Agenda

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{ REGULATION }

POLICYMAKERS CLOSE TO FINALISING BENCHMARK REFORMS

Key initiatives to review benchmarks and standards for bank and interbank rates are coming to fruition.

The European Securities and Markets Authority (ESMA) has published its final report containing the draft regulations and implementing technical standards under the Benchmarks Regulation.

The objective of these rules is to ensure the accuracy and integrity of benchmarks across the EU by setting out the behaviours and standards expected of administrators and contributors.

The European Commission has three months (from 30 March) to approve or reject the benchmarks, with the regulation expected to come into force on 1 January 2018.

Over the past three years, the European Money Markets Institute (EMMI) has been in the process of reforming the Euribor benchmark. The institute has recently published a paper setting out the legal grounds for the proposed reforms.

The Bank of England has also published its feedback on proposed reforms to the Sterling Overnight Index Average rate, while the ICE (Intercontinental Exchange) Benchmark Administration has published feedback on the evolution of ICE Libor.

The publication time of ICE Libor has moved from 11:45 to 11:55 London time to give banks enough time to make their pre-submission checks. More detail on the final and near-final reforms can be found on the EMMI, Bank of England and ICE websites.

{ CONTEXT OF TREASURY }

Banks to step up cybersecurity efforts

Financial services firms expect 2017 to be a watershed year in terms of regulatory scrutiny of online activities. Survey data from corporate finance advisory firm Duff & Phelps found respondents expect cyber- and data-security issues to be a top priority for regulators.

Eighty-six per cent of financial services firms intend to increase the time and resources devoted to cybersecurity, the survey found. Two-thirds said they expected cybersecurity to be a priority for regulators this year, while 39% said they also believe regulators will pay more attention to financial crime and KYC compliance issues.

The UK government unveiled a new cybersecurity strategy in November last year, devoting £1.9bn over five years and setting up a National Cyber Security Centre. The UK has seen high-profile attacks over the past year, including the theft of funds from 20,000 personal accounts at Tesco Bank, and the theft of personal data from Three. Cyberattacks in Europe include the loss of €40m at electrical component manufacturer Leoni AG.

Jason Elmer, managing director, compliance and regulatory consulting at Duff & Phelps, said investor and regulator concerns were likely to combine to increase the focus on cybersecurity and innovation. "In the wake of high-profile cyberattacks, many firms are anticipating clearer and more punitive cybersecurity regulation to be implemented. Firms are proactively looking to strengthen cyber defences as a result, and this is an opportunity for regulators to collaborate with financial institutions to form new rules," he said.

"We see a global economy that has a spring in its step, benefiting from sound policy choices in many countries in recent years. At the same time, there are clear downside risks: political uncertainty, including in Europe; the sword of protectionism hanging over global trade; and tighter global financial conditions."

Christine Lagarde, head of the IMF (pictured above), confirms an upswing in global growth, but warns against limits on free trade.

SOURCE: *THE NEW YORK TIMES*, 18 APRIL 2017

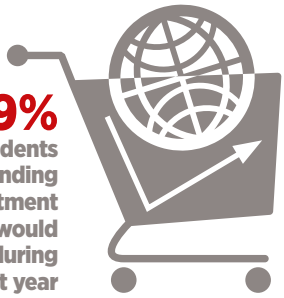
"It is essential that national regulators do not compete on regulatory and supervisory treatment. It is high time to strengthen the instruments to support supervisory consistency across the EU."

Steven Maijoor, chairman of the European Securities and Markets Authority, argues the case for a stronger mandate to prevent a race to the bottom in regulatory frameworks.

SOURCE: *THE FINANCIAL TIMES*, 11 APRIL 2017

WIKIMEDIA

{ FINDINGS FROM THE 2017 AMEX *GLOBAL BUSINESS & SPENDING OUTLOOK* }



99%
of respondents said spending and investment worldwide would increase during the next year

48%
said they would increase headcount

67%
said they would be spending more on customer service

81%
said that, in their business, the CFO has more influence over strategic decision-making than the CEO

51%
said they would increase spend on technology infrastructure

{ CONTEXT OF TREASURY }

A THIRD OF UK BANKS CANCEL GDPR PREPARATIONS

A third of businesses in the UK banking sector have halted preparations to comply with the EU General Data Protection Regulation (GDPR), on the mistaken basis it will not apply after Brexit.

In a survey of IT decision-makers in the banking sector, information-management firm Crown Records Management found 33% have cancelled all preparations for GDPR compliance, while 5% had not begun preparation. More than half (55%) believed the regulation would not apply to businesses in the UK following the vote to leave the EU.

The regulation, which harmonises data-protection regimes across the EU and has been ratified in the UK, will come into force in May 2018, almost certainly prior to Britain completing its exit arrangements. The regulations introduce significant fines – up to €20m or 4% of global turnover – for businesses that suffer data breaches.

Crown's survey found more positive initiatives afoot, too. Eighty per cent of businesses with more than 100 employees have appointed a data-protection officer, in line with GDPR requirements, and 38% have introduced staff training.

However, director of information management John Culkin said it was important that firms don't delay preparations further, since the regulations will apply to all businesses that handle data relating to European citizens. "The reality is we are likely to continue to see stringent data protection in an independent UK rather than a watered-down version," he said.

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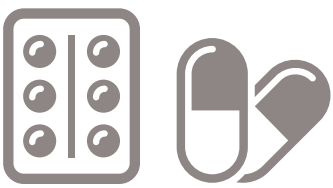
"The challenge for policymakers is to ensure that fintech develops in a way that maximises the opportunities and minimises the risks for society. We are ideally positioned to realise fintech's promise in the UK."

Mark Carney, speaking at a UK government-sponsored event, argued fintech could promote financial stability and boost growth.

SOURCE: *CITY A.M.*, 12 APRIL 2017

€16,000
The amount France's Institute for Space Medicine and Physiology will pay volunteers to spend 60 days lying prone, exploring the effects of microgravity



€5.3bn
The amount Bain Capital and Cinven paid for German drugmaker Stada, the biggest private equity purchase of a European company in recent years

$100m
The amount paid by the US Securities and Exchange Commission to whistle-blowers since 2012

75 million
Germany's projected population by 2050, down from 82 million

31%
The projected decline in Japan's population by 2065, down to 88 million from today's 127 million

28%
The percentage of businesses reporting a decline in job applications from EU citizens since last June, according to recruitment firm Reed