution policies, including variable remuneration.	<a href="https://www.eiopa.europa.eu/content/eiopa-statement-actions-mitigate-impact-COVID-19COVID-19-eu-insurance-sector_en">https://www.eiopa.europa.eu/content/eiopa-statement-actions-mitigate-impact-COVID-19COVID-19-eu-insurance-sector_en</a>
EIOPA	20.03.20	Insurance	<b>Recommendations to NCAs on applying supervisory flexibility to the deadline of supervisory reporting and public disclosure</b>	The recommendations include that NCAs should accept (with some exceptions): an 8-week delay in the submission of the Regular Supervisory Report both at solo and group level; a one week delay in the submission of the Q1-2020 Quantitative Reporting Templates and the Quarterly Financial Stability reporting both at solo and group level and; an eight week delay for the publication of the Solvency and Financial Condition Report (SFCR).	<a href="https://www.eiopa.europa.eu/sites/default/files/publications/eiopa-recomendation-on-reporting-and-disclosure.pdf">https://www.eiopa.europa.eu/sites/default/files/publications/eiopa-recomendation-on-reporting-and-disclosure.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (8/13)

Institution	Date	Sector	Headline	Summary	Link
EIOPA	01.04.20	Insurance	<b>Balance Sheet Review of the Romanian insurance sector rescheduled</b>	In view of the special circumstances generated by the COVID-19 pandemic, the Romanian Supervisory Authority and the European Occupational Pensions Authority have decided to postpone the start of the Balance Sheet Review of the Romanian insurance sector. The new cut-off date for the balance sheet data and the amended exercise timeline will be communicated in due time.	<a href="https://www.eiopa.europa.eu/content/balance-sheet-review-romanian-insurance-sector-rescheduled">https://www.eiopa.europa.eu/content/balance-sheet-review-romanian-insurance-sector-rescheduled</a>
EIOPA	02.04.20	Insurance	<b>Statement on consultations and data requests delays</b>	EIOPA has announced that: the review of technical implementation means for the package on Solvency II Supervisory Reporting and Public Disclosure, comments deadline is extended by six weeks from 20 April to 1 June 2020; the consultation on PEPP ITSS, comments deadline is extended by four weeks from 20 May to 17 June 2020; the consultation on Discussion Paper on IBOR transitions, comments deadline is extended by nine weeks from 30 April to 30 June 2020 and; the Market and Credit Risk Comparative Study information request deadline is extended by five weeks from 31 May to 3 July. EIOPA has also announced that the discussion note on value-chain/Insurtech publication for comments and the second discussion paper on methodological principles of insurance stress testing publication for public comments are delayed to a date to be determined. Finally, the climate risk sensitivity analysis 2020 data request is cancelled, and the data collection for the work on the impact of ultra low yields will be launched later than planned	<a href="https://www.eiopa.europa.eu/content/update-other-measures-impacted-covid-19-pandemic_en">https://www.eiopa.europa.eu/content/update-other-measures-impacted-covid-19-pandemic_en</a>
EIOPA	02.04.20	Insurance	<b>Climate risk sensitivity analysis data request cancelled</b>	The climate risk sensitivity analysis 2020 data request to complete data available for top-down element and qualitative survey to groups reporting for FS purposes as agreed in the roadmap for the 2020 exercise on climate-related transition risks will be cancelled. The report will be performed with the available information	<a href="https://www.eiopa.europa.eu/sites/default/files/press/news/statement-measures-on-information-requests-covid-19-april2020.pdf">https://www.eiopa.europa.eu/sites/default/files/press/news/statement-measures-on-information-requests-covid-19-april2020.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (9/13)

Institution	Date	Sector	Headline	Summary	Link
EIOPA	02.04.20	Insurance	<b>Statement on consultations and data requests delays</b>	EIOPA has announced that: the review of technical implementation means for the package on Solvency II Supervisory Reporting and Public Disclosure, comments deadline is extended by six weeks from 20 April to 1 June 2020; the consultation on PEPP ITSs, comments deadline is extended by four weeks from 20 May to 17 June 2020; the consultation on Discussion Paper on IBOR transitions, comments deadline is extended by nine weeks from 30 April to 30 June 2020 and; the Market and Credit Risk Comparative Study information request deadline is extended by five weeks from 31 May to 3 July. EIOPA has also announced that the discussion note on value-chain/Insurtech publication for comments and the second discussion paper on methodological principles of insurance stress testing publication for public comments are delayed to a date to be determined. Finally, the climate risk sensitivity analysis 2020 data request is cancelled, and the data collection for the work on the impact of ultra low yields will be launched later than planned	<a href="https://www.eiopa.europa.eu/content/update-other-measures-impacted-covid-19-pandemic_en">https://www.eiopa.europa.eu/content/update-other-measures-impacted-covid-19-pandemic_en</a>
EIOPA	09.04.20	Insurance	<b>Technical specifications for recommendations on supervisory flexibility regarding the deadline of supervisory reporting and public disclosure</b>	The document provides detailed technical instructions to be followed by insurers and reinsurers, as well as by national EU regulators, with regards to "Recommendations on supervisory flexibility regarding the deadline of supervisory reporting and public disclosure – Coronavirus/COVID-19", published in March.	<a href="https://www.eiopa.europa.eu/sites/default/files/solvency_ii/technical-specifications-recomendation-supervisory-flexibility-deadline-supervisory-reporting-covid-19-april2020.pdf">https://www.eiopa.europa.eu/sites/default/files/solvency_ii/technical-specifications-recomendation-supervisory-flexibility-deadline-supervisory-reporting-covid-19-april2020.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (10/13)

Institution	Date	Sector	Headline	Summary	Link
EIOPA	20.04.20	Insurance	<b>Statement on principles to mitigate the impact of Coronavirus/COVID-19 on the occupational pensions sector in Europe</b>	The statement, addressed to national competent authorities, outlines principles related to business continuity and operational risk, liquidity position, funding situation and pro-cyclicality, protection of members and beneficiaries, and communication.	<a href="http://www.eiopa.europa.eu/content/statement-principles-mitigate-impact-coronavirus-covid-19-occupational-pensions-sector-europe_en">http://www.eiopa.europa.eu/content/statement-principles-mitigate-impact-coronavirus-covid-19-occupational-pensions-sector-europe_en</a>
ECB Central Bank	29.04.20	Cross-sector	<b>ECB extends deadlines for reporting statistical information in the context of COVID-19</b>	The ECB has decided to postpone remittance dates for insurance corporation statistics by 8 weeks (to 2 June 2020), pension funds statistics (to 11 August 2020), and payments statistics (to 26 June 2020).	<a href="https://www.ecb.europa.eu/pub/pdf/other/ecb.200429_extension_deadlines_statistical_info_covid~13f0c6dca1.en.pdf">https://www.ecb.europa.eu/pub/pdf/other/ecb.200429_extension_deadlines_statistical_info_covid~13f0c6dca1.en.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (11/13)

Institution	Date	Sector	Headline	Summary	Link
EBA, ESMA, EIOPA	04.05.20	Capital Markets	<b>EMIR RTS on various amendments to the bilateral margin requirements in view of the international framework</b>	<p>The EBA, EIOPA and ESMA (the ESAs) have published joint draft Regulatory Technical Standards (RTS) to amend the Delegated Regulation on the risk mitigation techniques for non-centrally cleared OTC derivatives (bilateral margining) under EMIR, to incorporate a one-year deferral of the last two implementation phases of the bilateral margining requirements. This is in response to the COVID-19 outbreak.</p> <p>These amendments were developed to facilitate further an internationally coordinated approach on how to adapt the implementation of the bilateral margin requirements. On 3 April, the Basel Committee on Banking Supervision (BCBS) and the International Organisation of Securities Commissions (IOSCO) announced their agreement to defer by one year the deadline for completing the final two implementation phases of the bilateral margin requirements, in order to provide additional operational capacity for counterparties to respond to the immediate impact of COVID-19. The draft RTS incorporates these changes into the EU regulatory framework.</p> <p>These changes would result in covered counterparties with an aggregate average notional amount (AANA) of non-centrally cleared derivatives above €50 billion becoming subject to the requirement to exchange initial margin from 1 September 2021, while covered counterparties with an AANA of non-centrally cleared derivatives above €8 billion becoming subject to the requirement from 1 September 2022.</p>	<a href="https://www.esma.europa.eu/press-news/esma-news/joint-rts-amendments-bilateral-margin-requirements-under-emir-in-response-covid">https://www.esma.europa.eu/press-news/esma-news/joint-rts-amendments-bilateral-margin-requirements-under-emir-in-response-covid</a>
ESMA	06.05.20	Capital markets	<b>ESMA reminds firms of conduct of business obligations under MiFID II</b>	<p>ESMA highlights the risks for retail investors when trading in the current uncertain market circumstances, and reminds investment firms of the key conduct of business obligations under MiFID – namely product governance, information disclosure, suitability and appropriateness. In the current environment, firms have even greater duties when providing investment or ancillary services to investors, especially when these investors are new to the market, or have limited investment knowledge or experience. ESMA therefore reminds firms of their obligation to act honestly, fairly and professionally and in accordance with the best interests of their clients.</p>	<a href="https://www.esma.europa.eu/sites/default/files/library/esma35-43-2391_esma_statement_on_covid-19_retail_investor_activity.pdf">https://www.esma.europa.eu/sites/default/files/library/esma35-43-2391_esma_statement_on_covid-19_retail_investor_activity.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (12/13)

Institution	Date	Sector	Headline	Summary	Link
ECB	08.05.20	Cross-sector	<b>Survey on the access to finance of enterprises, including SMEs</b>	The survey documents key trends in the need for an availability of external financing for firms in the Euro area. Highlights include that SME turnovers deteriorated for the first time since 2014, as did profits. The improvement of the availability of external finance for SMEs slowed, although bank interest rates continued to decline. SMEs' expectations for the future availability of external finance fell significantly.	<a href="https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/ecb.safe202005~c4b89a43b9.en.html">https://www.ecb.europa.eu/stats/ecb_surveys/safe/html/ecb.safe202005~c4b89a43b9.en.html</a>
ESMA	11.05.20	Cross-sector	<b>Set of actions in five priority areas identified to address the impact of COVID-19</b>	The actions include: a recommendation to ESMA to coordinate with national competent authorities in undertaking a focused piece of supervisory engagement with investment funds that have significant exposures to corporate debt and real estate assets to assess the current state of preparedness for potential future redemption pressures; and to coordinate a top-down analysis to assess the impact of a common scenario of large-scale downgrades across all parts of the financial sector.	<a href="https://www.esrb.europa.eu/news/pr/date/2020/html/esrb.pr200514~bb1f96a327.en.html">https://www.esrb.europa.eu/news/pr/date/2020/html/esrb.pr200514~bb1f96a327.en.html</a>
ESRB	14.05.20	Cross-sector	<b>Letter to IASB on exposure draft COVID-19 related rent concessions</b>	ESMA welcomed the IASB initiative to introduce a “practical expedient that may provide relief for lessees in accounting for rent concessions granted by lessors” due to the COVID-19 pandemic. It also agreed that the scope of the practical expedient should be limited. It thinks however that reducing the timeline of application only to lease payments originally due in 2020 might be overly restrictive. Therefore ESMA recommended that the IASB further assesses the relevant applicable length of the practical expedient and suggested to extend its applicability to all COVID-19-related rent concessions that have originated in 2020 provided that they occur by end of Q2 2021.	<a href="https://www.esma.europa.eu/system/files_force/library/esma32-61-402_iasb_ifrs_16_covid19_amendments.pdf?download=1">https://www.esma.europa.eu/system/files_force/library/esma32-61-402_iasb_ifrs_16_covid19_amendments.pdf?download=1</a>
EIOPA	19.05.20	Insurance	<b>Publication adjustment of risk-free interest rate term structures and symmetric adjustment to equity risk</b>	EIOPA has changed the frequency of current extraordinary processes for risk-free interest rate term structures and symmetric adjustment to equity risk from a weekly basis to every two weeks.	<a href="https://www.eiopa.europa.eu/content/change-extraordinary-rfreda-productions-weekly-frequency-every-two-weeks">https://www.eiopa.europa.eu/content/change-extraordinary-rfreda-productions-weekly-frequency-every-two-weeks</a>



# Policy initiatives in response to the COVID-19 pandemic – EU

## Supervisory policy: Amendments to other planned activities (13/13)

Institution	Date	Sector	Headline	Summary	Link
ESMA	20.05.20	Cross-sector	<b>Statement on transparency on COVID-19 effects in half-yearly financial reports</b>	The statement addresses the implications of the COVID-19 pandemic on the half-yearly financial reports of listed issuers and highlights (i) the importance of providing relevant and reliable information, which may require issuers to make use of the time allowed by national law to publish half-yearly financial reports while not unduly delaying the timing of publication; (ii) the importance of updating the information included in the latest annual accounts to adequately inform stakeholders of the impacts of COVID-19; and (iii) the need for entity-specific information on the past and expected future impact of COVID-19 on the strategic orientation and targets, operations, performance of issuers as well as any mitigating actions put in place to address the effects of the pandemic.	<a href="https://www.esma.europa.eu/sites/default/files/library/esma32-63-972_public_statement_on_half-yearly_financial_reports_in_relation_to_covid-19.pdf">https://www.esma.europa.eu/sites/default/files/library/esma32-63-972_public_statement_on_half-yearly_financial_reports_in_relation_to_covid-19.pdf</a>

# **International initiatives in response to the COVID-19 pandemic**

# Policy initiatives in response to the COVID-19 pandemic – International Fiscal, supervisory and regulatory measures (1/4)

Institution	Date	Sector	Headline	Summary	Link
BCBS	27.03.20	Banking	<b>BCBS extends Basel III implementation date</b>	In response to the evolving circumstances around COVID-19, the BCBS Governors and Heads of Supervision (GHOS) body announced that it had decided to extend the target implementation date of revisions of the Basel III framework from 1 January 2022 to 1 January 2023. In line with this, the five year phase-in period for the standardised output floor was also extended to run to 1 January 2028.	<a href="https://www.bis.org/press/p200327.htm">https://www.bis.org/press/p200327.htm</a>
FSB	02.04.20	Cross-sector	<b>FSB reprioritises 2020 work programme</b>	<p>The FSB decided to reprioritise its projects following four main criteria. The main elements of reprioritisation will include: assessment of vulnerabilities; non-bank financial intermediation; financial innovation and cross-border payments; resolution; OTC derivatives; benchmark transition; work on supervisory and regulatory policies; and implementation monitoring.</p> <p>More generally, the FSB's work on COVID-19 includes: (i) information sharing on evolving financial stability threats and policy measures taken by financial authorities; (ii) assessment of financial risks and vulnerability in the current environment; and (iii) coordination of policy responses to maintain global financial stability, ensure the good functioning of markets, and promote financial stability.</p>	<a href="https://www.fsb.org/work-of-the-fsb/addressing-financial-stability-risks-of-covid-19/">https://www.fsb.org/work-of-the-fsb/addressing-financial-stability-risks-of-covid-19/</a>
BCBS	03.04.20	Banking	<b>Measures to reflect the impact of COVID-19</b>	The measures include: technical clarifications related to the exceptional measures introduced by governments and banks, such as government guarantee programmes, payment moratoria and IFRS9; amendment to the transitional arrangements for expected credit loss; agreement with IOSCO to defer the final two implementation phases for non-centrally cleared derivatives by a year; and postponement of the implementation of the revised G-SIB framework by a year.	<a href="https://www.bis.org/bcbs/publ/d498.pdf">https://www.bis.org/bcbs/publ/d498.pdf</a>
BCBS/IOSCO	03.04.20	Capital markets	<b>Deferral of the implementation of margin requirements for non-centrally cleared derivatives</b>	In light of the significant challenges posed by COVID-19, including the displacement of staff and the need for firms to focus resources on managing risks associated with current market volatility, BCBS and IOSCO have agreed to extend the deadline for completing the final two implementation phases of the margin requirements for non-centrally cleared derivatives, by one year. This extension aims to provide additional operational capacity for firms to respond to the immediate impact of COVID-19 and, at the same time, facilitate covered entities to act diligently to comply with the requirements by the revised deadline.	<a href="https://www.bis.org/press/p200403a.htm">https://www.bis.org/press/p200403a.htm</a>

# Policy initiatives in response to the COVID-19 pandemic – International Fiscal, supervisory and regulatory measures (2/4)

Institution	Date	Sector	Headline	Summary	Link
IOSCO	08.04.20	Capital markets	<b>IOSCO reprioritises its work programme to address impact of COVID-19</b>	Resources will be redeployed to focus primarily on matters that are directly affected by COVID-19. These efforts include examining investment funds, as well as margin and other risk management aspects of central clearing for financial derivatives and other securities. The work being delayed or paused includes IOSCO's analysis of the use of AI and Machine Learning by market intermediaries and asset managers, the impact of the growth of passive investing and potential conduct-related issues in index provision, issues around market data, outsourcing and implementation monitoring.	<a href="https://www.iosco.org/news/pdf/IOSCONEWS562.pdf">https://www.iosco.org/news/pdf/IOSCONEWS562.pdf</a>
IMF	13.04.20	Cross-sector	<b>IMF Executive Board Approves immediate Debt relief for 25 countries</b>	Relief will be provided under the revamped Catastrophe Containment and Relief Trust, which can currently provide US\$ 500 million in grant-based debt service relief. The grants will cover the countries' IMF debt obligations for an initial phase over the next six months.	<a href="https://www.imf.org/en/News/Articles/2020/04/13/pr20151-imf-executive-board-approves-immediate-debt-relief-for-25-countries">https://www.imf.org/en/News/Articles/2020/04/13/pr20151-imf-executive-board-approves-immediate-debt-relief-for-25-countries</a>
G20	15.04.20	Cross-sector	<b>G20 Finance Ministers agree action plan to fight COVID-19</b>	Finance Ministers agreed an action plan that includes a call for the swift implementation of a \$200 billion support package from the World Bank Group and Regional Development Banks. The group also agreed measures including suspending debt payments from the world's poorest countries and an enhanced IMF support package.	<a href="https://www.gov.uk/government/news/chancellor-leads-on-g20-finance-ministers-action-plan-to-fight-covid-19-global-outbreak">https://www.gov.uk/government/news/chancellor-leads-on-g20-finance-ministers-action-plan-to-fight-covid-19-global-outbreak</a>
FATF	04.05.20	Cross-sector	<b>Report on COVID-19-related money laundering and terrorist financing risks and policy responses</b>	The paper identifies challenges, good practices and policy responses to new money laundering and terrorist financing threats and vulnerabilities arising from COVID-19.	<a href="https://www.fatf-gafi.org/media/fatf/documents/COVID-19-AML-CFT.pdf">https://www.fatf-gafi.org/media/fatf/documents/COVID-19-AML-CFT.pdf</a>

# Policy initiatives in response to the COVID-19 pandemic – International Fiscal, supervisory and regulatory measures (3/4)

Institution	Date	Sector	Headline	Summary	Link
BIS	05.05.20	Banking	<b>Bulletin on releasing bank buffers to cushion the COVID-19 crisis</b>	<p>The report highlights that:</p> <ol style="list-style-type: none"> <li>i. Banks globally entered the COVID-19 crisis with roughly US\$ 5 trillion of capital above their Pillar 1 regulatory requirements;</li> <li>ii. the amount of additional lending will depend on how hard banks' capital is hit by the crisis, on their willingness to use the buffers and on other policy support; and</li> <li>iii. in an adverse stress scenario such as the savings and loan crisis, banks' usable buffers would decline to US\$ 800 billion, which could support US\$ 5 trillion of additional loans (6% of total loans outstanding). But in a severely adverse scenario, similar to the Great Financial Crisis, the corresponding figures would be only US\$ 270 billion and US\$ 1 trillion (1.3% of total loans).</li> </ol>	<a href="https://www.bis.org/publ/bisbull11.htm">https://www.bis.org/publ/bisbull11.htm</a>
BIS	06.05.20	Banking	<b>Financial Stability Institute report on banks' dividends in COVID-19 times</b>	<p>The report highlighted the high divergence in scope and stringency in the measures taken by jurisdictions in relation to banks' distribution policies. It also noted that the automatic distribution constraints under Basel III when capital falls below specific thresholds may disincentivise firms from following authorities' recommendations to use capital buffers. Finally, blanket distribution restrictions imposed through supervisory action may help address these disincentives to the extent that they are not linked to firms' individual capital positions and thus remove any possible stigma effect.</p>	<a href="https://www.bis.org/fsi/fsibriefs6.pdf">https://www.bis.org/fsi/fsibriefs6.pdf</a>
IMF	21.05.20	Cross-sector	<b>Position note on the regulatory and supervisory implications of COVID-19 for the banking sector</b>	<p>The note (published jointly with the World Bank) includes a set of high-level recommendations that can guide national regulatory and supervisory responses to COVID-19. These include maintaining transparency and, where necessary, additional guidance on risk disclosure, and ensuring the smooth functioning of critical market infrastructure.</p>	<a href="https://www.imf.org/~media/Files/Publications/Miscellaneous/English/2020/IMFWBSPNEA2020001.aspx">https://www.imf.org/~media/Files/Publications/Miscellaneous/English/2020/IMFWBSPNEA2020001.aspx</a>

# Policy initiatives in response to the COVID-19 pandemic – International Fiscal, supervisory and regulatory measures (4/4)

Institution	Date	Sector	Headline	Summary	Link
BIS	28.05.20	Cross-sector	<b>Paper on Implications of COVID-19 related payment holidays for loan valuations, market trust and financial stability</b>	The paper notes that although governments and banks have introduced payment deferral programmes to support borrowers affected by Covid-19, deferred payments are not forgiven and must be repaid in the future, raising prospective risks to the banking system. Prudential authorities are caught "between a rock and a hard place" as they encourage banks to provide credit to solvent but cash-strapped borrowers. In navigating these tensions, banks and supervisors face a daunting task as borrowers that may be granted payment holidays have varying risk profiles.	<a href="https://www.bis.org/fsi/fsibriefs8.pdf">https://www.bis.org/fsi/fsibriefs8.pdf</a>

# Annex

# Annex

## Delayed or cancelled regulatory and supervisory activities – as of 11 May 2020 (1/8)

Region	Body	Regulatory/supervisory initiative	Revised timeframe	
UK	HMT	Consultation on the dormant assets scheme	Extended to 16 July 2020.	
		Consultation on the reform to Retail Prices Index (RPI) methodology	Extended to 21 August 2020.	
	BoE	2020 annual stress test – the annual cyclical scenario.	Cancelled.	
		Amendments to the biennial exploratory scenario (BES) timetable:	Results of the 2019 BES on liquidity due to be published mid-2020.	Exercise paused until further notice.
			Launch of the BES for banks, insurers and the financial system	Postponed until at least mid-2021
	BoE/FCA	Joint survey into open-ended funds.	Delayed until further notice.	
	BoE/PRA & FCA	CP on “Building Operational Resilience: impact tolerances for important business services”.	Consultation extended to 1 October 2020.	
	BoE	Resolution Assessment framework	Firms to submit first reports assessing their resolvability	Delayed to October 2021
			BoE public disclosure of firms’ resolvability	Delayed to June 2022
PRA	Insurance Stress test (IST)	The PRA will not be publishing the results of the 2019 insurance stress test (IST), and will postpone the next IST to 2022, with a view to seeking feedback from firms on the proposed design during Q4 2021.		



# Annex

## Delayed or cancelled regulatory and supervisory activities – as of 11 May 2020 (2/8)

Region	Body	Regulatory/supervisory initiative	Revised timeframe
UK	PRA	CP on “Outsourcing and third-party risk management”.	Consultation extended to 1 October 2020.
		Internal Ratings Based (IRB) models: Implementation of proposals relating to the definition of default, probability of default and loss given default. Move to hybrid IRB models.	Delayed to 1 January 2022.
		Skilled persons Section 166 reviews relating to the reliability of banks’ regulatory returns.	Paused.
		Flexibility around reporting and disclosure for banks	<p>The PRA will accept delays of up to one month in the publication of:</p> <ul style="list-style-type: none"> <li>• COREP solvency</li> <li>• FINREP</li> <li>• Liquidity – stable funding</li> <li>• Large exposures and concentration risk</li> <li>• Leverage ratio</li> <li>• Asset encumbrance</li> <li>• Resolution plan reporting (excluding liability structure)</li> </ul> <p>The PRA will not accept delays on remittance for:</p> <ul style="list-style-type: none"> <li>• the liquidity coverage ratio and additional liquidity reporting metrics</li> <li>• information on institutions liability structure, including intra-group financial connections that is required as part of reporting for resolution planning purposes</li> </ul> <p>With regard to PRA owned reporting obligations: The PRA will accept delays of up to two months on annual reports and accounts. It will accept a one month delay on:</p> <ul style="list-style-type: none"> <li>• memorandum items</li> <li>• sectoral information</li> <li>• quarterly returns for credit unions</li> <li>• ring-fenced bodies returns</li> <li>• forecast financial statements</li> </ul>
		Flexibility around reporting and disclosure for insurers	The PRA will accept up to eight weeks’ delay for certain aspects of harmonised regulatory reporting, such as the ORSA, the group and solo level annual Quantitative Reporting Templates (with exceptions to certain templates, such as the own funds template), and the Solvency & Financial Condition Report.

# Annex

## Delayed or cancelled regulatory and supervisory activities – as of 11 May 2020 (3/8)

Region	Body	Regulatory/supervisory initiative	Revised timeframe	
UK	FCA	Listed companies' publication of audited annual financial reports from the end-FY20.	Firms allowed an extra two months.	
		Firms' announcement of preliminary financial accounts.	Delay publication for at least two weeks.	
		CP20/4: Quarterly Consultation No 27.	All extended to 1 October 2020.	
		CP20/1: Introducing a Single Easy Access Rate for cash savings.		
		CP20/3: Proposals to enhance climate-related disclosures by listed issuers and clarification of existing disclosure obligations.		
		CP20/5: CP on ETF Listing: Premium to Standard Listing.		
		CP on mortgage switching		
		Delayed CPs:	CP on the FCA's approach to market integrity and wholesale markets	All delayed to Q2 2020
			CP on investment platforms exit fees remedy	
			CP on aligning FCA guidance on selective disclosures with case law	
			CP on removing the minimum repayment amount from the manual repayment screen of credit card, store card and catalogue credit customers	
			CP and discussion paper on value for money	
			CP on the claims management company fee rules project	Q3 2020
		Delayed calls for input:	Open finance.	Both extended to 1 October 2020.
			Accessing and using wholesale data.	
Delays to publications and other activity due before end June:	Joint PRA / FCA work with the Climate Financial Risk Forum (CFRF) to develop guidance on how to integrate climate related risks into business decision making across FS	Q2 2020, exact date tbc		
	Motor Finance PS			

# Annex

## Delayed or cancelled regulatory and supervisory activities – as of 11 May 2020 (4/8)

Region	Body	Regulatory/supervisory initiative	Revised timeframe
UK	FCA	Vulnerability guidance	Q2 2020, exact date tbc
		Vulnerability research	
		Credit Information market study – interim report	
		GI pricing final report and CP on remedies	
		CBEST thematic assessment review	
		Multi firm review: key findings on the sale and advice of equity release	
		Feedback statement: intergenerational differences	
		Policy statement: pension transfer advice: contingent charging and other proposed changes	
		Delays to publications and other activity due before end June:	
		Discussion paper: prudential requirements for MiFID Investment Firms	
		Directory of certified persons (due to be published on the Financial Services Register)	
		Policy statement: prohibiting the sale to retail clients of investment products that reference crypto-assets	
		Value measures pilot: general insurance	
Options to change the FCA's regulatory framework following its duty of care feedback statement	Q3 2020		
Consumer Credit Act review	TBC		
Assessing suitability review 2			

# Annex

## Delayed or cancelled regulatory and supervisory activities – as of 11 May 2020 (5/8)

Region	Body	Regulatory/supervisory initiative	Revised timeframe	
UK	FCA	PS 20/03: Signposting to travel insurance for consumers with medical conditions	TBC	
		Delayed implementation of rules:	PS 18/20: Improving the quality of pension transfer advice (Pension Transfer Specialist qualifications only)	1 October 2021
			PS 19/21: Retirement Outcomes Review: feedback on CP19/5 and our final rules and guidance	1 February 2021
	PS 19/29: Making transfers simpler – feedback to CP19/12 and final rules			
	ICO	AI Auditing Framework Guidance consultation.	Extended to 1 May.	

# Annex

## Delayed or cancelled regulatory and supervisory activities – as of 11 May 2020 (6/8)

Region	Body	Regulatory/supervisory initiative	Revised timeframe	
EU	EC	Data strategy.	Consultation deadline extended to 31 May.	
		Delayed non-legislative files:	AI White Paper.	Published 7 May.
			AML Action Plan.	Final recommendations delayed one month.
			CMU High Level Forum.	
	EBA	EU-wide stress test.	Postponed to 2021.	
		Delays to all ongoing public consultations.	Deadlines extended by two months.	
		Extend the remittance date for funding plans data.	Extended.	
		In coordination with the BCBS, to extend the remittance date for the Quantitative Impact Study (QIS) based on December 2019 data.	Extended.	
		First reference date for reporting under the FRTB standardised approach	Delayed to September 2021	
	ESMA	Consultations extended:	CP on draft RTS under the Benchmarks Regulation.	Extended until 8 June.
			CP on MiFIR review report on transparency for non-equity and the trading obligation for derivatives.	Extended until 14 June.
		New tick-size regime for Systematic Internalisers under MIFIR and IFR.	Application date extended to 26 June.	
		SFTR reporting start date and deadline for the registration of trade repositories.	Application date extended to 13 July.	
		Best execution reports under MiFID.	Publication deadline extended to 30 June.	
		Transparency calculations for non-equity.	Publication postponed to 15 July, application to 15 September.	
Data for the performance of the SI test for non-equity instruments other than bonds	Publication postponed to 1 August, application to 15 September.			
External audit requirements for interest rate benchmark administrators and supervised contributors.	Fulfilment deadline extended to 30 September.			

# Annex

## Delayed or cancelled regulatory and supervisory activities – as of 11 May 2020 (7/8)

Region	Body	Regulatory/supervisory initiative	Revised timeframe	
EU	EIOPA	Holistic impact assessment for the 2020 Solvency II review.	Deadline extended to 1 June 2020.	
		Flexibility around reporting and disclosure.	<ul style="list-style-type: none"> <li>Annual reporting is delayed by eight weeks generally, but some key templates are only extended by two weeks.</li> <li>Quarterly reporting for Q1 2020 is delayed by one week generally, but four weeks for templates on derivatives.</li> <li>The deadline for the Solvency and Financial Condition Reports (SFRCs) is delayed with eight weeks generally, although some key templates are only extended by two weeks.</li> <li>Insurers are expected to report a re-estimated SCR at the end of Q1, rather than including the previous reported position.</li> </ul>	
		Climate change transition risk sensitivity analysis	The data request is cancelled	
		Consultation deadlines extended	Review of technical implementation means for the package on Solvency II Supervisory Reporting and Public Disclosure	Deadline is extended by six weeks from 20 April to 1 June 2020.
			Consultation on PEPP ITs	Deadline is extended by four weeks from 20 May to 17 June
			Consultation on DP on IBOR transitions	Deadline is extended by nine weeks from 30 April to 30 June
			Market and Credit Risk Comparative Study	Deadline is extended by five weeks from 31 May to 3 July.
			Discussion note on value-chain/Insurtech publication and the second discussion paper on methodological principles of insurance stress testing	Delayed (TBD).
			Data collection on the impact of ultra low yields	Delayed (TBD).
		LTG review information request	EIOPA was not going to carry out this year the LTG review information request to insurers, but the information request to NCAs will be postponed from Q2, probably to Q3.	

# Annex

## Delayed or cancelled regulatory and supervisory activities – as of 11 May 2020 (8/8)

Region	Body	Regulatory/supervisory initiative	Revised timeframe
EU	EIOPA	LTG review information request	EIOPA was not going to carry out this year the LTG review information request to insurers, but the information request to NCAs will be postponed from Q2, probably to Q3.
	SRB	Data requests related to the upcoming 2020 resolution planning cycle	

# ECRS contacts



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David Strachan is a Partner and Head of Deloitte’s EMEA Centre for Regulatory Strategy. He focuses on the impact of regulatory changes – both individual and in aggregate – on the strategies and business/operating models of financial services firms. He joined Deloitte after 12 years at the FSA where, in his last role as Director of Financial Stability, he worked on the division of the FSA into the PRA and the FCA.



## Andrew Bulley

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Andrew Bulley joined Deloitte in October 2016 from the Bank of England, where he was, most recently, the Director of Life Insurance Supervision. Between 2014 and 2016 he was a UK voting member of the Board of Supervisors of the European Insurance and Occupational Pensions Authority (“EIOPA”). In a career with the Bank of England and Financial Services Authority stretching over 27 years, Andrew has held senior roles in the supervision of life and general insurers, the London wholesale insurance underwriting and broking markets, retail and investment banks, asset managers, and IFAs.





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