

# Financial Markets Newsletter

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## Financial Markets Newsletter

August 2009

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## Netherlands | Law and legislation

### Act implementing the General Administrative Law Act (Fourth Tranche) and Act amending the Penalty System under Financial Legislation have entered into force

#### *Fourth Tranche General Administrative Law Act*

On 1 July 2009, the Fourth Tranche of the General Administrative Law Act (*Vierde tranche Awb*)<sup>1</sup>, the Act implementing the General Administrative Law Act (Fourth Tranche) (*Wet wijziging boetestelsel financiële sector*)<sup>2</sup> and the Decree amending the General Administrative Law Act (Fourth Tranche)<sup>3</sup> entered into force.

The fourth tranche contains general rules on monetary debt pursuant to administrative law, administrative enforcement (particularly administrative fines) and the allocation of powers to civil servants. The act and decree amend a large number of laws and decrees, including the Financial Markets Supervision Act (*Wft*), the Audit Firms Supervision Act (*Wet toezicht accountantskantoren*) and the Trust Offices Supervision Act (*Wet toezicht trustkantoren*).

#### *Act amending the Penalty System under Financial Legislation (Wet wijziging boetestelsel financiële sector)*

On 1 August 2009, the Act amending the Penalty System under Financial Legislation and the Decree on Administrative Penalties under Financial Legislation (*Besluit bestuurlijke boetes financiële sector*) entered into force<sup>4</sup>. The Decree on Fines pursuant to the FMSA (*Besluit boetes Wft*) has been repealed.

The new scheme allows regulatory authorities to impose higher fines. A maximum amount of EUR 4 million can be imposed for the most serious infringements (including insider trading). If the infringer made a profit of more than EUR 2 million

from the infringement, a higher fine can be imposed. Regulators are also given increased flexibility regarding special circumstances. Finally, the entry into force of the Fourth Tranche of the General Administrative Law Act means that managing directors and those in actual control can also be fined.

These new rules apply to infringements that occur after the change in legislation has taken force.

### Amendment of Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees FMSA

The Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees FMSA (*Wijzigingen Besluit bijzondere prudentiële maatregelen, beleggerscompensatie en depositogarantie Wft*) has undergone two amendments since June 2009.

Firstly, further rules to implement article 3:266 of the FMSA have been adopted, relating to participation in the Dutch investor compensation scheme or deposit guarantee scheme (*vangnetregeling*) by financial firms with their headquarters in another EU member state that operate from a branch office in the Netherlands<sup>5</sup>. Secondly, various amendments have been made to implement a recent European directive<sup>6</sup>. In particular, the introduction of the obligation for banks to notify that, as appropriate, a certain claim is not entitled to be met pursuant to the deposit guarantee scheme.

In addition, the maximum compensation amount of EUR 100,000 is definitively formalised<sup>7</sup>. The directive requires that the cover as of 30 June 2009 will be a minimum amount of EUR 50,000. Member states are required to ensure that the

<sup>1</sup> Bulletin of Acts and Decrees 2009, 264

<sup>2</sup> Bulletin of Acts and Decrees 2009, 265 and 2009, 266 (implementing decree)

<sup>3</sup> Bulletin of Acts and Decrees 2009, 267

<sup>4</sup> Bulletin of Acts and Decrees 2009, 327 (law), Bulletin of Acts and Decrees 2009, 329 (decree) and Bulletin of Acts and Decrees 2009, 328 (implementing decree)

<sup>5</sup> Bulletin of Acts and Decrees 2009, 306

<sup>6</sup> Directive 2009/14/EG of the European Parliament and the Council of the European Union of 11 March 2009 to amend Directive 94/19/EG on deposit guarantee schemes regarding coverage levels and payment periods (Official Journal of the European Union L 68)

<sup>7</sup> Bulletin of Acts and Decrees 2009, 277

maximum cover is EUR 100,000 by 31 December 2010 at the latest. In the Netherlands, a temporary ministerial rule that has now been repealed had already increased the cover to EUR 100,000<sup>8</sup>.

### **Amendment to Exemption Regulation FMSA**

The Exemption Regulation FMSA has been amended to include a number of churches, ideological organisations, charities, cultural organisations, scientific organisations or public service institutions as exempt from compliance under strict conditions for offering, advising or brokering in credit. This applies to providing credit to a natural person who at the moment of entering into the contract does not have any income or insufficient income or is entitled to receive a benefit. These amendments to the Exemption Regulation FMSA<sup>9</sup> entered into force on 28 Augustus 2009 with retroactive effect to 1 January 2009.

### **Rules on regulatory costs published**

The Ministry of Finance has laid down the amounts, criteria, ranges and formulas for continuous supervision pursuant to the:

- Financial Markets Supervision Act (*Wft*);<sup>10</sup>
- Audit Firms Supervision Act (*Wet toezicht accountantsorganisaties*);<sup>11</sup>
- Trust Offices Supervision Act (*Wet toezicht trustkantoren*);<sup>12</sup>
- Audit Firms Supervision Act (*Wet toezicht financiële verslaggeving*);<sup>13</sup> and
- Money Transactions Offices Act (*Wet inzake de geldtransactiekantoren*)<sup>14</sup>

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<sup>8</sup> Regulations from the Ministry of Finance of 9 October 2008 regarding a temporary setting of a maximum amount in accordance with Article 26.4, of the Decree on Special Prudential Measures, Investor Compensation and Deposit Guarantees FMSA

<sup>9</sup> Government Gazette 2009, 12636

<sup>10</sup> Government Gazette 2009, 11341

<sup>11</sup> Government Gazette 2009, 10356

<sup>12</sup> Government Gazette 2009, 10343

<sup>13</sup> Government Gazette 2009, 10633

<sup>14</sup> Government Gazette 2009, 10641

## **Netherlands | Other**

### **Amendment of Financial Markets Act 2010 submitted**

Minister of Finance Bos has submitted the legislative bill (in Dutch) to amend the FMSA and a number of other laws to the Second Chamber of Parliament. The First Act amending the FMSA (*Wijzigingswet Wft 1*), which contains both substantive and technical non-substantive amendments to the FMSA, also proposes amendments to the Dutch Civil Code (*Burgerlijk Wetboek*), the Bankruptcy Act (*Faillissementswet*), the Consumer Protection (Enforcement) Act (*Wet handhaving consumentenbescherming*), the Audit Firms (Supervision) Act (*Wet toezicht accountantsorganisaties*), the Trust Offices Supervision Act (*Wet toezicht trustkantoren*) and the Economic Offences Act (*Wet op de economische delicten*).

### *'Wild west sign'*

An important element in the bill is the development and expansion of the mandatory exemption notice that currently exists for providers of investment objects and rights of participation in an investment institution, also called a '*wild west sign*'. In principle, providers of these products must state in advertising and information material and during the offer process that there is no supervision of the products. This obligation will also apply to some offers of securities that are exempt from the prohibition on offering securities to the public without approval of the prospectus pursuant to article 5:3 paragraph 1 FMSA. The bill also includes specific procedural rules for the exemption notice.

### *Voluntary supervisory regime for investment firms*

The bill also introduces a voluntary supervisory regime for investment firms. If investment firms only offer their participation rights to qualified investors a licence is not required. However, some foreign institutional investors are only allowed to invest in investment firms that are under supervision. The new regime will make it possible for investment firms to be supervised voluntarily, which will make them open to these foreign institutional investors.

*'Major exemption'*

Finally, the bill amends the 'major exemption' for offerors of investments. Pursuant to the current Article 2:55 paragraph 2 of the FMSA, the AFM can provide these offerors an exemption from the obligation to be licensed and all licensing requirements. The offerors must observe the regulations of continuous supervision. The proposed amendments ensure that the major exemption extends to continuous supervision.

The proposed date of the entry into force of the bill is 1 January 2010. The Second Act amending the FMSA (*Wijzigingswet Wft 2*), which contains more substantive amendments, will be discussed in the Cabinet in December and is expected to enter into force on 1 January 2011.

**Proposed bill on clearing services submitted**

The Ministry of Finance has submitted a proposed [bill](#) (in Dutch) intended to immediately implement supervision of clearing companies<sup>15</sup>. Clearing companies are those which settle and equalise payment transactions and transactions in financial instruments.

The provisions regarding ongoing supervision of clearing companies will be included in the Decree on Prudential Rules FMSA (*Besluit prudentieel toezicht financiële groepen*) and the Decree on Conduct of Business Supervision of Financial Undertakings FMSA (*Besluit gedragstoezicht financiële ondernemingen Wft*). It was initially intended to include the provision in a separate part of the FMSA.

**Implementation of Payment Services Directive (*Richtlijn betalingsdiensten*): amendment to the Exemption Regulations pursuant to the FMSA (*Vrijstellingsregeling Wft*)**

The Ministry of Finance has published a [draft rule](#) (in Dutch) to amend the Exemption Regulations pursuant to the FMSA. The amendments are connected to the implementation of the European Payment Services Directive<sup>16</sup>.

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<sup>15</sup> Parliamentary Records II, 2009/2010, 32 025

<sup>16</sup> Directive 2007/64/EG; Parliamentary Records II, 2008/09, 31 892

The directive requires, *inter alia*, that payment service providers must apply for a licence. Member states, however, may decide to wholly or partially provide an exemption to the obligation to have a licence. The draft exemption regulation shows that the Netherlands has chosen to exempt certain payment services; it is impossible to acquire an exemption for the obligation to have a licence for performing money transfers. Payment service providers with an exemption will remain obliged to register and will also be obliged to safeguard the money they receive in the same manner as payment institutions that have a licence.

The proposed bill to implement the Payment Services Directive was passed by the Second Chamber at the end of June. The Ministry of Finance intends that the law will enter into force in December 2009.

**Government view of future financial sector**

The Ministry of Finance has published the [Cabinet view of the future of the financial sector](#) (in Dutch). Various elements of the report are:

- In the future financial institutions must be solid, responsible and transparent; responsibility and soundness must be the norm again.
- The supervision of the financial sector must be improved. The government envisages stricter capital requirements, mandatory remuneration principles, increased attention to the stability of the financial system as a whole, strengthening financial reporting, an improved system of supervision and increased international regulation. On various points international arrangements are currently being made.
- The government needs to ensure that the interests of the public are safeguarded. The government intends to limit its financial risk and potential financial risk as well as the risk to investors, and improve its crisis management instruments. In the short term it will modernise the deposit guarantee scheme.

*DNB publishes "The Dutch Financial System; An Investigation of Current and Future Trends"*

At the same time, De Nederlandsche Bank (DNB) has published a [report](#) on changes to the Dutch

financial system. The most important conclusions of this report are:

- In retail banking it is conspicuous that consumers respond to the financial crisis by frequently changing their provider. The competition between retail banks has been impaired by the current deposit guarantee scheme, which does not make a distinction between high-risk banks and those that are less high-risk.
- It is likely that Dutch companies will always have adequate access to corporate and investment banking products, despite the recent changes in the Dutch banking sector. It is likely that large companies will increasingly use foreign banks.
- Dutch life insurers are under pressure as the result not only of the low long-term interest rates, but also of changes to legislation such as the introduction of *banksparen*, a tax-efficient blocked bank savings account providing a mortgage or pension sum.
- Both Dutch pension funds and asset management companies would benefit from increased scale.

### **Current status of amendment of commission scheme**

In September 2008, the Minister of Finance Bos announced a set of measures intended to harmonise rules in the field of transparency of provisions and costs. Various measures have currently been implemented: rules regarding transparency of provisions have been in force as of 1 January 2009 and as of 1 July 2009 an intermediary must provide a contract for the provision of services.

The rules for transparency of costs and a prohibition on bonus were also intended to take effect as of 1 July 2009. However, in a [letter](#) (in Dutch) to the Second Chamber, Minister Bos wrote that this has been delayed as a result of the “unanticipated activity within the scope of the economic crisis and the complexity of the subject matter”. The measures will be postponed until 1 January 2010. Minister Bos intends to use this period to extend the scope of the transparency of remuneration and to extend the inducement norm

to include funeral homes and single-premium policies that are issued in combination with consumer credit.

### **Structure of the financial markets of Bonaire, St Eustatius and Saba**

The Ministry of Finance has published a [memo](#) (in Dutch) with its proposed regulation of the financial markets of the BES islands (Bonaire, St Eustatius and Saba). These islands will become public authorities of the Netherlands within a few years. In a separate memo, the Ministry of Finance discusses the integrity of the islands’ financial markets.

### **Report on liability of financial regulators**

The Ministry of Finance requested the Molengraaf Institute for Private Law of the University of Utrecht to investigate the issue of whether different national liability regimes could give rise to additional risks for the Netherlands Authority on the Financial Markets (*Autoriteit Financiële Markten*, AFM) and DNB and cause negative consequences to the financial sector in the Netherlands.

According to the [report](#) (in Dutch), the liability of financial regulators is limited in all countries investigated. In New York State, USA and in Germany, financial regulators enjoy full immunity. The investigators argue that the most important reason for introducing immunity for financial regulators in the country in question was case law. In none of the countries in question was the limitation of liability introduced as a consequence of international liability risk.

Regulators in the Netherlands are only liable if it is certain that they caused damage to another as a result of an attributable wrongful act. The investigators consider it unlikely that Dutch regulators could be summoned to appear before a foreign court. In legal proceedings with an international element, Dutch courts have exclusive jurisdiction. It is possible that claims by injured parties from outside the Netherlands are brought before Dutch courts, although under Dutch law the liability of regulators is not readily assumed. In addition, Dutch regulators are only held liable when branch offices of Dutch financial institutions

are involved and not in each case that has an international dimension.

This investigation supplements the 2006 [Van Dam report](#) (in Dutch), which investigated the risk of liability for all Dutch regulators at the request of the Ministry of Justice. The report concluded that Dutch liability law provides a positive incentive to regulators and is not a negative element.

### **AFM publishes guideline on appropriate commissions at investment firms and financial services providers**

Rules with respect to inducements or suitable commissions were introduced when the Markets in Financial Instruments Directive (MiFID) was implemented in the FMSA. This inducement standard should lead to appropriate commissions. In its [Guideline on appropriate commissions at investment firms](#) (in Dutch), the AFM provides rules for the application of the inducement standards. According to the AFM, the purpose of this document is not to prohibit certain commission structures in advance.

### **AFM publishes guideline to Financial Services Document**

As of 1 July 2009, advisors and intermediaries must provide a financial services document to clients in advance when it advises on or brokers complex products and mortgages. This document must inform clients of the nature and scope of the services provided by an intermediary or advisor and the remuneration such intermediary or broker receives.

The AFM has received many questions on the financial services document and has drawn up a guideline to provide answers and direction regarding the [suggestions](#) (in Dutch) included in the document. It has currently not imposed further rules, but instead is giving market parties the opportunity to provide suggestions for the document. The AFM will then consider whether these suggestions from market parties are consistent with law and legislation as well as the Guidelines on appropriate commissions at investment firms.

In early 2010, the AFM will evaluate the financial services document and draft additional rules if necessary.

### **AFM consultations**

#### *Draft Policy Rule on investment recommendations*

The AFM has commenced a [consultation](#) (in Dutch) on its new Policy Rule on investment recommendations, which will replace the current policy rule with respect to the role of the investigation, investigative reports, publications and advice. The current policy rule is considered by the AFM to be inadequate in view of the Implementing Directive of the Market Abuse Directive regarding the correct interpretation of investment recommendations and the disclosure of conflicts of interest<sup>17</sup>.

The new policy rule will clarify when information is “intended for the general public” and therefore concerns an investment recommendation.

According to the AFM, individual advice cannot be considered as intended for the general public. Public information based on research and estimates is not considered insider trading.

The AFM continues to consider publication of an investment recommendation can result in inside information as regards trade. A new element is that the proposed policy rule assumes that an investor who acts reasonably will make use of an investment recommendation. It is therefore no longer necessary to consider the anticipated impact of an investment recommendation.

The new policy rule clarifies how risks should be handled regarding price-sensitive information. Simultaneous distribution is the best way to manage these risks according to the AFM. An investment recommendation that reaches the public has been made publicly and can therefore not constitute price-sensitive information.

It is possible to respond to the draft policy rule until 25 September 2009.

#### *Interpretation of bidding rules*

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<sup>17</sup> Directive 2003/125/EG

The AFM has commenced [consultation](#) (in Dutch) on the interpretation of a number of bidding rules on the following subjects:

- an increase in the offer price,
- the existence of mandatory offers during an offer that started voluntarily, and
- the prohibition on potestative conditions (conditions to an offer may not be dependent either in formulating or in effect on the influence of the offeror).

The consultation period is until 18 September 2009.

### **Response of AFM and DNB to Maas report**

In April 2009, the Advice Committee on the Future of Banks headed by Mr Cees Maas presented its report "[Towards repairing trust](#)" (in Dutch), in which it made various recommendations on improving the performance of the Dutch banking sector. The Committee considers it important that the interests of the client are again the focal point, that expertise is required of members of the board of management and board of supervisory directors of a bank, and that the remuneration of directors is a point of attention. The recommendations should be set out in a code.

DNB and the AFM have currently [responded](#) (in Dutch) to the report. They endorse the recommendations of the Committee, although the AFM has concerns about the implementation of the recommendations. The AFM also has questions on the status of the code and the effectiveness of self regulation. DNB commented on the Committee's proposal to reduce the cover under the deposit guarantee scheme to between EUR 40,000 and 50,000. It notes that as of 1 January 2010, a maximum cover of EUR 100,000 will apply throughout Europe, unless it appears at the end of 2009 that this is inappropriate and not financially feasible for all member states. DNB is also critical of the proposed replacement of the current pay-as-you-go scheme, where the participating banks pay a premium to the government, which it subsequently pays out for appeals to the scheme. DNB considers this scheme would make the government vulnerable and at odds with European rules regarding illegal state assistance.

### **DNB publishes Dictionary of the Financial Crisis**

DNB has published a [Dictionary of the Financial Crisis](#) (in Dutch) containing explanations of various terms "from bad banks to bloodbath, from credit crunch to depression".

### **Euronext removes publication requirements**

Pursuant to the implementation of the Transparency Directive in the FMSA on 1 January 2009, [Euronext Amsterdam](#) has removed a number of publication requirements from its Rulebook II<sup>18</sup>.

Following this amendment, all information that issuing institutions are required to disclose to the public under the provisions of the Euronext's rules<sup>19</sup>, as well as the listing agreement concluded with the issuer, must be published in the manner prescribed by the FMSA (*i.e.* on the issuer's website and via a press release). The issuer must also provide Euronext Amsterdam with a digital version of this information, as well as any other information required under the terms of the legal provisions.

The obligation to advertise in the Dutch Daily Official List (*Officiële Prijscourant*) and a nationally distributed Dutch newspaper will no longer apply after 1 July 2009. It remains possible to advertise in the new digital version of the Dutch Daily Official List on a voluntary basis for the time being, for a reduced fee.

## **International | Other**

### **European Commission publications**

#### *European Commission introduces stricter rules for banking sector*

The European Commission requires banks to hold significantly more capital to cover the risks associated with re-securitisations. Banking regulators now have the power to impose sanctions on banks.

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<sup>18</sup> Euronext Amsterdam Notice 2009-002

<sup>19</sup> Rule Book II – General Rules Euronext Amsterdam Stock Market, Chapter A 2-7

Banks are also obliged to provide more information on their exposure to complex products and to change the way they assess risks in their trading book to ensure that they fully reflect the potential losses from adverse market movements. Lastly, banks are obliged to implement a remuneration policy that no longer encourages or rewards excessive risk-taking by managers and traders.

This [proposal](#) by the European Commission is in line with new measures published by the [Basel Committee](#).

The proposal will now pass to the European Parliament and Council of Ministers for consideration. It amends the Capital Adequacy Directive<sup>20</sup>.

### *Possible initiatives to enhance the resilience of OTC Derivatives Markets*

The European Commission has published a [working document](#) containing proposals for improving the efficiency, safety and soundness of the derivatives markets. Consultation is until 31 August 2009.

### *Consultation paper on the UCITS depositary function*

The European Commission is examining ways to improve protection of investors in UCITS, including re-examining the role of depositaries. In its [consultation document](#), the European Commission makes a number of recommendations to clarify the tasks of depositaries of UCITS.

### *Report on compliance with anti-money laundering legislation*

The European Commission has performed an [examination](#) into compliance with the Anti-Money Laundering Directive<sup>21</sup> by cross-border banking groups. The conclusion is that legislation is generally complied with, although there are national regulatory differences in implementation and the interaction between anti-money laundering legislation and bank secrecy rules and personal

data protection rules. Increased cooperation between regulators is also required.

### **CESR publishes report on transparency of non-equity markets**

CESR has advised the European Commission on the upcoming revision of the Markets in Financial Instruments Directive (MiFID) regarding transparency of the corporate bonds market. This [report](#) considers the possible expansion of the scope of the MiFID, ranging from the mandatory trade transparency regime including post-trade transparency to transactions in instruments other than shares (bonds, structured finance products and credit derivatives).

### **CESR has published a MiFID Supervisory Briefing**

CESR has published a [supervisory briefing](#) on information provision pursuant to MiFID, to enable regulators to assess whether the information provided to clients by an investment firm is “fair, clear and not misleading”.

In addition, CESR has updated its list of [frequently asked questions](#) on MiFID.

### **Recommendations regarding central counterparties and securities settlement systems**

CESR and the European System of Central Banks have published [recommendations](#) regarding central counterparties and securities settlement systems in the European Union.

### **CESR publishes annual report**

CESR has published its [annual report 2008](#), which includes a summary of its objectives, priorities and important results in 2008 and a draft work programme for 2009.

### **CESR consultations**

#### *CESR Proposal for a Pan-European Short Selling Disclosure Regime*

In the second half of 2008 a significant number of European member states took emergency measures on short selling, which ranged from restricting short selling of shares issued by

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<sup>20</sup> 2006/48/EC and 2006/49/EC

<sup>21</sup> 2006/60/EC

specified companies in some jurisdictions to restrictions on naked short selling. Various member states also introduced disclosure obligations.

In response to these measures, CESR has published a [proposal](#) on pan-European regulations for short selling. Briefly, when short positions reach a certain threshold they should be disclosed to the regulator and when they reach the next threshold they should be publicly disclosed.

Responses to the proposal can be sent to CESR until 30 September 2009.

### *Consultation on measures related to the UCITS management company passport*

CESR has commenced consultations on [measures](#) on the organisational requirements that companies managing UCITS need to fulfil. The passport will enable investment funds with a licence in one member state to be managed by a management company located in another member state.

The measures include the organisation of managers, rules of conduct, risk management and supervisory cooperation.

Responses can be sent to CESR until 4 September 2009.

### *Consultation on the Key Information Document*

CESR is holding a consultation on the [Key Information Document](#) (KID), which will replace the current Simplified Prospectus of UCITS. The KID will be no longer than two pages and contain a clear summary of the costs, risks and anticipated rewards.

In its consultation document, CESR makes suggestions regarding the form (length, clarity of language) and the substance (description of goals, risks and costs) of the KID.

Responses can be sent to CESR until 4 September 2009.

## **CEBS publications**

### *Consultation on liquidity buffers & survival periods*

CEBS has published [draft guidelines](#) on the appropriate size and composition of liquidity buffers that should be in place for credit institutions

to withstand a period of liquidity stress. Responses can be sent to CESR until 31 October 2009.

### *Liquidity Identity Card*

The Committee of European Banking Supervisors (CEBS) has published a [liquidity identity card](#) that provides information on liquidity risk and aims to simplify the exchange of information between regulators, particularly for colleges of supervisors that supervise cross-border banking groups, insurers and financial conglomerates.

### *Consultation Paper on Implementation Guidelines regarding Hybrid Capital Instruments.*

The Council of the European Union is expected to formally agree on the amendment of the Capital Adequacy Directive this autumn<sup>22</sup>. This directive will, *inter alia*, set out the conditions under which hybrid capital instruments can be included in core capital.

CEBS has compiled [draft implementation guidelines](#) for the convergence of supervision with regard to these equity instruments. The consultation period is until 23 September 2009. European member states should have implemented the amendments to the Capital Adequacy Directive by 31 October 2010.

### *Guidelines for passport notification*

When a credit institution uses the passport procedure set out in the Banking Directive<sup>23</sup>, the competent authority of the member state of origin is obliged to provide certain information to the competent authority in the other member state. CEBS has recently published [guidelines](#) on the substance of the notification and the manner in which the competent authorities should exchange this information. The Committee also provides templates to ensure that supervisory authorities in the recipient member state receive the information they need.

## **IOSCO publications**

### *Short selling regulation*

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<sup>22</sup> 2006/48/EC and 2006/49/EC

<sup>23</sup> 2006/48/EC

In its report [Regulation of Short Selling](#), IOSCO has set out high level principles for the effective regulation of short selling. It recommends increased controls, a reporting regime and an effective compliance and enforcement system. It recommends appropriate exceptions for certain types of transactions.

### *Report on hedge funds*

In March 2009, IOSCO held a consultation on the need for regulation and supervision of hedge funds. In its final report [Hedge Funds Oversight](#) it made a number of recommendations, such as mandatory registration for hedge funds and hedge fund managers and rules regarding conflicts of interest and improve disclosure to investors.

### *Other publications*

- Report on the Development and Distribution of Foreign Collective Investment Schemes in Emerging Markets ([report](#))
- Protection of Minority Shareholders in Listed Issuers ([report](#))
- Good practices in Relation to Investment Managers' Due Diligence when Investing in Structured Finance Instruments ([report](#)).

### **IOSCO consultations**

- Principles for Periodic Disclosure by Listed Entities ([consultation](#)).
- Impact on and Responses of Emerging Markets to the Financial Crisis ([consultation](#)).
- Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities ([consultation](#)).

### **FATF news**

#### *Netherlands official President of FATF*

As of 1 July 2009, a Netherlands official will hold the one-year Presidency of the [Financial Action Task Force](#) (FATF), an inter-governmental body whose purpose is policy-making to combat money laundering and terrorist financing.

### *FATF publications*

- International Best Practices – Freezing of Terrorist Assets ([report](#))
- Money Laundering through the Football Sector ([report](#))

### **Financial Crisis Advisory Group publishes review of standard-setting activities**

The Financial Crisis Advisory Group has published a report on the consequences of the financial crisis for financial reporting standards and other regulatory issues. The report contains a number of recommendations for standard-setters (the International Accounting Standards Board and the Financial Accounting Standards Board), which include giving the highest priority to simplifying and improving various standards, particularly standard IAS 39 for the evaluation of financial instruments.

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