

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

Held on Tuesday 12 April 2022 at 12.30pm
via conference call

ATTENDEES

Present	Firm Represented
Karen Anderson	Herbert Smith Freehills LLP
Matthew Baker	Bryan Cave Leighton Paisner LLP
Nick Bonsall	Slaughter and May
William Garner	Charles Russell Speechlys LLP
Mark Kalderson	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 8 March 2022 were approved.

2. PRA: CONSULTATION PAPER ON UPDATES TO PRA RULES AND SUPERVISORY EXPECTATIONS UNDER THE CAPITAL REQUIREMENTS REGULATIONS

The Committee discussed the proposed amendments set out in the consultation paper and the supervisory statement, noting that they are largely reflective of the approach the PRA has recently been taking in practice. That said, some proposals seem likely to limit the form in which certain transactions may be executed. The Committee noted the effect this was likely to have on UK competitiveness post-Brexit, particularly in light of the less conservative interpretation of European regulators; a member confirmed that these issues had been previously raised with the PRA by industry.

A member commented that a similar more cautious regulatory approach was also evident from the FCA's and PRA's treatment of cryptocurrency.

It was agreed that the Committee would not respond to this consultation paper, but would consider whether it would be appropriate to raise these points in responding to the next consultation on the Future Regulatory Framework review.

3. **PRA: OCCASIONAL CONSULTATION PAPER FOR MARCH 2022**

The Committee briefly discussed the occasional consultation paper, and it was decided that no immediate response was required.

4. **PRA: CONSULTATION ON TEMPLATE LETTER TO CEOS OF BANKS AND DESIGNATED INVESTMENT FIRMS ON THE TREATMENT OF CRYPTOASSETS UNDER THE CURRENT FRAMEWORKS**

The Committee discussed the consultation and in particular, the information which firms were being asked to provide. It was noted that, although it may be difficult for banks to provide certain information, the requests were reasonable.

The PRA's aim that firms properly manage the risks that arise out of cryptocurrency was discussed and the Committee noted that the letter was a useful reminder to firms to consider these risks fully. The Committee agreed no response to this consultation was required.

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

The Committee discussed the policy rationale underlying the discussion paper, particularly in seeking opinions regarding the use of high-quality liquid assets.

The Committee noted that whilst the paper discusses regulatory reaction to banks falling below their liquidity ratios, the possibility of market reaction in circumstances where a bank considers that their disclosure obligation has been triggered by a fall in liquidity and a subsequent public announcement is made merited greater consideration. The Committee also recognised that better clarity surrounding the use and purpose of liquidity ratios could mitigate this risk by potentially reducing the need for disclosures in the first instance whilst also tempering the market reaction to such disclosures when made.

It was agreed that the Committee would discuss further at the next meeting, given the deadline for response, and likely respond on this particular point.

6. **JOINT REGULATORY OVERSIGHT COMMITTEE ON THE FUTURE OF OPEN BANKING**

The Committee discussed the potential effect of the proposed new regulatory body in respect of open banking. It was noted that there was a lack of clarity in respect of the new entity's role and purpose. In addition, the Committee discussed whether such an entity was in fact required, noting that the FCA might be better placed to be responsible for such oversight.

However, the Committee acknowledged that the oversight committee has noted that it will engage closely with industry and representatives throughout: if the oversight committee led to greater recognition of competition related benefits of open banking, the Committee considered that would be a positive outcome.

The Committee agreed to revisit this later in the year.

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

It was agreed that a member would further consider the FCA's call for input on how synthetic data is being used to support financial services innovation prior to the next meeting.

A member also raised the FCA's thematic review (TR22/1) on observations on wind-down planning: liquidity triggers & intragroup dependencies as potentially of interest to the Committee. It was agreed that the Committee would discuss further at the next meeting.

8. **AOB**

8.1 **Committee expertise**

Committee members agreed to consider what, if any, additional expertise might benefit the Committee and to discuss this at the next meeting.

8.2 **May meeting**

It was agreed that the May meeting will be held in person.



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Karen Anderson

Chair, CLLS Regulatory Law Committee