

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

Held on Tuesday 11 April 2017 at 12.30pm  
at Exchange House, 12 Primrose Street, London EC2A 2EG

**ATTENDEES**

<b>Present</b>	<b>Firm Represented</b>
Karen Anderson (chair)	Herbert Smith Freehills LLP
Robert Finney	Holman Fenwick Willan LLP
Ben Kingsley	Slaughter and May
Tamasin Little	Reed Smith LLP
Brian McDonnell	Addleshaw Goddard LLP
Richard Small	Stephenson Harwood LLP
Stuart Willey	White and Case LLP
Kevin Hart	City of London Law Society

**1. MINUTES OF PREVIOUS MEETING**

It was decided that the draft minutes of the meeting of the Committee held on 14 March 2017 would be circulated to the wider Committee for review.

**2. FCA CP17/5: REFORMING THE AVAILABILITY OF INFORMATION IN THE UK EQUITY IPO PROCESS**

The Committee discussed the proposals, in particular those relating to unconnected research, and the impact that they would likely have on the UK IPO process.

It was noted that a member had contacted the CLLS Company Law Committee to determine whether it would be helpful for the Committee to submit a joint response. It was decided that in the absence of any request to endorse or comment on another CLLS sub-committee's response, the Committee would not submit a response.

**3. FCA AND HMT CONSULTATION PAPERS ON THE INSURANCE DISTRIBUTION DIRECTIVE**

The Committee discussed the two consultation papers and it was decided that the Committee would not submit a response to either.

**4. UPDATED ESMA Q&A ON APPLICATION OF AIFMD**

The Committee discussed a draft letter prepared by a member in advance of the meeting endorsing AIMA's letter to FCA setting out its concerns on the implications a recent ESMA Q&A would have on the contractual and operational arrangements in place between AIFs and their key providers.

Following further comments from members at the meeting, it was decided that the draft would be circulated for review and final comment, before being submitted to the FCA.

## **5. FCA QUARTERLY CONSULTATION NO. 16**

The Committee discussed the various proposals in the consultation paper.

The Committee discussed the proposals relating to changes to the FCA Handbook further to the Bank Recovery and Resolution Order 2016. It was noted that there was currently little detail in the proposals, and the Committee accordingly decided that a response would not be submitted.

The Committee discussed the proposed amendments to the FCA Handbook relating to the use of liquidity incentive schemes by trading venues. The Committee noted that there had been long-standing regulatory concern surrounding the use of these schemes, and that this was an area where greater transparency through FCA guidance would be helpful.

It was decided that a member would consider whether the Committee should draft a response addressing the broader point of the status of historic guidance publications (for example, those published by SIB) as sources of current guidance.

The Committee also discussed the proposals relating to Smarter Communications. It was decided that a member would consider whether the Committee should submit a response.

It was decided the Committee would not submit a response in respect of the other chapters in the consultation paper.

## **6. EIOPA CONSULTATION PAPER ON GUIDELINES UNDER THE INSURANCE DISTRIBUTION DIRECTIVE ON COMPLEX INSURANCE-BASED INVESTMENT PRODUCTS**

The Committee briefly discussed the consultation paper in the wider context of product governance requirements. It was decided that the Committee would not submit a response.

## **7. MIFID II PRODUCT GOVERNANCE RULES IMPACT ON CAPITAL MARKETS**

The Committee was noted that members who had been proposed to lead the discussion were unable to be present at this meeting.

The Committee briefly discussed the various concerns in relation to the new product governance rules, in particular the potential consequences of designating sponsors, advisors and underwriters as manufacturers of financial instruments in the capital markets context.

It was decided that members of the Committee would report back on the views of various trade associations of which they were also members. It was also decided that a member would draft a response summarising the Committee's key concerns for review.

## **8. FCA CP17/8: MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE II IMPLEMENTATION – CONSULTATION PAPER V**

The Committee discussed the key proposals in the consultation paper. It was decided that the Committee would not submit a response.

## **9. OTHER CONSULTATIONS TO WHICH THE COMMITTEE MAY WISH TO RESPOND**

The Committee discussed other papers currently open for consultation to decide whether or not they may wish to respond.

It was decided that the Committee would review the FCA Guidance consultation on the treatment of politically exposed persons with a view to submitting a response.

## **10. AOB**

### **10.1 HMT Guidance on financial sanctions**

The Committee discussed the current HMT financial sanctions guidance on reporting obligations for firms. It was decided that a member would consider the current guidance further and make a recommendation to the Committee regarding whether to respond.

10.2 **FCA Supervision review report: acquiring clients from other firms**

This review will be discussed at the next meeting.

A handwritten signature in black ink, appearing to read "Karen Anderson", followed by a comma.

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**Karen Anderson**  
Chair, CLLS Regulatory Law Committee