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# Financial Regulation Monthly Breakfast Webcast

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# Conduct and culture – some recent insights

David Berman

# Setting the scene …

- Scenario 1: An employee witnesses a colleague being bullied by her manager
  - What, if anything, should the observing employee do at this moment? Should they intervene in some way to help the "target"? Are we confident that our employees would know how (and how they would be expected) to respond; and be aware of the potential alternative intervention techniques?
- Scenario 2: An employee observes a colleague jumping the barriers at the train station
  - A "victimless" incident. Same questions. Same answers?

# Setting the scene …

- Scenario 3: An employee overhears a colleague (X) whispering to another colleague (Y) that he (X) has just inadvertently emailed some sensitive client-related information to an unintended external recipient. X asks Y to "keep this between us" and Y agrees to do so
  - Here, a client's interests are at stake. How should the employee respond? Should she intervene?

# Introduction

- Much attention on implementation and maintenance of effective whistleblowing and speak-up frameworks (which tend to focus predominantly on reporting **post-event**, coupled with safeguarding the "reporter" from any adverse consequences), and to the importance of a creating a "psychologically safe" environment in the workplace
- However, there has been relatively little focus to date on the **real-time interventional role** of the employee bystander
- Interestingly, there has been even less focus on the role of the employee bystander in misconduct situations involving a perpetrator colleague, when there is **no human "victim"** (such as in scenario 2 above); or where a client's best interests are at risk of being compromised (scenario 3)

# Contextual backdrop

- Recent event, such as BLM and #MeToo have prompted a marked shift of focus onto the role and expectations of the employee bystander
- FCA focus on non-financial misconduct
  - Potentially important role for employee bystander in “calling-out” (and, where appropriate, potentially intervening in?) any relevant non-financial (and business-related) misconduct

# Bystander intervention

- Once used primarily on university campuses and in the military – but now gaining momentum elsewhere
- Growing appreciation that – alongside diversity and inclusion and the avoidance of unconscious bias – bystander intervention training and awareness can represent one of the most effective ways to help eradicate workplace misconduct

# Bystander intervention

- *"By empowering employees and managers with the skills they need to speak up against toxic behaviour and help prevent future incidents, organisations can take a powerful step toward building safer, more inclusive cultures – the kind of cultures people want to work in … As part of a holistic approach to improving workplace culture,* ***bystander intervention training can be vital to increasing employee engagement and creating a harassment-free workplace that promotes diversity, inclusion and allyship****."* Andrew Rawson, Co-Founder, Traliant, 2020
- Bystander intervention can be regarded, by logical extension, as equally significant in the context of other forms of misconduct, such as exclusion, bullying and racism

# Common intervention techniques

- Directing and/or disrupting the situation
- Confronting
- Distracting
- Supporting the target
- Reporting the incident

# Training and awareness

- The observer employee may often be the only witness in such situations – perhaps triggering a natural inclination to "turn a blind eye" because no one else is present or watching
- "Workshopping" centred around difficult / awkward scenarios – what does "doing the right thing" really mean in practice? "Right thing" by whom?!
  - Link to "Tone from Within" (a concept introduced recently by the FCA)
- Relatable interactive videos (or even situations played out in person by actors) can be powerful and enduring ways in which to raise awareness and provoke thought

# Some (gently provocative) self-assessment questions

- Do we recognise and appreciate the potentially integral interventional role played by the employee bystander?
  - If not, how are we nevertheless confident that we do not have a significant lacuna in our culture strategy?
- Have we focused sufficiently (or at all) on real-time bystander intervention (or has our focus been exclusively / predominantly on the post-event reporting of issues)?

# Some (gently provocative) self-assessment questions

- Do we effectively convey our expectations of our employees who happen to witness relevant misconduct (both involving and not involving human "victims") – not only in terms of post-event reporting, but also real-time intervention?
  - Should we explicitly reference these expectations in relevant internal policies / codes?
  - Would it be helpful to calibrate our expectations in terms of self-interest (and the temptation to turn a "blind eye") versus the "greater good"?
  - Do relevant training materials specifically include tricky bystander-related scenarios (both with and without human "victims")?
  - Have we explored the pros and cons of introducing a duty to intervene or report – rather, than having a "mere" expectation?

# Some (gently provocative) self-assessment questions

- Do we provide effective (and regularly refreshed) employee training (at all levels) on bystander intervention techniques?
  - If not, how do we realistically expect our employees to react appropriately?
- Is Senior Management "on message" and reinforcing the importance of the role of employee bystanders?
  - Is this demonstrably reflected – for instance, in management communiques or at town hall meetings?
  - Are successful interventions celebrated (albeit it on an anonymised basis)?
- Are our anti-retaliation controls sufficiently robust – so as to positively facilitate and encourage bystander intervention?
  - Do our employees have confidence in these controls? How do we know?
  - Are we taking anti-retaliation monitoring sufficiently seriously? Are we utilising all available techniques? How do we know?

# Some (gently provocative) self-assessment questions

- Is our HR function appropriately trained to advise on whether any disciplinary action against a passive bystander is warranted?
- How can we best measure and monitor the effectiveness of our bystander intervention efforts?
    - How do we integrate this information into our broader culture programme and related governance and oversight?

# Closing observations

- Based on our work and interactions in this field, it is clear that there is **often a mismatch between what employee bystanders would be inclined to do and what their employer would expect them to do, when they observe colleague misconduct (whether or not that happens to involve a human "victim")**
- This suggests that there is room for improvement – both in employers' calibration and articulation of their expectations of staff; and in the training of personnel so that employees are properly equipped to know how best to react in the circumstances

# Organisational Culture and Conduct

While institutions have primarily focused on post-event reporting of workplace misconduct, Latham lawyers explore whether organisations may be missing an important trick in achieving their cultural aspirations by overlooking the potential real-time interventional role of employees.

To access the article please click here.

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# ESG: a look at the latest package of reforms from the EBA and ESMA on ESG disclosures for bank and investment firms

Nicola Higgs

# Overview: EU legislative initiatives on ESG-related disclosures

| | | TCFD Guidelines | Non-Financial Reporting Directive | EU Taxonomy Regulation | CRR 2 & CRD 5<br>Pillar 3 Disclosures | IFD & IFR |
|---|---|---|---|---|---|---|
| **Entities in scope** | | Voluntary Global Standards<br>(Becoming **mandatory in multiple geographies inc. UK**) | **1. EU Corporates**<br>• 500+ employees<br>• EU listed instruments<br>Or other companies designated by NCAs are "public interest companies"<br>**2. EU Banks**<br>**3. EU Insurers** | **1. Corporate in scope of NFRD (inc. financial institutions)**<br>**2. Financial Market Participants** | 1. **Large financial institutions which have issued securities that are admitted to trading on any regulated market in the EU** | 1. **Class 2 investment** firms (i.e. firms **subject to the full prudential requirements set out in the IFR and IFD)** |
| **Snapshot** | | TCFD is a private sector task force with recommendations that are widely recognised as authoritative guidance on the reporting of financially material climate-related information | NFRD sets out disclosure rules in relation to ESG data, to the extent that such information is necessary for an understanding of the company's development, performance, position and impact of its activities | Codification system against which companies are required to disclose the extent to which their activities are aligned with the Taxonomy's sustainability metrics | Requires disclosure of prudential information on environmental, social and governance risks, including transition and physical risk | |
| **E** | **Climate** | Yes | Yes | Yes | Yes | Yes |
| | **Other** | | Yes | Yes | Yes | Yes |
| **S** | | | Yes | | Yes | Yes |
| **G** | | | Yes | | Yes | Yes |

# Pillar 3: Prudential disclosures of ESG risks (Article 449a CRR)

**What:** EBA Draft Implementing Standards on prudential disclosures on ESG risks in accordance with Article 449a CRR

**Consultation closes:** 1 June 2021

**Entities in scope:** Large institutions which have issued securities that are admitted to trading on a regulated market of any Member State

**Impact date:** 28 June 2022* on an annual basis during the first year and biannually thereinafter. Certain transitional arrangements apply:

- June 2024: disclosures on institutions' scope 3 emissions
- June 2024: disclosure of the green asset ratio on stock of assets for those exposures towards retail, and corporates not subject to NFRD disclosure obligation

* 26 December 2022 for IDD Class 2 firms

During the transitional period, credit institutions shall disclose proxy information on estimates and ranges based on:

i. Private relevant information communicated bilaterally to the institution

ii. Using as a fallback solution relevant proxies and coefficients on taxonomy alignment by sector, estimated by an independent Commission body, like the JRC/UZH alignment coefficients developed for the objective of climate change mitigation at sector aggregate level

**Focus areas**:

- Climate change and other environmental risks: information on environmentally harmful exposures (carbon intensive) and on mitigating actions, including taxonomy aligned activities (GAR)
- Social and governance risks

# Pillar 3: Sequential approach

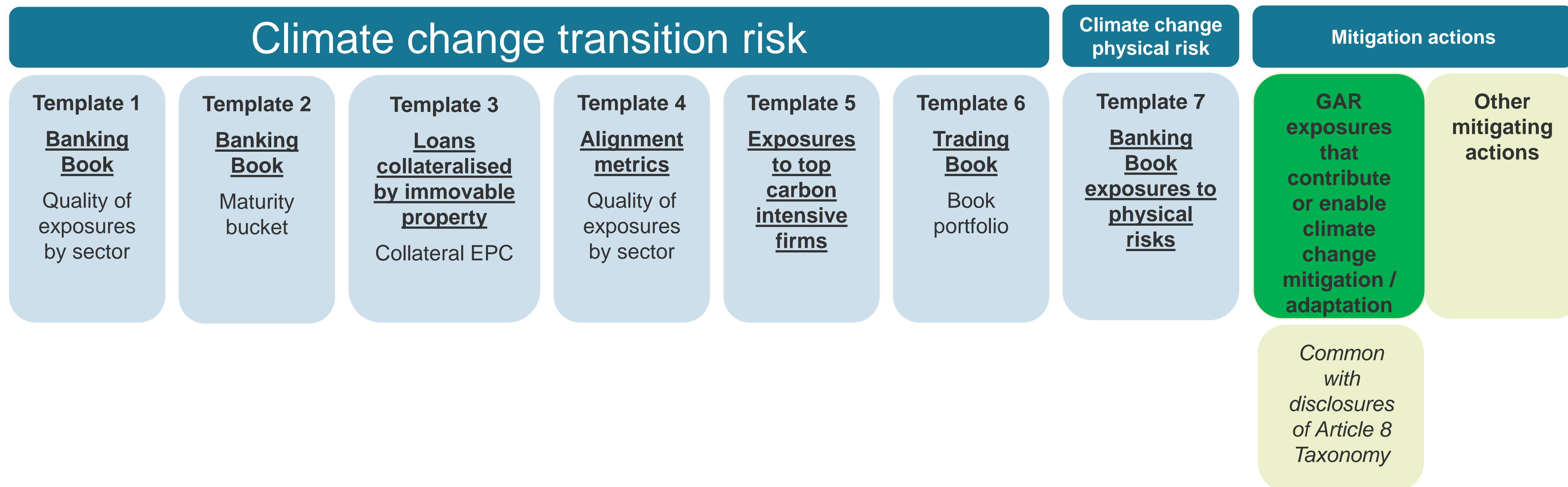
The EBA is proposing a sequential approach for the implementation of prudential ESG disclosures

1. **Quantitative information on climate change related risks, including transition and physical risks**
   - Transition risk - exposures towards sectors that highly contribute to climate change, with a breakdown on the one hand of exposures towards fossil fuel and other carbon related sectors and on the other hand of taxonomy aligned exposures. This information is combined with information on scope 3 emissions per sector
   - Physical risk - exposures towards sectors and geographies exposed to climate change events linked to physical acute and chronic risks, and a disclosure template including this information is included for consultation
2. **Quantitative information on other mitigating actions**
   - Climate change related risks, including information on taxonomy-aligned actions (GAR) and on other mitigating actions
3. **Qualitative disclosures on institutions' strategy, governance and risk management framework regarding ESG risks**
   - Three tables that specify the disclosure requirements on qualitative information related to ESG risks
   - Covers ESG risks that may manifest on institutions' balance sheets from the impact of ESG factors and risks on their counterparties through main transmission channels (including physical and transition channels)

**Coverage of disclosures to align with Taxonomy timeline**

Climate Change → Other environmental risks → Social & governance risk

# Pillar 3: Quantitative disclosure templates



# Pillar 3: Qualitative disclosure templates

## Disclosure qualitative information ESG risk

**Table 1 – Qualitative information on Environmental risk**

**Table 2 – Qualitative information on Social risk**

**Table 3 – Qualitative information on Governance risk**

**Governance arrangements**

- The responsibilities of the management body in setting, overseeing and monitoring the risk framework, objectives, strategies and policies in the context of ESG risks
- The integration of ESG risks in the organisational arrangements including role of risk committees, business lines and internal control functions
- Governance arrangements in terms of setting targets, escalation procedures and reporting
- Alignment of the remuneration policy with ESG risks

**Business model and strategy**

- Adjustment of the institution's business strategy to integrate ESG risks and factors
- Objectives, targets and limits for the assessment of environmental risk in short-term, medium-term and long-term, and performance assessment against these objectives and limits
- Policies and procedures relating to direct and indirect engagement with customers on their ESG risk strategies

**Risk management**

- Current standards that institutions use for ESG risk management (definitions and methodologies)
- Processes to identify activities and exposures sensitive to environmental, social and governance risks taking into account relevant channels and considerations specific to each risk categories
- Processes to identify and monitor exposures and activities that are subject to material ESG risk
- Institutions' activities, commitments and exposures to mitigate ESG risks
- Implementation of risk tools for identification and management of ESG risks such as stress test, scenario analysis
- Description of links between ESG risks and conventional risk categories such as credit risk, market risk, operational risk and liquidity risk

# EU Taxonomy Article 8 Disclosures: KPIs

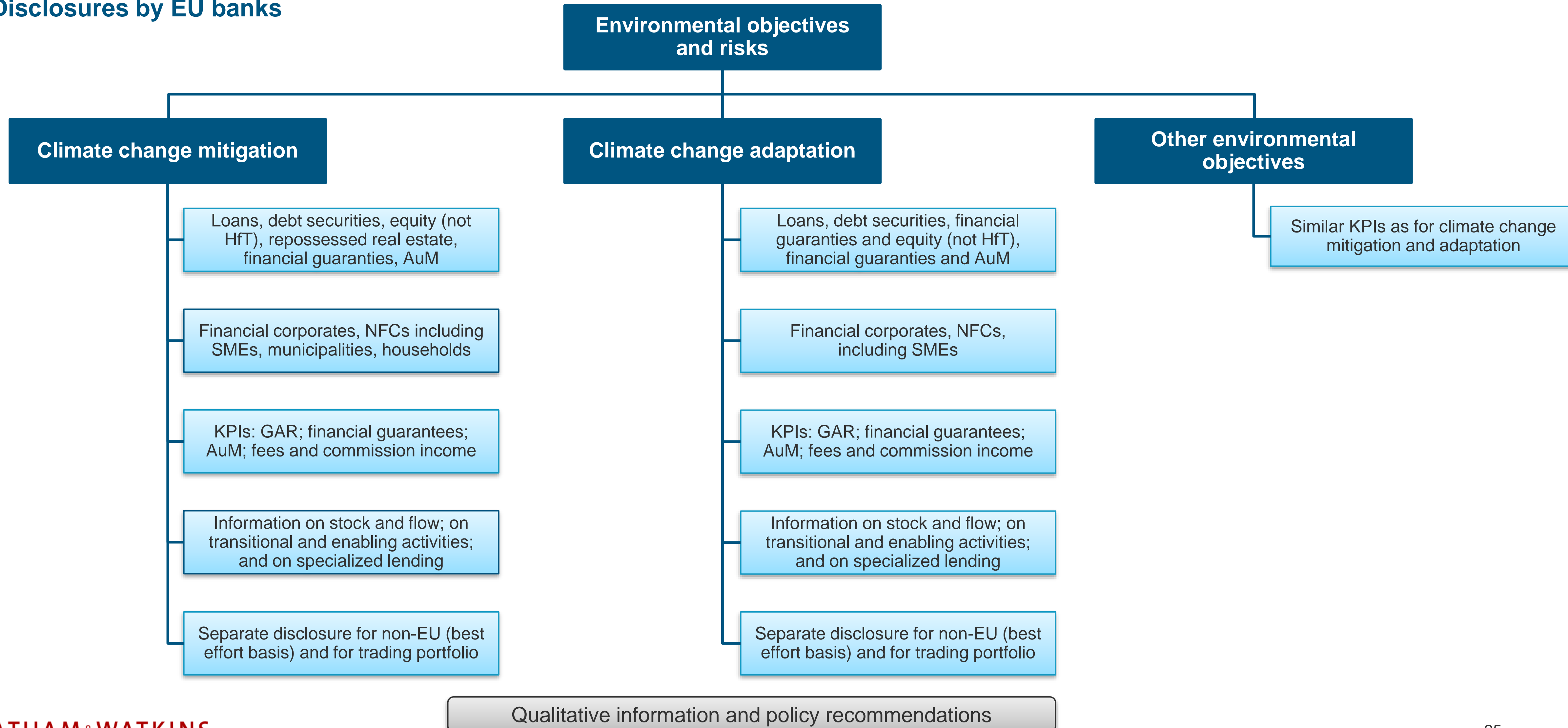
- **Entities in scope**: Banks and investment firms subject to disclosures under NFRD
- **Impact date**:
  - 1 January 2022 (with disclosure reference date end 2021): for the environmental objectives of climate change mitigation and climate change adaptation
  - 1 January 2023 (with disclosure reference date end 2022): other environmental objectives (sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems)
- **Focus areas**: Disclose information on how and to what extent their activities are associated with economic activities that qualify as environmentally sustainable under the EU Taxonomy Regulation

# EU Taxonomy Article 8 Disclosures: KPIs

- **Key points**:
  - The EBA's advice provides specific KPIs and methodology for the disclosures related to the objectives of climate change mitigation and adaptation, as the screening criteria to identify taxonomy-aligned activities have been developed only for those objectives
  - The advice includes general proposals regarding the other environmental objectives, but these proposals should be revised and further clarified once the screening criteria for these objectives have been specified during the course of 2022
  - The advice defines the green asset ratio (GAR) for the different on-balance-sheet portfolios and objectives and at aggregate level, a KPI for the most relevant off-balance-sheet assets (assets under management and financial guarantees) and a ratio based on fees and commissions for services other than lending and asset management
  - The EBA also defines templates and instructions with the quantitative information used for the calculation of the KPIs
  - The advice includes guidance for the disclosure of information for portfolios where disclosures are more challenging, due to the location of the counterparty (exposures outside the EU) or the variable nature of the portfolio (trading portfolio)
  - For the trading book, a separate KPI is proposed only for credit institutions with a significant trading portfolio
  - The EBA proposes qualitative information to be disclosed by credit institutions and investment firms that should complement the KPIs and quantitative disclosures

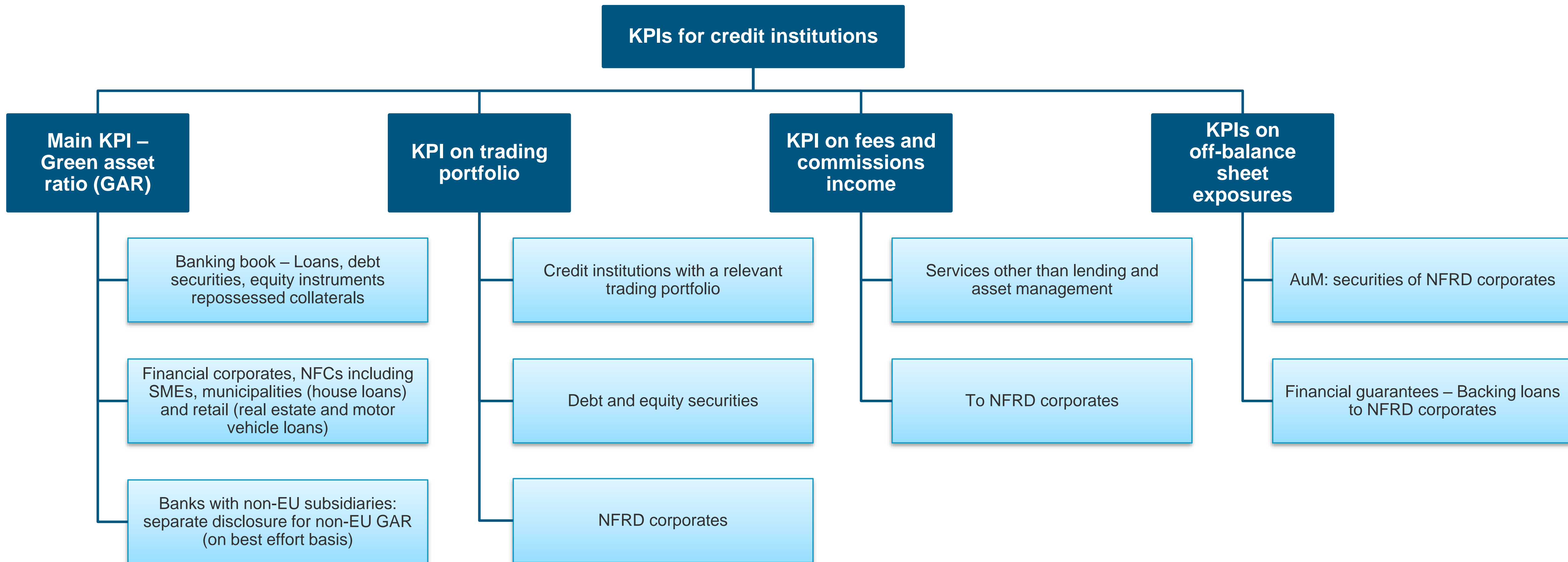
# EU Taxonomy Article 8 Disclosures: KPIs for Banks (1)

## Disclosures by EU banks



# EU Taxonomy Article 8 Disclosures: KPIs for Banks (2)

## Quantitative disclosures by EU banks

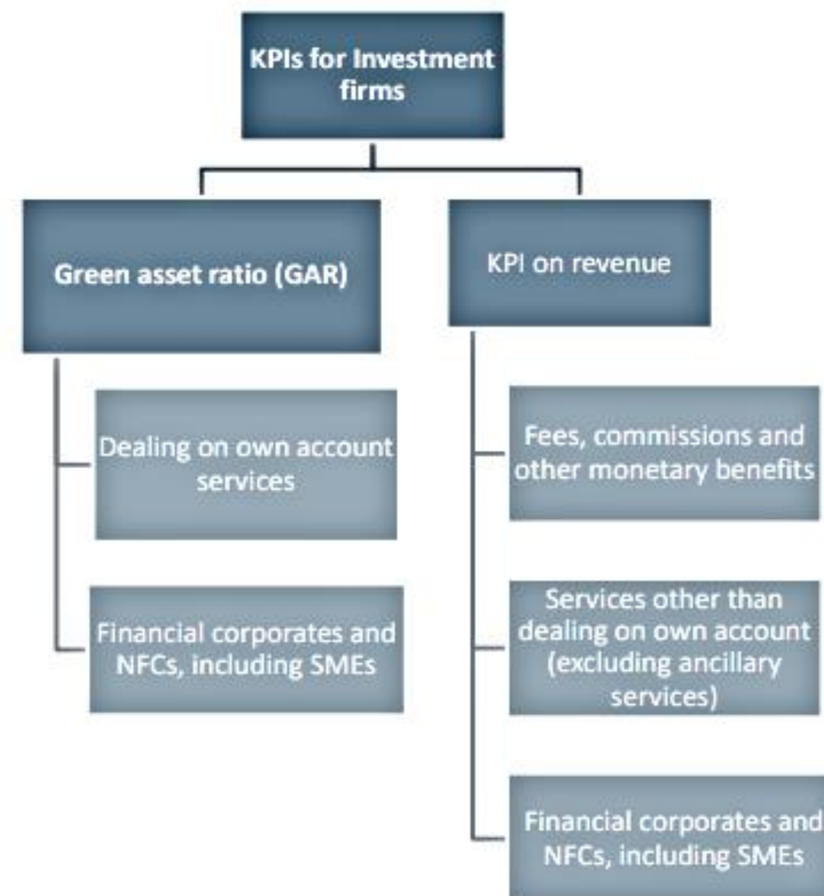


# EU Taxonomy Article 8 Disclosures: Advice for investment firms (1)

**Scope of investment services included in the Article 8 disclosure**

1. Dealing on own account

2. Other investment services
    - Reception and transmission of orders in relation to one or more financial instruments
    - Execution of orders on behalf of clients
    - Portfolio management
    - Investment advice
    - Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis
    - Placing of financial instruments without a firm commitment
    - Operation of an MTF
    - Operation of an OTF



# EU Taxonomy Article 8 Disclosures: Advice for investment firms (2)

## 1. Dealing on own account

| | Total assets | Assets covered by the EU Taxonomy | Assets linked to activities aligned with the EU Taxonomy |
|---|---|---|---|
| | [A] | [B] | [C] |
| Dealing on own account | | | |
| Of which, on own behalf | | | |
| Of which, on behalf of clients | | | |

**Simplified illustration for a dealing on own account calculation**

An investment firm dealing on own account has invested EUR 150 million in equity and corporate bonds. Only EUR 100 million of this investment is eligible under EU Taxonomy; that is the total assets considered for the KPI. Hence, EUR 100 million becomes the denominator of the KPI.

The investee companies receiving the EUR 100 million investment report under NFRD, therefore the investment firm in question would rely on the information reported by the investee company.

On a weighted average basis, the investee company reports 30% of its turnover contributing to sectors and activities aligned with the EU Taxonomy. Therefore, the taxonomy alignment of this investment from the investment firm's point of view is 30%. The investment firm should report this ratio in order to indicate the taxonomy-compliance of its activity.

It is also calculated that the share of assets eligible under EU Taxonomy is 67%.

For purposes of illustration, in addition to this, if the investment firm has an additional investment of EUR 5 million in green bonds fully complying with a future potential EU Green Bonds Standard, it can add up the EUR 5 million investment in green bonds as this investment receives a 100% weight in the numerator.

The overall alignment of the investment would then be approximately 33.3%, that is ((30+5)/105)*100.

# EU Taxonomy Article 8 Disclosures: Advice for investment firms (3)

## 2. Other investment services

| | Revenue from services and activities | Revenue from services and activities linked to sectors covered by the EU Taxonomy | Revenue from services and activities linked to sectors aligned with the EU Taxonomy |
|---|---|---|---|
| | [D] | [E] | [F] |
| Reception and transmission of orders in relation to one or more financial instruments | | | |
| Execution of orders on behalf of clients | | | |
| Portfolio management | | | |
| Investment advice | | | |
| Underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis | | | |
| Placing of financial instruments without a firm commitment basis | | | |
| Operation of an MTF | | | |
| Operation of an OTF | | | |

**Simplified illustration for an investment advice calculation**

An investment firm providing investment advice to a non-financial corporate receives a EUR 10 million fee for this investment service.

According to the NFRD disclosures of the client, its overall alignment with EU Taxonomy is 30%. In this case, the investment firm’s taxonomy alignment for the specific investment advice would also be 30% (or EUR 3 million).

In addition, the investment firm starts providing another investment advice service to a financial institution from which it receives a fee of EUR 50 million.

This financial institution, under NFRD, discloses its GAR at 5%. In this case, the taxonomy alignment of the investment firm’s services to these two clients would be approximately 9%, that is ((3+2.5)/60)*100.

# Moving the bar higher: breaching Principle 11 by not asking (all) the right questions, and the implications of the FCA's Final Notice to Charles Schwab UK

Jon Holland

# Background and summary

- Final Notice dated 21 December 2020 - https://www.fca.org.uk/publication/final-notices/charles-schwab-uk-limited-2020.pdf
- Directed to Charles Schwab UK Limited (CSUK)
- CSUK was originally a referral business, passing UK and Swiss based clients to another part of the Charles Schwab Group, CS&C
- CSUK began holding client money and safeguarding and administering assets in its own right in 2017

# CASS

- A gap analysis carried out prior to the change identified only one change relating to CASS
- But according to the Final Notice:
    - CSUK overlooked the requirements of Principle 10 to arrange adequate protection for client assets by failing to maintain its own records and accounts and simply continuing the pre-existing arrangement by which client monies and assets were swept (in accordance with an outsourcing agreement) into accounts maintained by CS&C

# CASS (cont.)

- Further, CSUK:
  - Failed to carry out client asset and money reconciliations or custody record checks
  - Did not have adequate organisational arrangements in respect of custody assets or client money
  - Did not have suitable monitoring and oversight of CS&C's outsourced activities for a time
  - Did not have a documented CASS risk assessment or a CASS resolution pack for a time

# CASS (cont.)

- So far, so (relatively) familiar. CSUK is by no means the first firm to fall foul of the complex CASS Rules, although that factor (the litany of previous Final Notices and penalties relating to CASS failures) led the FCA to increase the penalty for this aspect to a total of £7,138,000 (after the 30% discount for early settlement) because CSUK had failed to have regard to those Notices

# Section 20 FSMA

- The FCA also found that CSUK breached s20 FSMA by carrying on business for which it did not have permission, because its application to vary its permissions prior to the change in 2017 mistakenly failed to select permission to safeguard and administer assets without arranging (because arranging was outsourced to CS&C)
- CSUK identified this lacuna and made a further application to vary its permission to include arranging the safeguarding and administration of client assets without telling the FCA that it was already carrying out this activity without permission. That resulted in an additional penalty (after the discount) of £338,033

# Principle 11

- The most interesting aspect of the Final Notice is the FCA's findings in relation to Principle 11
- In the course of considering CSUK's application to vary its permissions, the FCA sent CSUK various requests for information, including for confirmation that CSUK had "*written confirmation from your auditor that adequate systems and controls are in place to manage both client money and client asset transactions*"
- CSUK replied that its auditors had "*confirmed we have adequate systems and controls in place to manage client money and client asset transactions*"

# Principle 11 (cont.)

- That statement was incorrect. Those responsible for reviewing and drafting CSUK’s reply assumed that there was a written record of the auditor’s confirmation and exchanged emails about locating it. But they didn’t check and so didn’t realise that no such record existed
- The FCA relied on CSUK’s reply when it approved CSUK’s application. Had CSUK failed to provide the confirmation, the FCA would have investigated the position further – and might have rejected the application

# Principle 11 (cont.)

- The P11 breach came to light because CSUK's auditors' first client assets report recorded a number of breaches relating to CSUK's arrangements for holding and controlling client money and safeguarding assets (which were remediated subsequently) and, when CSUK notified the FCA under P11 that this was likely to be its auditors' conclusion, it also notified the FCA that the report was the first time the auditors had considered CSUK's client asset systems and controls

# Principle 11 (cont.)

- According to the Final Notice:

  "*The Authority considers that Principle 11 does not apply only in cases where a firm chooses not to disclose information to the Authority.* ***Principle 11 also applies where, in providing information to the Authority, a firm fails to ensure that all information it provides to the FCA is factually accurate.*** *CSUK breached Principle 11 because* ***it failed to take reasonable steps to ensure that the information it provided to the Authority was accurate****. CSUK should have made enquiries from its auditors before making representations to the Authority. By failing to do so, CSUK took the risk that its response was not accurate. Consequently, the Authority considers that CSUK recklessly provided inaccurate information to the Authority and thus failed to meet its obligations under Principle 11.*" (Emphasis added)

# Principle 11 (cont.)

- The FCA concluded that the breach of P11 was one below the highest level of seriousness, which resulted in a penalty of £398,371. But the FCA also concluded that this amount was an insufficient deterrent to CSUK and others – and so multiplied it by a factor of **four**, resulting in a penalty (after the discount) of £1,115,400
- The total penalty was therefore £8,963,200

# Implications

- At first blush, the FCA’s statement sounds obvious – and right
- But it’s perhaps not as obvious as it sounds that a firm can breach an obligation to “*deal with its regulators in an open and cooperative way, and . . . disclose to the appropriate regulator appropriately anything relating to the firm of which that regulator would reasonably expect notice*” negligently, or even recklessly

# Implications (cont.)

- Breaching a Rule or a section of FSMA by doing something that is prohibited without the necessary permission or failing to do something that is required is fairly straightforward in most cases. Either the firm did – or failed to do – the thing concerned, and the only question is whether enforcement is appropriate and, if so, the appropriate penalty. CSUK didn’t set out to hide something from the FCA; it just didn’t ask itself all the right questions
- We haven’t identified a previous Final Notice in which a firm has been found to have breached P11 on this basis

# Implications (cont.)

- CSUK accepted the FCA’s conclusions and the bar for potential liability for breaching P11 has arguably been lowered as a consequence
- Firms now need to be able to demonstrate that, when they deal with the FCA, they have asked all the right questions – and tested the answers – or risk being found to have breached P11 as a result
- Precisely where the boundary now lies between a reckless breach of P11 and an honest mistake that is hopefully **not** a breach may be difficult to discern in future enforcement cases - particularly in the absence of sufficient information about precisely how CSUK got itself into a muddle

# The FCA's recent comments on the implementation of the MiFID II product governance regime

Jonathan Ritson-Candler

# Scope of FCA's review

- FCA reviewed 8 asset managers with AUM ranging from £2bn to £100bn
- Review was limited to asset managers **manufacturing** UK-authorised collective investment schemes that were available to retail investors through platforms on both an advised and execution only basis
    - Included comments on managers' relationship with their **distributors**
- Sample therefore focused on firms less able to leverage proportionality
- Review was of the complete product "lifecycle"

# Overarching findings

- Some asset managers were failing to comply with their product governance obligations, which “increases the risk of investor harm” and there is “significant scope” for asset managers to improve their product governance arrangements
- FCA will continue to focus on product governance and will undertake further work in this area, which may result in it making further changes to its rules and guidance
- Even for managers for whom the PG rules are guidance rather than binding rules, the FCA it expects firms to “carefully consider” the requirements to ensure they are acting in clients’ best interests

# Specific findings

| PG obligations | FCA's comments |
|---|---|
| **Negative target market** | Setting a negative target market is not compulsory. However, firms should be aware of any products not suitable for a particular target market in any event |
| **Conflicts of interest** | The FCA reiterated that having a framework in place without ultimately ensuring that conflicts either do not arise or are properly managed, does not meet its expectations |
| **Scenario analysis / stress testing** | FCA reminded firms that the product governance scenario analysis requirements may build on existing stress testing practices |
| **Costs and charges** | Costs and charges disclosures must be fair, clear, and not misleading, and that firms should ensure they match the disclosures contained in, for example, KIIDs, KIDs etc. |
| **Diligencing distributors** | Firms were not consistently performing due diligence on their distributors in order to be able to fully assess whether they were fit for purpose and, in turn, whether the distributors would ensure that products end up in the hands of the correct target market |
| **Distributor feedback** | FCA noted the challenges faced by firms in obtaining feedback but reiterated its importance for manufacturers to discharge their product review obligations. Firms should challenge distributors |
| **Governance and oversight** | FCA observed that the relevant PG committee's role and terms of reference were often poorly defined, and that there were limited examples of meaningful challenge |

# Action points for all firms

- Consider reviewing proportionality analysis in light of the FCA's findings as they are generally applicable to all firms
- Note also recent launch by ESMA of a [Common Supervisory Action] with EU NCAs on the application of MiFID II PG to analyse:
  - How manufacturers ensure that financial products' costs and charges are compatible with the needs, objectives and characteristics of their target market and do not undermine the financial instrument's return expectations
  - How manufacturers and distributors identify and periodically review the target market and distribution strategy of financial products
  - What information is exchanged between manufacturers and distributors and how frequently this is done

# Watch points

- Further FCA work in this area (additional manufacturer / distributor types, additional product types, additional end investor types?)
- Any amendments to the FCA's PROD sourcebook (and, if so, will these be limited to asset managers manufacturing for retail?)
- The results of the ESMA Common Supervisory Approach and whether this prompts changes at EU level and/or at Member State level
  - Increased likelihood of post-Brexit divergence

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