The COVID-19 pandemic has created unprecedented challenges for compliance professionals around the world, including those in the UK. The following is a selection of UK and constituent countries actions as well as news and analysis articles compiled by the Thomson Reuters Regulatory Intelligence editorial staff. The selection includes Regulatory Intelligence and Reuters news coverage. More COVID-19 news and information can be found via the TRRI platform’s search facility.

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1 This COVID-19 Coverage was compiled by Thomson Reuters Regulatory Intelligence editorial staff.
COVID-19 COVERAGE – UNITED KINGDOM

LEGISLATIVE AND REGULATORY ACTIONS OF THE HOME NATIONS

ENGLAND


Coronavirus Act 2020, UK ST 2020 c. 7 (Royal Assent 25 March 2020)
No new actions.

Financial Services and Markets Act 2000 (Regulated Activities) Order
No new actions.

The Financial Services and Markets Act 2000 (Exemption) (Amendment) Order 2020
No new actions.

Individual Savings Account Regulations 1998
No new actions.

The Income Tax (Exemption for Coronavirus Related Home Office Expenses) Regulations 2020
No new actions.

Value Added Tax Act 1994
No new actions.

The Taking Control of Goods and Certification of Enforcement Agents (Amendment) (Coronavirus) Regulations 2020
No new actions.

The Value Added Tax (Extension of Zero-Rating to Electronically Supplied Books etc.) (Coronavirus) Order 2020
No new actions.

Accounts and Audit (Coronavirus) (Amendment) Regulations 2020
No new actions.

The Employment Rights Act 1996 (Coronavirus, Calculation of a Week’s Pay) Regulations 2020
No new actions.

The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020
No relevant new actions.

2 Links to the TRRI Regulatory Guidance Summary for this provision and not the original text of the legislation.

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The Statutory Sick Pay (General) Regulations 1982
No relevant new actions.

The Health Protection (Coronavirus, Wearing of Face Coverings in a Relevant Place) (England) Regulations 2020
No relevant new actions.

The Statutory Sick Pay (Coronavirus) (Funding of Employers' Liabilities) Regulations 2020
No new actions.

COUNTRIES ACTIONS

Scotland
The Health Protection (Coronavirus) (International Travel) (Scotland) Amendment (No. 12) Regulations 2020 and The Health Protection (Coronavirus) (International Travel) (Scotland) Amendment (No. 13) Regulations 2020 amend The Health Protection (Coronavirus) (International Travel) (Scotland) Regulations 2020 by removing Greece, French Polynesia and Portugal from the list of exempt countries regarding self-isolation requirements, among other matters.

Coronavirus (Scotland) Act 2020 asp 7 certain provisions will expire on September 29, 2020.

Coronavirus (Scotland) (No.2) Act 2020 asp 10 certain provisions will expire on September 29, 2020.

The Health Protection (Coronavirus) (Restrictions) (Scotland) Regulations 2020
No relevant new actions.

Wales
The Health Protection (Coronavirus, International Travel) (Wales) (Amendment) (No. 9) Regulations 2020 amend The Health Protection (Coronavirus, International Travel) (Wales) Regulations 2020 by removing Greek territories of Santorini, Serifos and Tinos from the list of exempt countries regarding self-isolation requirements.

The Health Protection (Coronavirus Restrictions) (No. 2) (Wales) Regulations 2020
No relevant new actions.

Northern Ireland
The Health Protection (Coronavirus, International Travel) (Amendment No. 9) Regulations (Northern Ireland) 2020 amend The Health Protection (Coronavirus, International Travel) Regulations (Northern Ireland) 2020 by removing Greek islands (Lesvos, Tinos, Serifos, Crete, Mykonos, Santorini and Zakynthos) from the list of exempt countries regarding self-isolation requirements, among other matters.

Health Protection (Coronavirus, Wearing of Face Coverings) (Amendment) Regulations (Northern Ireland) 2020
No new actions.
The Health Protection (Coronavirus, Restrictions) Regulations (Northern Ireland) 2020

No relevant new actions.

The Business Tenancies (Coronavirus) (Restriction on Forfeiture: Relevant Period) (Northern Ireland) Regulations 2020

No new actions.

The Rates (Coronavirus) (Emergency Relief) Regulations (Northern Ireland) 2020

No new actions.

The Statutory Sick Pay (Coronavirus) (Funding of Employers’ Liabilities) (Northern Ireland) Regulations 2020

No new actions.

The Working Time (Coronavirus) (Amendment) Regulations (Northern Ireland) 2020

No new actions.

The Discretionary Support (Amendment No. 2) (COVID-19) Regulations (Northern Ireland) 2020

No new actions.

Isle of Man

Emergency Powers (Coronavirus) (Continuation) (No. 2) (Amendment) (No. 3) Regulations 2020 and Emergency Powers (Coronavirus) (Continuation) (No. 2) (Amendment) (No. 2) Regulations 2020 amend the Emergency Powers (Coronavirus) (Entry Restrictions) (No.2) Regulations 2020 by, among other matters, offering permitted residents of the Island to take a test to ascertain whether he or she is infected or contaminated with Coronavirus 7 days or longer from the day on which the self-isolation began. If the resident is found not to be contaminated then the resident will be given a Direction notice exempting him or her from the requirement to isolate.

Proclamation by the Governor in Council

No new actions.

Emergency Powers (Coronavirus) (Information Sharing) Regulations 2020

No new actions.

REGULATORS – COVID-19 UPDATES

HM Treasury

Financial Dialogue Between Switzerland and the United Kingdom (September 8, 2020)

HM Treasury has published the results of the fourth financial dialogue held between senior UK Treasury officials and their counterparts from the State Secretariat for International Finance (SIF). The dialogue covered how to deepen co-operation in financial services between Switzerland and the United Kingdom and other topics of shared interest such as COVID-19, sustainable finance, stock market equivalence, and developments in digital finance/fintech.

For more information see the link here.
**Financial Conduct Authority (FCA)**


The Financial Conduct Authority (FCA) has published a report on 5 Conduct Questions (5CQ): Industry Feedback for 2019/20 Wholesale Banking Supervision. The FCA introduced the 5CQ to assist wholesale banks in developing and delivering global change programs to improve conduct risk management and culture. Among other things, the report's key messages are:

- conduct and culture change programs are having a positive effect;
- even though awareness of conduct risk is higher, skills to identify these risks must improve; and
- psychological safety for day-to-day speaking up and challenge still needs attention from staff at all levels.

The 5CQ was released later this year due to the ongoing COVID-19 pandemic, which has created new and greater conduct risks, therefore FCA underlines the importance of engaging staff at home in the effort to identify potential sources of harm in their individual environments.

For more information see the link here.

**GUERNSEY REGULATORS**

**Guernsey Financial Services Commission (GFSC)**

MONEYVAL: Money Laundering and Terrorism Financing Trends in MONEYVAL Jurisdictions During the COVID-19 Crisis (September 9, 2020)

The Guernsey Financial Services Commission (GFSC) has commented on the release of the MONEYVAL "Money laundering and terrorism financing trends in MONEYVAL jurisdictions during the COVID-19 crisis" report. The MONEYVAL collected information from questionnaires sent to all MONEYVAL jurisdictions on money laundering cases, practical challenges and trends surfacing during the COVID-19 crisis. The report details some preliminary conclusions on threats, vulnerabilities and best practices identified so far as well as several recommendations.

For more information see the link here.

**OTHER NEWS AND SUMMARIES**

**City of London says return to the office is slow going**

Confidence in using public transport is holding back bankers from returning to their offices, the City of London's leader said on Tuesday.3

Catherine McGuinness said she was "very concerned" about how the lack of people in the financial district was hitting support services like shops and cafes. Some 40% to 50% of staff are expected to return to the office up to the medium term, she told reporters.

One of the main barriers to people returning to the "Square Mile" was low confidence in public transport, she said.

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3 Huw Jones, City of London says return to the office is slow going, Reuters (September 9, 2020) at http://go-tr.com/F89kM6
"We would like to get out the message that there is capacity on the public transport system, it's as safe as possible to use," McGuinness said.

Footfall was recovering better in other parts of the capital, she said, but there was no sign yet of a reduction of interest in City commercial property, even though office usage is likely to change.

The City is facing the prospect of losing lucrative access from January to the European Union, its biggest customer, as tensions mount between London and Brussels over trade talks.

It was "regrettable" that there was no rapid progress in Britain securing a deal with the EU before Brexit transition arrangements end on Dec. 31, McGuinness said.

The EU will not allow banks in Britain to offer investment services to customers in the bloc, with Credit Suisse relocating some European investment banking operations from London to Madrid.

Nevertheless, McGuinness urged Britain to grant access for EU financial firms to the UK market soon and live up to its reputation as an open trading country.

"I don't think the government is giving as much focus to financial services as it ought to be doing," she said.

"We have come through plagues and fire before, and I am very confident the City will thrive after this," McGuinness said, referring to the Great Plague that was followed by the Fire of London in 1666 that spawned the insurance industry.

**FCA supervisors checking firms' post-transition plans still on track following COVID-19 disruption**

(Regulatory Intelligence) - Supervisors at the UK Financial Conduct Authority (FCA) have been checking the extent to which financial firms' plans for the end of the Brexit transition period have been knocked off course, according to recently published FCA board minutes.4

"Whilst recent supervisory engagements with firms had largely been focused on the impacts of COVID-19 this was expected to shift over the summer, with greater emphasis on how COVID-19 may impact existing Brexit implementation plans," the minutes of the July 22/23 meeting said.

Regulators are clearly gearing up efforts to ensure that financial services groups are prepared for when the transition period ends on December 31. On September 1, the UK Prudential Regulation Authority issued a "Dear CEO" letter to banks warning them of the need to be operationally ready for entry into the end of the transition.

As things stand, no deal has been reached regarding access to the European Union for UK firms from January 2021, and vice versa. The UK has put in place temporary permission regimes which will grant EU firms up to a three-year grace period during which they can continue to operate in the UK as they do at the moment. The EU has made no such reciprocal arrangements.

The minutes show the board discussed the risks associated with leaving with no deal and no equivalence decisions in place.

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4 Lindsey Rogerson, FCA supervisors checking firms' post-transition plans still on track following COVID-19 disruption, Regulatory Intelligence (September 7, 2020) at http://go-ri.tr.com/mT1csN

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"The risks of the UK leaving the transition period without a trade deal or findings of mutual equivalence were considered, and in particular the potential regulatory implications. Engagement with HM Treasury on these issues continued, including consideration of a suitable policy plan to ensure the maintenance of high regulatory standards," the minutes said.

The EU and UK committed to completing equivalence assessments by the end of June 2020. This deadline was missed, although the EU said in July it would grant UK derivatives clearing houses time-limited equivalence from January 2021.

**Firms well-prepared**

Matthew Griffith, head of the insurance commercial and regulatory team at law firm RPC, said firms' plans have not been knocked off course by the pandemic.

"While, in common with others, COVID-19 has had, and will continue to have, an impact on the insurance sector, many UK insurers and brokers with EU business had Brexit planning high on their list of strategic priorities well before the pandemic hit. As a result, they have either already implemented their new structures or are in the process of rolling out their contingency plans ahead of the end of the transition period," Griffith said.

Damian Carolan, partner in the financial services regulatory practice at Allen & Overy in London, agreed firms have had their post-transition plans in place for some time.

"In our experience, firms have had their Brexit transition plans settled for some time and are generally well-set-up in terms of legal and regulatory structures to migrate business where necessary and continue servicing clients [in the] post-transition period. We haven't seen any indications that COVID-19 has affected the ability of firms to continue to dedicate resources to implement their plans. The most significant ongoing uncertainty for firms is actually around UK-EU consensus on key issues (such as trading venue recognition and grandfathering of existing business), and the attitudes of individual member states in the event that EU-wide compromises are not agreed. This still has the ability to create real disruptions to current approaches to business but affects EU firms as well as UK firms," Carolan said.

**Physical relocation**

One possible glitch on the horizon if COVID-19 continues to see countries impose restrictions on international travel would be the physical relocation of staff. Ireland, for example, requires anyone arriving from the UK to isolate for two weeks. The UK has similar restrictions on those travelling from a host of EU countries, including Luxembourg, France, the Netherlands and Belgium.

"COVID-19 has of course impacted how and where people work, and their ability easily to travel internationally. This may present challenges around the speed and ease with which firms can relocate staff to the EU where this has always been planned but was only going to take place in increased volume toward the end of the transition period," Carolan said.
UK economy extends recovery from COVID crash, growth seen fading

Britain’s economy grew for a third month in a row in July as pubs, restaurants and other sectors reopened after the coronavirus lockdown, but it remained around 12% smaller than its pre-pandemic level.5

After crashing by a record 20% in the second quarter, output expanded by 6.6% in July, slower than June’s monthly rate, the Office for National Statistics (ONS) said.

Economists polled by Reuters had expected growth of 6.7%.

Finance minister Rishi Sunak welcomed the figures but added that people were rightly worried about the coming months.

The economy has recovered about half of its lost output but is still 11.7% smaller than its level in February, before the pandemic hit Britain.

Thomas Pugh, an economist with Capital Economics, said the data suggested British GDP would show record-breaking growth in the third quarter after its unprecedented collapse in the April-June period.

“However, July was probably the last of the big step-ups in activity and a full recovery probably won’t be achieved until early 2022,” he said.

In response, the Bank of England was likely to ramp up its bond-buying stimulus programme by a third, or 250 billion pounds ($320.38 billion), Pugh said.

Britain’s economy suffered the sharpest second-quarter fall of any Group of Seven nation in the April-June period.

BREXIT RISKS BACK

Hopes for a swift rebound have faded as businesses struggle to cope with social distancing rules and many people remain reluctant to travel on public transport or go to crowded places.

Tensions between London and Brussels over a post-Brexit trade deal are also mounting. Furthermore, unemployment is expected to rise sharply because Sunak has ruled out extending his coronavirus job retention scheme which is due to expire at the end of October.

Parliament’s Treasury Committee on Friday urged Sunak to “carefully consider” a targeted extension of the scheme and other support measures.

The pound fell slightly against the dollar as Friday’s data showed output in Britain’s dominant services sector was a bit weaker than expected, growing by 6.1% in July against expectations for growth of 7.0%.

This included a 141% jump in accommodation and food as lockdown measures eased, but that sector’s output was still 60% lower than its February level.

Growth in the much smaller manufacturing and construction sectors exceeded forecasts. Complicating the outlook, Brexit risks have resurfaced.

The European Union told Britain on Thursday it should scrap a plan to breach their divorce treaty, but Prime Minister Boris Johnson’s government refused and pressed ahead with a draft law that could sink four years of talks.

We are far from out of the woods yet,” Tom Stevenson, Investment Director, Personal Investing, at Fidelity International said, pointing to rising COVID-19 infections, new rules on social gatherings and the end of the furlough scheme.

“Deteriorating relations with the EU make a no-deal Brexit in January more likely, adding to the UK’s economic challenges and to downward pressure on the pound.”

**UK firms, worried about pandemic and Brexit, hire temp workers**

British firms hired temporary staff in August at the fastest pace since the end of 2018 as they tried to recover from the COVID-19 lockdown but remained wary of the pandemic and the Brexit impasse, a recruiters industry group said.6

There was also a jump in the availability of candidates which rose at the second-steepest rate in over 20 years, reflecting redundancies announced by many companies in Britain. Billings from temporary hirings rose for the first time in seven months, the Recruitment & Employment Confederation and accountants KPMG said on Wednesday.

Employers typically rely on temporary workers at times of economic uncertainty.

There was also a rise in billings from companies hiring permanent workers in August but the increase was worryingly small, the REC said.

“It reflects the uncertainty businesses face about what will happen over coming months with the pandemic and Brexit,” Neil Carberry, the chief executive of the REC, said.

Carberry urged the government to settle its differences with the European Union and strike a trade deal.

**Britain plans hiring spree to harness big data in pandemic recovery**

Britain is planning to train hundreds of data scientists as part of a new strategy to drive an economic recovery after the COVID-19 pandemic through smarter use of data and technology in policy-making.7

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The National Data Strategy project reflects calls from Prime Minister Boris Johnson’s top adviser Dominic Cummings for an overhaul of the way the government makes decisions, and an appeal earlier this year for “weirdos and misfits” to shake up official thinking.

The government promises to train up 500 data scientists by 2021, announced new fellowships to work inside the prime minister’s office, and proposed new ways of working with data, including sharing information with the private sector.

“The new strategy will put data at the heart of the country’s recovery from the pandemic so companies and organisations can use it to drive digital transformation, innovate and boost growth across the economy,” the government said in a statement.

Johnson’s government has been criticised by some for the way it has handled data during the coronavirus crisis, including difficulties in passing on details of infections to local authorities to allow them to stop outbreaks.

“Our response to coronavirus has shown just how much we can achieve when we can share high-quality data quickly, efficiently and ethically,” digital minister Oliver Dowden said. “I don’t intend to let that lesson go to waste.”

UK takeover deals slump in second quarter, statistics office says

(Reuters) - The number of merger and acquisition deals involving British companies fell sharply to 152 in the second quarter, during the peak of the coronavirus restrictions, down from 463 in the first quarter, the country’s statistics said.8

The value of deals involving foreign companies acquiring British ones totaled 2.1 billion pounds ($2.75 billion), the lowest since the end of 2014 and down from 5.1 billion pounds in the first quarter, the Office for National Statistics said.

Deals involving British companies acquiring foreign companies were valued at 4.4 billion pounds, a slight increase from the first three months of the year.

UK recovery from lockdown deserves more credit - BoE’s Haldane

(Reuters) - The Bank of England’s chief economist, Andy Haldane, hailed the recovery so far in Britain’s economy after its coronavirus lockdown shock, striking a more upbeat tone than several of his colleagues recently.9

Haldane told City A.M. newspaper that the “recovery isn’t being given enough credit” and the economy “has bounced back” in large part because consumers had shown themselves to be “incredibly resilient and adaptive and so too have businesses.”

Fellow interest-rate setters Michael Saunders, Deputy BoE Governor Dave Ramsden and Gertjan Vlieghe have recently expressed concern that Britain’s economy might take longer to recover than the BoE’s most recent forecasts.
Saunders said last week he thought Britain’s economy was likely to need more stimulus from the BoE.

Britain suffered its most severe economic contraction on record between March and June when it shrank by 20%, a worse performance than other large industrialised nations. Haldane has consistently sounded more optimistic about the prospect of a relatively quick recovery.

He also told City A.M. that calls to extend the British government’s huge job retention scheme would prevent a “necessary process of adjustment” from taking place in the labour market as some companies looked set to fail.

Haldane told the newspaper in a podcast interview that the pandemic had already delivered “lasting structural change to the economy which does mean, regrettably, some businesses will probably not make it through and some jobs may well not be coming back.”

BoE Governor Andrew Bailey has similarly backed finance minister Rishi Sunak’s plan to wind down the job retention scheme by the end of next month.

**BoE’s Saunders expects more stimulus as UK economy stumbles**

(Reuters) - A Bank of England rate-setter said on Friday it was “quite likely” that Britain’s COVID-hit economy would need more stimulus to offset what may be years of social distancing and the growing risk of post-Brexit trade barriers.\(^{10}\)

Michael Saunders’ comments were the clearest signal yet from senior BoE officials that they will probably add to their already unprecedented emergency support measures in the coming months.

“I consider it quite likely that additional monetary easing will be appropriate in order to achieve a sustained return of inflation to the 2% target,” Saunders said in an online speech.

The BoE has cut interest rates to a record low of 0.1% and has ramped up its bond-buying programme by 300 billion pounds ($398 billion) since the COVID-19 pandemic struck.

Also, finance minister Rishi Sunak has sought to soften the crisis with a surge in public spending, pushing debt to its highest share of economic output since the 1960s. After shrinking by a record 20% in the April-June period, the economy has shown some signs of recovery.

But Saunders said that was the result of a “benign window” - the combination of the government spending surge and the relaxation of lockdown measures.

“This window may now be closing,” he said.

Many economists polled by Reuters expect the BoE to announce a further expansion of its bond-buying in November.

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\(^{10}\) Andy Bruce, BoE’s Saunders expects more stimulus as UK economy stumbles (September 4, 2020) https://uk.reuters.com/article/uk-britain-boe-saunders/boes-saunders-expects-more-stimulus-as-uk-economy-stumbles-idUKKBN25V1BU
Saunders said more quantitative easing was “clearly an option” for a future stimulus push, while there were still questions about taking interest rates below zero for the first time, something the BoE has said is now an option.

On Wednesday, BoE Deputy Governor Dave Ramsden and another rate-setter, Gertjan Vlieghe, also warned the economy could suffer more damage from the coronavirus crisis than spelt out by the central bank last month.

Saunders said the labour market was “very worrying” and overall economic growth was likely to disappoint against the BoE’s forecasts published only last month.

“It is possible that, both in the UK and globally, we will be living with COVID for much if not all of the three-year forecast period,” he said, adding there was no automatic time limit for the BoE’s huge stimulus programme.

There were big risks to the economy not only from the enactment of local lockdowns, but also from fears that they might be imposed without the safety net of the national-level support measures introduced by the government.

Saunders also warned that the end of Britain’s post-Brexit transition was likely to be less smooth than the BoE had assumed last month.

“Risks probably lie on the side of a thinner trade deal (with the European Union), a less-smooth transition, or more persistent Brexit-related uncertainty,” he said. He said it was “highly questionable” that companies had the cash buffers they needed to handle the conditions they now faced.