FINANCIAL MARKETS LAW COMMITTEE

Stakeholders' Newsletter

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Webinar: The impact of the Hong Kong Autonomy Act on cross-border banking operations: 21 January

In a continuation of the ongoing disagreement between the U.S. and China regarding the latter government's obligation to maintain Hong Kong's autonomous status and in response to the introduction in China of the National Security Law for Hong Kong, on July 14, 2020, President Trump signed into law the Hong Kong Autonomy Act ("**HKAA**"). The HKAA provides for sanctions against foreign persons who have "materially contributed" to China's recent actions in Hong Kong as well as on foreign financial institutions which "knowingly conduct significant transactions" with such persons. The HKAA gives rise to a number of operational and legal uncertainties and could result in a significant disruption to global transactions.

The FMLC is holding a Webinar on **Tuesday 26 January** from **1.00pm to 2.30pm** on the impact of the Hong Kong Autonomy Act on cross-border banking operations with distinguished panellists Lisa M. Ledbetter (Jones Day), Lanier Saperstein (Jones Day) and Melvin Sng (Linklaters LLP). For more information, or to secure your attendance, please contact Rachel Toon events@fmlc.com.

Recent Publications:

The Use of Electronic Signatures to Authenticate Global Notes: In March 2020, government action to stall the advent of the novel coronavirus (Covid-19) meant that market participants were unable to print and sign documents with "wet ink" in accordance with usual practice, bringing into sharp focus an enduring question about the status of electronic execution in law. In this context, the FMLC has published this paper surveying the position of electronic signatures under the main jurisdictions which govern global notes.

Legal Uncertainties Arising in the Context of Monetary Finance: In the E.U. and the U.K., central banks are tasked with the responsibility of determining monetary policy to ensure price stability. This is achieved by adjusting the supply of money, generally through open market operations. For instance, a central bank may reduce the amount of money by selling government bonds to commercial banks under a "sale and repurchase" agreement, thereby taking in money from those banks. Such action, known as quantitative easing, through the purchase of government bonds on secondary markets may constitute *monetary financing*, which is prohibited under Article 123 of the Treaty on the Functioning of the European Union. This note, published in pursuit of the FMLC's educational remit, considers a recent judicial decision in relation to the distinction between monetary policy and monetary financing, so as to highlight particular consequences for stimulus policies by National Central Banks.

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