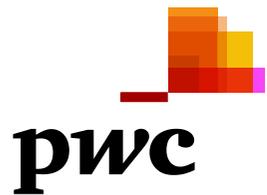


September 2016

*PwC Regulatory Update*



## 1

# Legislative/Government developments

## Superannuation reform package

The Government has released for consultation two rounds of exposure draft legislation regarding superannuation reform, as announced in the 2016-17 Budget.

*Tranche one* was a broad overview and focused on:

- The primary objective of superannuation, mainly to provide income in retirement to substitute for/supplement the age pension.
- Tax deductions for personal superannuation contributions.
- Improvements to superannuation balances of low income spouses.
- Introduction of a Low Income Superannuation Tax Offset (LISTO).
- Harmonising contribution rules for those aged 65-74.

Sources: [Treasury](#)

*Tranche two* focused on:

- Introduction of a \$1.6 million transfer balance cap and transitional arrangements for individuals who currently have retirement phase balances above \$1.6 million.
- Reforming concessional contributions - lowering the Division 293 tax income threshold to \$250,000 and a reduction to the concessional contributions cap to \$25,000.
- Allowance of catch-up concessional contributions for those with balances less than \$500,000.
- Removal of regulatory barriers to innovation in the creation of retirement income stream products.

- Improvement of integrity of transition to retirement income streams and removal of the anti-detriment provision.

Source: [Treasury](#)

In a recent [media release](#), ASFA commended both tranche one and tranche two exposure drafts, in particular LISTO and the Government's willingness to act on feedback.

The FPA had similarly supported these superannuation budget proposals in its own [media release](#), specifically [commending](#) the removal of the lifetime super cap.

In separate media releases on the [superannuation budget proposals](#) and also the [contribution cap changes](#), the FSC also issued its support for the Government changes.

## 1

# Legislative/Government developments

## Competition law amendments

The Government has released the [exposure draft](#) of the *Competition and Consumer Amendment (Competition Policy Review) Bill 2016*, seeking feedback from stakeholders on its design. The draft bill contains significant amendments to the *Competition and Consumer Act 2010* (the CCA).

It is the first step towards affecting the Harper Review's recommendations relating to competition law. It includes amendments to the misuse of power provision, as well as other significant amendments to the CCA, including:

- Broadening the definition of 'competition' to include potential imports of goods and services, so as to fully reflect the range of competitive pressures facing Australian firms.
- Confining the cartel conduct provisions to apply to conduct affecting Australian trade or commerce, and broadening the exceptions for joint ventures and vertical trading restrictions to apply to common, pro-competitive business arrangements.
- Amending the National Access Regime declaration criteria to ensure third-party access is only mandated where it is in the public interest.
- Consolidating the various authorisation processes into a single, streamlined process.
- Simplifying the CCA by repealing separate, specific prohibitions on price signaling and exclusionary provisions, and introducing a prohibition against concerted practices.

Source: [Treasury](#)

## Banking Regulation 2016

The Government has released for consultation, the [exposure draft](#) of the *Banking Regulation 2016*, remaking the *Banking Regulations 1966* due to expire on 1 April 2017.

The exposure draft proposes design changes to consolidate *Banking Regulation 1966* with *Banking Regulation 1993*, by repealing redundant provisions and references, and simplifying language and formatting.

The substantive meaning of the regulation will not change. The [explanatory statement](#) is also available.

Submissions are due by 28 October 2016.

Source: [Treasury](#)

## 1

# Legislative/Government developments

## Review of the financial system external dispute resolution framework

The independent expert panel that is conducting the review into the financial system's external dispute resolution and complaints framework, released an [issues paper](#), *Review of the financial system external dispute resolution framework*, for consultation. The panel has been asked to examine the Financial Ombudsman Service, the Credit & Investments Ombudsman and the Superannuation Complaints Tribunal, and consider whether changes to these bodies are necessary to deliver effective outcomes for users in a rapidly changing and dynamic financial system.

The Terms of Reference require consideration of the:

- Role, powers, governance and funding arrangements of the three bodies.
- Extent of gaps and overlaps between the bodies.
- Bodies' role in working with government, regulators, consumers, industry and other stakeholders to improve the framework to deliver better user outcomes.
- Relative merits and issues associated with different models in resolving disputes.

The panel will release an interim report after consultation at the end of November 2016 and a final report to Government by 31 March 2017.

Source: [Treasury](#)

## 2

# What have the regulators been up to?

## APRA

Australian Prudential  
Regulation Authority

## ASIC

Australian Securities and  
Investments Commission

## ASX

Australian Securities  
Exchange

## AUSTRAC

Australian Transaction  
Reports and Analysis  
Centre

## RBA

Reserve Bank of Australia

### APRA consults on proposed revisions to its counterparty credit risk framework for ADIs

APRA has released a [discussion paper](#), *Counterparty credit risk for ADIs*, outlining APRA's proposed revisions to its prudential framework for counterparty credit risk (CCR) for authorised deposit-taking institutions (ADIs). The proposed changes incorporate recent amendments by the Basel Committee on Banking Supervision's (BCBS's) framework for CCR. These changes are set out in:

- Standardised approach for measuring counterparty credit risk exposures (SA-CCR), released in March 2014; and
- Capital requirements for bank exposures to central counterparties – final standard, released in April 2014.

APRA has also released for public consultation a draft new [prudential standard](#), *Capital Adequacy: Counterparty Credit Risk (APS 180)*, and draft revised [prudential standard](#), *Capital Adequacy: Standardised Approach to Credit Risk (APS 112)*.

APRA proposes that the new requirements will take effect from 1 January 2018 and that an ADI that meets certain criteria may apply for approval to further extend its implementation date for SA-CCR until 1 January 2019.

APRA has released a [letter](#) to all ADIs in relation to consultation on minor amendments to APS 112 that will rectify minor deviations from the Basel framework identified during the BCBS's Regulatory Consistency Assessment Programme (RCAP) review of Australia and address other minor omissions and errors.

Submissions are due by 11 November 2016.

See [media release](#)

### APRA releases consultation package on NSFR

APRA has released a [response paper](#), setting out APRA's response to submissions on the [discussion paper](#), *Basel III liquidity – the net stable funding ratio and the liquid assets requirement for foreign ADIs*, outlining two main agendas:

- APRA's objective to implement a NSFR in Australian ADIs in addition to the Liquidity Coverage Ratio (LCR) implemented in 2015.
- Minimum LCR requirements for foreign ADIs and a proposal for an annual local operational capacity (LOC) assessment.

APRA has also released a draft revised *Prudential Standard APS 210 Liquidity* and Prudential Practice Guide *APG 210 Liquidity*, incorporating the NSFR requirements for ADIs, as well as a number of other changes, including APRA's updated proposed positions.

APRA expects to release its final position on the NSFR, and the final revised APS 210 and APG 210, in late 2016. APRA's current intention is that the NSFR will come into effect from 1 January 2018, in line with an internationally agreed timetable.

Submissions are due by 28 October 2016.

See [media release](#)

### APRA publishes letter to industry on aggregate results on the CLF

APRA has published a letter to ADIs in relation to aggregate results on the committed liquidity facility (CLF) established between the RBA and certain locally-incorporated ADIs that are subject to the LCR, which was implemented by APRA on 1 January 2015. All locally-incorporated LCR ADIs were invited to apply for a CLF amount, to take effect on 1 January 2017.

See [letter](#)

## 2

# What have the regulators been up to? (cont'd)

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### ASIC releases report on mortgage brokers' responsible lending practices in relation to interest only home loans

ASIC has released a [report](#), *Review of interest-only home loans: Mortgage brokers' inquiries into consumers' requirements and objectives*. Following on from the report, *Review of interest-only home loans* (REP 445), which highlighted the importance of responsible lending practices for interest-only home loans. The report describes the practices of eleven large mortgage brokers, and indicates the amount of new loans that have decreased after REP 445.

ASIC identified key non-compliance risks including:

- Policies on restricting repayment and procedures in providing too much general advice.
- Inconsistent recording of inquiries.
- Explaining the loan choice – more than 20% of applications reviewed did not include this.
- Consumer understanding of risks and costs.

The report details steps that mortgage brokers should take to improve their current practices, including:

- Ensuring they understand the consumer's underlying objectives for requesting specific loan products and features.
- Recording concise summaries of consumer requirements and objectives and the reason why a particular product, feature and lender were chosen.
- Providing a statement summarising the broker's understanding of the consumer's requirements and objectives.

See [media release](#)

### ASIC releases guidance on review and remediation

ASIC has released a [regulatory guide](#), *Client review and remediation conducted by advice licensees*. The guide relates to the review and remediation conducted by Australian financial services (AFS) licensees who provide personal advice to retail clients (advice licensees).

The key principles set out in the guidance are:

- Review and remediation is likely to be appropriate where a systemic issue has occurred that may have caused loss or detriment to clients.
- The scope of review and remediation should ensure it covers the right advisers, the right clients and the right timeframe.
- The process of review and remediation should be comprehensive, timely, fair, and transparent. There should be clearly defined principles to guide the process and an appropriate governance structure.
- Effective, timely and targeted communication is key to ensuring that clients understand the review and remediation and how it will affect them.
- Clients should have access to an EDR scheme if they are not satisfied with the remediation decision made.

The Australian Bankers' Association has [commented](#) on the ASIC guidance on customer remediation programs.

See [media release](#)

## 2

# What have the regulators been up to? (cont'd)

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### ASIC remakes several class orders into legislative instruments

Following public [consultation](#), ASIC has remade three legislative instruments that affect financial reporting by companies:

- [ASIC Corporations \(Audit Relief\) Instrument 2016/784](#)
- [ASIC Corporations \(Wholly owned Companies\) Instrument 2016/785](#)
- [ASIC Corporations \(Qualified Accountant\) Instrument 2016/786](#)

ASIC has also released updated [Regulatory Guide 115 Audit relief for proprietary companies](#).

ASIC has released updated regulatory guidance on its relief for Managed Discretionary Accounts (MDAs) in [Regulatory Guide 179, Managed Discretionary Accounts](#). ASIC has made a new legislative instrument, [ASIC Corporations \(Managed Discretionary Accounts\) Instrument 2016/968](#) to replace its class order on MDAs.

ASIC commenced changes to these instruments before they were due to sunset over the next few years under the Legislation Act 2003.

See [media release](#)

### ASIC reports on review of marketing practices in IPOs

ASIC has published a [report](#), *Marketing practices in initial public offerings of securities*, setting out key findings on the marketing of initial public offerings (IPOs) to retail investors. The report identifies some risks and recommendations that may be useful for firms and issuers to consider when developing an IPO marketing strategy.

Key findings of the report include:

- There were some oversight weaknesses in relation to telephone and social media marketing, and in ensuring that marketing material is up to date.
- Special care needs to be taken to not mislead investors when using forecasts or targeted marketing.
- Firms and issuers did not always properly control access to information about the offer, so as to ensure retail investors base their decision on the prospectus; and
- Some good practices were adopted by firms to ensure that communication was consistent with the prospectus information.

See [media release](#)

## 2

# What have the regulators been up to? (cont'd)

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### The ASX consults on replacement of CHES for equity post-trade services

The ASX has released a [consultation paper](#), *ASX's Replacement of CHES for Equity Post-Trade Services: Business Requirements*, seeking feedback from stakeholders on their requirement for the blockchain system to replace Clearing House Electronic Subregister System (CHES), including the relative importance of existing CHES functions that could be carried forward, and the existing CHES functions or processes that may not meet their needs.

The paper outlines ASX's plans to introduce ISO 20022 messaging standards with the 'blockchain' (distributed ledger technology which underpins Bitcoin and other cryptocurrencies) system that will replace CHES. It also seeks feedback on a suite of enhancements to current functionality that could be introduced as part of the development of a replacement system.

Submissions are due by 28 October 2016.

The [Treasurer](#) has also welcomed the International Organisation for Standardisation's (ISO) support for Australia's proposal to develop new international standards on blockchain. The ASX's plans and the Data61 group of CSIRO, were particularly mentioned.

See [media release](#)

### The ASX consults on new framework to facilitate compliance with CRS, Austraclear

The [CRS](#) is a new global standard for the collection, reporting and exchange of financial account information of foreign tax residents, with aims to combat tax evasion. CRS obligations will apply in Australia from 1 July 2017.

The ASX has released a [consultation paper](#), *Austraclear: New framework to facilitate compliance with the Common Reporting Standard (CRS)*, seeking feedback from stakeholders on proposal to support Austraclear's compliance with the CRS by:

- Introducing new eligibility criteria for participants that hold Deposited Securities in the Austraclear System to align with CRS.
- Requiring pre-existing and prospective participants that hold Deposited Securities to certify their status under the CRS and to notify Austraclear of any change in that status.

The [proposed amendments](#) to the Austraclear regulations to introduce the framework for CRS compliance are available.

Submissions are due by 4 November 2016.

See [media release](#)

## 2

# *What have the regulators been up to? (cont'd)*

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### **Draft rules relating to an exemption for licensed trustees and Registered Plan Management Providers**

AUSTRAC has released [draft rules](#) relating to an exemption for licensed trustees, a partial exemption from the AML/CTF Act for licensed trustees who hold an Australian Financial Services Licence under the Corporations Act 2001. The exemption does not apply to the management of inter vivos trusts.

AUSTRAC has also released [draft rules](#) relating to an exemption for Registered Plan Management Providers, exempt from the AML/CTF Act, Registered Plan Management Providers (RPMPs) who are part of the National Disability Insurance Scheme (NDIS).

See [media release](#)

## 2

# What have the regulators been up to? (cont'd)

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### Speech: The New Regulatory Framework for Surcharging of Card Payments

Tony Richards, Head of Payments Policy Department at the RBA, addressed the 26th Annual Credit Law Conference. He discussed the topic, *The New Regulatory Framework for Surcharging of Card Payments*.

He discussed five key elements of the new framework contained in the Bank's new surcharging standard and the Government's amendments to the *Competition and Consumer Act*:

- The new framework preserves the right of merchants to surcharge for more expensive cards, but it does not require them to do so.
- The definition of card acceptance costs (that can be included in a card surcharge) has been narrowed. A merchant's internal costs cannot be included in a surcharge.
- A merchant that wishes to surcharge will have to do so in percentage terms rather than as a fixed-dollar amount.
- The Government has given the ACCC investigation and enforcement powers over cases of possible excessive surcharging.
- Surcharging in the taxi industry will remain the responsibility of state taxi regulators.

The full speech can be found [here](#).

### Speech: Card Payments and the Retail Sector

Malcolm Edey, Assistant Governor (Financial System) at the RBA, addressed the Australian Financial Review Retail Summit. He discussed the topic, *Card Payments and the Retail Sector*.

The Bank announced three key elements of the reform package:

- The Bank considered whether the current regulated levels of interchange fees remained appropriate.
- Placing American Express companion cards on the same regulatory footing as MasterCard and Visa cards.
- The package further strengthens the regulation of card surcharging.

Major developments in the payments system (such as mobile wallets) bring new players and new processes into the payment flows, and the Bank expects to remain closely engaged with these developments in the period ahead.

The New Payments Platform (NPP) will allow individuals and businesses to make account-to-account funds transfers, with the recipient having access to those funds in most cases in a matter of seconds. The structure of the NPP will allow new types of third party commercial services to be delivered through the system, once the initial service, to be offered by BPAY, is up and running.

The full speech can be found [here](#).

# 3

## Industry bodies

### ABA

Australian Bankers'  
Association

#### Reference Checking & Information Sharing Protocol

The ABA has developed the [Reference Checking & Information Sharing Protocol](#) to assist employers make informed recruitment decisions about financial advisers.

The protocol has been created to improve reference checking during the recruitment of financial advisers. It is intended to promote better information sharing about the performance history of financial advisers focusing on compliance, risk management and advice quality.

The protocol is part of the banking industry's commitment to professionalise financial advice, help minimise poor conduct and improve trust and confidence in the provision of financial advice services. It was developed with the input and support of banks that provide financial advice, including the AMP Group.

Banks and other financial advice providers can become a subscribing licensee by contacting the ABA. Subscribing licensees will need to make changes to their recruitment practices to comply with the protocol by 1 March 2017.

See [media release](#)

#### ABA makes a submission to the retail banking remuneration review

The ABA has made a [submission](#) to the independent review of product sales commissions and product based payments in retail banking.

Key points made in the submission:

- The banking industry recognises that customers and the wider community, expect banks to make sure they have the right culture, practices and behaviours.
- Making sure the remuneration structures of people selling products align with customer outcomes is important for customers and businesses in order to support trust and confidence across the banking industry.
- Remuneration structures have been changing over recent years in banks and banking groups to ensure that employees are incentivised for good performance and outcomes.
- The banking industry intends to strengthen the alignment of remuneration and incentives and customer outcomes.
- The banking industry is committed to improving their practices and continuing to meet customer needs and community expectations.

See [media release](#)

## 4

# Overseas developments – Global

## BCBS: Publishes guidance on the regulation and supervision of institutions

The Basel Committee on Banking Supervision (BCBS) has issued final [guidance](#) on the application of the *Core Principles for Effective Banking Supervision to the regulation and supervision of institutions relevant to financial inclusion*.

The guidance identified 19 of the total 29 Basel core principles where additional guidance is needed in the application of the core principles to the supervision of financial institutions engaged in serving the financially unserved and underserved.

Source: [BIS](#)

## FSB: Publishes second progress report on measures to reduce misconduct risk

The Financial Stability Board (FSB) has published its second [report](#) on the progress of its workplan of measures to reduce misconduct risk. The workplan covers:

- Examining whether reforms to incentives (governance and compensation) are sufficiently effective in reducing misconduct.
- Improving global standards of conduct in the fixed income, commodities and currency (FICC) markets.
- Reforming major financial benchmarks and assessing the degree of their implementation.

The report provides an update on progress made and future actions to take forward the FSB's misconduct workplan:

- The role of incentives in reducing misconduct.
- Improving standards of market practice.
- Reforming financial benchmarks.

Source: [FSB](#)

## 4

# Overseas developments – Europe

## EBA: Recent guidelines and consultations

The European Banking Authority (EBA) has published its final [guidelines](#) on remuneration policies and practices related to the provision and sale of retail banking products and services. They will apply from 18 January 2018.

The EBA has also published a [consultation paper](#) on draft guidelines on the criteria Competent Authorities should consider when stipulating the minimum monetary amount of the professional indemnity insurance (PII) for payment initiation and account information service providers under the revised Payment Service Directive (PSD2). Submissions are due by 30 November 2016.

The EBA has also published a [consultation paper](#) on draft technical standards, setting out the standardised terminology for services linked to a payment account, the standardised format and common symbol of both the fee information document (FID) and the statement of fees (SoF). Submissions are due by 22 December 2016.

Source: [EBA](#)

## EIOPA: Publishes updated documentation for term structures for Solvency II

The European Insurance and Occupational Pensions Authority (EIOPA) has published an updated [technical documentation](#) on the methodology to derive the risk-free interest rate term structures (RFR) for Solvency II.

The changes were required in the following areas:

- The update of the representative portfolios to calculate the volatility adjustments on the basis of updated data on the investments of the European (re)insurance companies.
- The peer country for Cypriote government bond yields used for the calculation of the volatility adjustments and the fundamental spread was changed from Greece to Portugal.
- The derivation of yields for corporate bonds of highest credit quality in case of negative yields.
- The data source for Icelandic government bond rates.

Source: [EIOPA](#)

## ESMA: Recent consultations

The European Securities and Markets Authority (ESMA) has issued a [consultation paper](#) on draft technical standards implementing the Securities Financing Transaction Regulation (SFTR), aiming to increase the transparency of shadow banking activities. Submissions are due by 30 November 2016.

The ESMA has also published a [consultation paper](#) regarding its implementing of technical standards (RTS/ITS), and implementing of the Benchmarks Regulation. It is seeking feedback from the stakeholders to comment from benchmark contributors, administrators and national competent authorities. Submissions are due by 2 December 2016.

The ESMA has also issued a [consultation paper](#) on its draft RTS regarding the creation of a consolidated tape for non-equity instruments, required under the Markets in Financial Instruments Directive (MiFID II).

Source: [ESMA](#)

## 4

# Overseas developments – UK

## FCA: Publishes third MiFID II consultation paper

The Financial Conduct Authority (FCA) has published a third [consultation paper](#) on the implementation of the revised MiFID II. MiFID II (which comes into effect on 3 January 2017) improves rules governing the way capital markets function, contributes to the reform of derivatives markets and strengthens transparency of trading.

Key proposals include:

- Strengthening rules to drive better competition and ensure research is only produced and consumed where it adds value to investment decisions.
- Implementing requirements of full disclosure of costs and charges.
- Guidance on the responsibilities of providers for the fair treatment of customers.
- Extending the requirement of telephone taping to financial advisers.

Submissions are due by 4 January 2017.

Source: [FCA](#)

## PRA: Publishes final rules on accountability, remuneration and whistleblowing

The Prudential Regulation Authority (PRA) has published [policy statement](#) on regulatory references, further developing the accountability regime. The PRA has also released [consultation paper](#), setting out proposed amendments and optimisations to the Senior Managers and Certification Regime (SM&CR) and Senior Insurers Managers Regime (SIMR).

The PRA proposes to extend existing [whistleblowing rules](#) to ensure people working at UK branches of banks and insurers are aware of how to safely raise concerns they may have to the regulator, and challenge poor practice and behaviour.

The PRA is consulting [final rules](#) on buy-outs of variable remuneration, ensuring that the buy-outs do not undermine existing rules, allowing employees to avoid the proper consequences of their actions. The PRA is consulting on a unified [supervisory statement](#) on remuneration.

Source: [Bank of England](#)

## PRA: Issues buy-to-let underwriting standards expectations

The PRA has issued a [policy statement](#) (PS), providing feedback to the responses to [consultation paper](#), *Underwriting standards for buy-to-let mortgage contracts*, and the final [supervisory statement](#) (SS), *Underwriting standards for buy-to-let mortgage contracts*.

The PS is relevant to all firms regulated by the PRA that undertake buy-to-let lending that is not already subject to FCA regulation. The PRA expects regulated firms to ensure that the standards contained in the SS are adopted by other firms undertaking buy-to-let lending within their groups.

Source: [Bank of England](#)

## 4

# Overseas developments – US

## OCC: Publishes final guidelines for large bank recovery plans

The Office of the Comptroller of the Currency (OCC) has released [final guidelines](#) for recovery planning by large insured OCC-regulated institutions, establishing enforceable standards for insured national banks, federal savings associations, and federal branches of foreign banks with \$50 billion or more in average total consolidated assets. The standards do not apply to community banks.

OCC examiners will assess the appropriateness and adequacy of a covered institution's ongoing recovery planning as part of the agency's regular supervisory activities.

Source: [OCC](#)

## SEC: Adopts rules for enhanced regulatory framework for securities clearing agencies

The Securities and Exchange Commission (SEC) has proposed new [rules](#) to establish enhanced standards for the operation and governance of securities clearing agencies that are deemed systemically important or that are involved in complex transactions, such as security-based swaps.

The SEC has also proposed to apply the enhanced standards established by the new rules to other categories of securities clearing agencies, including all SEC-registered central counterparties.

Source: [SEC](#)

## SEC: Proposes rule amendment to expedite process for settling securities transactions

The SEC has proposed a [rule](#) amendment to shorten the standard settlement cycle for most broker-dealer securities transactions from three business days after the trade date (T+3) to two business days after the trade date (T+2).

The proposed amendment is designed to reduce a number of risks, including credit risk, market risk, and liquidity risk and, as a result, reduce systemic risk for US market participants.

Source: [SEC](#)

## 4

# Overseas developments – Asia

## Hong Kong: SFC – recent announcements

The Securities and Futures Commission (SFC) and The Stock Exchange of Hong Kong Limited (the Exchange) has announced a two-month extension of the deadline for responding to the joint consultation on the proposed enhancements to the Exchange's decision-making and governance structure for listing regulation. Submissions are due by 18 November 2016.

The SFC requires all relevant market participants to report for reportable short positions in all Designated Securities eligible for short selling specified by The Stock Exchange of Hong Kong Limited with effect from 15 March 2017. The SFC will provide a pilot testing environment in early 2017 to facilitate market participants' preparation for the new requirements.

Source: [SFC](#)

## Hong Kong: SFC proposes to enhance position limit regime

The SFC has published a [consultation paper](#), proposing enhancements to the position limit regime to expand its scope and make it more responsive to financial market developments. Under the proposals, the cap on the excess position limit that may be authorised by the SFC would increase from 50% to 300% of the statutory position limit.

It is also proposed that the statutory position limit for stock options contracts will triple to 150,000. In addition, new excess position limits are proposed for index arbitrage activities, asset managers and market makers of exchange-traded funds.

Submissions are due by 21 November 2016.

Source: [SFC](#)

## Singapore: Expand cooperation on FinTech with Switzerland

The Monetary Authority of Singapore (MAS) and the Swiss Financial Market Supervisory Authority (FINMA) have signed a [cooperation agreement](#) to foster greater cooperation on FinTech. FINMA and MAS have also committed to share information about emerging FinTech trends and regulatory issues pertaining to innovation.

Source: [MAS](#)

## 5

## PwC publications

### PwC: Beyond automated advice - how FinTech is shaping asset & wealth management

PwC has published a report, *Beyond automated advice: How FinTech is shaping asset & wealth management*, based on the 2016 PwC Global FinTech survey gathering the views of 544 respondents, principally top management involved in digital and technological transformation, distributed among five regions.

Some of the key findings:

- The main FinTech-related concern of asset and wealth managers (61%) is pressure on margins.
- Many incumbents (17%) underestimate the disruptive potential of new entrants, believing they pose no risk.
- Over a third of asset and wealth managers (34%) do not engage with FinTech companies at all.
- Asset and wealth managers who do engage with FinTech (69%) expect to see their costs reduced from doing so.

See [publication](#)

### PwC China/HK: Hong Kong (HK) private wealth management landscape 2016

PwC has published a report, *Hong Kong private wealth management landscape 2016*, based on results from the Private Wealth Management Association (PWMA) Hong Kong survey conducted jointly by the PWMA and PwC in July 2016, aiming to gather information about the current Private Wealth Management landscape in Hong Kong.

The survey report touches upon the following areas:

- Key challenges faced by Private Wealth Management Organisations (PMAs).
- Market / industry size.
- Private Banker attributes.
- Operational efficiency.
- Onboarding challenges and digitalisation.
- Digital service offerings and product innovation.
- Non-financial related services.

See [publication](#)

### PwC China/HK: Asian insurers and regulators confront digitisation challenges

PwC has published a report, *Asian insurers and regulators confront digitisation challenges*, highlighting that the technological disruption reshaping industries as diverse as automobiles and food delivery has come to insurance.

While insurance tends to be more conservative and client-intensive than other businesses, rapid technological adoption is changing the core traditional relationship between insurer and consumer.

See [publication](#)

## 5

## PwC publications (cont'd)

### PwC HK: Asia insurance review - regulatory updates, October 2016

In this update, PwC gives a roundup of key regulatory activities in Asia in the last few months, which include:

- China: Insurance product self-registration platform introduced; regulator promotes listings on OTC market for insurers; CIRC mulls tougher action on risky short-term products; regulator to tighten up on insurers' equity acquisitions; mandatory environment insurance part of green finance push.
- India: IRDAI mulls similar disclosure rules for listed and unlisted insurers; IRDAI issues draft outsourcing rules for insurers; more insurance policies to be in electronic form from 1 Oct 2016; regulator to bar incentives to banks for selling insurance.
- Korea: Insurers to be given more leeway to invest oversea.
- Philippines: Regulator to develop new mortality tables for life sector; regulator wants insurers to devise anti-fraud plans.
- Vietnam: Regulator stresses need for farm insurance.

See [publication](#)

### PwC UK: CBI PwC Financial Services Survey, Q3 2016

PwC UK has published a report, *CBI PwC Financial Services Survey, Q3 2016*. Key findings of the report:

- Confidence amongst financial services firms fell for a third consecutive quarter, with investment managers reporting the sharpest drop in optimism.
- Business volumes across the sector expanded at a good pace with profitability looking more positive than the previous quarter, despite being flat in banking.
- Overall income from fees, commissions & premiums expanded due to particularly strong activity from the insurance and investment management sectors.
- The level of competition remains the most significant constraint on business growth over the next 12 months.
- Firms continue to invest heavily in technology and digital platforms to transform their front and back offices, with the goal of providing greater efficiencies and speed.

See [publication](#)

### PwC US: Intraday liquidity - managing beyond bankers' hours

PwC US has published a report, *Intraday liquidity: Managing beyond bankers' hours*, highlighting that managing intraday liquidity is a complex, critical activity that has become increasingly important to banks due to a more stringent regulatory environment, the rising opportunity cost of holding excess liquidity, and changes in the payments clearing and settlement landscape.

While the largest and most complicated firms have begun to invest in advanced intraday liquidity management tools, considerable work remains for other banks that are less likely to have made upgrades, such as regional and foreign banks.

This publication analyses the following questions:

- Why should the enhancement of intraday liquidity management be a priority?
- What are the key elements of a strong intraday liquidity management framework?
- What are the key challenges to enhancing intraday liquidity management capabilities?

See [publication](#)

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## PwC publications (cont'd)

### PwC US: Regulators putting market infrastructure to the test

In September 2016, the CFTC finalised a rulemaking for electronic trading platforms, clearing operations, and data repositories. The rule calls for the following five types of systems testing:

- Controls testing.
- Enterprise technology risk assessment.
- Vulnerability testing.
- Penetration testing.
- Security incident response plan (SIRP) testing.

In issuing the final rule, the CFTC accepted several industry comments and thus reduced the required frequency of controls testing and relaxed several requirements that independent contractors conduct the tests. However, most organisation will still need to adjust or expand their current testing programs.

PwC US has published a financial crimes observer, *Regulators putting market infrastructure to the test*, analysing the rule and identifies key challenges.

See [publication](#)

### PwC US: New York regulator moves the goalposts

In September 2016, the New York State Department of Financial Services (DFS) proposed a broad set of regulations for banks, insurers, and other financial institutions. The most impactful new suggestions are the proposal's call for enhanced encryption of data of all nonpublic information and improved multi-factor authentication.

Requirements of DFS's proposal:

- Cybersecurity program.
- Cybersecurity policy.

New challenges:

- Data encryption.
- Enhanced multi-factor authentication.
- Annual certification.
- Incident reporting.

PwC US has published a financial crimes observer, *New York regulator moves the goalposts*, analysing DFS's proposal and identifying key challenges.

See [publication](#)

### PwC US: Governor's speech on stress testing and the Fed's NPR

PwC US has published a report, *Governor Tarullo's speech on stress testing and the Fed's NPR*, summarising key points from Governor Tarullo's speech on stress testing and the Fed's NPR:

- BHCs subject to CCAR will have ongoing capital requirements that directly incorporate the Fed's modelled post-stress capital calculations.
- The G-SIB capital surcharge will be incorporated into CCAR post-stress requirements.
- Integration of funding and liquidity stress into CCAR.
- The Fed will increase transparency, but stop short of full disclosure.
- Scenario design revisions are under consideration.
- The Global Market Shock will likely have more impact in future CCAR rounds.

See [publication](#)

# 6

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