

**Minutes of Meeting of the
City of London Law Society Regulatory Law Committee (the "Committee")**

Held on Tuesday 10 May 2022 at 12.30pm

In person

ATTENDEES

Present	Firm Represented
Karen Anderson	Herbert Smith Freehills LLP
Matthew Baker	Bryan Cave Leighton Paisner LLP
Richard Everett	Travers Smith LLP
William Garner	Charles Russell Speechlys LLP
Mark Kalderon	Freshfields Bruckhaus Deringer LLP
Anthony Ma	Deloitte UK
Brian McDonnell	McDonnell Ellis LLP
Hannah Meakin	Norton Rose Fulbright LLP
Simon Morris	CMS Cameron McKenna Nabarro Olswang LLP

1. MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting of the Committee held on 12 April 2022 were approved.

2. FCA: THEMATIC REVIEW ON OBSERVATIONS ON WIND-DOWN PLANNING: LIQUIDITY TRIGGERS AND INTRAGROUP DEPENDENCIES

The Committee discussed the FCA's thematic review on 'Observations on wind-down planning: liquidity triggers and intragroup dependencies'. A member raised certain specific concerns with regard to the review. In particular, the Committee discussed the lack of clarity in the review with regard to the expectations on firms in a wind-down scenario more generally, and it was noted that the review appeared to set out additional obligations over and above those provided for in the applicable rules.

It was agreed the Committee would write to the FCA, noting this particular observation in regard to setting obligations for firms through soft guidance.

3. **PRA: DISCUSSION PAPER ON THE PRUDENTIAL LIQUIDITY FRAMEWORK**

The Committee returned to its discussion at the April meeting regarding the need for further consideration of market reactions following a disclosure by a firm in respect of it having suffered a fall in liquidity and for better clarity surrounding the use and purpose of liquidity ratios. The Committee noted that the PRA's discussion paper on the prudential liquidity framework did encourage firms to use their liquidity reserves when needed, and in doing so, echoed guidance the PRA provided to firms with respect to using their reserves through the Covid-19 pandemic.

It was noted that this scenario would likely provide a helpful example to illustrate the current disclosure expectations on firms when using their reserves. It was agreed that a member would consider this point further, and revert to the Committee.

4. **FCA: CALL FOR INPUT ON HOW SYNTHETIC DATA IS BEING USED TO SUPPORT FINANCIAL SERVICES INNOVATION**

The Committee discussed the FCA's call for input on synthetic data and the FCA's proposals regarding its own possible role in making synthetic data available to financial firms. The Committee noted that the FCA was in principle supportive of its use, whilst also acknowledging the related data privacy risks. The call for input acknowledged the likelihood of bias in any data set, and possible ways in which one could try to limit the risk of reverse engineering a data set, through the use of random noise, although there was a possibility that this might also impair the value of the original data set.

Whilst the Committee agreed that the call for input likely did not require a response at this stage, it was agreed that a member would discuss the paper with the CLLS Data Law Committee.

5. **OTHER PAPERS TO WHICH THE COMMITTEE MAY RESPOND**

It was agreed that a member would consider the PRA's consultation paper on the strong and simple framework prior to the next meeting and that another member would consider the Bank of England's consultation papers on outsourcing and third-party risk management in financial market infrastructures. The Committee also agreed that a member would speak to the CLLS Insurance Law Committee regarding HM Treasury's consultation paper and PRA's discussion paper on the Solvency II review and whether the Insurance Law Committee were intending to consider these papers and respond.

6. **AOB**

6.1 **Committee expertise**

Following on from discussion at the April meeting, the Committee considered whether any specific additional expertise might benefit the Committee. It was agreed that no specific expertise was needed at this time, although the Committee would keep this under consideration going forward.

6.2 **CSDR onshoring infelicity**

It was noted that certain members of the Committee had met with HM Treasury to discuss the Committee's letter to HM Treasury on the onshoring of the CSDR following Brexit. The HM Treasury had set out their view which was that articles 6 and 7 of the CSDR had in fact not been retained, as the relevant clause in the EU Withdrawal Act only applied to provisions that were in force at the time. HM Treasury would send a formal response to the Committee, so that it could be shared more widely, and would contact those websites where such provisions of the CSDR were currently reflected.

6.3 **FCA Register**

A member noted that an issue had previously been raised in respect of the FCA Register, and queried whether, if the Register was being reviewed more generally, steps could be

taken to ensure it was user friendly. It was noted that it was sometimes difficult to find the information required, although the FCA considered the new Register had been carefully researched to be useable by consumers.

6.4 **June meeting**

It was agreed that the next meeting will take place on Tuesday 14 June and will be held virtually.

A handwritten signature in black ink, appearing to read 'Karen Anderson', with a small flourish at the end.

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Karen Anderson

Chair, CLLS Regulatory Law Committee