

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

Held on Thursday 16 November 2023 at 12:30pm

via video conference

ATTENDEES

Present	Firm Represented
Brian McDonnell – Chairing the meeting	McDonnell Ellis LLP
Anita Edwards (solicitor non-member) Alexandre Paturel (trainee non-member)	Norton Rose Fulbright
Richard Everett	Travers Smith LLP
William Garner	Charles Russell Speechlys
Simon Morris Rachel Smart (trainee non-member)	CMS Cameron McKenna Nabarro Olswang
Nick Bonsall	Slaughter and May
Simon Crown Diego Ballon Ossio	Clifford Chance
Peter Bevan	Linklaters
Clive Cunningham	Herbert Smith Freehills
Matthew Baker	Bryan Cave Leighton Paisner
Anthony Ma	Deloitte
Angela Hayes	DAC Beachcroft

A. DISCUSSION OF MATTERS

A.1 Approval of minutes of October meeting

The minutes of the meeting of the Committee held on 10 October 2023 were approved.

A.2 HMT consultation and PRA CP20/23 on ring-fencing reforms

Members discussed the proposed ring-fencing reforms set out in HMT's consultation (A smarter ring-fencing regime: Consultation on near-term reforms) and PRA CP20/23 (Ring-fenced bodies: managing risks from third-country subsidiaries and branches).

Overall, members were broadly supportive of the proposed reforms, arguing that they could increase the competitiveness of the sector. In particular, they endorsed the core proposal of allowing RFBs to have branches and subsidiaries in non-EU third countries.

However, members called for clarification on a number of points. In respect of both HMT and the PRA, it was argued that there needed to be more clarity regarding prudential equivalence from a supervisory perspective, and that it would be helpful in particular to articulate what is currently considered equivalent by the PRA (i.e., European and crown dependency jurisdictions).

Another point discussed by members related to the new de minimis requirements, which seem to allow RFBs to have a series of exposures to funds that amount to a large exposure. It was proposed that the requirements be clarified to ensure RFBs cannot do this.

Finally, members argued for relaxing the proposals relating to debt-for-equity swaps in a restructuring. It was argued that while in most cases there will be a release of debt, in principle there could instead be a release of covenants or other key terms of contract in exchange. In light of this, members suggested asking HMT to consider allowing this type of flexibility.

Members agreed that a draft response would be prepared and circulated to the Committee.

A.2 FCA CP23/20 and PRA CP18/23 on diversity and inclusion

The Committee has drafted a response to these papers informed by the input of members in the last meeting. Members have also spoken with the CLLS Employment Law Committee, which largely agreed with the Committee's arguments and fed in further comments, principally that the Equality Act was not sufficiently incorporated into the regulators' proposals.

Members suggested including some additional comments in the response, including requesting clarification by the regulators on certain points in their proposals. For example, members discussed changes that could be made to address the employment law context around non-financial misconduct. Members also agreed that it would be helpful if the regulators could offer some guidance on the impact their board composition proposals might have on board size.

Members agreed that a revised draft response would be prepared and circulated to the Committee.

B. POSSIBLE MATTERS FOR DISCUSSION AT SUBSEQUENT MEETINGS

B.1 FCA DP23/4 and BoE discussion paper on stablecoins

A Committee member volunteered to lead discussions on this paper at the next meeting and prepare a draft response. The Committee will look to find another member to lead the discussion on the BoE paper as it takes a different angle.

B.2 PRA DP3/23 on securitisation: capital requirements

A Committee member volunteered to lead discussions on this paper at the next meeting and prepare a draft response.

C. ANY OTHER BUSINESS

C.1 Incoming and outgoing members

The Committee thanked Simon Crown, who is leaving the Committee following this meeting, for his work as a member for the past 14 years. The Committee also welcomed Clive Cunningham, who has joined as a new member.

Liaison point for new AI Committee

It was agreed that Diego Ballon Ossio would be the Committee's liaison point for the new CLLS AI Committee.

C.3 Any other business

No other business.