COVID-19 Response: UK liquidity facilities / monetary policy

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In the following tracker table, we set out an overview of liquidity and monetary policy measures announced by the UK government and regulatory authorities in the context of the on-going COVID-19 crisis. Such measures are intended to absorb some of the shock to the financial system brought about by COVID-19, and ultimately assist UK businesses and consumers in withstanding the related economic pressures.

Common themes running through the recently announced government and regulatory measures are (i) easing the financial burden and (ii) investor protection. Unsurprisingly, the UK regulators, who are tasked with regulating conduct as well as the prudential supervision of UK financial services firms, have quickly mobilised in light of the current COVID-19 crisis to attempt to alleviate the growing financial pressures on UK financial services firms and their customers. Standout liquidity and monetary policy measures include (1) the UK Financial Conduct Authority sending a 'Dear CEO' letter to UK firms that offer financial services to retail investors allowing a temporary relaxing (so-called 'supervisory flexibility') of certain rules around (amongst other things) best execution, know-your-client verification and 10% depreciation notifications; (2) the Bank of England's Contingent Term Repo Facility, a temporary enhancement to its sterling liquidity insurance facilities; and (3) the government's proposed amendments to UK insolvency law to allow companies in distress more time to explore rescue options.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
Dear CEO Letter to firms providing services to retail investors about coronavirus	31/03/2020	The FCA has sent a Dear CEO letter to firms providing services to retail investors and sets out the regulator's approach to a number of issues to help firms.		**Client identity verification:** although firms should continue to comply with their obligations in relation to client identity verification, firms can use flexible methods. **Supervisory flexibility over best execution:** firms are expected to continue to meet their obligations including in relation to client order handling. We expect firms to take into account current market conditions when determining the relative importance they place on the different execution factors when meeting their obligations, and the venues or brokers they rely upon to achieve best execution. We would expect firms to consider their use of different types of orders to execute client orders and manage risk during market volatility. The FCA has no intention of taking enforcement action where a firm: • does not publish RTS 27 by 1 April 2020, provided it is published no later than 30 June 2020; • does not publish RTS 28 and Article 65(6) reports, provided they are published by 30 June 2020. **Supervisory flexibility over 10% depreciation notifications:** Firms providing portfolio management services or holding retail client accounts that include

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				leveraged investments are currently required to inform investors where the value of their portfolio or leveraged position falls by 10% or more compared with its value in their last periodic statement, and for each subsequent 10% fall in value. Firms have raised concerns about the impact on consumers and the operational burden of this in a highly volatile market. The FCA has no intention of taking enforcement action where a firm: • has issued at least one notification to a retail clients within a current reporting period, indicating their portfolio has decreased in value by at least 10%; and • subsequently provides general updates through its website, other public channels (such as social media) and/or generic, non-personalised client communications. These communications should update clients on market conditions, explain how clients can check their portfolio value and invite clients to contact the firm if they wish; or • chooses to cease providing 10% depreciation reports for any professional clients.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				The FCA will adopt this approach for a period of 6 months (to 1 October 2020). **Financial resilience:** in relation to the treatment of government schemes, the FCA has clarified that government schemes to help firms through this period can be used to help firms plan for how they will meet debts as they fall due and help firms remain solvent in the immediate period. Government loans cannot, however, be used to meet capital adequacy requirements as they do not meet the definition of capital.
Contingent Term Repo Facility ("the CTRF")	30/03/2020 24/03/2020	In response to financial market conditions, BoE activated the Contingent Term Repo Facility, a temporary enhancement to its sterling liquidity insurance facilities. In a further precautionary measure, on 30 March 2020, BoE extended the CTRF programme to run throughout April and to add a weekly 1-month CTRF operation.	Eligible institutions: Banks and building societies that are signed up to BoE's Discount Window Facility (DWF). Eligible collateral: consisted of the full range of SMF collateral – levels A, B and C. BoE may reject any collateral offered for any reason at any time. Participants must pre-position sufficient collateral with the Bank ahead of CTRF operations, and Level C collateral must be pre-positioned in advance if it is intended to be used in these operations. Participants can bid up to the amount of excess pre-positioned collateral held with the Bank at the close of business the	**Operation of the Facility:** When first launched, the 3-month CTRF was intended to run on 26 March and 2 April 2020, but on 30 March BoE announced that it would run weekly until 30 April 2020. **Term:** At launch there were only 3-month CTRF operations, but on 30 March a weekly 1-month CTRF operation was also announced. **Size and Price:** The size of the CTRF operations will be unlimited, and the price will be a fixed rate of Bank Rate plus 15bps. **Bidding process:** CTRF operations will take place at 10.00am. The closing time for bids will be 10.30am. Bids should be submitted across BoE's electronic tendering system, Btender. Participants without

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			day before the CTRF operations. Securities collateral must be delivered to the Bank by close of business the day before the operation, and all loan collateral must be encumbered. SMF Haircuts will apply to collateral.	access to Btender should submit bids via telephone to BoE's sterling money market desk via direct lines or on 020 3461 5000. A maximum of 1 bid will be accepted from a single participant. BoE reserves the right to reject bids in its sole discretion and for any reason. The minimum bid size will be £5 million, with increments of £1 million. **Allocation process:** CTRF operations will be fixed price, full allotment, in unlimited size. Participants bidding via Btender will be able to see the outcome of their bids in Btender. BoE will telephone each participant bidding via telephone after the auction to confirm their allocation. **Announcements:** The result of each CTRF operation will be published on BoE's wire services pages 30 minutes after the close of the auction, or as soon as practicable thereafter. BoE will publish the total value of funds allotted. **Settlement arrangements:** Settlement of CTRF auctions will take place on a T+1 basis. Participants must provide their updated Standard Settlement Instructions before taking part in a CTRF operation. To ensure collateral settlement, participants should use BoE's Standard Settlement Instructions (SSIs) and templates found on BoE's settlement and collateral management webpage.

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Amendments to insolvency law	28/03/2020	The Government announced that it will amend insolvency law to give companies breathing space and keep trading while they explore options for rescue.		Legislation to amend insolvency law will be introduced to Parliament at the earliest opportunity. The legislation will introduce a short moratorium that will give companies in difficult circumstances time to explore options for rescue. Wrongful trading rules will also be relaxed to reassure directors that the difficult decisions they have to make about the future viability of their business will not have to be unduly influenced by the exceptional circumstances which are entirely beyond their control.
FCA statement on work-related travel – responsibilities of Senior Managers	27/03/2020	The FCA published a statement making it clear that each firm's designated Senior Manager or equivalent person is responsible for identifying which of their employees is unable to perform their jobs from home, and have to travel to the office.	All FCA-regulated firms across the UK, including Scotland, Wales and Northern Ireland	The FCA sets out its expectation that the total number of roles requiring an ongoing physical presence to be far smaller than the number of workers needed to ensure all of a firm's business activities continue to function on a business-as-usual basis. The FCA clarified that it would not expect the following to go into work: • financial advisers; • staff able to safely and securely trade shares and financial instruments from home; • business support staff; • claims management companies and those selling non-essential goods and credit.

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FCA and PSR's response to the CMA's guidance on business cooperation under competition law	27/03/2020	The FCA and PSR statement confirms their support of the CMA's guidance on its approach to business cooperation under competition law during the pandemic.		**Regulatory approach:** Both regulators confirm that they will take a consistent approach to their competition law enforcement activity in the financial services sector. The regulators state that, whilst it is important that competition law does not impede firms from working together to provide essential services to consumers, they will not tolerate conduct that seeks to exploit the current coronavirus situation and harms consumers.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
FCA's expectations on financial resilience for FCA solo-regulated firms	26/03/2020	In this statement the FCA confirms that, where it can, it intends to provide flexibility to regulated firms to ensure that they can continue operating in this challenging period.	FCA solo-regulated firms	**Capital and liquidity buffers:** The FCA confirms that firms who have been set buffers can use them to support the continuation of the firm's activities in this time of stress. **Planning:** Firms should be planning ahead and ensuring sound management of financial resources. If a firm needs to exit the market, planning should consider how to achieve this in an orderly way, and the necessary steps to reduce harm to consumers and the markets. **Government schemes**: These can be part of a firm's plans for how they will meet debts as they fall due. **Contact with FCA supervisor:** If a firm is concerned that it will not be able to meet its capital requirements, or debts as they fall due, they should contact their FCA supervisor with its plan for the immediate period ahead. **PRA:** Firms that are prudentially regulated by the PRA should consider the PRA's requirements and discuss their concerns with them. Those firms should also keep the FCA notified of any significant developments.

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PRA Dear CEO letter on IFRS 9, capital requirements and loan covenants	26/03/2020	The PRA published a Dear CEO letter to UK banks setting out guidance on consistent and robust IFRS 9 accounting and the regulatory definition of default, the treatment of borrowers who breach covenants due to COVID-19, and the regulatory capital treatment of IFRS 9.		**IFRS 9 and forward-looking information:** Changes to expected credit loss ("ECL") to estimate the impact of COVID-19 will be subject to very high levels of uncertainty as there is a lack of reasonable and supportable forward-looking information on which to base these changes. As a result, it is crucial that ECL is implemented well and on the basis of the most robust reasonable and supportable assumptions possible in the current environment. To lower the risk of firms recognising inappropriate levels of ECL, the PRA recommends that firms: • make well-balanced and consistent decisions that consider not just the potential impact of the virus, but also take full account of the unprecedented level of support provided by governments and central banks domestically and internationally to protect the economy. The need for well-balanced decisions also means that due weight will need to be given to established long-term economic trends, given the challenges of preparing detailed forecasts far into the future; • consider the actions that will be and have already been taken to support borrowers, including the offer of payment holidays. The PRA's

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				expectation is that eligibility for, and use of, the UK Government's policy on the extension of payment holidays should not automatically, other things being equal, result in the loans involved being moved into Stage 2 or Stage 3 for the purposes of calculating ECL or trigger a default under the EU Capital Requirements Regulation (CRR). This expectation extends to similar schemes to respond to the adverse economic impact of the virus. In an Annex, the PRA sets out further guidance to assist firms in making consistent ECL estimates and how to treat payment holidays for accounting and regulatory purposes. **Treatment of borrowers who breach covenants:** The PRA stresses the importance in distinguishing between "normal" covenant breaches and some of the breaches that might occur because of the coronavirus. Lenders are urged to carefully consider their responses to potential breaches arising directly from the pandemic and its consequences and, where appropriate, waive any breaches in good faith without imposing new charges or restrictions that are unrelated to the facts and circumstances that led to the breach.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				Regulatory capital treatment of IFRS 9: the letter confirms that the PRA's September 2017 position regarding the transitional arrangements for the phase in of the regulatory capital impact of ECL remains unchanged and during 2020 firms can add back CET1 equivalent to up to 70% of 'new' provisions due to IFRS 9. The messages in relation to accounting will be relevant to firms finalising March/April year-end annual financial statements and Q1 quarterly reports based on IFRS, as directors will need to take decisions about forward-looking ECL estimates in the coming days and weeks. Firms with questions about the letter should respond to Sam Woods by email copying in their usual supervisory contact.
FCA, FRC and PRA joint statement on corporate reporting	26/03/2020	The FCA, Financial Reporting Council (FRC) and PRA published a joint statement setting out a series of measures to ensure information continues to flow to investors and support the continued functioning of the UK's capital markets in the light of the challenges created by COVID-19.		**FCA:** The FCA's statement temporarily gives listed companies that are subject to DTR 4.1 an extra 2 months from the end of the financial year to publish their audited annual financial reports. Given the fact that investors still need to receive timely information so as to make investment decisions, companies will need to comply with their other disclosure obligations, in particular those concerning inside information under MAR. **FRC:** the FRC published guidance for companies preparing financial statements

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				in the current environment of uncertainty. The guidance highlights some key areas of focus for boards in maintaining strong corporate governance and provides high-level guidance on some of the most pervasive issues when preparing their annual report and other corporate reporting. Boards are encouraged to: • develop and implement mitigating actions and processes to ensure the continued operation of an effective control environment; • consider how to secure reliable and relevant information, including the flow of financial information from significant subsidiary, JV and associate group entities; • pay attention to capital maintenance and ensure that sufficient reserves are available when dividends are made, not just when they are proposed. Relevant considerations when assessing whether a dividend is appropriate should include current and likely operational and capital needs, contingency planning and the directors' legal duties, both in statute and common law. The statement also addresses current difficulties in making forward-looking assessments in financial statements,

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				including the company's strategic reports and viability statements, and aims to help boards to focus on areas of reporting of most interest to investors, and to encourage them to provide clarity on the use of key forward-looking judgements. **Joint statement:** The statement also emphasises a number of further measures including: • Utilising the available three-month extension to the date for filing annual accounts with Companies House. • Postponing auditor tenders, even when mandatory rotation is due. • Postponing audit partner rotation. Where there are good reasons, for example to maintain audit quality in current circumstances, the rotation can be extended to no more than seven years with the agreement of the affected entity's audit committee. • Reducing FRC demands on companies and audit firms by revising the deadlines for consultations where possible, postponing for at least one month writing to companies following the FRC's review of their annual reports and accounts and pausing, for at least one month, requests to firms on supervisory initiatives.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				The statement strongly encourages investors, lenders and other users of financial statements to take into account the unique set of circumstances arising from coronavirus which could cause uncertainty in companies' financial positions, potential delays in providing financial information, the need for auditors to undertake additional work to support their audit opinions and the increased use of modified audit opinions. It also urges lenders to have regard to the circumstances in responding to potential breaches of covenant arising directly from the COVID-19 pandemic.
Impact of the coronavirus on firms' LIBOR transition plans	25/03/2020	The FCA, Bank of England and members of the Working Group on Sterling Risk-Free Reference Rates have published a statement discussing the impact of the coronavirus on firms' LIBOR transition plans over the coming months.		The statement confirms that the assumption that firms cannot rely on LIBOR being published after the end of 2021 has not changed and should remain the target date for all firms to meet. It also sets out that many preparations for transition will be able to continue, although it acknowledges that some interim transition milestones could be impacted.
Joint letter to the UK banks from HM Treasury, the Bank of England, and the FCA	25/03/2020	HM Treasury, the Chancellor and the Governor of the BoE and the CEO of the FCA sent a joint letter to the CEOs of UK banks on the impact of COVID-19 on bank lending. The letter explains that it is vital that the government, the regulators and the industry continue working together to mitigate the longer		

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
		lasting effects of COVID-19 on jobs, growth and the UK economy. In the letter the industry's "huge efforts" were recognised and appreciated, but the banks were told that more needs to be done. The BoE and FCA stated that they will be monitoring the situation closely and will be in regular contact with the banks to discuss developments and any issues arising.		
PRA statement on bank, building society and credit union branches remaining open	24/03/2020	Following UK government guidance on 23 March 2020 regarding businesses and premises remaining closed as part of further social distancing measures, the PRA published a statement advising banks, building societies and credit unions that branches and contact centers should be kept open, where possible, as they are deemed essential for civil and commercial functions. They are encouraged to take the necessary precautions to keep their staff and customers safe, in particular following NHS guidance.	-	-
COVID Corporate Financing Facility ("CCFF")	23/03/2020	HM Treasury and Bank of England are jointly coordinating the CCFF scheme, which will provide relief to large UK companies facing COVID 19-related disruption to their cash flows by purchasing commercial paper of up to one-year maturity from investment grade	Eligible issuers: The Fund will purchase CP issued by companies (including their finance subsidiaries) that make a material contribution to economic activity in the United Kingdom.UK incorporated companies, including those with	**Operation of the facility:** The COVID Corporate Financing Facility Limited (the Fund) will purchase Commercial Paper (CP) every business day between 10:00 and 11:00am. The Fund, operated by the Bank, on behalf of HM Treasury, will purchase, at a minimum spread over

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
		firms able to demonstrate that they were in sound financial condition prior to the coronavirus economic shock. Our article on this scheme is available here.	foreign-incorporated parents and with a genuine business in the UK, will normally be regarded as meeting this requirement. CP issued by non-bank financial companies will in principle be eligible, subject to the Bank being satisfied that the issuer makes a material contribution to corporate financing in the UK. CP issued by leveraged investment vehicles or from companies within groups that are predominantly banks, investment banks or building societies will not be eligible. Companies that do not currently issue CP but are capable of doing so will in principle be eligible to utilize the CP Facility, provided they meet the eligible securities criteria outlined below. Another important criterion that must be met by those wishing to participate in the scheme is the ability to demonstrate that the company was in sound financial health prior to the COVID-19 economic shock. Generally, this means that a company must have had a short- or long-term rating of investment grade as at 1 March 2020. If a company has different	reference rates, newly issued CP in the primary market via dealers and after issuance from eligible counterparties in the secondary market. **Length of the facility:** The Bank's intention is for the Facility to operate for an initial period of 12 months, but it will continue for as long as necessary to relieve cash flow pressures on firms. **Financing of facility:** Purchases under the Facility will be financed by central bank reserves. **Limits on the Bank's holdings:** Purchases of CP in the primary markets may be limited by issuer. Any such limits applying to individual issuers will be made available, on request, to the issuer only. **Prices:** The Fund will purchase securities at a spread above a reference rate, based on the current sterling overnight index swap (OIS) curve. Spreads will be set such that pricing is close to the market spreads prevailing before the economic shock from COVID-19. The Bank will keep its pricing under review in light of market conditions and its experience in operating the facility. CP purchased in the primary market will be discounted using a rate based on the maturity-matched overnight index swap (OIS) rate, as determined by the Bank on the day of purchase. Money market yield

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
			ratings from different agencies then they all need to be at or above these levels; if any rating is below investment grade then the commercial paper is not eligible for the CCFF. If firms do not already have a credit rating, then one solution is for the company or its bank to contact one of the major credit rating agencies to seek an assessment of credit quality in a form that can be shared with BoE and HM Treasury, noting that the assessment relates to participation in the CCFF. Eligible securities: The Fund will purchase the sterling-denominated CP of eligible issuers, with the following characteristics: • A maturity of one week to 12 months if issued to the Bank at issue via a dealer. Drawings can be rolled while the CCFF is open, subject to eligibility. • Where available, a minimum short-term credit rating of A-3 / P-3 / F-3 from at least one of Standard & Poor's, Moody's and Fitch as at 1 March 2020. This reference point is deliberately set prior to the	conventions will be applied. The spread to the OIS rate at which the Bank will purchase CP will vary according to the credit rating of the issuer. **Applying:** Before applying to participate, companies should speak to their finance providers to establish their eligibility for the scheme. If, after speaking to their bank, it is not clear whether the company is eligible then they should contact BoE at the following email address: CCFFeligibleissuers@bankofengland.co.uk. Companies who believe they are eligible, must complete the following forms: • Issuer Eligibility Form • Issuer Undertaking and Confidentiality Agreement For commercial paper to be issued be an entity other than the primary entity in the group, then it is also necessary to provide: • A guarantee, using the BoE pro forma • Associated legal opinion, using the BoE pro forma In addition to the above forms, companies should also provide evidence of authority to sign on behalf of the company. Guidance on the type of evidence is available here.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
			possible impact of COVID-19 on firms' short-term credit ratings. Issuers with split ratings where one or more rating is below the minimum are not eligible. • Issued directly into Euroclear and/or Clearstream. CP with any non-standard features, such as extendibility or subordination, will not be accepted. The minimum size of an individual security that the Fund will purchase from any single participant is £1 million and offers must be rounded to the closest £0.1 million.	All the documentation should be returned to CCFF-Applications@bankofengland.co.uk
Coronavirus Business Interruption Loan Scheme ("CBILS")	23/03/2020	CBILS is a guarantee scheme for lenders provided by the British Business Bank ("BBB"), the aim of which is to encourage lenders to continue to provide financing to viable UK SMEs during the COVID-19 outbreak. CBILS offers accredited lenders a government-backed guarantee on the outstanding balance up to 80 per cent of the facility value, subject to a per-lender annual claim limit at portfolio level. This should give lenders further confidence in continuing to provide financing to SMEs, even in cases where a borrower does not meet a	**Borrower eligibility:** The scheme is available to SMEs that meet the following criteria: • be UK-based in its business activity, with a turnover of no more than £45 million per annum (this is an increase from the initial announcement which stated £41 million); • the business must generate more than 50 per cent of its turnover from trading activity; and	**Benefits to Lender:** CBILS offers accredited lenders a government-backed guarantee meaning that, even in cases where a borrower does not meet a lender's usual requirements with regards to security, the lender should still be able to offer financing arrangements knowing that it will benefit from the government guarantee. In the event of a borrower defaulting, the Lender may claim up to 80% of the outstanding principal (net of any recoveries) from the Guarantor while bearing the remaining 20% of the loss, subject to not exceeding an annual portfolio claim limit.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
		lender's usual requirements with regards to security. Our article on this scheme is available here.	• the SME must have a sound borrowing proposal which, were it not for the COVID-19 pandemic, would be considered viable by the lender, and for which the lender believes the provision of finance will enable the business to trade out of any short-to-medium term difficulty. Although the British Business Bank states that SMEs from all sectors can apply for the scheme, it notes that certain trades and organisations are excluded. These excluded entities include banks, building societies, insurers and reinsurers, trade unions, state-funded primary and secondary schools, and religious or political membership organisations. Additionally, although eligible to apply, fishery, aquaculture and agriculture businesses may not qualify for the government's full interest and fee payment. The scheme is available to sole traders, freelancers, body corporates, limited partnerships, limited liability partnerships and other legal entities that meet the requirements of being a UK-based business activity with annual	This annual portfolio claim limit caps guarantee claims at a maximum of 75% gross (60% net) of annual lending. The scheme supports the provision of a range of finance products including revolving facilities or overdrafts, invoice finance facilities, asset finance facilities and term loans. The tenor of the facilities range from just three months up to 6 years in the case of term loans and asset finance, or up to three years for revolving facilities and invoice financing. **Benefits to the Borrower:** The scheme means that borrowers, who would otherwise have struggled to secure financing, should now be able to secure funds of up to a maximum of £5 million via one of the accredited lenders participating in CBILS. In addition to gaining access to facilities that may otherwise have been off-limits, borrowers will also benefit from lower initial interest repayments. The Government, through a Business Interruption Payment, is offering to pay the first 12 months of interest payments, which is an increase on the original proposal that only covered the first six months. In addition, the Government will also pay any lender-levied fees such as arrangement fees, although some, but not all, participating lenders have already stated that they will not charge arrangement fees

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
			turnover of no more than £45 million. The business activity of sole traders and freelancers must be operated through a business account. **Lender eligibility:** Lenders who wish to be accredited under CBILS can apply by completing an Expression of Interest Form and returning it to the British Business Bank. The criteria to be accepted as an accredited lender requires the following: • A track record of lending to SMEs trading in the UK; • Demonstration through evidence-based forecasts that the lender has sufficient critical mass to make participation worthwhile for both the Lender and BBB; • Ability to demonstrate that the lender levied fees and interest are reasonable and based on equivalent lending outside of the scheme; • Sufficient capital available to meet lending forecasts for the duration of the scheme period;	or early repayment fees to SMEs using the scheme. During the one-year interest repayment holiday, borrowers remain liable for making capital repayments. **Operation of the facility:** BBB (an economic development bank which is 100% owned and funded by the UK Government) will be operating CBILS via its accredited lenders. There are over 40 of these lenders currently working to provide finance, which include high-street banks, challenger banks, asset-based lenders and smaller specialist local lenders. **Length of the facility:** BBB announced that the scheme will initially run for six months from 23 March to 30 September 2020 and the government has confirmed that the amount of funding under the scheme will be demand-led, although it initially indicated that £5 million would be made available.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
			• Evidence that robust systems and processes are in place for managing CBILS-backed lending, with sufficient expertise to execute the proposed strategy; and • Confirmation of the lending entity's appropriate legal structure, tax domicile and necessary regulatory approvals. **FCA guidance:** On 20 March 2020, the FCA published guidance for firms considering an application for a business loan to which CBILS applies. In particular, the FCA considered the application of the Consumer Credit sourcebook (CONC) to these loans, particularly the requirement in CONC 5.2A.5R that regulated firms must not make a loan without first undertaking a creditworthiness assessment and having proper regard to the outcome of that assessment in respect of affordability risk. The FCA stated that the fact that the customer may, at the time of the loan application, be temporarily experiencing exceptional financial pressure does not mean that the	

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
			firm is prevented by CONC 5.2A.5R from making the loan.	
COVID-19 regulatory reporting amendments	23/03/2020	The PRA published a statement outlining its approach to regulatory reporting for UK insurers.		The PRA is accepting delays relating to both harmonised reporting under the Solvency II Directive (2009/138/EC) and its own, PRA-owned, reporting. The delays relate to annual reporting for the 31 December 2019 year-end, or a year-end after that date but before 1 April 2020. Firms may submit the annual reports anytime from the original submission date up to the end of the extended deadline window, which is set out in a table in the PRA's statement. The PRA recommends that, where reporting submissions are relatively well-progressed, firms make their submission earlier, to the extent this is possible.
PRA statement on key financial workers	20/03/2020	The PRA published guidance on the steps firms should take to help identify key workers in financial services. It indicated that it expects a limited number of people to be identified as being key financial workers.		**Guidance:** To identify key financial workers, firms should first identify the activities, services or operations that, if interrupted, are likely to lead to the disruption of essential services to the real economy or financial stability. Firms should then identify the individuals who are essential to support those functions, as well as any critical outsource partners who are essential to continued provision of services, even where these are not financial services firms.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				A firm's SMF1 chief executive officer (CEO) (or equivalent member of the senior management team) should be accountable for ensuring that only roles meeting the definition are designated. The types of role which could be considered key workers include individuals essential: • In the firm's overall management, such as individuals captured under the Senior Managers Regime (SMR). • In the running of online services and processing. • In the running of branches and providing essential customer services. • To the functioning of payments processing and cash distribution services. • In facilitating corporate and retail lending. • In the processing of insurance claims and renewals. • In the operation of trading venues and other critical elements of market infrastructure. Other staff in risk management, compliance, audit and other functions who are needed to ensure the firm meets its

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				customers' needs and its regulatory obligations, and individuals providing essential support to the above roles, such as finance and IT staff, are also included.
BoE and PRA statement on supervisory and prudential policy measures	20/03/2020	BoE published a statement on supervisory and prudential policy measures taken by it and the PRA to address the challenges of COVID-19. The aim of the measures is to alleviate operational burdens on PRA-authorised firms and BoE-supervised financial market infrastructures in the wake of the COVID-19 outbreak.		**Measures include:** BoE cancelled the 2020 stress test for the eight major UK banks and building societies. The BoE and the PRA will review their work plans for the supervision of individual firms and FMIs so that non-critical data requests, on-site visits and deadlines can be postponed where appropriate. The PRA will review its approach for considering and processing senior management function applications with a view to reducing the burdens involved.
Monetary Policy Summary for the special Monetary Policy Committee meeting	19/03/2020	At its special meeting on 19 March, the MPC judged that a further package of measures was warranted to meet its statutory objectives. It therefore voted unanimously to increase the BoE's holdings of UK government bonds and sterling non-financial investment-grade corporate bonds by £200 billion to a total of £645 billion, financed by the issuance of central bank reserves (the Asset Purchase Facility), and to reduce Bank Rate by 15 basis points to 0.1%. The		**APF: Additional Gilt Purchases:** starting 20 March 2020, BoE will purchase £5.1bn of gilts spread evenly between short, medium and long maturity buckets. These operations will last for 30 minutes from 12:15 (short), 13:15 (medium) and long (14:15). Offers for different stocks will be allocated based on the attractiveness of offers for each stock relative to market mid yields for the stocks, as published by Tradeweb, at the close of the auction. There will be no minimum allocation to a

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
		Committee also voted unanimously that BoE should enlarge the TFSME scheme, financed by the issuance of central bank reserves.		particular stock. BoE intends to continue to purchase evenly across the three gilt maturity sectors. However, the maturity sectors will be redefined as: gilts with a residual maturity of 3-7 years (short); those with a residual maturity of 7-20 years (medium); and those with a residual maturity of over 20 years (long). BoE will keep the definition of the maturity sectors under review in light of market conditions and subsequent policy actions. BoE will confirm details of the following week's operations each Friday at 12.00. BoE intends to set and vary the pace of its gilt purchases in response to market conditions and to support market functioning. Given prevailing conditions, BoE intends – at least initially – to make purchases at a materially higher pace than in the recent past. This pace will be kept under review in light of market conditions and any subsequent policy actions. **APF – Additional Corporate Bond Purchases:** As part of the increase in APF asset purchases, the MPC has approved an increase in the stock of purchases of sterling corporate bonds, financed by central bank reserves. Further details will be released in an updated Market Notice at a later date. **APF – Operational mechanisms:** BoE will participate in the secondary market for gilts

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				and corporate bonds by holding reverse auctions. With respect to corporate bond purchases, BoE reserves the right to carry out secondary market purchases via other methods, such as bilateral purchases, should it be deemed necessary. The MPC will keep under review the case for participating in the primary market.
Coordinated central bank action to enhance the provision of global U.S. dollar liquidity	20/03/2020 15/03/2020	The Bank of Canada, the Bank of England, the Bank of Japan, the European Central Bank, the Federal Reserve, and the Swiss National Bank announced a coordinated action to enhance the provision of liquidity via the standing U.S. dollar liquidity swap line arrangements. The swap lines are available standing facilities and serve as an important liquidity backstop to ease strains in global funding markets, thereby helping to mitigate the effects of such strains on the supply of credit to households and businesses, both domestically and abroad.		**15/03 announcement:** **Pricing:** Pricing on the standing U.S. dollar liquidity swap arrangements was lowered by 25 basis points to the U.S. dollar overnight index (OIS) rate plus 25 basis points. **Maturity:** To increase the swap lines' effectiveness in providing term liquidity, the foreign central banks with regular U.S. dollar liquidity operations have also agreed to begin offering U.S. dollars weekly in each jurisdiction with an 84-day maturity, in addition to the 1-week maturity operations currently offered. **20/03 announcement:** In co-ordination with other central banks, BoE announced measures to further enhance the provision of liquidity via the standing U.S. dollar liquidity swap line arrangements. BoE will increase the frequency of 7-day maturity operations from weekly to daily, commencing 23 March until

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				at least the end of April. The weekly 84-day US dollar repo operations will continue unchanged.
UK Countercyclical Capital Buffer	11/03/2020	To support the ability of banks to supply the credit needed to bridge a potentially challenging period, the Financial Policy Committee (FPC) reduced the UK countercyclical capital buffer rate to 0% of banks' exposures to UK borrowers with immediate effect. The release of the countercyclical capital buffer will support up to £190 billion of bank lending to businesses. That is equivalent to 13 times banks' net lending to businesses in 2019.		**Duration:** The FPC expects to maintain the 0% rate for at least 12 months, so that any subsequent increase would not take effect until March 2022 at the earliest.
PRA Statement accompanying the FPC's decision regarding the UK countercyclical buffer	11/03/2020	It its statement, the PRA makes it clear that it expects firms not to increase dividends and other distributions in response to the FPC's policy action and will monitor firms' distributions against this expectation. The PRA expects boards of PRA-regulated firms to consider this when deciding distributions.		**Distributions:** The PRA expects firms not to increase dividends and other distributions in response to the FPC's action and will monitor firms' distributions against this expectation. The PRA expects firms' boards to consider this when deciding distributions. Any proposals or discussions relating to potential dividends or share buybacks should be undertaken in a manner consistent with firms' safety and soundness and subject to a transparent governance process. The PRA sets out its specific expectations of senior managers and, in particular, the individual performing

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
				the chair of the remuneration committee senior management function (SMF12). The PRA may engage with relevant senior managers and check written records to assess whether any relevant decisions were subject to an appropriate level of discussion, documentation and oversight. **Capital Buffers:** The PRA reminds firms that capital buffers can be used as intended to continue to support the real economy during periods of stress. Among other things, firms should note that use of the PRA buffer or CRD IV combined buffer is not a breach of capital requirements or threshold conditions and that the PRA buffer is confidential and the automatic distribution restrictions associated with the CRD IV combined buffer do not apply to it. **Transitional measures on technical provisions (TMTP) relief for insurers:** The PRA considers that movements in risk free rates (RFR) since 31 December 2019 meet the threshold for a material change in risk profile set out in its supervisory statement on the maintenance of the TMTPs under the Solvency II Directive (2009/138/EC). It believes that the risks posed by COVID-19 are sufficient to meet a broad definition of a change in risk profile that for some firms may be material.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
Term Funding Scheme with additional incentives for SMEs ("the TFSME")	10/03/2020	The TFSME is intended to ensure that the benefits of the cut in the base rate are passed on to the real economy and provides participating financial institutions with a cost-effective source of funding to support and incentivise additional lending to businesses. The scheme offers additional incentives for lending to SMEs in an effort to assist those companies that typically suffer the most during periods of heightened risk aversion and economic downturns.	**Eligible institutions:** Institutions eligible to participate in the TFSME will be banks and building societies that are participants in the Bank of England's Sterling Monetary Framework (SMF) and that are signed up to access the Discount Window Facility (DWF). SMF participants that are not already signed up to the DWF can apply for access alongside applying to use the TFSME. Institutions that are not currently SMF participants can apply to join, subject to the Bank's eligibility criteria. Eligibility and continued access to the TFSME will be dependent upon a participant acting, in the opinion of BoE, in good faith and in a manner consistent with the objectives of the TFSME. **Eligible collateral:** Eligible collateral will consist of all collateral currently eligible in the SMF: level A, B and C collateral sets (including loan pools). BoE reserves the right to reject any collateral offered for any reason at any time. Eligible collateral must be pre-positioned in advance of a drawing. BoE's valuation of collateral will be binding and haircuts will apply to collateral	**Length of the Facility:** The scheme will open no later than 27 April 2020 and will run until 30 April 2021. **Drawdowns:** Drawdowns under the TFSME may be undertaken on each business day during the Drawdown Period. Drawdown requests should be made to BoE's Sterling Markets Desk. **Term:** The term of each transaction will be for 4 years from the date of drawdown. Participants may terminate any transaction, in full or in part, before its maturity date in accordance with the scheme's operating procedures. **Quantity and pricing:** The quantity and price of funding available to eligible institutions will be based on the quantity of sterling loans made to UK resident households, private non-financial corporations ("PNFCs") and certain non-bank credit providers ("NBCPs") outside of the participant's TFSME Group. The borrowing allowance for the financial institutions participating in the TFSME is made up of an Initial Allowance, equivalent to 10% (5% when originally announced) of the TFSME Group stock of real economy lending, and an Additional Allowance. It is this Additional Allowance that will encourage increased lending to SMEs. The

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
			as set out in the SMF and the haircut may be varied at any time at BoE's discretion.	Additional Allowance is equal to the sum of the following: • One times Non-SME Net Lending over the relevant reference period to UK resident households, large corporates and NBCPs; and • Five times Net Lending to SMEs over the relevant reference period. A business will be considered an SME if it is a PNFC with an annual debit turnover of less than £25 million on the business account or it is an unincorporated business entity ("UB") resident in the UK, in other words a sole trader. BoE will charge interest on TFSME transactions equal to Bank Rate plus a scheme fee, which will be determined at the end of the Reference Period, based on total Net Lending over the Reference Period. **Published information:** BoE will publish the size of each participant's outstanding drawings, and each TFSME Group's base stock and net lending data, quarterly with a lag on a timetable that has yet to be announced. Details of aggregate TFSME drawings will also be published weekly on BoE's website.

Facility/Scheme/ Announcement name	Launch/ publication /amendment date	Overview	Applicable entities	Key terms
Monetary Policy Committee Vote	10/03/2020	At a meeting of the MPC on 10 March 2020, the committee voted unanimously in favour of: • reducing the Bank Rate by 50 basis points to 0.25% (see further change 19/03/20); • introducing the Term Funding scheme with additional incentives for SMEs (discussed above); • maintaining the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at £10 billion; • maintaining the stock of UK government bond purchases, financed by the issuance of central bank reserves, at £435 billion.	-	-

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