FIG Bulletin

Recent developments
22 May 2017 to 26 May 2017

Hogan Lovells

Contents

1. Financial Conduct Authority

1.1 FX global code: FCA statement

On 25 May 2017, the Financial Conduct Authority (FCA) published a statement welcoming the publication of the foreign exchange (FX) global code (for further details of the code see item 6.1 below).

As it set out in its Mission 2017, the FCA says that standards can be a useful way for the industry to police itself in support of the FCA's regulatory work and can help firms to communicate expectations of individuals when linked to the senior managers and certification regime (SM&CR). The FCA expects firms, senior managers, certified individuals and other relevant persons to take responsibility for and be able to demonstrate their own adherence with standards of market conduct. The FCA's supervision of the SM&CR rules supports this.

The FCA says that firms have already begun work to ensure their FX businesses satisfy the principles of the FX global code. Firms can help to promote the wide adoption of the code by expecting that their FX counterparties also take steps to adhere to the code as it applies to them.

1.2 FCA secures eight confiscation orders totalling almost £2.2 million

On 24 May 2017, the FCA announced that the Central Criminal Court has made confiscation orders against eight individuals who were convicted of offences in relation to the operation of an unauthorised collective investment scheme, following one of the FCA's largest investigations into unauthorised activity, known as Operation Cotton. A total of £2,195,496 will be confiscated from all eight defendants.

2. Bank of England

2.1 FinTech Accelerator: Bank of England FAQs

On 19 May 2017, the Bank of England published a set of frequently asked questions (FAQs) on its FinTech Accelerator.

The Bank says that the Accelerator works in partnership with innovative firms working on new technology to make use of FinTech innovations for central banking. The Bank carries out explorative proofs of concept on use cases of relevance to its role as a central bank that could enable it to function more efficiently and effectively. The Accelerator also helps the Bank understand emerging technologies first-hand, enabling it to better recognise as well as monitor the incidence and integration of these developments in the market.

2.2 FX global code: Bank of England update

On 25 May 2017, following the publication of the foreign exchange (FX) global code (for further details, see item 6.1 below), the Bank of England published a press release stating that the FX global code supersedes and substantively updates existing guidance for participants in FX markets provided by the Bank's non-investment products (NIPs) code.

Guidance on other markets covered by the NIPs code will be superseded by the Bank's new UK money markets code, which was published in April 2017, and the new precious metals code published by the London Bullion Market Association on 25 May 2017 (for further details see item 6.2 below).

3. European Union

3.1 BRRD: Commission Delegated Regulation on classes of arrangements protected in partial property transfers published in the Official Journal

On 20 May 2017, the text of Commission Delegated Regulation (EU) 2017/867 of 7 February 2017 on classes of arrangements to be protected in a partial property transfer under Article 76 of the Bank Recovery and Resolution Directive (BRRD) was published in the Official Journal of the European Union.

Article 76 of the BRRD provides safeguards for certain contracts in the event of partial transfer of assets, rights and liabilities of an institution under resolution or in the event of forced contractual modifications. The aim of this protection is to prevent, when a partial transfer or a contractual modification has been effected, the splitting of assets, rights and liabilities which are linked by virtue of certain arrangements, when such linkage is justified by a lawful objective.

The Delegated Regulation will enter into force on the twentieth day following that of its publication in the Official Journal.

3.2 Brexit: Council of the European Union authorises the European Commission to start negotiations on behalf of the EU

On 22 May 2017, the Council of the European Union announced that, meeting in an EU27 format, it has adopted a decision authorising the opening of negotiations with the UK on Brexit, has formally nominated the European Commission as EU negotiator and has formally adopted the negotiating directives for the talks.

The following documents have been published:

- a Council Decision authorising the opening of negotiations with the UK for an agreement setting out the arrangements for its withdrawal from the EU, together with a related annex containing details of the directives for the negotiation of an agreement with the UK setting out the arrangements for the UK's withdrawal from the EU;
- a Council Decision concerning the establishment of the ad hoc Working Party on Article 50 of the Treaty on European Union, chaired by the General Secretariat of the Council;
- a Council note containing guiding principles for transparency in negotiations under Article 50.

The first formal meeting between the EU and the UK negotiators is expected to take place in June 2017.

3.3 Consumer Rights Directive review: European Commission report

On 23 May 2017, the European Commission published a report on the results of its evaluation of the Consumer Rights Directive, together with a related Commission Staff working document containing an executive summary of the evaluation.

Among other things, the evaluation covered the Directive's:

- effectiveness;
- efficiency;
- coherence;
- relevance;
- rules on digital content.

The Commission concludes that the evaluation shows that the Directive has positively contributed to the functioning of the business-to-consumer internal market and ensured a high common level of consumer protection. Nevertheless, follow-up actions to be undertaken could include further awareness-raising activities and additional guidance. Targeted legislative interventions could also help streamline and clarify the application of the Directive.

3.4 BRRD: EBA final draft RTS on valuation in resolution

On 23 May 2017, the European Banking Authority (EBA) published its final draft regulatory technical standards (RTS) on valuation in resolution. These final draft RTS have been developed according to Articles 36 and 74 of the Bank Recovery and Resolution Directive (BRRD), which mandate the EBA to set criteria on which valuations in recovery and resolution should be based as well as to develop the methodology for such valuation.

The EBA says that these draft RTS are a crucial piece of regulation for the resolution framework as they aim to provide the independent valuer with common criteria for the valuation, which will inform the decisions made by resolution authorities, thus promoting a consistent approach to such valuations across the EU.

The BRRD provides a comprehensive framework of powers for resolution authorities to intervene in failing banks to protect the public interest. To ensure that authorities exercise these powers in ways which reduce the risk of costs falling on the taxpayer, preserve value where possible, and respect the property rights of affected shareholders and creditors, the BRRD requires independent valuations to be carried out to inform decisions of the authorities. These valuations are required for several distinct purposes, either prior or after the resolution.

Prior to resolution, valuations are required to:

- inform the determination of whether the conditions for resolution or the write-down or conversion of capital instruments are met (valuation 1);
- inform the choice resolution action to be adopted, the extent of any eventual write-down or conversion of capital instruments and other decisions on the implementation of resolution tools (valuation 2).

After the resolution, a valuation is required to determine whether an entity's shareholders and/or creditors would have received better treatment if the entity had entered into normal insolvency proceedings (valuation 3).

The draft RTS are intended to promote the consistent application of methodologies for these valuations throughout the EU. Their aim is not to provide detailed valuation rules for particular types of asset or liability, but rather to further specify the principles on the basis of which the independent valuer must apply their own judgement and expertise in particular cases.

The different purposes of these valuations require different approaches to valuation, as recognised in the recitals and text of the BRRD:

- for **valuation 1**, the draft RTS emphasise the importance of producing a valuation that is consistent with the framework of accounting and prudential rules on the basis of which the determination of whether the conditions for resolution are met must be made. However, the valuer is required to apply their independent, sceptical judgement as regards how this framework has been applied;
- for **valuation 2**, the draft RTS emphasise the need to assess economic value in order to ensure that losses are fully recognised, even if this requires departures from accounting and prudential rules. This is necessary to ensure that resolved institutions are recapitalised to a prudent extent and because certain resolution actions (for example, the sale of business tool) will in fact crystallise economic values;
- for **valuation 3**, the valuation should be conducted on a gone-concern basis.

The EBA consulted on the draft RTS in November 2014 and section 5.4 of the document containing the final draft RTS contains a summary of the responses to the consultation, the EBA's analysis and the amendments to the proposals made as a result, if deemed necessary.

3.5 CRD IV review: EBA opinion on own funds

On 23 May 2017, the European Banking Authority (EBA) published an opinion expressing its views on a number of aspects related to own funds in the context of the European Commission's proposal to amend the Capital Requirements Regulation and Capital Requirements Directive (together known as CRD IV).

In the opinion, the EBA calls, in particular, for a possible strengthening of its role in assessing issuances of common equity tier 1 instruments. In addition, the opinion elaborates on restrictions on distributions in the context of capital conservation measures and suggests introducing a general anti-circumvention principle.

The opinion also elaborates on restrictions on distributions with regard to the maximum distributable amount and its definition, as well as on reduction, redemption and repurchase of capital instruments, the introduction of an anti-circumvention principle and of a point of non-viability criterion.

3.6 CRR: EBA update and report on monitoring of CET1 instruments

On 23 May 2017, the European Banking Authority (EBA) published its fifth updated list of capital instruments that competent supervisory authorities across the EU have classified as common equity tier 1 (CET1). Article 26(3) of the Capital Requirements Regulation (CRR) mandates the EBA to establish, maintain and publish a list of all the forms of capital instruments in each Member State that qualify as CET1. In addition, Article 80(1) mandates the EBA to monitor the quality of own funds instruments and notify the European Commission immediately where there is significant evidence of those instruments not meeting the criteria set out in Article 28 or, where applicable, Article 29.

Up until now, the EBA has published the CET1 list as a stand-alone document, without providing any background on the work done to establish this list. The latest list is, for the first time, accompanied by a report, which provides external stakeholders with:

- further guidance on the content and objectives of the published CET1 list;
- clarity on the consequences of the inclusion (or exclusion) of an instrument in (or from) the list;
- feedback on the outcome of the EBA monitoring work on CET1 issuances across the EU.

The EBA intends to update this report regularly, where necessary, to explain how it takes into consideration new developments in CET1 issuances and market practices. Depending on those developments and the materiality of changes to the list, updated versions of this report may be developed. Where they are, they will be published at the same time as the relevant update(s) to the CET1 list.

3.7 CRR: EBA consults on the scope of its draft guidelines on connected clients

On 25 May 2017, the European Banking Authority (EBA) published a second consultation paper on its draft guidelines on connected clients, under Article 4(1)(39) of the Capital Requirements Regulation (CRR). The EBA had previously consulted on the guidelines in July 2016.

In the new consultation, the EBA is proposing to extend the scope of the draft guidelines to the remaining aspects of the CRR, the EBA technical standards, and the EBA guidelines where the concept of "group of connected clients" is relevant.

In the draft guidelines the EBA provides guidance on two types of interconnection, that is, control relationships and economic dependencies, which lead to the formation of

groups of connected clients. In its first consultation paper, the EBA proposed that the guidelines on connected clients should apply only in the context of the large exposures regime. However, the concept of "group of connected clients" is also used in other areas of the CRR, such as the categorisation of clients in the retail exposure class for the purposes of credit risk, the development and application of rating systems, the specification of items requiring stable funding for the purposes of reporting, and the application of the small and medium-sized enterprise supporting factor. In addition, this concept is also used in other EBA technical standards and guidelines.

Given that this is a material change to the draft guidelines already consulted on, the EBA is now seeking feedback from stakeholders on the possible impact of this change, for example, in their practices and capital requirements.

The EBA says that the extension of the scope of the draft guidelines beyond the large exposures regime would ensure the consistency in the application of the concept of connected clients across the CRR and the harmonisation of institutions' practices.

Comments are requested by 26 June 2017. The EBA says that these comments will be considered in the finalisation of the guidelines on connected clients along with those received during the previous consultation on the guidelines.

3.8 EBA announces details of its 2017 EU-wide transparency exercise

On 25 May 2017, the European Banking Authority (EBA) announced that it will launch its 2017 EU-wide transparency exercise in September 2017, when the interaction with the banks in the sample for the verification of the data will start. The data will be frozen at the end of October 2017 and the EBA expects to publish it in early December 2017, together with the EBA 2017 risk assessment report (RAR).

The sample of banks for the 2017 exercise will be aligned with the one used in the 2017 EBA RAR and the exercise will be based exclusively on supervisory reporting data. Therefore, the EBA says that banks will not be required to report any additional data, which will significantly reduce the burden for them.

The data will refer to December 2016 and June 2017, keeping a semi-annual time series of data disclosure, and will show financial information on capital, leverage ratio, risk exposure amounts, profit and losses, market risk, securitisation, credit risk, exposures to sovereign, non-performing exposures and forborne exposures. Leverage ratio is a new item in 2017 as it is now available in supervisory reporting.

3.9 Solvency II: EIOPA final report on the methodology to derive the ultimate final rate

On 23 May 2017, the European Insurance and Occupational Pensions Authority (EIOPA) published its final report on the methodology to derive the ultimate forward rate (UFR) under the Solvency II Directive.

EIOPA consulted on the methodology in April 2016 and section 2 of the final report includes a summary of the main comments received and EIOPA's resolution of these comments.

As a result of the consultation, EIOPA has made the following changes to the consultation proposal:

- the limit to annual changes of the UFR is lowered from 20 to 15 basis points, so that the UFR will change more gradually;
- in order to significantly reduce the frequency of UFR changes, the UFR will only be changed when the difference between the calculated UFR and the currently applicable UFR exceeds 15 basis points;
- the average for calculating the real rate component of the UFR will be a simple average instead of a weighted average that

puts more weight on recent observations. Also this change will make the UFR move more gradually;
- the first application of the UFR methodology is set to the beginning of 2018 instead of mid-2017 in order to provide insurance and reinsurance undertakings with more time for their preparations;
- the start of the time series for the derivation of the expected real rate is put to 1961 instead of 1960. This change allows the use of consistent data for the derivation.

Section 3 of the report contains the final methodology to derive the UFR and how it will be implemented. Section 4 contains the results of an information request to undertakings on the UFR and the annex contains a resolution table with all stakeholder comments.

EIOPA has also published an example calculation of the expected real rate and an updated version of the report setting out the methodology to derive the UFR.

3.10 AIFMD: ESMA updates Q&As

On 24 May 2017, the European Securities and Markets Authority (ESMA) published an updated version of its questions and answers (Q&As) document on the application of the Alternative Investment Fund Managers Directive (AIFMD).

The updated version includes three new Q&As on:

- reporting to national competent authorities (NCAs) on the breakdown between retail and professional investors (see section III, Q&A 80);
- notification of AIFMs on the alternative investment funds (AIFs) to be managed, if domiciled in another Member State (see section IV Q&A 4); and
- use by an AIF of the exemption for intragroup transactions under Article 4(2) of the Regulation on over-the-counter derivatives, central counterparties and trade repositories (known as EMIR), if subject to the clearing obligation of Article 4(1) of EMIR (see section XII Q&A 2).

The purpose of the document is to promote common supervisory approaches and practices in the application of the AIFMD and its implementing measures. Its content is aimed at competent authorities under the AIFMD, however, the answers are also intended to help AIFMs by providing clarity as to the content of the AIFMD rules. The date each question was last amended is included after each question for ease of reference and new items are marked in yellow.

3.11 MiFID II: ESMA opinion on concept of traded on a traded venue

On 22 May 2017, the European Securities and Markets Authority (ESMA) published an opinion which clarifies the concept of "traded on a trading venue" (TOTV) for over-the-counter (OTC) derivatives, under the MIFID II Directive and the Markets in Financial Instruments Regulation (MiFIR).

The concept of TOTV is in particular relevant for:

- pre-trade and post-trade transparency requirements on market operators and investment firms operating a trading venue as well as for investment firms (including systematic internalisers) operating OTC; and
- transaction reporting obligations.

The opinion clarifies the concept of TOTV for OTC derivatives, and in particular which transactions in derivatives concluded outside of trading venues are subject to the transaction reporting and transparency requirements. ESMA specifies that only OTC-derivatives sharing the same reference data details as derivatives for which trading venues submitted reference data should be subject to the MiFIR transparency and transaction reporting requirements.

ESMA believes that this approach would ensure the consistent interpretation of the concept of TOTV across the different provisions of MiFIR, would contribute to supervisory convergence in the EU and would be the most efficient way to get the MiFID II transparency and transaction reporting regime up and running.

Nevertheless, ESMA is aware that it may need to revisit what is to be considered the "same" reference data details taking into account the evolution of markets after 3 January 2018. ESMA intends to ensure that such evolution does not undermine market transparency and efficiency, does not result in information asymmetries between market participants and does not create incentives to move trading to the OTC space as this would run counter to the legislative goals expressed in MiFID II/MiFIR. ESMA therefore plans to monitor the application of the concept of TOTV as described in the opinion, and, in particular, the ratio of derivatives that are considered TOTV compared to overall OTC derivatives trading.

3.12 MMF Regulation: ESMA consultation

On 24 May 2017, the European Securities and Markets Authority (ESMA) published a consultation paper on draft technical advice, implementing technical standards and guidelines under the Regulation on money market funds (MMF Regulation). It is expected that the MMF Regulation will be published in the Official Journal of the European Union in May or June 2017.

The key proposals relate to asset liquidity and credit quality, the establishment of a reporting template and stress test scenarios.

ESMA's proposals for technical advice under Articles 15 and 22 of the MMF Regulation relate to:

- the liquidity and credit quality requirements applicable to assets received as part of a reverse repurchase agreement;
- the criteria for the validation of the credit quality assessment methodologies and the criteria for quantification of the credit risk and the relative risk of default of an issuer and of the instrument in which the MMF invests, as well as the criteria to establish qualitative indicators on the issuer of the instrument.

ESMA also proposes draft ITS on the development of a reporting template containing all the information managers of MMFs are required to send to the competent authority of the MMF, including on the characteristics, portfolio indicators, assets, and liabilities of the MMF. This information will be submitted to national competent authorities and then transmitted to ESMA.

ESMA also proposes guidelines on common reference parameters of the scenarios to be included in the stress tests that managers of MMFs are required to conduct. This takes into account such factors as hypothetical changes in the level of liquidity of the assets held in the portfolio of the MMF, movements of interest rates and exchange rates or levels of redemption.

Comments are requested by 7 August 2017. ESMA will finalise the technical advice and ITS for submission to the European Commission, and issue the guidelines, by the end of the year.

3.13 UCITS Directive: ESMA updates Q&As on its application

On 24 May 2017, the European Securities and Markets Authority (ESMA) published an updated version of its questions and answers (Q&As) document on the application of the UCITS Directive.

The Q&As include a new Q&A (see section VI Q&A 2) on application to UCITS of the exemption for intragroup transactions under Article 4(2) of the Regulation on over-the-counter derivatives, central counterparties and trade repositories (known as EMIR), if subject

to the clearing obligation of Article 4(1) of EMIR.

The purpose of the document is to promote common supervisory approaches and practices in the application of the UCITS Directive and its implementing measures. It does this by providing responses to questions posed by the general public and competent authorities in relation to the practical application of the UCITS framework. The document is intended to be continually edited and updated as and when new questions are received. The date each question was last amended is included after each question for ease of reference and new questions are marked in yellow.

4. Financial crime

4.1 PEPs: Wolfsberg Group guidance

On 23 May 2017, the Wolfsberg Group published a statement announcing the publication of updated guidance as to how financial institutions (FIs) should handle the money laundering risks posed by politically exposed persons (PEPs). This updates the original guidance issued in 2003 and the frequently asked questions issued in 2008.

The updated guidance lays out what the Wolfsberg Group considers to be the most effective way of managing PEP risk, which is to position the PEP control framework as part of the risk based approach to the identification and management of financial crime risk, specifically as part of a holistic customer risk assessment process. The guidance provides advice to FIs on how to achieve that and how to subject customers who may be politically exposed to a more tailored and risk based control framework.

The Wolfsberg Group consists of the following financial institutions: Banco Santander, Bank of America, Bank of Tokyo Mitsubishi-UFJ Ltd, Barclays, Citigroup, Credit Suisse, Deutsche Bank, Goldman Sachs, HSBC, JPMorgan Chase, Société Générale, Standard Chartered and UBS.

5. Financial regulation

5.1 FinTech credit: FSB and CGFS report on market structure, business models and financial stability implications

On 22 May 2017, the Financial Stability Board (FSB) and the Committee on the Global Financial System (CGFS) published a report on FinTech credit which finds that FinTech platforms account for an increasing share of credit provision and policymakers have to consider the opportunities and risks such activity brings. Although FinTech credit markets are currently small in size relative to traditional credit markets, they are growing at a fast pace.

The report analyses the nature of FinTech credit and finds wide variation in the business models of the electronic platforms involved. Platforms facilitate various forms of credit, including consumer and business lending, lending against real estate and business invoice financing. The profile of investors, which platforms match to borrowers, also differs across countries.

The report reaches a number of conclusions:

- lower concentration of credit provision from banks could help to diversify economies' credit channels and reduce the risks of credit upsets if bank lending is interrupted;
- FinTech platforms may increase competition and help consumers by pressuring banks to be more efficient;
- while FinTech credit could lead to increased financial inclusion, it could also lower lending standards with negative consequences for financial stability in countries where credit markets are already deep;
- incentive problems, caused by a reliance on fee income (an 'originate-to-distribute' model), could pose a problem at some platforms;
- FinTech credit provision could rise and fall with the business cycle, with the potential for a pullback of credit provision to certain parts of the economy, if market stress leads to a loss of investor confidence;
- if FinTech credit growth could encourage greater risk-taking by banks and there is an abrupt erosion in bank profitability, it could generate broader stresses for the financial system, given banks provide a range of systemically important services.

The report notes that the availability of official data on FinTech credit is limited, so most analyses of these markets rely on non-official sector sources, such as academic surveys, industry bodies and financial disclosures by FinTech companies. As a result, data availability and quality may warrant increased attention from authorities as FinTech credit markets develop.

The FSB will also publish a report, before the G20 leaders' summit in Hamburg in July 2017, on the financial stability implications of FinTech in general.

5.2 FSB report on work to strengthen governance frameworks to mitigate misconduct risks

On 23 May 2017, the Financial Stability Board (FSB) published a report on the stocktake of efforts to strengthen the governance frameworks to mitigate misconduct risks.

The report describes the findings of a stocktake of efforts underway by international bodies, national authorities, industry associations and firms on the use of governance frameworks to address misconduct risk, and includes a literature review on the root causes of misconduct.

The report sets out three areas for further work by the FSB, with a view towards preparing a toolkit for supervisors and firms on:

- **rolling bad apples**: this problem arises when employees are dismissed due to misconduct at one firm (or leave under suspicion of misconduct) and then re-surface at another firm. This can be seen as

a collective action problem. This work will try to define and size the problem and explore the current and potential uses of governance frameworks to make employee screening and due diligence more effective;

- **responsibility mapping**: while many policies set out supervisory expectations for the role and responsibilities of the board and senior management, some authorities have extended this concept to require institutions to identify the responsibility of specific senior individuals. This work will examine the ways in which responsibility mapping and related tools could be used to mitigate misconduct risk, including through supervisory examination or enforcement practices focused on the legal and regulatory requirements applicable to those individuals;
- **culture**: the culture of an institution can be a major influence on its governance framework. This work will explore how governance mechanisms, such as escalation processes, training and non-financial incentives, may mitigate misconduct risks posed by the culture of a firm.

As this work develops the FSB will determine whether further steps, such as guidance, would be beneficial. A final report on the work will be published in March 2018.

6. Securities markets

6.1 FX global code launched

On 25 May 2017, the Global Foreign Exchange Committee (GFXC) announced the publication of a global code of conduct for the wholesale foreign exchange (FX) market.

The FX global code is a set of 55 global principles of good practice in the FX market, developed to provide a common set of guidelines to promote the integrity and effective functioning of the wholesale FX market.

The FX working group, which was established by the Bank for International Settlements in May 2016 to develop the FX global code in collaboration with market participants, has published a separate report setting out its blueprint for achieving widespread adoption of, and adherence to, the code. A sample statement of commitment has also been published.

As the structure of the FX market evolves in the future and market practices adapt, the GFXC is committed to evolving the code to maintain its relevance. In that regard, the GFXC intends to periodically request feedback from market participants and others on specific topics. The first such request for feedback was published on 25 May 2017, alongside the publication of the code, and focuses on a practice within electronic trading known as "last look", specifically trading activity during the last look window related to a last look trade request. The request for feedback draws on the final code text and input received during the drafting of the code. Feedback is requested by 21 September 2017.

The FX global code has been welcomed by, among others, the Bank of England (see also item 2.2 above), the Financial Conduct Authority (see also item 1.1 above), the Bank for International Settlements, the European System of Central Banks and the European Banking Authority.

6.2 Global precious metals code launched by LBMA

On 25 May 2017, the London Bullion Market Association (LBMA) announced the launch of a new global precious metals code. The code has been prepared by the LBMA following an extensive period of consultation with its members as well as participants from the wider precious metals market.

The code is intended to define a robust, fair, effective and transparent market where all participants are able to transact following best practice guidelines. It sets out a common set of principles to promote the integrity and effective functioning of the global market covering ethics, governance, compliance and risk management, information sharing and business conduct.

All market participants involved in the global wholesale precious metals market are expected to act according to the principles of the code. LBMA members will be required to attest their conformance with the code by signing a statement of commitment.

It is the intention, as far as practically possible, for the code to be aligned with the FX global code, which was also published on 25 May 2017 (see item 6.1 above).

The LBMA has also published an explanatory note which provides guidance on how the code may be used and implemented. The explanatory note states that it does not replace or supplement the code. It is intended to provide an overview of the code, particularly for market participants that are not subject to financial regulation. The note will be reviewed and updated periodically to reflect frequently asked questions.

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