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Global Blockchain Business Council

Fintech Updater – January 2020



EU, UK and US regulatory developments

FinTech

EU

Crypto-assets: Germany introduces new regulatory regime

Germany has adopted a new regulatory regime for crypto-assets in connection with the implementation of the Fifth Anti-Money Laundering Directive (**AMLD5**). On 29 November 2019, the second chamber of the German parliament (*Bundesrat*) approved the “Act on the Implementation of the Amendment Directive to the Fourth EU Money Laundering Directive” (*Gesetz zur Umsetzung der Änderungsrichtlinie zur Vierten EU-Geldwäscherichtlinie*) which will enter into force on 1 January 2020.

The German AMLD5 implementation act ([link](#) to the adopted version) provides for changes of various regulatory acts and regulations including important amendments of the German Banking Act (*Kreditwesengesetz – KWG*) relating to crypto assets.

“Crypto assets” as a new category of “financial instruments”

The reform introduces the new category of “crypto-assets” (*Kryptowerte*) in the German definition of “financial instruments” set out in the KWG. “Crypto-assets” are defined as “digital representations of value:

- that are neither issued nor guaranteed by a central bank or a public authority and that do not have the legal status of currency or money;
- but that, based on agreement or actual practice, are (i) accepted by natural or legal persons as means of exchange or payment or (ii) serve investment purposes; and
- that can be transferred, stored and traded electronically”.

E-money and monetary values within the meaning of the German Payment Services Supervision Act (*Zahlungsdiensteaufsichtsgesetz*) are expressly excluded from the scope of such defined “crypto-assets”.

The new definition includes various types of crypto tokens including payment tokens (**virtual currencies**), but also security tokens. However, the exact scope regarding other tokens (in particular, with respect to utility tokens) is unclear and already subject to discussion in legal literature.

It should be noted that the new category is introduced as a general “catch-all clause”. In accordance with the administrative practice of the German regulator (**BaFin**) in the past, crypto tokens such as Bitcoins may already qualify as other (existing) categories of “financial instruments” within the German meaning.

The amended definition of “financial instruments” is relevant for the relating regulated activities triggering a licensing requirement. In particular, the operator of a virtual currency exchange platform targeting the German market requires a German license.

New financial service of “crypto custody business”

Further, the reform introduces the new regulated financial service “crypto custody business” (*Kryptoverwahrungsgeschäft*). “Crypto custody business” is defined as:

- “custody (*Verwahrung*);
- administration (*Verwaltung*); and
- safeguarding (*Sicherung*)

(i) of crypto-assets or (ii) of private cryptographic keys used to hold, store or transfer

		<p>crypto-assets as service for others”.</p> <p>Service providers such as custodian wallet providers will therefore require a license for crypto custody business pursuant to Sec. 32 KWG. It should be noted that crypto-assets may also qualify as one of the existing categories of “financial instruments” within the German meaning. Pursuant to the explanatory statement of the Bill, if crypto-assets qualify as securities (<i>Wertpapiere</i>), a license for custody business (<i>Depotgeschäft</i>) as type of banking business may thus be required instead of the new license.</p> <p>It is permissible for banks and investment firms to also conduct crypto custody business in addition to their other regulated services. However, service providers who solely conduct crypto custody business are exempt from some of the requirements set forth by the KWG.</p> <p>Service providers who conduct crypto custody business on 1 January 2020 will be deemed to have been provisionally authorised:</p> <ul style="list-style-type: none"> • if they inform BaFin in writing of their intention to obtain a license pursuant to Sec. 32 KWG by 31 March 2020; and • submit a complete application for such authorisation by 30 November 2020. <p>Further, BaFin has published a related webpage and has communicated that parties interested in such authorisation may already informally contact the German regulator.</p> <p>Date: 1 January 2020</p>
<p>EU</p>	<p>Final report on initial coin offers and crypto-asset exchanges</p>	<p>Consob’s final report on initial coin offers (ICOs) and crypto-asset exchanges</p> <p>Following the publication of a discussion document on 19 March 2019, Consob (the Italian regulator supervising financial markets and listed companies) released its final report on initial coin offerings (ICOs) and crypto-asset exchanges (the “Final Report”). The Final Report results from a consultation process aimed at the possible introduction of specific regulation on this matter, which would apply on an opt-in basis.</p> <p>Taking into account the recent start of a public consultation on an EU regulatory framework for crypto-assets, launched on 19 December 2019, it remains to be seen whether the Italian lawmakers and regulator will issue a domestic, opt-in regime for the Italian market, pending approval of binding EU measures, or whether the Final Report will simply contribute to the wider debate for a harmonized European regulatory framework.</p> <p>The Final Report is structured with 4 sections, taking into account (i) key definitions of the phenomenon, (ii) aspects pertaining to platforms for the offer of crypto-assets, (iii) exchanges for crypto-assets, and (iv) characteristics of custody services.</p> <p>Key definitions in the Final Report</p> <p>Consob clarified that the potential regulation would only apply to a crypto-asset that does not qualify as a financial instrument under MiFID II.</p> <p>Consob confirmed potential overlaps between the new notion and the domestic notion of “financial product”, so opting-in for the new specific regime, if and when approved, would provide certainty and simplification over the regime for “financial products”.</p> <p>In addition, since the definition of crypto-asset embeds the use of digital registration, the Final Report confirmed the possibility to rely on blockchain – as a specie of the broader category of distributed ledger technology (DLT) – but excluded, for the moment, the possibility to use other forms of technology.</p> <p>Consob confirmed the view that the specific regime should apply only to ICOs being related to “entrepreneurial projects”, i.e. where the token incorporates the right to a future asset, either in the form of a financial gain or in the actual use of a good or a service. On the other hand, in Consob’s view the envisaged regime should not apply to tokens that incorporate existing rights (e.g. real estate rights, property of art masterpieces).</p>

Under the Final Report, the ability to identify the beneficial owner in the crypto-assets' underlying investments is no longer considered a necessary requirement for the application of the envisaged regime. Conversely, a necessary condition is the destination of crypto-assets to negotiation, since this feature would offer protection to those who purchase tokens with the intention to make a profit by selling them on the trading platform. More specifically, the destination to negotiation shall be: (i) disclosed through the preliminary informative document on the offer (so called white paper), and (ii) foreseen from the creation of the instrument, for the *ad hoc* regime to be applicable.

Platforms for the offer of crypto-assets

To incentivise ICO promoters to undertake the opt-in mechanism (which would allow the issuers/promoter to select the use of a dedicated and regulated platform for both the offer and the subsequent negotiation), Consob highlighted that such opt-in would provide an exemption from the application of existing legislation relating to prospectuses and distance marketing offers for those crypto-assets that qualify as financial products.

Although the close link between a platform dedicated to the offer and that authorised to negotiate crypto-assets raised some concerns among respondents, Consob decided to adopt a solution which would grant the liquidity of the investment in the crypto-asset and the trustworthiness of the platform for negotiation. More specifically, Consob provides that tokens subject to offer shall be admitted to negotiation on a crypto-asset exchange platform duly enrolled in the register kept by the authority or on a foreign exchange subject to similar requirements to those applicable to an Italian exchange, and in any case following agreement between Consob and the relevant competent foreign supervisory authority.

In relation to the specific features of issuers/promoters, Consob excluded the introduction of organizational and capital requirements by favouring disclosure and transparency towards investors. For this purpose, the Final Report envisaged that the white paper would illustrate key aspects of the transaction (e.g. token utility, use of the resources and return), of the crypto-asset (e.g. number, valorisation, incentive mechanism) and of the platform where negotiation will take place as well as any relevant update on this information.

Conversely, platform managers shall maintain responsibility for the assessment of the envisaged transactions' validity, taking into account the type of investors targeted with the relevant offer. As such, the platform manager shall ensure technological reliability of the platform itself. This obligation would in any case be graduated in relation to the value of the token issued.

Finally, Consob excluded the introduction of a series of exemptions linked to the proportionality principle on the basis that the opt-in mechanism is already an expression of the proportionality principle.

Exchanges of crypto-assets

In relation to business models, Consob endorsed a technology-neutral approach so as to allow exchange systems based on different models to benefit from the legislation currently under discussion. This is based on the assumption that the exchange manager, among others: (i) is clearly identifiable and has full responsibility, also *vis-à-vis* third parties, for the correct functioning of the exchange, and (ii) is able to identify the participants to the platform.

With regard to the requirements for enrolment of the exchange systems in the register kept by Consob, the Final Report left the specific details to secondary legislation.

Finally, following comments from respondents, Consob allowed the possibility to negotiate on a regulated platform a crypto-asset originally not intended to be negotiated, subject to the fulfilment of transparency obligations through the disclosure of an adequate information set.

Custody services

A specific novelty of the Final Report, which has been suggested by various respondents, is the introduction of a custody services regime (e.g. wallets) separate from the

		<p>management of a crypto-asset exchange. Consob endorsed this suggestion while also clarifying that: (i) two separate registers will be kept by the authority (one for exchange and the other for the custody services provider), and (ii) requirements applying to those providing custody services are independent from those applying to an exchange manager, with the consequence that the performance of both activities would require compliance with both sets of requirements, to be further detailed in next steps.</p> <p>Date: 2 January 2020</p>
<p style="text-align: center;">EU</p>	<p style="text-align: center;">EBA report on Big Data and Advanced Analytics</p>	<p>The EBA has published a report on Big Data and Advanced Analytics (BD&AA) in the banking sector. The reports aims to share knowledge on the current use of BD&AA by providing background on this area, alongside key observations and outlining the key pillars and elements of trust that could be used to establish a framework for their use.</p> <p>The report is part of the EBA's fintech roadmap project, whereby the European Supervisory Authority (ESA) aims to identify and keep track of merging trends in the banking industry and analyse their inherent risks.</p> <p>The legal basis for the report is Article 9(2) of the Regulation establishing the EBA which mandates the ESA to monitor new and existing financial activities. This obligation extends to all areas of the EBA's competence, including in the field of activities of credit institutions, financial conglomerates, investment firms, payment institutions, and electronic money institutions.</p> <p>In its report the EBA identifies four key pillars for the development, implementation and adoption of BD&AA. These are: data management; technological infrastructure; organisation and governance; and analytics methodology. Firms must review these pillars to ensure they can support the roll-out of advanced analytics.</p> <p>The report also specifies that the roll-out of BD&AA affects issues surrounding trust and that institutions wanting to integrate artificial intelligence and machine learning (AI/ML) solutions into their businesses must take these trust elements into consideration. The trust elements are: ethics; interpretability; fairness; traceability; data protection; data quality; security; and consumer protection.</p> <p>The EBA concludes that the current trend and pace of change may soon create a need to develop AI/ML policies or regulatory frameworks for this technology to facilitate its proper development, implementation and adoption. The EBA will continue monitoring these developments on an ongoing basis. In consideration of the four key pillars for the development, implementation and adoption of BD&AA, the EBA takes the view that the existing regulatory framework is sufficient in the areas of ICT, security and governance. Next steps in this area could include a heightened focus on data management and ethical aspects that present a potential need for direction.</p> <p>Date: 13 January 2020</p>
<p style="text-align: center;">EU</p>	<p style="text-align: center;">DNB's supervision to focus on data and digitization</p>	<p>The Dutch Central Bank (<i>De Nederlandsche Bank</i>, DNB) has issued a press release stating that it will be adopting a more data-driven approach and focus on the use of digital technologies in its supervision. DNB has also published its Supervision Outlook 2020.</p> <p>DNB indicates that in 2020 it will strengthen its cooperation with the sector to build on knowledge of the impact and opportunities of technological innovations by way of the Innovation Forum (or iForum). The iForum was launched at the end of 2019 and is a joint partnership of banks, insurers, pension funds and payment institutions. DNB also notes that digitisation and new technologies such as artificial intelligence (AI) enable new products and services and that both new and established parties need to prepare themselves to respond adequately to a rapidly developing digital world. First priority should be given to the security, governance and quality of data. In response to these developments DNB is in the process of transforming into a "smart supervisor". DNB aims to fully utilise its technological opportunities by automatising routine tasks where possible and by adopting a data-driven approach as part of its new supervisory methodology.</p> <p>DNB's Supervision Outlook 2020 provides for more detail on the above and describes DNB's supervisory priorities for the year ahead, with respect to both prudential and</p>

		<p>integrity supervision. The Supervision Outlook among other things stresses that combating financial and economic crime continues to play a key role in its supervision and that in 2020 DNB will start their supervision of crypto institutions under the Fifth Anti-money Laundering Directive. Furthermore, DNB notes that sustainability is one of its other key priorities for 2020 and that it has anchored identification and control of climate risks to a large degree in its supervision of banks, insurers and pension funds.</p> <p>In this context DNB has also published the DNBulletin titled “Data age calls for increased attention from the banking sector and DNB”, which among other things addresses the future of the banking sector.</p> <p>Date: 22 January 2020</p>
EU	<p>European Commission publishes its 2020 Work Programme</p>	<p>The European Commission has published its 2020 Work Programme. In the introductory note, the Commission acknowledges “unprecedented challenges” that lay ahead for this year and beyond, including negotiation of a new partnership agreement with the UK – “a country that will remain a partner, ally and friend outside our Union”. As the Commission further notes that “the first year of this mandate will set the vision, direction and pace for the next five years”, the 2020 Work Programme is organised around six “headline ambitions”, including – (1) A European Green Deal, (2) A Europe fit for the digital age, (3) An economy that works for people, (4) A stronger Europe in the world, (5) Promoting our European way of life and (6) A new push for European democracy.</p> <p>In the area of financial services, the 2020 Work Programme lists a number of initiatives, grouped under several separate policy objectives. These include:</p> <ol style="list-style-type: none"> 1. Digital Finance <ul style="list-style-type: none"> • Action Plan on FinTech including a Strategy on an Integrated EU Payments Market (non-legislative, Q3 2020) • Proposal on Crypto Assets (legislative, Q3 2020) • Cross-sectoral financial services act on operational and cyber resilience (legislative, Q3 2020) 2. Deepening the Capital Markets Union <ul style="list-style-type: none"> • Action Plan on the Capital Markets Union (non-legislative, Q3 2020) • Review of MiFID II and MiFIR, including the establishment of an EU consolidated tape (legislative, Q3 2020) • Review of the Benchmarks Regulation (legislative, Q3 2020) 3. Completing the Banking Union <ul style="list-style-type: none"> • Action Plan on Anti-Money Laundering (non-legislative, Q1 2020) • Review of the Capital Requirements legislation (Q2 2020) 4. Financing the sustainable transition <ul style="list-style-type: none"> • Renewed Sustainable Finance Strategy (non-legislative, Q3 2020) <p>Some of the above-listed initiatives are already under way, with public consultations closed (Benchmarks Regulation, final Basel III implementation, certain MiFID II/MiFIR topics) or currently ongoing (markets in crypto-assets, cross-sectoral financial services act on operational and cyber resilience).</p> <p>Date: 29 January 2020</p>

UK

**FCA and BoE
announce
proposals for data
reforms across the
UK financial
sector**

The BoE has published a [Discussion Paper](#), *Transforming data collection from the UK financial sector*, to improve the timeliness and effectiveness of data collection from firms across the financial system. On the same date the FCA refreshed its [Data Strategy](#) setting out a transformation plan to become a highly data-driven regulator.

The BoE has published its Discussion Paper in order to start a dialogue with regulated firms and solution vendors to shape the evolution of reporting over a 5 to 10 year horizon. The Discussion Paper does not put forward a preferred solution, but rather sets out a framework for assessing the issues and an initial range of potential options. The options discussed draws ideas that were explored in the Future of Finance report and the pilot on digital regulatory reporting. The deadline for comments on the Discussion Paper is 7 April 2020.

The FCA Data Strategy outlines the regulator's increased focus on the use of advanced analytics and automation techniques to deepen its understanding of how markets function and allow the FCA to efficiently predict, monitor and respond to firm and market issues. Alongside investment in new technology and increased use of external data, the FCA will pursue a broader transformation, investing in skills and new ways of working to enable it to better understand and use data and innovative technology. The approach includes the establishment of data science units in selected parts of the regulator and exploitation of new opportunities arising from the FCA's migration to cloud-based IT infrastructure.

Over the next 12 months the FCA will focus on:

- increasing its data science resource throughout the organisation, making it a core capability, and growing its overall data and analytics skills via a comprehensive learning and development programme;
- testing and deploying new tools such as web scraping, network analytics and natural language processing for a wide range of scenarios;
- looking at how it can use new tools and techniques to transform the way it detects financial crime;
- seeking to improve the flow and quality of valuable public and commercial data it collects;
- investigating how technology can fundamentally change the interface between itself and regulated firms by making parts of the Handbook machine-readable and executable; and
- modifying its risk and control framework to ensure it uses its new tools and techniques safely.

In addition, the FCA, the BoE and seven regulated firms have jointly published a [Viability Assessment](#) report on the latest Digital Regulatory Reporting (DRR) pilot. DRR will potentially allow firms to automatically supply data requested by the regulators, thereby reducing the cost of collection, improving data quality and reducing the burden of data supply on the industry. This document covers an assessment of the technological and economic factors that may impact a shift towards more automation in regulatory reporting.

Date: 7 January 2020

<p>UK</p>	<p>Fees (Cryptoasset Business) Instrument 2020</p>	<p>The FCA has published on its website, The Fees (Cryptoasset Business) Instrument 2020 (the Instrument).</p> <p>The Instrument has been made by the FCA in exercise of the power conferred by regulation 102 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended by the Money Laundering and Terrorist Financing (Amendment) Regulations 2019.</p> <p>The Instrument amends the FCA's Fees manual to include the fees payable by persons wanting to make an application to the FCA to be registered as a cryptoassets business.</p> <p>The registration fees are as follows:</p> <ul style="list-style-type: none"> • £2,000 for cryptoassets businesses with revenue up to and including £250,000; and • £10,000 for cryptoassets businesses with revenue over £250,000. <p>The Instrument enters into force on 13 January 2020.</p> <p>Date: 13 January 2020</p>
<p>UK</p>	<p>GFiN report on cross-border testing pilot lessons learned</p>	<p>The Global Financial Innovation Network (GFiN) has published a report on the lessons learned on the cross-border testing pilot.</p> <p>The GFiN was formally launched in January 2019 by an international group of financial regulators and related organisations, including the FCA.</p> <p>The GFiN was created to provide a more efficient way for innovative firms to interact with regulators, helping them navigate between countries as they look to scale and test new ideas. It also created a new means of co-operation between financial services regulators to work on innovation-related topics, sharing different experiences and approaches.</p> <p>In January 2019, the GFiN launched the pilot phase of its cross-border testing which had the following objectives:</p> <ul style="list-style-type: none"> • explore how regulators could collaborate and facilitate cross-border experimentation in multiple jurisdictions, in real time; • explore how pilot tests would function and what type of demand there might be from firms to work with regulators in this way; and • learn lessons and make changes to the process, to ensure success of the final testing model. <p>The report sets out the results of the cross-border testing, the lessons learned and next steps.</p> <p>In terms of next steps:</p> <ul style="list-style-type: none"> • regulators are currently in the process of developing a single online entry form where a firm's selection of jurisdictions / regulators will lead to a set of common questions to collect information relevant to all jurisdictions / regulators as well as a bespoke questionnaire, if needed, that addresses the needs / criteria of the specific regulators. This will remove the requirement for firms to duplicate information across multiple forms and ensure regulators have all the information necessary to assess applications. GFiN will launch this single application form process in H1 2020 when it calls for applications for the first post-pilot cohort of firms; and • regulators will open applications for the first formal cohort of participants in the first half of 2020. A further announcement about timing will be made in due course.

		Date: 16 January 2020
UK	Central Bank to assess potential cases for central bank digital currencies	<p>The Bank of England (BoE) has announced that it has created a group of international central banks to share experiences as they assess the potential cases for central bank digital currencies. The group will also closely coordinate with the Financial Stability Board and the Committee on Payments and Market Infrastructures.</p> <p>The group will place a particular focus on assessing use cases; economic, functional and technical design choices (including cross-border interoperability); and the sharing of knowledge on emerging technologies.</p> <p>Date: 21 January 2020</p>
UK	Financial services AI public private forum	<p>The FCA and the BoE have announced that they were establishing a financial services artificial intelligence public private forum. The forum will explore the means to support safe adoption of technology within financial services, and whether principles, guidance, regulation and/or industry good practice could support the safe adoption of artificial intelligence and machine learning. Participation in the forum is at the invitation of the FCA and BoE.</p> <p>Date: 23 January 2020</p>
US	OCC appeals fintech charter ruling to the Second Circuit	<p>The Office of the Comptroller of the Currency (OCC) has appealed a decision from the US District Court for the Southern District of New York, holding that the OCC cannot issue special purpose National Bank Act charters to nondepository fintech companies. <i>Lacewell v. Office of the Comptroller of the Currency</i>, Case 1:18-cv-08377 (S.D.N.Y. Sept. 14, 2018).</p> <p>In <i>Lacewell</i>, New York State's Department of Financial Services (DFS) challenged the OCC's regulatory authority to grant a charter to a fintech company that does not intend to take deposits and is not a credit card bank, bankers' bank, or trust bank. The DFS's position was consistent with a similar complaint filed by the Conference of State Bank Supervisors on 25 October 2018 in the US District Court for the District of Columbia, which also alleged that the OCC lacks the statutory authority to offer special purpose national bank charters to fintech companies.</p> <p>The OCC argued in its motion to dismiss the lawsuit that the National Bank Act grants it the authority to offer charters to all institutions, including fintech companies, that engage in "the business of banking." However, the district court disagreed, concluding that this clause "read in the light of its plain language, history, and legislative context, unambiguously requires that, absent a statutory provision to the contrary, only depository institutions are eligible to receive national bank charters from the OCC."</p> <p>The OCC will likely argue on appeal, as it did with the district court, that the statutory phrase "business of banking" is ambiguous, and thus, that its interpretation of that phrase is reasonable and entitled to deference under the <i>Chevron</i> doctrine. Therefore, the Second Circuit will need to consider whether this phrase is ambiguous, and if so, whether the OCC's interpretation is reasonable in light of the text, nature, and purpose of the statute.</p> <p>Date: 19 December 2019</p>
US	HFSC to consider two fintech issues in January	<p>The US House Financial Services Committee (HFSC) has announced that it will convene hearings this month to consider both the trend of financial technology firms partnering with chartered banks to provide financial services and the rise of mobile payments.</p> <p>On January 30, the Committee will hold a hearing entitled "Rent-A-Bank Schemes and New Debt Traps: Assessing Efforts to Evade State Consumer Protections and Interest Rate Caps." It is likely that the hearing will address issues related to partnerships between banks and fintech companies, including payday lender-bank partnerships that HFSC members have scrutinized. While the OCC is trying to create special purpose charters for fintech companies in order to provide a mechanism for fintech companies to enter the banking system, this approach is the subject of ongoing litigation, and bank-fintech partnerships have become the principal way for fintech companies to work together with banks to provide financial products and services. Furthermore, the hearing will likely</p>

consider the rules recently proposed by the OCC and the Federal Deposit Insurance Corporation regarding the “valid when made” doctrine.

On January 31, the HFSC’s recently created Task Force on Financial Technology will meet to hold a hearing entitled “Is Cash Still King? Reviewing the Rise of Mobile Payments.” This hearing will consider the modern trend of digital payments and what this means moving forward for both cash and the financial services industry more broadly.

Date: 4 January 2020

International developments

G20

There has been no reported activity.

Financial Stability Board (FSB)

There has been no reported activity.

Bank for International Settlements (BIS)

There has been no reported activity.

International Organisation of Securities Commissions (IOSCO)

IOSCO work programme for 2020

The International Organization of Securities Commissions has (**IOSCO**) published its [annual work programme for 2020](#). The IOSCO Board has identified, amongst other things, five priority issues for 2020, namely:

- crypto-assets: In February 2020, IOSCO will publish its final report on issues, risks and regulatory considerations relating to crypto-assets. IOSCO will also finalise a regulatory risk review around investment funds with exposures to crypto-assets due to be completed in early 2020. Ongoing work in relation to 'Global Stablecoins' will continue throughout 2020 with a report expected early 2020;
- market fragmentation: IOSCO will analyse potentially harmful market fragmentation and will work to identify good practices that can assist regulators when they establish processes for deference and deepening supervisory cooperation;
- artificial intelligence and machine learning: During 2020, IOSCO will consult on the use of artificial intelligence and machine learning by market intermediaries and asset managers and expects to publish a final report by the end of the year;
- passive investing and index providers: IOSCO is developing a thematic analysis of the impact of the growth of passive investing on equity capital markets. Additionally, IOSCO has also launched a review of conduct-related issues in relation to index providers. The findings of this work will be delivered in a report to the IOSCO board in late 2020; and
- retail distribution and digitalisation: In 2020, IOSCO will build on its recent work on over-the-counter leveraged products and intends to develop a toolkit of policy measures to address and mitigate the risks posed by online cross-border marketing and distribution. The toolkit will also contain guidance on enforcement approaches.

Date: 30 January 2020

Committee on Payments and Market Infrastructures (CPMI)

There has been no reported activity.

Basel Committee on Banking Supervision (Basel Committee)

There has been no reported activity.

Financial Action Task Force (FATF)

There has been no reported activity.

World Economic Forum

World Economic Forum launches its Central Bank Digital Currency Policy-Maker Toolkit

The World Economic Forum, together with over 40 central banks, international organisations, academic researchers and financial institutions, has created a Central Bank Digital Currency (**CBDC**) Policy-Maker Toolkit. The [document](#) seeks to address the need for a concise CBDC decision guide that provides comprehensive information to policy-

makers who are considering designing and deploying a CBDC, which is a new form of digitized sovereign currency.

Given the profound effect on financial markets that CBDCs will have, policy-makers must consider thoroughly the complex legal and regulatory issues that arise. The CBDC Toolkit aims to provide a framework for policy-makers to ensure that any CBDC implementation and deployment fully considers the costs as well as the potential benefits, and also takes into account alternative solutions, deployment and governance strategies, risks, multi-stakeholder input, and other critical factors.

The framework is not exhaustive, but instead intends to complement additional research that any policy-maker considering CBDC should conduct.

Date: 22 January 2020

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