Debt Finance Weekly

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CLIFFORD CHANCE SEMINARS AND BRIEFINGS

Clifford Chance Comment: Implementing Basel 3 final (EU, UK and US) — impact on undrawn credit facilities

LEGAL AND REGULATORY

FCA issues statement on partial suspension of motor finance scheme

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Clifford Chance Comment: Implementing Basel 3 final (EU, UK and US) — impact on undrawn credit facilities

The EU, UK and US implementation of the remaining Basel 3 standards (Basel 3 final or Basel 3.1) impacts many banks' regulatory capital requirements for undrawn corporate credit facilities by increasing credit conversion factors (CCFs) for shorter-term facilities, while reducing CCFs for longer-term facilities.

Clifford Chance has prepared a briefing paper reviewing how the new rules change the regulatory capital treatment of undrawn facilities and highlighting differences of approach between the adopted EU rules, the planned UK rules and the US Basel endgame proposals.

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FCA issues statement on partial suspension of motor finance scheme

The Financial Conduct Authority (FCA) has published a statement setting out advice in light of the Upper Tribunal's order suspending parts of the motor finance scheme.

The Upper Tribunal has confirmed it will hear the legal challenges to the motor finance scheme on 14 to 18 December 2026 or 16 to 26 February 2027. It has also made an order suspending parts of the scheme on terms agreed by the FCA with the four commercial parties that have challenged.

The FCA's statement sets out advice for firms on complying with rules which are not suspended, and sets out some contingency planning in the event that the scheme, or parts of it, are quashed. Firms are not required to calculate or pay redress, or send communications about compensation owed under the scheme, in line with the scheme timetable until the Upper Tribunal process concludes.

The statement also sets out what consumers can expect while the legal challenge is ongoing. If the scheme is upheld, the FCA expects payments under it to begin in 2027. If it is overturned and the FCA needs to seek views on a revised scheme, compensation could be delayed until 2028 or beyond. The FCA has set out guidance on claiming car finance compensation, using a claims management company (CMC) or law firm, and what consumers should do if they have complained and are not owed compensation.

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