



Stakeholders' Newsletter

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Colloquium—Cybersecurity: the Legal and Regulatory Implications

Technology has become ubiquitous and increasingly integral to almost every facet of modern society. As organisations continue to digitise, their technological reliance along with the value of information and assets within the cyber-sphere increases. Correspondingly, the risks from cyber-incidents and the frequency and impact of cyber-attacks have grown.

Cybersecurity, cyber-diligence and cyber-risk management become a growing area of focus for organisations and regulators alike. There has been an increase in demand for cyber insurance policies owing to new regulations and increased awareness, for example in relation to GDPR.

A recent European Commission [Consultation](#) on cybersecurity notes the financial sector is the largest user of information and communications technology in the world. It predicts that this dependence will further increase, citing examples such as the use of distributed ledger and artificial intelligence as evidence of this trend.

New technologies bring new opportunities but they also potentially open new risks. As technology evolves, so does the sophistication of cybercrime. Cyber-attacks do not necessarily target financial gain, they can cause disruption, destroy data and damage reputations.

The FMLC is delighted to welcome distinguished speakers at a Colloquium to explore the many elements and challenges of cybersecurity for the financial markets. The Colloquium, organised jointly with KAZUAR, an Israeli cybersecurity company, will be held on Monday 16 March 2020 from 5pm onwards. For more information or to register, please email Rachel Toon at events@fmlc.org.

The Anti-Money Laundering Regime

The Money Laundering and Terrorist Financing (Amendment) Regulations 2019 implementing Directive (EU) 2018/843 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (the “**Fifth Money Laundering Directive**” or “**5MLD**”) in the U.K. came into force on 10 January 2020. On 24 January 2020, HM Treasury has issued a Consultation on the changes required to the registration of the beneficial ownership information of trusts under 5MLD. The FMLC has submitted a response urging HM Treasury to consider further exemptions from the registration requirement in the clearing, securities settlement and payment systems space where express trusts are used as legitimate and efficient legal devices designed to reduce systemic and other risks. The Committee has also highlighted the importance of legal entity identifiers (“**LEIs**”) in the context of the expansion of the anti-money laundering regulatory regime to cover virtual currencies.

The European Commission has issued a [roadmap](#) aimed at identifying the areas where further action is needed at E.U. level in order to achieve a comprehensive and effective framework for anti-money laundering and preventing terrorist financing. The FMLC has submitted a response, urging the European Commission to consider adopting LEIs in this context.

Read both responses [here](#).

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