



Stakeholders' Newsletter

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COVID-19: Legal uncertainties for the wholesale financial markets

The U.K. will enter its sixth week in lockdown with no clear end in sight. The novel coronavirus (COVID-19) has had an immense impact on individuals, communities, and organisations. Working from home has become the “new normal”: we have all learned how to use Zoom and Skype and Microsoft Teams for meetings and social events alike.

Social distancing and lockdown has given rise to a range of issues, contractual—including *force majeure*, material adverse change clauses and events of default, electronic execution of documents and issues relating to insurance contracts; institutional issues, including collateral-related difficulties for OTC derivatives and Directors’ duties in case of insolvency; and market issues arising from unscheduled holidays, payment moratoria/relief measures and negative interest rates. At the end of March the FMLC published an informal note setting out such issues.

Authorities have granted regulatory forbearance and passed emergency legislation to help the financial markets cope. Several uncertainties persist and will continue to arise over coming weeks.

The Secretariat is convening stakeholder teleconferences to identify and discuss such issues. Should you wish to join such a call or to draw the Committee’s attention to another area of legal uncertainty affecting the wholesale financial markets, please email Debbie Hayes at secretarial@fmlc.org.

Other legal issues impacting the wholesale financial markets

The Secretariat is working at full capacity from home on other issues affecting the financial markets, including LIBOR transition, BRRD II and uncertainties relating to insurance contracts.

In order to react quickly to changes, and to continue our horizon-scanning function, we are holding short, supplementary meetings over the next few months to discuss specific developments and consultations. The ESG Scoping Forum convened for the first time to discuss the FCA’s proposals outlining new climate-related disclosure requirements for premium listed issuers while the Asset Management Scoping Forum met to discuss a possible response to HM Treasury’s proposed regime for overseas funds after Brexit. Meetings of the Banking, FinTech and Infrastructure Forums are being planned.

We would appreciate, as ever, to hear from you. We have also begun updating the FMLC’s social media platforms more regularly to keep you apprised of its work. Follow us: [@fmlcsecretariat](https://twitter.com/fmlcsecretariat) on Twitter and Financial Markets Law Committee on LinkedIn.

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