DUFF & PHELPS

REGULATORY FOCUS

A synopsis of the Financial Conduct Authority's (FCA) latest news and publications issued in June and July 2017.

ISSUE 109

Countdown Until MiFID II: Less Than 100 Business Days

MiFID II

As our readers will be aware, we have been discussing topical issues and challenges of MiFID II for the last few months. The FCA published a Policy Statement in early July which finalises the FCA's work on MiFID II. We explore this in detail within this newsletter.

MiFID II will affect firms in different ways depending on their permissions and business models. However, all firms should now have a project underway to prepare for MiFID II including:

- Undertaking an analysis of the changes under MiFID II that will affect their firms
- Reviewing their businesses
- Generating action trackers and delegating appropriate tasks
- Talking to service providers where necessary
- Developing systems changes where required

Firms' compliance manuals and procedures will also need to be updated before MiFID II is implemented on 3 January 2018.

The FCA expects all firms to be compliant with MiFID II on 3 January 2018, so with only 20 weeks to go, time is running out for firms that need to implement necessary systems changes. For instance, firms that need to undertake transaction reporting and to whom best execution applies, will find this deadline incredibly tight if they have not yet started to work on this. We urge firms in this or a similar position to contact us if they wish to discuss their requirements further.

We've developed a MiFID II Solution Analyser Tool ("MAST") which will enable you to identify any problem areas if you have concerns about meeting the deadline.

Regulatory change

This is a time of great regulatory change, MiFID II being the largest change for most firms. We also have the recent changes brought in by the Fourth Money Laundering Directive in June 2017, covered in our previous newsletters. The FCA is also consulting on the implementation of the Senior Managers and Certification Regime to all FCA firms in 2018. This will replace the Approved Persons' regime and is summarised within this newsletter.

OUR RECENT AWARDS

BEST COMPLIANCE CONSULTING TEAM
Women in Compliance Awards 2017

BEST GLOBAL REGULATORY ADVISORY FIRM
Hedgeweek Global Awards 2017

EUROPEAN SERVICES - BEST CONSULTANCY FIRM 2016
CTA Intelligence

BEST EUROPEAN OVERALL ADVISORY FIRM 2016
HFMWeek

BEST OVERALL ADVISORY FIRM IN THE U.S. 2014*
HFMWeek

BEST ASIAN ADVISORY FIRM FOR REGULATION AND COMPLIANCE 2014*
HFMWeek

BEST EUROPEAN ADVISORY FIRM FOR REGULATION AND COMPLIANCE 2014*
HFMWeek

BEST ADVISORY FIRM REGULATION AND COMPLIANCE 2014
*HFMWeek**

BEST SEC REGISTRATION TEAM - HONG KONG 2014*
Acquisition International

*Awarded to Kinetic Partners, which was acquired by Duff & Phelps in January 2015

Supervision Matters

FCA Publishes Quarterly Consultation Paper CP17/14

12 June 2016

The FCA published its quarterly Consultation Paper which consults on miscellaneous changes to its handbook. The CP proposes the following changes:

Training and Competence sourcebook ("TC")

- Updates to the list of appropriate qualifications in TC Appendix 4

Supervision Manual ("SUP")

- Changes to clarify that the auditor of a firm operating a crowdfunding platform must prepare and submit a client assets report to the FCA
- Miscellaneous updates throughout SUP to ensure that regulatory reporting methods outlined in the manual are up to date with current practices

This consultation remains open until 12 August with regard to the regulatory reporting changes. The consultation for all other changes closed on 12 July.

For more information, the full text of CP17/14 can be found here.

FCA publishes consultation paper in light of the Fourth Money Laundering Directive (4MLD) and Fund Transfer Regulation (FTR) implementation

12 June 2017

The FCA published CP17/13 which consults on proposed changes to its guidance required as a result of the 4MLD and FTR.

The regulations require firms to ensure they have appropriate policies and procedures in place to assess anti money laundering risks and to ensure they have the correct measures in place to address those risks, including appropriate client due diligence and monitoring of the firm's activities.

The implementation of the regulations facilitates greater powers being given to the FCA to ensure that firms comply, including the assessment of the fitness and propriety of those in charge, as well as enhanced enforcement tools to take action against those firms and individuals who may have committed a breach.

Under the new regulation, the FCA will have the additional power to cancel, suspend or restrict an authorisation or registration of an authorised person or payment service provider. Furthermore, the FCA will be able to prohibit the officer responsible for a contravention from holding a management role at a firm, relevant person or payment service provider. An amendment to the Enforcement Guide ("EG") 19.15.6 is also proposed to clarify that settlement discounts will not be available for cancellations of authorisation or registration and for permanent prohibitions.

Additional amendments highlighted in the CP include:

- Amending EG 19.14.3, 19.14.5 and 19.15.2 to reflect the FCA's expanded enforcement toolkit
- Amending EG 19.15.2 and the Decision Procedure and Penalties Manual ("DEPP") 2 Annex 1G in addition to deleting EG 19.15.4 to reflect that the FCA will be required to give a warning notice and decision notice when proposing or deciding to impose a civil penalty
- Amending EG 19.15.5 to clarify that the FCA considers guidance issued by a European Supervisory Authority when deciding whether a person has failed to comply with the new regulations

The consultation period for this CP ended on 7 July 2017 and a Final Policy statement is expected shortly.

For further information, the full text of CP17/13 can be found here.

FCA publishes final rules on MiFID II

3 July 2017

The FCA published its second MiFID II Policy Statement (PS17/14), which substantively completes and finalises the FCA's policy work on MiFID II. This Policy Statement largely confirms the previously consulted-upon rules, but several changes have been made and new rules introduced.

These are summarised below:

Payment for research: The FCA has introduced a new exemption that disapplies the MiFID II research payment rules for collective portfolio managers ("CPMs") that either (a) do not generally invest in assets that can be held by a depositary; or (b) generally invest in non-listed companies to acquire control. These exemptions will be of relevance mainly to Private Equity and other firms with similar styles of investment. The FCA have also introduced new guidance around accepting research under trial periods without payment, and in addition around accepting connected research in relation to an IPO. It has been clarified that both of these practices are acceptable and can be received without payment under the MiFID II inducement and research rules.

Best execution: In a significant change for Alternative Investment Fund Managers ("AIFMs"), the FCA has reversed its earlier consulted upon position, and has now decided not to apply the detailed MiFID II best execution rules to AIFMs. This includes the RTS 28 public disclosure requirements around best execution (the "top 5 venues" disclosure) which will now no longer be necessary for Full Scope AIFMs or Small Authorised AIFMs. UCITS Managed Companies on the other hand, along with MiFID Investment Managers will still be subject to the MiFID II best execution rules and the RTS 28 public disclosure requirements as previously consulted upon.

Telephone taping: Where the FCA is able to exercise discretion, this requirement has been reduced so that in summary only transactions within scope of the EU Market Abuse Regulations (e.g. listed instruments) now need to be recorded. Note that this carve out only applies to firms where the FCA has exercised its discretion in gold-plating the rules, and it does not apply to MiFID Investment Managers where the FCA has no such discretion. Firms able to take advantage of this carve-out include (in relation to their non-MiFID business only) Full Scope AIFMs, Small Authorised AIFMs and UCITS Management Companies. MiFID Investment Managers will still need to record all calls relating to transactions in any financial instrument, as will Collective Portfolio Managers in relation to any MiFID business undertaken.

Client classification of local public authorities: UK local public authorities will now be classified as Retail Clients, although they can still potentially opt-up to Professional. The opt-up test has now been modified to refer to a portfolio size of at least £10m, with the client also either carrying out 10 significant transactions per quarter, the decision maker having worked in the financial sector or the client being classified as an 'administering authority'. For non-UK local public authorities, firms must also have regard to any alternative criteria adopted by the home EEA Member State of the local public authority.

If you would like to read the full Policy Statement and review the revised Handbook text, please click here.

FCA publishes proposals on staff incentives and performance management in consumer credit firms

4 July 2017

The FCA has published a Consultation Paper, CP17/20, which contains proposals on how consumer credit firms should manage risks related to staff incentives, remuneration and performance management. In August 2015, the FCA undertook a thematic review of 98 consumer credit firms to better understand remuneration practices in that market. Twenty-five firms out of this sample received on site visits from the FCA.

As a result of the review the FCA found many firms had high elements of risk in their incentive schemes and had either not recognised those risks or had not taken sufficient steps to mitigate them. Those risks relating to incentive schemes primarily arose where staff earned commission payments based on the volume or value of sales or collections.

The FCA recognises that any such scheme carries risk and this increases where:

- Commission accounted for most customer facing staff's pay
- There were different rates of commission earned for different products (particularly substitutable ones) or produces sold on different terms
- The rate of commission varied depending on certain targets being met

The FCA proposes that a new rule and guidance be inserted into the Consumer Credit Sourcebook to ensure that consumer credit firms identify and manage risks arising from incentives schemes and performance management. Furthermore the FCA proposes non-Handbook guidance to demonstrate poor and best practice for relevant Firms.

This Consultation closes on 4 October 2017 with a policy statement and finalised guidance expected in Q1 2018. For further information the FCA's press release can be found here and the full text of CP17/20 can be found here.

Individual Accountability: Extending the Senior Managers and Certification Regime to all FCA Firms

26 July 2017

The FCA published its long-awaited Consultation Paper detailing how the Senior Manager and Certification Regime (SM&CR) will be rolled out to all regulated financial services firms. This follows the implementation of SMCR within banks and building societies in March 2016.

SM&CR is an integral part of supporting the FCA's Culture and Governance focus, as discussed in the 2017/18 Business Plan. SM&CR will replace the current Approved Persons regime, and comprises of the Senior Managers Regime, Certification Regime and Conduct Rules, which will be applied to all FCA solo-regulated firms.

The FCA is proposing to introduce a three-tier model and to apply SM&CR in a proportionate way. The Consultation Paper provides clarification on how SM&CR will apply to different types of firms which are defined as:

- Limited Scope
  A reduced set of requirements will be applied to a small proportion of firms such as internally managed AIFs, limited permission consumer credit firms and sole traders
- Core
  A standard set of requirements will be applied to FCA firms except for Limited Scope firms. The requirements comprise of the Senior Managers Regime, Certification Regime and Conduct Rules
- Enhanced
  There will be additional requirements for significant or complex firms, e.g. CASS large firms, significant IFPRU firms and firms with assets under management of £50 billion or more. In addition to the core requirements, these firms will need to develop responsibility maps, document handover procedures and confirm there is a senior manager in place that has an overall authority for each area of the business.

The Consultation Paper includes a "Firm Checker" to assist firms in determining their classification and how SM&CR applies.

Senior Managers Regime

Senior Managers will need to be pre-approved by the FCA to hold Senior Management Functions (SMF's), such as the roles of Chief Executive, Executive Director, Partner, Compliance Oversight and Money Laundering Reporting Officer. As part of the approval process a Statement of Responsibilities will need to be submitted to the FCA on behalf of each person holding a SMF, confirming what they are responsible for. In addition, these senior managers are subject to either the Core or Enhanced regime and will be required to undertake Prescribed Responsibilities. All senior managers will have a general Duty of Responsibility, which means that they may be held accountable if they did not take reasonable steps to prevent a breach in the area for which they are responsible. Further information on the duty of responsibility will be published in a Technical Consultation Paper due to be released later this year.

Certification Regime

Individuals holding roles which could cause significant harm to clients or the firm, such as material risk takers, those in a CASS oversight role, risk management or client dealing function, will be deemed to hold a "Certification Function". Individuals in Certification Functions will not, however, need to be pre-approved by the FCA. Firms will need to certify, on an annual basis, that these individuals remain suitable to perform their role.

Conduct Rules

The Conduct Rules are high-level standards of behaviour expected of all employees working in the financial services industry. The Conduct Rules will be based on the current Approved Persons Statements of Principles and Code of Practice and will be divided into two tiers; one applied to all individuals the other will apply specifically to holders of Senior Manager Functions.

Next steps

The Consultation Paper provides territorial scope guidance as to the application of SM&CR, including application to incoming UK branches, but does not provide guidance on the impact of SM&CR on Appointed Representatives. It is anticipated that a further consultation paper will be released to cover application to Appointed Representatives.

The FCA raises specific questions regarding the proposed implementation of SM&CR and any feedback should be provided to the FCA by 3 November 2017. The regime is to be implemented during 2018.

To read the full Consultation Paper, please click here.

Enforcement Matters

Two Charged with Insider Dealing

16 June 2017

Following a joint investigation with the National Crime Agency, the FCA has started criminal proceedings against a former compliance officer of the London branch of an international financial services firm and another individual. The charges relate to five counts of insider dealing which allegedly took place between 3 June 2013 and 19 June 2014. The accused have yet to enter a plea but if convicted could face a fine and up to seven years' imprisonment.

For more information, the FCA's press release can be found here.

Other publications

FCA Market Watch 52

2 June 2017

In the latest edition of Market Watch the FCA reaffirms its expectations that regulated firms should ensure they are not used to facilitate market abuse and to minimise the chances of them being involved in financial crime.

The Regulator focuses on dividend arbitrage where shares are placed in alternative tax jurisdictions with the aim of minimising withholding taxes (WHT) or generating WHT reclaims.

It is the Regulator's view that there is a danger that "Some firms may become involved in potentially contrived transactions created in order to support fraudulent WHT reclaims" if they do not have the appropriate checks and balances in place. As well as being potentially criminal in nature, such activity may also amount to market abuse. The FCA advises, "Firms which execute transactions with or on behalf of clients who are engaging in such strategies, should be alert to the risk that they may be used to facilitate market abuse or to further financial crime. Under our rules, firms are required to establish and maintain effective controls to ensure that they manage these risks and their strategies are compliant."

Furthermore, the Regulator emphasises firms' responsibilities outlined in the EU's Market Abuse Regulation (MAR) which took effect in July 2016. MAR aims to strengthen prohibitions on insider trading and market manipulation, and extends existing rules to new markets and products. It requires persons professionally arranging or executing transactions in financial instruments to report suspicious orders and transactions via a (STOR), where they have "reasonable suspicion" that an order or transaction could constitute market abuse.

The FCA expects firms to consider the points arising from Market Watch 52 and to incorporate them into existing monitoring processes when taking on new business and accepting clients.

MAR also requires market operators and investment firms that operate a trading venue to report orders and transactions that "could constitute" market abuse.

To access the edition of Market Watch please click here.

FCA Publishes final report into asset management sector

28 June 2017

The FCA has published its final report on its Asset Management Market Study. Most of these proposals were already highlighted in its interim report published on 1 November 2016. This report highlights that the FCA found that price competition is weak in several areas of the industry. Even though a large number of firms operate in the market, the Regulator found evidence of sustained, high profits over many years. The FCA also found that investors are not always clear on the objectives of funds and fund performance is not always reported against an appropriate benchmark. In addition, the FCA had concerns about the way the investment consultant market operates.

The FCA's package of remedies fall into three areas.

1. To help provide protection for investors who are not well placed to find better value for money, the FCA proposes to:
   - Strengthen the duty on fund managers to act in the best interests of investors, with a greater emphasis on considering value for money. The FCA proposes a requirement on fund managers to introduce independent scrutiny of this, through the appointment of a minimum of two independent directors
   - Make it easier for fund managers to switch investors into cheaper share classes
   - Require fund managers to return risk free box profits

The changes in this area will apply directly to Authorised Fund Managers (AFMs) of regulated funds, and thus may not directly affect Alternative Investment Fund Managers (AIFMs). AIFMs however, may find their delegated investment management fees under greater scrutiny from the independent directors of AFMs.

2. To encourage competitive pressure on asset managers, the FCA will:
   - Support the disclosure of a single, all in fee to investors
   - Support the consistent and standardised disclosure of costs and charges to institutional investors
   - Recommend that the Department for Work and Pensions remove barriers to pension scheme consolidation and pooling
   - Chair a working group to focus on how to make fund objectives more useful and consult on how benchmarks are used and performance reported

The FCA has acknowledged the changes being brought about in relation to the disclosure of costs and charges by MiFID II. The FCA will assess the effectiveness of these changes before any new rule-making in this area.

3. To help improve the effectiveness of intermediaries, the FCA will:
   - Launch a market study into investment platforms
   - Seek views on a market investigation reference regarding the institutional advice market to the Competition and Markets Authority (CMA)
   - Recommend that the Treasury brings investment consultants into the FCA's sphere of Regulation

The FCA has published draft rules in CP17/18 which propose new rules for AFMs to improve governance of regulated funds. The deadline for responses to the consultation is 28 September 2017.

The FCA has also published a consultation on rejecting the undertakings in lieu of a reference to the CMA. The deadline for responses to the consultation is 26 July 2017. The FCA expects to publish a final decision on whether to make a market investigation reference to the CMA in September 2017.

For further information the FCA's press release can be found here.

FCA CEO delivers speech on free trade and open markets in light of BREXIT

6 July 2017

Andrew Bailey, Chief Executive of the FCA, has delivered a speech which highlights the work the FCA is carrying out in relation to Brexit, and the anticipated impact on financial services.

The speech emphasised the importance of freedom of trade and open markets, and stating that Britain leaving the European Union need not lead to trade being restricted.

The FCA is taking a number of measures in relation to Brexit, by working with the Government to create an appropriate regulatory regime for the time when Britain ceases to be a member of the EU. These measures include:

- Being prepared to provide the Government with technical advice relating to the upcoming negotiations
- Consulting with firms to understand their plans for cross-border operations once Britain leaves the EU
- Working with the Government on the Repeal legislation

The extra work being conducted by the FCA in relation to Brexit has resulted in the Regulator levying an additional sum to cover the costs of the resources required.

With regard to the impact of Brexit on financial services, Mr. Bailey stated the benefits of open markets and free trade which enables healthy competition which is an important objective of the FCA. He stated the need to preserve the close regulatory and supervisory links with the EU and that this consists of four permanent features:

- Comparability of rules
- Supervisory co-ordination
- Exchange of information
- A mechanism to deal with differences
- Transitional arrangements in place to ensure a smooth path to the post Brexit world

Mr. Bailey concluded by restating that his objective is to "achieve good financial conduct which includes the integrity of markets, the fair treatment of consumers and ensuring effective competition". This objective is clearly shared by other national regulators, and Brexit will not change this. While Mr. Bailey acknowledged that the legal basis for international coordination between regulators will change, the fundamental objectives remain the same, and will continue to be sought with Brexit in place.

To read the full speech, please click here.

FCA sets out scope of Investment Platforms Market Study

17 July 2017

The FCA has published the terms of reference for the Investment Platforms Market Study which commences its review of platform service providers and other firms that allow investors to access retail investment products through an online portal.

The FCA noted that the platform market has grown steadily over the last eight years, with assets under administration for both advisor and direct platforms increasing to £592 billion in 2016. When combined with £100 billion from firms offering similar services, this accounts for 78% of the retail investment market.

Retail investors and their financial advisers use investment platforms to access information and as tools to make investment choices, to execute, review and potentially change their investments. Platforms also interact with other platforms, advisors, asset managers and fund ratings providers. The FCA intends to assess whether these relationships work in the interests of investors. The FCA indicated that it wanted to explore whether platforms help investors make good investment decisions and whether their investment solutions offer investors value for money. The FCA is also interested in what impact platforms have on overall charges investors pay for their retail investment products and whether platforms use their bargaining power to negotiate good deals for investors.

The study follows on from the Asset Management Market final report that highlighted a number of potential competition issues in the platforms sector.

To assess whether competition between investment platforms works in the interests of consumers the study will explore the following topics:

- Barriers to entry and expansion
- Commercial relationships
- Business models and platform profitability
- The impact of advisers
- Customer preferences and behaviour

The FCA noted that it welcomes feedback on these topics by 8 September 2017. The aim is to publish an interim report by summer 2018 which will set out preliminary conclusions and any potential remedies to address concerns.

To read the full article, please click here.

ESMA

ESMA Publishes final report on Product Governance Guidelines

5 June 2017

The European Securities Markets Authority ("ESMA") has published its final report on product governance guidelines under MiFID II. The purpose of these requirements is to enhance investor protection by regulating the life cycle of financial products and services to ensure firms that manufacture and distribute financial instruments and structured deposits act in the client's best interest. This final report follows responses to the Consultation Paper issued on 5 October 2016 and advice received from the Securities Markets Stakeholder Group.

The product governance requirements, which are set out in articles 16(3) and 24(2) of MiFID II, in addition to Articles 9 and 10 of the MiFID II Delegated Directive, cover a broad range of topics, both product and process related. While compliance with all aspects of the Directive is equally important, the guidelines published in ESMA's final report predominantly address the target market assessment. This aspect of the Directive is of paramount importance to ensuring the uniform and consistent application of the articles mentioned above.

The report also contains a cost benefit analysis which addresses the various one off and ongoing compliance costs investment firms will be faced with as a direct result of MiFID II. ESMA asserts that the costs associated with the new MiFID II requirements will result in a higher standard of service to clients and an increased degree of investor protection. Furthermore, due to the overall intention to reduce client detriment ESMA believes that the benefits reaped as a result of the MiFID II regulation will outweigh all associated costs in respect of these guidelines.

For more information ESMA's press release can be found here and the full text of the report can be found here.

ESMA publishes 2016 Annual Report

14 June 2017

ESMA has published its 2016 Annual Report which sets out its objectives, activities and key achievements in 2016.

It highlights that it has continued to make progress with its objective to enhance investor protection and promote stable and orderly financial markets which has been achieved through the following actions:

- Assessing risks to investors, markets and financial stability
- Creating a single rulebook
- Promoting supervisory convergence
- Supervising credit rating agencies and trade repositories

The report provides greater detail on the work conducted in each of the above areas and to access the report in full please click here.

ESMA Consults on Draft Standards for Trading Obligation for Derivatives Under MIFIR

19 June 2017

ESMA has published a CP regarding its draft technical standards which specify the trading obligation for derivatives under the Markets in Financial Instruments Regulation ("MiFIR").

The trading obligation in MiFIR will move OTC trading in liquid derivatives onto organised venues in order to increase market transparency. MiFIR's trading obligation is closely linked to the clearing obligation under the European Market Infrastructure Regulation ("EMIR"). If a class of derivatives must be centrally cleared under EMIR, ESMA must then determine if that class of derivatives or a subset of them must be traded on venue. Article 32(2) of MiFIR specifies that the following two factors have to be met when determining whether a class of derivatives subject to the clearing obligation under EMIR should also be made subject to the trading obligation.

- *The venue test:* the class of derivatives must be admitted to trading or be traded on at least one admissible trading venue
- *The liquidity test:* the derivatives must be "sufficiently liquid" and a third party buying and selling interest must be present

The appropriate venues for MiFIR's trading obligation are regulated markets, multilateral trading facilities, organised trading facilities or any equivalent third country trading venue. Furthermore ESMA will take into account a variety of factors when determining if a derivative product is of sufficient liquidity such as:

- The average size and frequency of trades over a range of market conditions
- The number and type of active market participants
- The average size of spreads

The consultation closed on 31 July 2017. Feedback received from this consultation will be used by ESMA to finalise its draft of the Regulatory Technical Standards on the trading obligation.

For further information ESMA's press release can be found here and the full text of the consultation paper can be found here.

Updated ESMA Question and Answers for UCITS and AIFMD

11 July 2017

ESMA updated it's Q&A for UCITS and AIFMD earlier this month which are relevant for Annex IV reporting purposes. The Q&A's cover the following areas:

AIFMD Q&A's

- Loans purchased on the secondary market
- Conversion of the total value of assets under management
- Currency of the net asset value

The AIFMD Q&A's cover with regards to Annex IV reporting, the conversion of AUM into Euro's and currency reporting (for the NAV). It also covers how purchases of loans in the secondary market should be addressed. The updated Q&A here reflects AIMA proposals that AIFs are not required to use the notional value of loans in their portfolio to measure the AIF's exposure to such loans, and report the amount spent to acquire them.

UCITS Q&A's:

- Issuer concentration
- Group links, independence and cooling-off periods

The additional Q&A's cover the requirements on issuer concentration limits with reference to index-tracking UCITS and tackle the Delegated Regulation (Art.24) issue of independence where a person has served on the management or supervisory body of a "linked" entity within the group.

To view the updated Q&A's please click here.

ESMA Publishes Benchmarks Regulation Q&A on Transitional Provisions

5 July 2017

The Benchmarks Regulation ("BMR") aims to prevent harm that could affect those who use financial instruments, contracts or investment funds that reference benchmarks. The BMR will alter existing regulation of certain specified benchmarks and will extend the application of regulation to a wider range of indices.

BMR was agreed in June 2016 and, save for a few exceptions, will apply from 1 January 2018. Under the regulation, the two ways in which a benchmark administrator can gain permission to continue to issue benchmarks are authorisation or registration. Applications can be made from 1 January 2018. There will be a two year transitional period for benchmark administrators to submit applications.

The Q&A includes two answers regarding the transitional provisions under the BMR. It has clarified which benchmarks supervised entities will be allowed to use after 1 January 2018 as a result of the transitional provisions. These provisions will affect benchmark administrators and firms that are already supervised and contribute data to benchmarks.

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