

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

Held on Thursday 11 January 2024 at 12:30pm

via video conference

ATTENDEES

Present	Firm Represented
Hannah Meakin (Chair) Anita Edwards (solicitor non-member) Alexandre Paturel (trainee non-member)	Norton Rose Fulbright
Brian McDonnell	McDonnell Ellis LLP
Richard Everett	Travers Smith LLP
William Garner	Charles Russell Speechlys
Diego Ballon Ossio	Clifford Chance
Peter Bevan	Linklaters
Clive Cunningham	Herbert Smith Freehills
Matthew Baker	Bryan Cave Leighton Paisner
Anthony Ma	Grant Thornton UK LLP

A. DISCUSSION OF MATTERS

A.1 Approval of minutes of November meeting

No objections to the minutes of the Committee meeting held on 16 November 2023 were raised.

A.2 FCA DP23/4 – Regulating cryptoassets: Phase 1: Stablecoins

Members discussed their views on the FCA proposals in DP23/4. Responses are due by 6 February 2024.

The first key point discussed by Members was the definition of “fiat-backed stablecoin.” Members agreed that the breadth of this definition meant that it was unclear how the FCA’s current proposals interact with or can be distinguished from other regimes (e.g., the Electronic Money Regulations 2011). Members agreed that the FCA should be invited to distinguish between the definitions of stablecoins, electronic money and debentures (and other instruments creating or acknowledging indebtedness).

Secondly, Members discussed the FCA’s proposed separate framework for the custody of backing assets, and raised concerns regarding how this proposal would sit alongside the existing custody

frameworks. Members also flagged that the potential extension of the new custody framework for stablecoins to also include custody of security tokens could lead to parallel frameworks for traditional and digital securities, with uncertain application.

The third area discussed by Members was the territoriality of the new regime. Members agreed to invite the FCA to confirm that the territorial scope of the existing custody framework will not change. They also queried the requirement on overseas fiat-backed stablecoin issuers to have a “payment arranger” in the UK, noting that it would be helpful if the FCA could provide more details on how this proposal is intended to operate.

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

A.3 BoE discussion paper: Regulatory regime for systemic payment systems using stablecoins and related service providers

Members discussed responding to this paper in the form of a short response making high-level points. Responses are due by 6 February 2024.

Members discussed the relationship between the BoE paper and the FCA’s DP23/4, and it was noted that the two sets of proposals could be better aligned.

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

A.4 PRA DP3/23 – Securitisation: capital requirements

It was agreed that a draft Committee response to this paper would be disseminated via email in the first instance. Responses are due by 31 January 2024.

A.5 FCA GC23/3: Guidance on the anti-greenwashing rule

Members agreed that the Committee would feed two points into a response to this paper. Responses are due by 26 January 2024. It was noted that the CLLS ESG Committee would also be discussing this paper at its meeting (also on 11 January) and would revert to confirm whether it would like to contribute to the Committee’s response.

Firstly, Members flagged that the anti-greenwashing rule does not sufficiently deal with the possibility that banks, which are communicating information from issuers, will become subject to the fair, clear and misleading standard for the first time. It was suggested that this point could potentially be clarified in the guidance.

Secondly, Members agreed to invite the FCA to provide guidance to firms clarifying whether the anti-greenwashing rule was intended to apply to non-regulated business (e.g., that might be done with a client as a regulated firm) or only regulated business.

A.6 BoE consultation on the codes of practice for wholesale cash distribution market oversight

It was agreed that the Committee would not respond to this consultation.

B. POSSIBLE MATTERS FOR DISCUSSION AT SUBSEQUENT MEETINGS

Members were invited to volunteer to lead the Committee’s response to the following papers, and to discuss initial thoughts on the same.

B.1 CP23/33 – Consultation on payments to data providers and DRSP forms

B.2 FCA CP23/26 – Implementing the Overseas Funds Regime (OFR)

B.3 FCA CP23/27 – Reforming the commodity derivatives regulatory framework

A Member volunteered to lead the Committee’s response to this paper. Responses are due by 16 February 2024.

B.4 FCA CP23/31 – Primary Markets Effectiveness Review: Feedback to CP23/10 and detailed proposals for listing rules reforms

It was highlighted that the Company Law Committee was responding to this paper, and that the Committee could feed into that response if it wishes to. Responses are due by 16 February 2024.

B.5 PRA CP25/23 / FCA CP23/23 – Prudential assessment of acquisitions and increases in control

A Member volunteered to lead the Committee’s response to this paper. Responses are due by 23 February 2024.

B.6 HMT and FCA joint DP23/5: Advice Guidance Boundary Review – proposals for closing the advice gap

A Member volunteered following the meeting to lead the Committee’s response to this paper. Responses are due by 28 February 2024.

B.7 CP23/32 – Improving transparency for bond and derivatives markets

B.8 UK Emissions Trading Scheme consultation: future markets policy

B.9 FCA CP23/24 – Capital deduction for redress: personal investment firms

B.10 BoE consultation on its approach to statutory notice decisions for use of its requirements powers

B.11 PRA CP27/23 – The PRA’s approach to policy

B.12 PRA CP28/23 – Leverage ratio treatment of omnibus account reserves and minor amendments to the leverage ratio framework

C. ANY OTHER BUSINESS

C.1 Letter to FCA on potential inconsistencies in the Handbook.

It was suggested that a letter be written to the FCA highlighting potential inconsistencies in the FCA Handbook. Members were encouraged to compile and share any such references for this purpose.

C.2 CLSC and CLLS Annual Banquet at Mansion House – 1 February 2024

Members wishing to attend this event or requiring more information on the same were invited to contact the Chair.

C.3 Winter 2023 “Spotlight” issue of CitySolicitor Magazine

The Committee invited Members to share their feedback on this magazine, particularly on whether they preferred to read it online or in hardcopy, with Liz Thomas at the CLLS.

C.4 Any other business

CLLS website

It was highlighted that Committee responses could not be found on the CLLS's new website, and that the list of the Committee's Members was out of date. It was agreed that the Committee would reach out to the CLLS to update the website. Following the meeting, the link to the Committee Member page of the CLLS website was found and, following discussion with CLLS, this page has now been updated.

Other committees

Members discussed the importance of liaising with other CLLS committees in relation to consultation responses and other matters.

Next social for the committee

The Committee also agreed to hold a social to thank Members who had left the Committee.