

# DIGITAL RESILIENCE WILL BE FIRMLY ON THE REGULATORY AGENDA FOR 2021, SAYS NEW HERBERT SMITH FREEHILLS REPORT

09 December 2020 | Global  
Firm news

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According to a new report from Herbert Smith Freehills' Global Financial Services Regulatory (FSR) team, there will be an increased focus on digital operational resilience from regulators in response to the pandemic, as well as a heightened emphasis on how financial systems can best help support the global economic recovery.

Drawing on its global expertise from across its network, the firm examines some of the most pressing areas of focus for the financial services industry in 2021. The annual review, which is out today, covers nine topic areas including: purposeful culture; market integrity; the LIBOR countdown; digital resilience; protecting investors; regulatory intervention; payments; ESG; and investigating Individuals.

The full report, which can be accessed [here](#), highlights some key areas that financial services firms will need to navigate in the year ahead, including:

- Regulators' testing of firms' and issuers' market abuse risk management systems, including whether they are able effectively to monitor employees working from home to prevent and detect market abuse. As regulatory forbearance wanes, authors say that supervisory and enforcement action is likely to follow.
- The publication also discusses heightened focus on the Environmental, Social and

Governance (ESG) framework. To date, much of the focus has been on the disclosure and reporting of ESG performance, but policy makers have started to map out a more ambitious regime with wider ranging consequences for firms.

- There will continue to be changes to the regulation of the payments market and the very infrastructure on which payments are made.
- Individual accountability will remain a priority for regulators globally and investigations involving individuals are set to continue to increase in number.
- As legislators and regulators wrestle with solutions for tough legacy, firms will face regulatory scrutiny of their preparations for the demise of LIBOR benchmarks.

Commenting on the report, Herbert Smith Freehills Global Head of FSR, Jenny Stainsby said:

*“It looks set to be another interesting and challenging 12 months for firms and individuals in the financial services sector. As we all know, 2020 has been dominated by Covid-19, political uncertainty, and the preparations for Brexit – which will likely cast a long shadow over 2021. Our Global Outlook for 2021 draws together the collective thinking of our leading global financial services regulatory practice on themes that we see as at the top of the global regulatory agenda in the next 12 months. Alongside the never ending stream of regulatory change, at international and national levels, the risk of enforcement comes from many directions in a world where regulators themselves remain under the spotlight.”*

[Access the full report](#)

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