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COVID-19 REGULATORY TRACKER

Key regulatory announcements relating to COVID-19 from Hong Kong and around the world (**23 March 2020 to date**)

Hong Kong

TOPIC	DETAIL
Special 100% Loan Guarantee	HKMC Insurance Limited ("**HKMCI**") announced that the Special 100% Loan Guarantee under the SME Financing Guarantee Scheme (**SFGS**) will start receiving applications from 20 April 2020 (Monday). The total guarantee commitment currently stands at HK$50 billion. The Special 100% Loan Guarantee is applicable to all sectors and will be fully guaranteed by the Government. The maximum amount of the loan per enterprise is the total amount of employee wages and rents for six months, or HK$4 million, whichever is lower. Enterprises may also apply for an optional principal moratorium for the first 12 months.
Pre-approved Principal Payment Holiday Scheme	The Hong Kong Monetary Authority ("**HKMA**") launched the Pre-approved Principal Payment Holiday Scheme ("**Payment Holiday Scheme**") for eligible corporate customers. Under the Payment Holiday Scheme, all loan principal payments of eligible customers falling due within a 6 month period between 1 May 2020 and 31 October 2020 will be pre-approved for deferment. Principal payments of loans (including revolving facilities) will generally be deferred by 6 months and trade facilities will be deferred by 3 months. The Payment Holiday Scheme does not cover syndicated loans or loans used to financing purchases of shares or other financial assets.
ETF management companies and market makers	The Securities and Futures Commission ("**SFC**") noted an incidence in which the sole market maker of an ETF temporarily suspended its market making functions because some of its traders were under mandatory quarantine due to COVID-19 outbreak. It reminded management companies and market makers of ETFs that the overall responsibility of a management company of an ETF is to manage the ETF in the best interests of investors, including the duty to closely monitor the operations and activities (including secondary market trading and liquidity) of the ETF.
Regulatory reserve	In light of the major disruptions to local economic activities caused by the outbreak of COVID-19, the HKMA lowered the regulatory reserve ("**RR**") requirement on locally incorporated authorized institutions ("**AIs**") by 50% with immediate effect. AIs were strongly encouraged to utilise the additional lending headroom created by the RR release to support customers to overcome the impact of COVID-19. It is the HKMA's expectation that the RR release should not be used for dividend distribution, share buyback or payment of bonus to senior management.
AML/CTF	The HKMA reminded AIs and stored value facility licensees ("**SVF Licensees**") to manage money laundering and terrorist financing ("**ML/TF**") risks associated with COVID-19 properly, including: • Customer due diligence measures should be commensurate with the ML/TF risks. • Remaining vigilant of emerging ML/TF risks and focusing on priority areas and effectively mitigate risks through information sharing and detecting and reporting suspicious transactions to the JFIU. • The HKMA is using its supervisory tools flexibly in this period and reiterated that its risk-based approach to AML/CFT supervision does not require or expect a "zero failure" outcome.
Banking system liquidity	The HKMA issued a circular to AIs explaining the measures that the HKMA has taken or plans to take to ensure the continued smooth operation of the interbank market in Hong Kong and that the banking system can continue to support business and economic activities amid a challenging environment. These measures encompass: • Standby Liquidity Facilities within the Liquidity Facilities Framework. • Federal Reserve's Temporary FIMA Repo Facility. • AIs are encouraged to utilise liquidity buffers under the liquidity coverage ratio and liquidity maintenance ratio regimes
General meetings	The SFC and HKEx have consulted the HKSAR Government to understand how the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation impacts the holding of general meetings: • Annual general meetings are in general exempted and EGMs and special general meetings are exempted if the meeting must be held within the specified period. • The SFC and HKEx determined that it is appropriate for listed issuers to consider whether it is possible to adjourn or delay their general meetings for a reasonable period. • Listed issuers who decide to proceed with a physical general meeting during the specified period should take all practicable precautions to ensure the safety of attendees. • Listed issuers that have called a general meeting during the specified period should publish an announcement to keep investors and other stakeholders informed.
Deadline extensions	The SFC has decided to extend the deadlines for regulatory requirements in light of the COVID-19.

OBLIGATION	ORIGINAL DEADLINE	EXTENDED DEADLINE
Submission of audited accounts and other documents under section 156(1) of the Securities and Futures Ordinance ("**SFO**")	Within four months after the end of each financial year	On a case by case basis
Provision of the documents in relation to a data centre of Electronic Data Storage Provider (EDSP) approved by the SFC under section 130 of the SFO	30 June 2020	31 December 2020
Where intermediaries are required to obtain the countersigned acknowledgement letters from relevant banks in place before depositing any client money or securities into any new client asset accounts	31 July 2020	31 January 2021
Where in-scope brokers are expected to implement system changes and make other arrangements needed for compliance with the data standards	31 October 2020	30 April 2021

Order recording by intermediaries	Appreciating that some intermediaries may encounter challenges in ensuring compliance with the order recording requirements set out in paragraph 3.9 of the Code of Conduct, the SFC provided guidance that while orders should be recorded by the intermediaries' telephone recording or order management systems in normal circumstances: • Where orders are accepted by mobile phone, intermediaries' staff members should immediately call back to the intermediaries' telephone system and record the time of receipt and the order details. • The use of other formats (e.g. in writing by hand) to record details of clients' order instructions and time of receipt can be used if the intermediaries' telephone recording system cannot be accessed. • Intermediaries may receive client orders through instant messaging where the requirements set out in the SFC's circular in relation to record keeping, security and reliability, compliance monitoring and establishing internal policies and procedures are observed.

Basel III	The HKMA announced that it will defer the implementation of the Basel III final package in Hong Kong in line with the revised timeline announced by the Group of Central Bank Governors and Heads of Supervision on 27 March 2020 regarding the deferral of the implementation of the final Basel III reform package by one year to 1 January 2023. This is provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of COVID-19 on the global banking system.
SFC licensing fees	The SFC confirmed that the annual licensing fee waiver applies only to the period between 1 April 2020 and 31 March 2021. Intermediaries, responsible officers and licensed representatives must still pay annual licensing fees incurred between 1 April 2019 and 31 March 2020. The SFC will not issue the usual demands for payment for annual licensing fees which would ordinarily become payable during the waiver period. Payments of all other fees, including for licence applications and transfers, will not be affected.
SFC authorised funds	In a circular to managers, trustees and custodians of SFC-authorized funds, the SFC reiterated their obligations to properly manage the liquidity of funds and ensure fair treatment of investors in light of the current market situation. The circular emphasised the SFC has stepped up its monitoring of SFC-authorized funds and should be given early warning of any material issues affecting them.
Investor suitability	In a circular to licensed corporations, the SFC reminded intermediaries of their obligation to ensure suitability when they make a solicitation or recommendation. This includes performing due diligence having regard to an investment product's liquidity and credit quality as well as taking the client's current circumstances into account. Intermediaries were also reminded to disseminate notices and other communications about investment products in a timely manner where they hold them directly or indirectly on behalf of their clients.

Singapore

TOPIC	DETAIL
Banking system liquidity	The Monetary Authority of Singapore ("**MAS**") announced that it will provide up to US$60 billion of funding to banks in Singapore through a new MAS USD Facility. The MAS USD Facility will support more stable USD funding conditions in Singapore, and facilitate USD lending to businesses in Singapore and the region. It will also contribute to global efforts by central banks to maintain stability and normal functioning of financial markets. MAS will obtain USD, in exchange for SGD, through a US$60 billion swap facility with the US Federal Reserve announced on 19 March 2020.
SGD Facility for ESG Loans	The MAS launched a SGD Facility for ESG Loans in partnership with Enterprise Singapore ("**ESG**") to lend Singapore Dollars at an interest rate of 0.1% per annum with a two-year tenor to eligible financial institutions for lending to SMEs under the ESG Loan Schemes.
SGX-listed real estate investment trusts	The Ministry of Finance ("**MOF**"), the Inland Revenue Authority of Singapore ("**IRAS**"), and the MAS announced new measures to provide real estate investment trusts listed on the Singapore Exchange with greater flexibility to manage their cash flows and raise funds amid a challenging operating environment due to COVID-19. These comprise an extension of the deadline for distribution of taxable income by MOF and IRAS, as well as a raising of the leverage limit and deferment of new regulatory requirements by MAS.
General meetings	The SGX, together with the MAS and the Accounting and Corporate Regulatory Authority ("**ACRA**") prepared a checklist to guide listed and non-listed entities on the conduct of general meetings during the period when elevated safe distancing measures are in place. Listed and non-listed entities should refer to the checklist when conducting general meetings during this elevated safe distancing period. Issuers whose annual general meetings are due to be held during 16 April to 31 July 2020 may alternatively choose to defer the meetings by up to 60 days, as previously announced by ACRA and SGX. Issuers must issue their annual reports to shareholders and the exchange at least 14 days before the date of the AGM, except for issuers with 31 December 2019 financial year-end, which will still need to issue their annual reports by 15 April 2020.
MAS support package	The MAS announced on 8 April that a support package worth S$125 million will take effect immediately to position financial institutions ("**FIs**") and FinTech firms for stronger growth when the threat of COVID-19 recedes and economic activity normalises.
Digital bank assessment	The MAS announced that it will extend the assessment period for the award of digital bank licences. Successful applicants will be informed in second half of 2020 instead of June 2020 as originally intended to allow the digital bank licence applicants to dedicate their resources and attention towards managing the immediate impact of the COVID-19 pandemic on their businesses.
SGX support package	SGX will introduce measures to support issuers and enable the acceleration of fund-raising efforts. Entry into the Financial Watch-List will be suspended. There will be an enhanced share issue limit for Mainboard Issuers.
Financial institutions regulatory requirements	The MAS announced that it will adjust selected regulatory requirements and supervisory programmes. In summary, MAS will take the following measures: • The MAS will adjust banks' capital and liquidity requirements to help sustain their lending activities. • FIs will be allowed to take into account the government's fiscal assistance and banks' relief measures in setting more realistic accounting loan loss allowances. • The MAS will defer FIs' implementation of the final set of Basel III reforms, margin requirements for non-centrally cleared derivatives, and other new regulations and policies, to ease FIs' operational burden.
Relief measures to SMEs and individuals	The MAS together with the Association of Banks in Singapore, the Life Insurance Association, the General Insurance Association, and the Finance Houses Association of Singapore, announced a package of measures to help ease the financial strain on individuals and SMEs. Measures include deferral of repayment of residential property loans, lower interest on personal unsecured credit, deferral of premium payments for life and health insurance, flexible instalment plans for general insurance, deferral of payment of principal on secured SME loans, lower interest on SME Loans and assistance with insurance premium payments.

Japan

TOPIC	DETAIL
Extraordinary reporting	The Financial Services Agency ("**FSA**") announced in relation to "*extraordinary reports*" that, where it is not possible to prepare the extraordinary report due to COVID-19, the extraordinary report will be treated as though it has been submitted without delay if the company in question submits the extraordinary report as soon as possible after relevant circumstances are resolved.
Annual securities report filing	The FSA announced that the deadline for filing annual securities reports, etc. including quarterly reports under the Financial Instruments and Exchange Act of Japan would be extended until the end of September 2020, even if a company does not seek an extension by individual application.
Insurance companies	The FSA has requested that insurance companies consider the flexible interpretation and application of insurance policies and necessary measures for products from the viewpoint of protection of policyholders, without being bound by precedent.
Supporting SMEs	The FSA has asked financial institutions to provide financing support for businesses in light of the growing impact of COVID-19 as follows: • Enhance cooperation with Japan Finance Corporation to ensure the funding support of businesses. • Even if the terms and conditions of existing debt have been changed, it is necessary to respond sincerely and carefully to business financing support and consultation on management improvement, etc. • Actively cooperate with the Credit Guarantee Association in light of additional requests from the Small and Medium Enterprise Agency and utilize the safety net guarantee system, etc.
Disclosure, delisting and listing examination	The FSA announced the outline of policies for timely disclosure, delisting and listing examination in light of the impact of COVID-19. • *Timely disclosure*: Timely and appropriate disclosure of the impact of the expansion of COVID-19 on business activities and business results is required. For an earnings forecast, it is necessary to enhance the description of the assumptions and the reasons for revision. For a financial results summary, it is necessary to make a disclosure of risk information. • *Delisting*: If COVID-19 would cause an insolvency, the period for improvement under the delisting standard has been extended from one year to two years. • *Listing examination*: For corporate continuity and profitability, it will be examined whether the impact of COVID-19 is appropriately reflected in the business plan. For the appropriateness of disclosure, it will be considered whether the impact of COVID-19 is appropriately reflected in disclosure documents (e.g., risk information / earning forecast). In addition, qualified opinion for the period immediately before the application will be accepted if it is difficult to conduct a physical inventory taking or to visit a business site.

Australia

TOPIC	DETAIL
Coronavirus Small and Medium Enterprise (SME) Guarantee Scheme	Reporting standard ARS 920.0, Australian Government Small and Medium Enterprise (SME) Guarantee Scheme must be completed weekly by all lenders that are approved under the scheme. The Australian Prudential Regulation Authority's ("**APRA**") new reporting standard will support the scheme by providing data to Government on key metrics including number of loans approved, number of loans impaired, and number of guarantee claims made and paid. The first data collection is due on 1 May for information as at 17 April 2020. APRA noted that COVID-19 loans will not be regarded as restructured and the repayment deferral period will not be treated as a period of arrears. APRA confirmed that the Coronavirus SME Guarantee Scheme will be an eligible guarantee by the government for risk-weighting purposes.
Superannuation	APRA and the Australian Securities and Investments Commission ("**ASIC**") released superannuation FAQs on their websites to assist superannuation trustees to better understand their new and ongoing responsibilities during COVID-19. The FAQs will be updated periodically over the coming weeks and months.
APRA prudential standards	APRA announced new commencement dates for six prudential and reporting standards below that have been finalised but are yet to fully come into effect:

INDUSTRY	PRUDENTIAL STANDARD OR POLICY PROPOSAL	INITIAL COMMENCEMENT DATE	REVISED COMMENCEMENT DATE
Cross-industry	CPS 226 Margining and Risk Mitigation for Non-Centrally Cleared Derivatives (phase-in of initial margin requirements)	1 September 2020, 2021	1 September 2021, 2022
	CPS 234 Information Security (third-party arrangements transition provision)	1 July 2020	Six month extension to 1 January 2021 available on a case-by-case basis. Entities seeking an extension must advise APRA of the nature of their third-party arrangements, and how they are monitoring the risks associated with these arrangements.
Banking	APS 220 Credit Risk Management	1 January 2021	1 January 2022
	APS 222 Associations with Related Entities ARS 222.0 Exposures to Related Entities ARS 222.2 Exposures to Related Entities – Step-in risk	1 January 2021	1 January 2022. In the interim, authorised deposit-taking institutions ("**ADIs**") should not be actively increasing exposures to their overseas banking and insurance subsidiaries without prior consultation with APRA.

ASIC temporary reliefs	ASIC announced a number of temporary relief measures with a view of facilitating the provision of affordable advice in relation to early access to superannuation, and the provision of time-critical advice, to clients during the COVID-19 pandemic. The relief measures are subject to a number of conditions being satisfied. ASIC will conduct monitoring and surveillance to ensure that entities relying on the relief measures are acting in the interests of their clients/members. The relief measures are temporary. ASIC will consult with key stakeholders before revoking the relief and provide 30 days' notice to the industry.
Financial reporting	ASIC extended the deadline for unlisted entities to lodge financial reports under Chapters 2M and 7 of the Corporations Act by one month for balance dates from 31 December 2020 to 31 March 2020. The aim of this extension is to assist entities whose reporting processes take additional time due to COVID-19. The extended deadlines will not apply for 31 December 2019 balance dates if the reporting deadline has already passed.

Dividend restrictions	APRA has advised ADIs and insurers to limit discretionary capital and defer dividend distributions in order to maintain adequate buffers to lend and underwrite insurance in this uncertain operating environment. Before any potential dividend distribution, the ADI or insurer would need to achieve robust stress testing results and discuss the findings with APRA. Any dividend payments should be offset by the use of dividend reinvestment plans and other capital management initiatives. Any executive cash bonuses should be limited.
Licensing suspended	APRA wrote to applicants for new banking, insurance and superannuation licenses to advise them that the issuance of new licenses will be temporarily suspended for at least six months in response to the economic certainty created by COVID-19.
Registered managed investment schemes	ASIC wrote a selection of larger responsible entities of registered managed investment schemes reminding them of their legal obligations and duties to members in light of the challenges associated with COVID-19, including market volatility and disruption. The letter also asked the responsible entities to assist ASIC in monitoring the current situation by notifying ASIC immediately if any registered scheme becomes non-liquid, and set out the relief that ASIC may be able to provide to assist members if a scheme becomes non-liquid.
Consumer credit regulations	The National Consumer Credit Protection Regulations was amended to exempt temporarily Australian credit licensees from responsible lending obligations under the National Consumer Credit Protection Act. The exemption: • Commences on 3 April 2020, and runs for a period of 6 months; • Applies only where the loan, or the goods to be hired, are "*partly*" intended for the commercial purposes of a small business operated by the consumer (whether it is operated by themselves or with others) and where there is consequently a mixed purpose applicable to the finance sought; • Provides an exemption from certain responsible lending obligations that tend to be more onerous in these circumstances, including the making of preliminary assessments of unsuitability; and • Applies only where there has been a pre-existing relationship with the licensed lender or broker in the last 12 months.
Simplified capital raising	ASIC has provided temporary relief to allow certain "*low doc*" placements, rights issues and share purchase plans to be made by listed companies to investors, even if they do not meet all the normal requirements.
Reduced regulatory burden on financial advisers	ASIC is taking the following steps with a view of reducing regulatory burden on financial advisers: • Delaying work on life insurance advice: ASIC will not ask for client information or client files at this time; • Delaying work on grandfathered conflicted remuneration: ASIC will not ask product issuers for data at this stage, although ASIC expects product issuers to turn off their arrangements as soon as possible and by no later than 1 January 2021; and • Allowing additional time for industry to respond to ASIC notices: entities that have received an ASIC notice may request for extensions.
AML/CTF	The Australian Transaction Reports and Analysis Centre ("**AUSTRAC**") has advised that it will accept AML/CTF Compliance Reports until 30 June 2020, without the risk of compliance action. The compliance report is due to be submitted by 31 March 2020. Additionally, where a small to medium business is restricted from opening due to social distancing measures, AUSTRAC will not take any compliance action if it is unable to submit the report.
Business continuity	ASIC announced that it expects all Australian financial services licensees to have business continuity plans ("**BCPs**") in place to deal with major events, and that it is currently in discussions with licensees in relation to the assessment and implementation of the BCPs. ASIC also reminded licensees to ensure they are appropriately monitoring risk-taking and financial exposure, including by being well prepared for margin calls, monitoring client positions, protecting client money, considering system capacity issues, monitoring the use of trading algorithms and monitoring short positions.
General meetings	ASIC announced its no action position on delay of annual general meetings ("**AGMs**") and holding virtual AGMs. For listed and unlisted public companies with 31 December balance dates that are required to hold an AGM by 31 May 2020: • ASIC will take no action if the AGMs are postponed for two months: that is, until the end of July. • ASIC intends to take a no action position on non-compliance with provisions of the Corporations Act 2001 (Cth) that may restrict the holding of virtual AGMs where an entity elects to hold a virtual AGM in order to comply with the statutory 31 May 2020 deadline or during the extension period (subject to compliance with certain conditions set out in the media release).

European Union

TOPIC	DETAIL
Overview	The European Union ("**EU**") published a regularly updated summary on the measures proposed and taken at the EU or Euro Area ("**EA**") covering: • Budgetary and financial support measures proposed or adopted by EU or EA institutions. • Decisions taken by the Commission/Council/Eurogroup aiming at coordinating national economic and fiscal policies. • Monetary policy measures taken by the European Central Bank ("**ECB**"). • Measures with impact on banking and macro-prudential policies taken by the Single Supervisory Mechanism, ECB and the European Systemic Risk Board. • Measures pertaining to state aid policies.
Dividend restrictions	• The Council of the EU stressed that banks should refrain from making distributions and should extend credit or other financing needs to their customers in a manner that assists the economy. • ECB published a recommendation (ECB/2020/19) to credit institutions on dividend distributions. The ECB recommended that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the credit institutions for the financial year 2019 and 2020 and that credit institutions refrain from share buy-backs aimed at remunerating shareholders. • The European Banking Authority ("**EBA**") published a statement on dividend distributions, share buybacks and variable remuneration in the light of the COVID-19 pandemic. • The European Securities and Markets Authority ("**ESMA**") stated the capital relief resulting in response to COVID 19 crisis should be used to finance the corporate and household sectors and not to increase the distribution of dividends or make share buybacks for the purpose of remunerating shareholders.
Pillar 3 disclosures	• The EBA published a statement on supervisory reporting and Pillar 3 disclosures in the light of the COVID-19 pandemic. The EBA advised national competent authorities ("**NCAs**") to consider the extent to which a delayed submission of all the data or subsets of the data included in the EBA reporting framework would be justified. This would relate to submissions due between March and end of May 2020. In general, institutions should be allowed up to one additional month for submitting the required data. competent and resolution authorities are advised not to prioritise their supervisory actions towards ad-hoc data collections that are not specifically needed to monitor institutions in the context of the COVID-19 outbreak. • The ECB issued a letter confirming it supports the EBA statement on supervisory reporting and Pillar 3 disclosures, and confirmed that euro area significant institutions falling under the direct supervision of the ECB will be allowed to delay submission of their supervisory data (under the ITS on supervisory reporting and the ITS on benchmarking of internal approaches) by a month for remittance dates between March and May 2020
Short selling restrictions	ESMA issued opinions agreeing to the renewal of the emergency restrictions on short selling and similar transactions by the Finanzmarktaufsicht ("**FMA**") of Austria, the Financial Securities and Markets Authority ("**FSMA**") of

	Belgium, the Autorité des Marchés Financiers ("**AMF**") of France, the Hellenic Capital Market Commission ("**HCMC**") of Greece and the Comisión Nacional del Mercado de Valores ("**CNMV**") of Spain. ESMA confirmed that the renewal decisions will all be in place until 18 May 2020 with the possibility of a further renewal. The measures entered into force on: • 16 April 2020 for FMA. • 17 April 2020 for AMF and FSMA. • 18 April 2020 for CNMV. • 25 April 2020 for HCMC.
NPL treatment	The ECB has introduced changes in relation to treatment of non-performing loans ("**NPL**"), covering: • The classification of debtors as unlikely-to-pay when banks call on public guarantees; • Preferential prudential treatment of NPL in terms of loss provisioning; and • Full supervisory flexibility in discussions with banks on the implementation of NPL reduction strategies.
Results publication by funds	ESMA noted that some fund managers may face difficulties publishing audited accounts for funds within the required deadline set out in EU legislation, and called for coordination amongst NCAs and for NCAs not to prioritise supervisory actions against market participants in respect of the upcoming deadlines set out in the UCITS Directive, the AIFMD, the EuSEF Regulation and the EuVECA Regulation regarding: • Annual reports referring to a year-end occurring on or after 31 December 2019 but before 1 April 2020 for a period of two months following the relevant deadline; • Annual reports referring to a year-end occurring on or after 1 April 2020 but before 1 May for a period of one month following the relevant deadline; and • Half-yearly reports of UCITS referring to a reporting period ending on or after 31 January 2020 but before 1 April 2020 for a period of one month following the deadline set out in the UCITS Directive.
Order execution	ESMA issued a statement clarifying issues regarding the publication by execution venues and firms of the general best execution reports required under RTS 27 and 281 of MiFID II. The statement advises NCAs not to prioritise supervisory action against execution venues and firms in respect of the deadlines of the general best execution.
AML/CTF	The EBA reminded credit and financial institutions that they should establish and maintain effective systems and controls to ensure that the EU's financial system is not abused for money laundering or terrorist financing purposes. Firms are asked to remain alert to ML/TF techniques that might change due to the economic downturn and where necessary, update their ML/TF risk assessments accordingly.

France

TOPIC	DETAIL
Short selling restrictions	The AMF renewed its decision of 17 March to ban net short positions, from 17 April to 18 May 2020.
General meetings	A Decree of 10 April 2020 details the procedures for convening shareholders, the exercise of remote voting, and the organisation of the bureau of the general meetings when they are held without the presence of the shareholders.
Funds	The French Asset Management Association published an updated guide on liquidity risk management tools in open ended funds, which follows the AMF Q&A on the continuity of asset management activities, in which the AMF stated its views in favour of such mechanisms during the current crisis.
Dividend restrictions	The Autorité de contrôle prudentiel et de résolution ("**ACPR**") provided guidance to insurance organizations under its supervision that they should refrain from distributing dividends until 1 October 2020, and should show moderation in their variable pay policies.
Asset management	The AMF published a Q&A on the continuity of asset management activities. Certain time periods given to the AMF to take certain decisions have been extended. For example, the time period for the authorisation of new UCITs and AIFs increased from 30 days to 2 months.
Financial reporting	The AMF decided to postpone its supervisory actions against issuers late with financial reports. The AMF also reminded issuers that they must inform the market of any significant trends, liquidity positions and key figures from unaudited financial statements, that qualify as inside information.
State guarantee on loans	Pursuant to an Order of 23 March 2020 (and following the announcement of a state aid), the French public investment bank BpiFrance will provide state guarantees on loans granted by lending institutions to French SMEs from 16 March to 31 December 2020.

Spain

TOPIC	DETAIL
Short-selling restrictions	The CNMV extended the temporary ban on net short positions dictated on 16 March one further month, running from 18 April to 18 May (inclusive). This restriction applies to shares admitted to trading in Spanish trading venues for which CNMV is the competent authority.
Standstill	Under the Royal Decree-Law 11/2020 of 31 March (**RD**): • The Royal Decree provides for the suspension/moratorium of non-mortgage credit and loans (including consumer lending) held by persons in a situation of economic vulnerability. • The suspension operates automatically as soon as the application is communicated, without the need for further agreement between the parties or contractual novation. • Its effect is the standstill on accrual of all interest arising from the loan/credit and the temporary non-payment of capital and interest by debtor.

	• BdE-supervised entities (mainly credit institutions) must report daily to BdE with reference to the preceding business day the number and volume of outstanding balances subject to this suspension/moratorium.
Spanish management entities (SGIIC) and collective investment undertakings	The CNMV issued considerations and guidelines to Spanish management entities and collective investment undertakings. Specifically: management entities ("*sociedades gestoras de instituciones de inversión colectiva*" (SGIIC) and "*sociedades gestoras de instituciones de inversión colectiva de tipo cerrado*" (SGEIC)) and open-end/close-end collective investment undertakings ("*instituciones de inversión colectiva*" (IIC), "*entidades de capital riesgo*" (ECR) and "*entidades de inversión colectiva de tipo cerrado*" (EICC)). Key points to note are as follows: • The deadline suspension enacted for the formulation, audit and approval of the annual accounts extends to collective investment vehicles (IIC, ECR and EICC), either incorporated as funds or companies, as well as to the SGIIC and SGEIC. • Upon completion of this extension, submission must be made as soon as practicable and, in any case, within one month (save for a two month deadline if annual accounts have already been drawn up). • The CNMV will take special account in its supervisory actions of any possible causes that justify the delay in the preparation and publication of the quarterly reports and any incidents must be reported as soon as possible. • The CNMV must be notified as soon as possible of any relevant incidents arising in the day-to-day activity of any entity, particularly with regards to the calculation and publication of managed-IICs' NAV, execution of subscriptions or redemptions, and generally, if any doubts arise as to the appropriate way to act given the current circumstances. • The 12 months time limit to apply for register of an already authorised investment fund for which CNMV-authorisation has already been granted is suspended from 14 March until the end of the alarm state as provided by the Spanish Government. This suspension also applies to the opening of EU management entities' branches. • The State Tax Administration has set up a telematic procedure to obtain Provisional Taxpayer Identification Number (NIF) for the register of funds in CNMV's register (which CNMV states is a mandatory requirement).

Germany

TOPIC	DETAIL
Dividend restrictions	The Bundesanstalt für Finanzdienstleistungsaufsicht (Federal Financial Supervisory Authority) ("**BaFin**") reiterated its view that banks should not disburse dividends and profits. Banks have a central task in coping with the COVID-19 crisis and should only fulfil this task if they were well capitalised. In the view of BaFin, the flexibility provided by the supervisory adjustments should therefore not be used by the banks to pay dividends.
Insurance supervision	• BaFin will give priority to new requests for the application of transitional measures for the valuation of technical reserves (transitional reserves, transitional interest rate) or volatility adjustments and will review them favourably. If necessary, retroactive approval as of 31 March 2020 is possible. • According to Section 239 VAG, employers may compensate for a shortfall of up to 10 percent in the guarantee assets of pension funds over ten years; shortfalls of more than 10 percent would have to be compensated immediately by the employer. The previous administrative practice of BaFin stipulates that for shortfalls of up to 10 percent, a plan to restore the coverage of the guarantee assets (coverage plan) must be submitted no later than three months after the occurrence of the shortfall. In view of the current situation, however, BaFin's view is that it is acceptable if this deadline is extended to 1 October 2020 at the latest and first payments by employers to restore the coverage of the guarantee assets no longer have to be made in 2020, but only in 2021. • To avoid emergency sales required by supervisory law, BaFin will not object to a temporary passive excess of the real estate quota pursuant to Section 3(5) of the Investment Ordinance. • Until further notice, BaFin will generally not conduct on-site inspections of insurance companies. • EIOPA has decided to postpone the Holistic Impact Assessment for the current Solvency II review by two months, until 1 June 2020.
Banking supervision	• Deferred loans need not be reported in FINREP as the debtor is not counted as defaulting. • If a loan receivable is deferred by government order (debt moratorium), this is not considered a deferral measure pursuant to Art. 47b CRR. • If a loan receivable is deferred by government order, the default of the debtor is not automatically assumed according to Art. 178 CRR. Rather, a case-by-case assessment must be made. • BaFin and Deutsche Bundesbank will not address late submissions of certain reports for regulatory purposes and will allow an additional modified submission method for credit reports. • In compliance with the requirements and conditions stated for the provision of coverage for real estate loans (Pfandbriefe) and the discounts specified therein, BaFin will temporarily not object if an institution takes a property into account as collateral for the determination of capital requirements in accordance with CRR even without prior inspection of the property serving as collateral. • The application of BTO 1.2.5 para. 3 MaRisk (involvement of a restructuring expert opinion) is currently suspended by BaFin, and loans can also be granted to borrowers if they are currently unable to service their debt due to the crisis or if this is largely dependent on the further course of the crisis. In the course of an internal bank assessment, the institution must come to the conclusion that the company (after the crisis) is viable (will be able to service its debt again). This can be assumed automatically for all borrowers who receive funds from the fiscal rescue programme. • Institutions may use the liquid assets held under the liquidity coverage ratio (LCR) during the current stress period without the need for prior approval by the competent supervisory authority if they fall below the minimum LCR. According to Art. 414 CRR, an existing or imminent shortfall of the LCR minimum requirement merely has to be reported to the competent authorities without delay. • If an institution falls below the combined capital buffer requirement, this does not constitute a breach of prudential minimum capital requirements, but represents a purposeful use of the available capital. • A deviation from the dates of application set out in CRR II/CRD V is not currently planned.
Disclosure of inside information	• With regard to a possible change in the forecast, it should be noted that this is only to be published when it is sufficiently probable. • If the effects of COVID-19 are not yet foreseeable, the issuer has the right to maintain its old forecast. • It may not be possible to predict at present what effect the COVID-19 will have on quarterly figures. Insofar as COVID-19 has a determinable effect on the assets, financial and income position of an issuer, with the result that the business figures deviate significantly from their relevant benchmark, this may constitute inside information for the issuer and be subject to *ad hoc* disclosure.
AML/CTF	BaFin will not object if the identification processes for granting state aid loans are generally done in accordance with Section 14 of the German Money Laundering Act (Simplified Due Diligence Obligations), for example by sending a copy of an identification document, and any risks of money laundering or terrorist financing are countered by appropriate customer and transaction monitoring as part of the ongoing business relationship. If, after the establishment of the business relationship, there are indications of a higher risk, appropriate additional measures must be taken at an appropriate time. This may include, for example, subsequent personal and passport-based identification. An effective prevention of crime, in particular money laundering and terrorist financing, must also be ensured during the COVID-19 crisis.

United Kingdom

TOPIC	DETAIL
Coronavirus Large Business Interruption Loans Scheme	The UK government confirmed that all viable businesses with turnover of more than £45 million will be able to apply for government-backed support; and firms with turnover of more than £250 million can borrow up to £50 million from lenders. The measure is intended to complement existing support, including the Covid Corporate Financing Facility and the Coronavirus Business Interruption Loan Scheme.
Cross-border Payments Regulation	The Financial Conduct Authority ("**FCA**") referred to a statement issued by the European Commission reminding payment service providers of the forthcoming application date of 19 April 2020 for currency conversion transparency requirements under the Cross-border Payments Regulation ((EU) 2019/518). The Commission had called for proportionality in enforcing the rules. The FCA stated that firms are expected to comply with the requirements where they can.
Funds	THE FCA published its expectation od funds: • Repo transactions should be used only for efficient portfolio management (COLL 5.4). Repo transactions entered into for the sole purpose of liquidity management are unlikely to meet regulatory requirements. • Where dealing by physical means (e.g. post, fax) ceases to be possible because of the pandemic, authorised fund managers should consider whether they can provide alternative means for unitholders to deal in units in the fund and how they can manage alternative processes without disadvantaging unitholders. • The FCA has agreed to requests to delay publication of annual and half-yearly fund reports. • Firms can hold meetings virtually but should note that fund documentation might specify additional requirements in this regard. The FCA cannot provide forbearance on private law obligations. • Firms should already have established plans to take appropriate remediation action, considering market conditions and what is in the best interests of their customers. • If individual firms continue to face issues managing their funds within risk limits generally, and VAR limits specifically, they should speak to their FCA supervisory contact. • During the COVID-19 crisis, the FCA is willing to accept electronic signatures on applications to authorise funds or approve changes to funds. This only applies to information sent by firms to the FCA.
Ways and Means (W&M) facility	The Bank of England confirmed that it and HM Treasury had agreed to extend temporarily the use of the government's long-established Ways and Means ("**W&M**") facility. The W&M facility is the government's pre-existing overdraft at the Bank. It is intended to provide a short-term source of additional liquidity to the government if needed to smooth its cashflows. Any drawings will be repaid as soon as possible before the end of 2020.
Recapitalisation issuances	The FCA issued a statement outlining actions designed to address measures aimed at assisting companies to raise new share capital in response to COVID-19. The FCA expects debt and equity capital markets to play a role in improving finances of companies. The FCA provides commentary on matters relating to working capital statements and general meetings held by companies and other matters.
Investment advice during COVID-19	The FCA notes that some customers will be concerned about falls in the value of their investments, and would likely be seeking information from financial services firms about economic impact of COVID-19. The FCA outlined examples of the kind of communication that do not amount to personal recommendations. Firms are expected to act in accordance with the best interests of their customers and note FCA Principle 6 and the client's best interests rule in COBS 2.1.1R(1). Firms should be careful not to provide regulated advice unless they are willing to comply with the conduct requirements concerning personal recommendations.
Client assets	The FCA published guidance on its client assets regime in light of COVID-19, covering topics such as payment by cheques, audit firms, physical asset reconciliation and depositing client money.
Solo-regulated firms	The FCA published a statement on the impact of COVID-19 on the Senior Managers and Certification Regime, setting out its expectations in relation to senior management responsibilities, statements of responsibilities and significant changes to senior manager responsibilities, temporary arrangements for senior management functions, furloughed staff and reallocating prescribed responsibilities.
Basel III	HM Treasury and the Prudential Regulation Authority ("**PRA**") published a joint statement welcoming the delay in implementation of the final Basel III standards by one year, to 1 January 2023. The regulators stated that the delay will provide operational capacity for banks and supervisors to respond to the immediate financial stability priorities from the impact of COVID-19.
Regulatory reporting	The PRA published a statement on amendments made to regulatory reporting and Pillar 3 disclosure requirements as a result of COVID-19. This refers to EBA statement on Pillar 3 relaxations and the PRA confirms that it will accept delay of up to one month in relation to aspects CRR/BRRD reporting, COREP Solvency, FINREP, Liquidity –Stable funding, Large exposures and concentration risk.
Dividend restrictions	The PRA published a statement welcoming decision by HSBC, Nationwide, Santander, RBS, Barclays, Lloyds to preserve additional capital and suspense dividends and buybacks on ordinary shares until the end of 2020.
AML/CTF	Firms are expected to continue to comply with their obligations on client identity verification but should note that the Joint Money Laundering Steering Group guidance provide for remote client identify verification and outline additional checks which firms can use to assist with verification.
Short positions notification	The FCA noted ESMA's decision dated 16 March 2020 to temporarily amend the threshold for notifying net short positions to Competent Authorities under the Short Selling Regulation from 0.2% of issued share capital to 0.1%. The FCA confirms that required changes to its systems have been made and that it will be ready to receive notifications at the lower threshold from Monday 6 April 2020.
Financial reporting	The FCA allowed listed companies an extra 2 months to publish their audited annual financial reports. Guidance from the Financial Reporting Council for companies preparing financial statements in the current uncertain environment and guidance from the PRA on the approach that should be taken by firms in assessing expected loss provisions under IFRS9. The FCA also provides additional guidance to boards of companies, including considering how they will secure reliable and relevant information, on a continuing basis.
PRA reporting	The PRA has indicated that it will accept delays (up to 8 weeks in some cases) to reporting in relation to certain aspects of PRA-owned regulatory reporting including: national specific templates and internal model outputs.

United States

TOPIC	DETAIL
Consolidated Audit Trail (CAT) implementation	The Securities and Exchange Commission ("**SEC**") announced the approval of two exemptive orders in order to move Consolidated Audit Trail ("**CAT**") implementation forward: (i) establishing a phased CAT reporting timeline for broker-dealers; and (ii) permitting introducing brokers that meet certain requirements to follow the small broker-dealer reporting timeline.

Stress test	The Federal Reserve is modifying this year's stress test for financial institutions to include how banks have performed during the coronavirus pandemic.
Regulation Best Interest	The SEC confirmed that Regulation Best Interest (Reg BI) is still scheduled to take full effect on June 30, 2020. Despite challenges presented by the pandemic and implementation delays, the SEC Chairman said that "*the law continues to apply*" and will become effective without any delays.
Modified capital rules	The Federal Reserve, the Office of the Comptroller of the Currency ("**OCC**") and the Federal Deposit Insurance Corporation ("**FDIC**") have adopted a rule that modifies existing capital rules to neutralize the regulatory capital effects of participating in the CARES Act Paycheck Protection Program (PPP) because there is no credit or market risk associated with PPP loans pledged to the program facility. The rule also clarifies that a zero percent risk weight applies to loans covered by the PPP for capital purposes. This follows the release on April 7 by the federal financial institution regulatory agencies of an interagency statement on loan modifications by financial institutions working with customers affected by the coronavirus. The agencies are encouraging financial institutions to work with borrowers and will not criticize them for doing so in a safe and sound manner. Examiners will not automatically adversely risk-rate credits that are affected by COVID-19.
SEC-registered central counterparties and central securities depositories	The SEC adopted enhanced standards applicable to all SEC-registered central counterparties and central securities depositories. Securities clearing agencies must adhere to requirements regarding, among other things, their policies and procedures for risk management, governance, recovery planning, operations, and disclosures to market participants and the public.
The Volcker Rule	The Federal Reserve, the Commodity Futures Trading Commission ("**CFTC**"), the FDIC, the OCC, and the SEC announced that they have extended the comment period on their proposal to amend the Volcker Rule's general prohibition on banking entities investing in or sponsoring hedge funds or private equity funds. The comment period, which was scheduled to expire April 1, 220, will now expire May 1, 2020.
Accessible small loans	Five federal financial regulatory agencies (The Federal Reserve, the Consumer Financial Protection Bureau, the FDIC, the OCC and the National Credit Union Administration) issued a joint statement encouraging banks, savings associations and credit unions to offer responsible small-dollar loans to consumers and small businesses in response to COVID-19.
Reporting and proxy delivery requirements	The SEC extended conditional exemptions from reporting and proxy delivery requirements for public companies, funds, and investment advisers affected by COVID-19.
Market liquidity	The Federal Reserve implemented the following measures: • Announced an expansion of its open market activity through (i) granting the Federal Reserve Bank of New York ("**FRBNY**") greater authority to purchase Treasuries and MBS, (ii) conducting term and overnight repo agreements operations and overnight reverse repos operations with maturities of more than one day, and (iii) engaging in dollar role and coupon swaps to settle mortgage-backed securities transactions. The Fed will include commercial mortgage-backed securities in its asset purchases. • Established the Primary Market Corporate Credit Facility, through which it will purchase corporate bonds and issue loans to investment grade-rated companies with the option to defer interest payments for six months and extendable at the Board's discretion. Companies expected to receive financial assistance through legislation are not eligible. • Established the Secondary Market Corporate Credit Facility, through which the FRBNY will lend to an SPV that will purchase secondary market corporate debt by investment grade issuers. Treasury will make an initial $10 equity investment in the SPV. • Established the Term ABS Loan Facility, though which an SPV will lend to all US companies that own eligible loan collateral and maintain a relationship with a primary dealer. This facility will enable companies to issue ABS backed by student loans, auto loans, credit card loans, SBA loans, and equipment loans. • Expanded the Money Market Mutual Fund Liquidity Facility to include municipal variable rate demand notes and bank certificate of deposits. • Expanded the Commercial Paper Funding Facility to broaden the quality of commercial paper that is eligible for purchase and reducing the pricing of the facility. • Revised the definition of "*eligible retained income*" (by making limitations on capital distribution more gradual to facilitate banks' using capital buffers to continue to lend to households and businesses) for the purposes of the Board's total loss-absorbing capacity.