

All RELEVANT EACT ISSUES - REPORT DATE: 10 September 2019

| FILE | POLITICAL TIMELINE | CONTENT AND LATEST DEVELOPMENTS |
|--|---|--|
| EMIR Refit | <p>OJEU publication: 28 May 2019 Entry into force of EMIR Refit: 17 Jun 2019</p> <p>Level 2</p> <ul style="list-style-type: none"> ITS on the reporting data standards and formats: 17 Jun 2020 RTS on risk mitigation techniques for bilateral OTC transactions: 17 Jun 2020 RTS and ITS on details of TR registration & details for simplified procedure for requesting an extension of the registration: 17 Jun 2020 RTS on procedure for reconciling data between TRs and the verification procedures to be used by TRs: 17 Jun 2020 RTS on information published and made available by TRs: 17 Jun 2020 Extension of the PSA exemption from central clearing: until 17 June 2021 <p>Implementation</p> <ul style="list-style-type: none"> ESMA guidance on clearing threshold calculation: 28 May 2019 ESMA Q&A clarifies IGT exemption & threshold calculations: 14 Jun 2019 Application of most provisions: 17 Jun 2019 ESMA no-action relief delaying implementation of the trading obligation for category 3 counterparties to 17 October to align with the clearing obligation phase-in: 12 July 2019 Application of CCP margin model transparency: 17 Dec 2019 Application of new reporting regime for NFCs, UCITS: 17 Jun 2020 Application of new trade repository procedures and policies for verification of correctness and accuracy of data & the FRANDT principle: 17 Jun 2021 | <p>On 28 May 2019 EMIR Refit was published in the Official Journal of the EU. It entered into force on 17 June 2019. Most provisions started applying on that date.</p> <p>Under the OJEU text the reporting obligation shall not apply to intragroup transactions (on a global scale) where at least one of the counterparties is an NFC and the parent undertaking is an NFC. In addition, as a rule, FCs are responsible and legally liable for reporting on behalf of NFCs below the clearing threshold the details of derivatives contracts concluded between them. Furthermore, NFCs have a requirement to provide FCs with details they cannot be reasonably expected to have and that relate to the contract concluded between both parties.</p> <p>In addition, the corporate hedging exemption is maintained as under EMIR 1.</p> <p>Furthermore, regarding the clearing threshold the final text moves to an annual calculation of the clearing threshold for both FCs and NFCs based on month-end average for the previous 12 months. Going forward NFCs will only have to clear in the asset classes for which the clearing threshold is breached and not in all asset classes once one threshold is breached. Moreover, it introduces a requirement for counterparties to prove their calculations do not overestimate their exposures.</p> <p>On 28 May 2019 ESMA issued guidance on the calculation method of the clearing threshold for NFCs. confirming that NFCs should have ready by 17 June 2019 the results of the calculation of their aggregate month-end average position of the past 12 months.</p> <p>Regarding the notification process for intragroup exemption ESMA updated its EMIR implementation Q&A on 14 June 2019.</p> |
| Benchmarks Regulation and IBOR transition | <p>Application of Critical Benchmarks regime: 30 Jun 2016: EURIBOR designated as a Critical benchmark: 12 Aug 2016 Benchmarks Regulation applies in full: 1 Jan 2018 ECB working group on Euro risk-free rates announced ESTER as new risk-free rate: Sept 2018 FSB progress report on IBOR transition published: 14 Nov 2018 Political deal on low-carbon benchmarks proposal extending transition period for critical & third-country BMs to end Dec 2021: 25 Feb 2019 Political deal on ESAs review (incl. amendments to the BMR): 21 Mar 2019 IASB proposed amendment to IFRS 9/IAS 39: May 2019 FSB user guide on Overnight Risk-Free-Rates: 4 Jun 2019 ESMA recognised EURIBOR as BMR compliant: 5 Jul 2019 ECB working group on Euro risk-free rates issued final recommendations: 16 Jul 2019 ECB working group issued for cash and derivatives products: 19 Aug 2019</p> <p>End of BMR transitional period for critical & third-country BMs: Dec 2021</p> | <p>The Benchmark Regulation (BMR) which introduces a harmonised set of rules on benchmarks across the EU entered into force on 01 January 2018.</p> <p>The final text on the low-carbon benchmarks includes an extension for EU critical and third-country benchmarks to 31 December 2021.</p> <p>A political agreement was reached on 21 March 2019 on the EC ESAs review package introducing changes to the BMR. The deal grants ESMA direct supervisory powers over third country critical benchmark administrators and data reporting service providers.</p> <p>The IASB issued draft amendments to IFRS 9 and IAS 39 for comments addressing financial reporting implications of ongoing IBOR/interest-rate benchmarks reforms, including pre-replacement and replacement issues.</p> <p>On 4 June the Financial Stability Board (FSB) issued a user guide on the use of RFRs further promoting the development and adoption of RFRs in the context of the IBOR reforms.</p> <p>On 5 July 2019 ESMA issued a statement recognising Euribor as compliant under BMR adding it to the ESMA benchmarks register.</p> <p>On 16 July 2019 the ECB working group on Euro risk-free rates issued its final non-binding legal action plan for the transition from EONIA to ESTER.</p> <p>On 19 August 2019 the ECB working group on euro-risk-free rates issued non-binding recommendations regarding the transition from EONIA to ESTER for cash and derivatives products.</p> |
| MMF Regulation | <p>Entry into force: 20 Jul 2017 Application to new MMFs: 21 Jul 2018 ESMA letter to the EC: 23 Jul 2018 EC letter on RDM asking for consistent implementation of MMF rules: 31 Oct 2018 Central Bank of Ireland & Luxembourgish CSSF statement reaffirms recommendation to disapply RDM practice: 11 Jan 2019 Application to existing MMFs: 20 Jan 2019</p> | <p>On 31 October 2018 EC issued a letter calling on Member States to ensure the consistent application of the MMF Regulation and on preventing divergent supervisory practices. Proponents of RDM have responded to this by instructing market participants to disapply the practice of RDM.</p> <p>On 11 January 2019 the CBI and Luxembourgish CSSF issued a statement confirming that MMFs should disapply RDM.</p> |
| CRA Regulation IV | <p>CRA3 Regulation entered into force: 20 Jun 2013 ESMA Guidelines on supervisory reporting for CRAs: 5 Feb 2019 EC draft implementing equivalence decisions for non-EU countries under CRA: 11 Jun 2019 ESMA technical advice on sustainability considerations for CRA & final guidelines on disclosure requirements: 18 Jul 2019 EC progress report on CRA and sustainability: Q3/Q4 2019</p> | <p>ESMA has recommended stronger fining powers and stronger say in fee structure of CRAs. There is a planned review of the rotation mechanism. Moreover, as part of a broader competition agenda aimed at breaking up the current monopoly of the big three CRAs coupled with the current sustainable finance agenda, there will be discussions around breaking this monopoly and encouraging more open competition.</p> <p>On 5 February 2019 ESMA published its revised guidelines on the information that CRAs need to report to ESMA for supervisory reasons, introducing standardised reporting templates.</p> |

| | | |
|--|---|---|
| | | <p>On 11 June 2019 the EC issued 9 draft implementing decisions on equivalence decisions for non-EU countries under the CRA Regulation. The EC is confirming equivalence for the US, Hong Kong, Mexico and Japan, while seeking to repeal equivalence decisions for Brazil, Argentina, Singapore, Canada and Australia.</p> <p>On 18 July 2019 ESMA issued technical advice on sustainability considerations for CRA and final guidelines on disclosure requirements applicable to credit ratings following the call from the EC. ESMA advises against amending the CRA Regulation to mandate the consideration of ESG factors in rating assessments for the time being.</p> |
| MiFID3 | <p>Potential MiFID 2/R review: 2020-2021 tbc</p> <p>Review clauses/reports</p> <p>Equity consolidated tapes: Dec 2019</p> <p>Subjecting energy derivs to the clearing obligation: Jan 2020</p> <p>Position limits: Mar 2020</p> <p>Cross border investment advice: Mar 2020</p> <p>Banning of products and practices: Mar 2020</p> <p>Trading obligation functioning: Jul 2020</p> <p>Transaction reporting: Jul 2020</p> <p>Functioning of OTFs: Dec 2020</p> <p>SME growth markets: Dec 2020</p> <p>Open access provisions: Jan 2022</p> <p>Exemptions from access: Jan 2022</p> <p>Benchmark: Jan 2022</p> | <p>This includes planned review clauses with regard to open access provisions between venues and CCPs, the provision of consolidated tapes for both equity and non-equity instruments, as well as more broadly the third country provisions of MiFID 2.</p> |
| SFTR implementation | <p>EC adoption reporting RTS/ITS: 13 Dec 2018</p> <p>OJEU publication reporting RTS/ITS: 22 Mar 2019</p> <p>ESMA consultation on draft reporting Guidelines: 27 May 2019</p> <p>Phase-in of the reporting obligations by category of counterparties - from 11 Apr 2020:</p> <ul style="list-style-type: none"> • Cat 1: 11 April 2020 • Cat 2: 11 July 2020 • Cat 3: 11 October 2020 • Cat 4: 11 January 2021 | <p>The Securities Financing Transactions Regulation (SFTR) introduced a reporting regime for securities lending, margin lending, buy-back, and repo transactions. Specifically, the Regulation creates:</p> <ul style="list-style-type: none"> ▪ Mandatory reporting of sec lending/ repo/ security financing transactions to a registered trade repository <p>On 13 December 2018 the EC adopted the RTS and ITS on the details of SFTs to be reported to trade repositories under SFTR.</p> <p>On 22 March 2019 the reporting RTS and ITS were published in the Official Journal of the EU.</p> <p>On 27 May 2019 ESMA launched a consultation on its proposed reporting Guidelines under SFTR. They aim to clarify technical/procedural aspects of the reporting regime. Deadline for comments is 29 July 2019.</p> |
| SFTR review | <p>EC Review of SFTR: 11 Apr 2022 (tbc)</p> | <p>Could cover issues such as the functioning of the reporting framework as well as the application of mandatory haircuts to uncleared SFTs. In SFTR there is currently a dual-sided reporting requirement for corporates.</p> |
| Commission post-trade strategy 1.8 | <p>Potential EC communication under next Commission: 2020 (tbc)</p> | <p>Ongoing EC workstream around the removal of Giovannini barriers in the post-trading space. This is meant to look at a range of emerging trends and issues in post-trading (including clearing, settlement, custody, collateral and well as post-trade reporting). The work will likely be picked up under the next Commission.</p> |
| “Common Ownership” | <p>Raised by a group of ALDE MEPs in questions: 16 Sep 2016/17 Feb 2017</p> <p>OECD conference on common ownership: Dec 2017</p> <p>Mentioned by Commissioner Margrethe Vestager’s in speeches: 16 Feb 2018/12 Mar 2018</p> <p>Mentioned in EP Annual Report on Competition Policy adopted on 31 Jan 2019</p> | <p>The phenomenon referred to as “common ownership” is the simultaneous ownership of shares in competing firms by institutional investors. It was linked to competition concerns by several American scholars in a series of articles.</p> <p>The OECD organized a conference in December 2017 to discuss these theories, calling for additional research to be carried out on the topic.</p> <p>The debate was brought to the EU level with a question in February 2017 by a group of liberal MEPs led by Michael Theurer (DE) who inquired whether the current set of competition rules is sufficient to deal with possible anti-competitive effects of common ownership. In February 2018, Competition Commissioner Vestager said that the Commission was ‘carefully’ looking into the matter and had begun investigating the extent to which common ownership exists. On 31 January 2019 the EP adopted its latest Annual Report on Competition Policy with one paragraph alluding to common ownership and calling for revisions to the Merger Regulation and specific EC guidelines on horizontal ownership concentration.</p> |
| FX markets | <p>Global code for Foreign Exchange Markets established: Aug 2018</p> | <p>This is a non-legislative initiative meant to some conduct issues arising in FX markets in the past year. Whether this approach is going to be follow by concrete legislative action in Europe remains to be seen.</p> |
| 2019 Banking Package | <p>European Commission</p> <ul style="list-style-type: none"> • EC proposal to introduce FRTB as binding capital requirement: H2 2020 (tbc) <p>OJEU</p> <ul style="list-style-type: none"> • Publication of creditor hierarchy in the OJ: 27 Dec 2017 • Entry into force of fast-tracked IFRS 9 transitional: 28 Dec 2017 • Banking package: 07 Jun 2019 | <p>On 07 June 2019 the so-called CRR II - CRD V along with the RRM package package was published in the Official Journal of the EU.</p> <p>Key points of the OJEU texts : CRD5, CRR2 (including FRTB), include:</p> <ul style="list-style-type: none"> • Fundamental Review of the Trading Book (FRTB)/Market risk: Introduces the FRTB as a reporting requirement only, meaning that for now market risk capital requirement will remain under the current CRR regime. EC will propose legislation in 2020 to turn this reporting requirement into a binding capital requirement. |

| | | |
|--|--|--|
| | <p>Implementation</p> <ul style="list-style-type: none"> Start reporting requirement standardised approach: Q1 2021 (tbc) Internal model reporting requirement starts: Q1 2024 <p>Reviews</p> <ul style="list-style-type: none"> Next review of banking package: June 2020 | <ul style="list-style-type: none"> Leverage ratio (LR): Set as a 3% binding ratio for all banks. The EU also applied the Basel III G-SIIs LR buffer. Net Stable Funding Ratio (NSFR): Introduces small changes to the Basel standard – simplifying the NSFR for smaller institutions for reporting – and, regarding the treatment of SFTs, lowering the stable funding factors. RRM: Reviews the EU resolution framework, with provisions amending the Banking Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR) - BRRD2, SRM2. In the final text the moratorium powers are streamlined allowing resolution authorities to suspend all payment and delivery obligations, unless exempted, when an institution is failing or likely to fail – limited to the maximum of 2 days. <p>A political deal on the fast-tracking of the provisions related to the phase-in of IFRS 9 was reached on 25 October 2017, allowing for a five-year transitional period for the new accounting standard.</p> |
| <p>Future of CVA exemption and treatment of specialised lending and unrated corporates – Basel IV</p> | <p>Basel consultation on CVA calculation: Dec 2017 EBA advice on CVA calculation due: 30 Sept 2019 EC proposal expected (before which EC and EBA will conduct significant technical preparatory work): H2 2020</p> | <p>Move to a revised standardized approach on CVA charge, removal of possibility of using internal models.</p> <p>Crucial for NFCs is the currently applicable CVA exemption, which is indirectly challenged as part of the CRD V negotiations which give supervisors more discretion over addressing risks not addressed by statutory requirements.</p> <p>In addition, with the proposal to implement Basel IV it is expected that the Commission will propose changes to how bank exposures to unrated corporates and loans to corporates for project and infrastructure finance or leasing will need to be capitalised by banks. This in turn could increase transaction costs for corporates with their bank counterparties.</p> |
| <p>2020 Banking Package</p> | <p>International level</p> <p>GHOS Meeting reached agreement on final standards: 7 Dec 2017 Gradual phase-in of the new measures by Jurisdictions: 2022 -2027 Basel consultation on FRTB standard: 22 Mar 2018 International application deadline for Basel IV measures: 1 Jan 2022</p> <p>EU level</p> <p>Finalised negotiations on the RRM package incorporated some aspects of the final standard: 2017-2019 EBA technical advice reviewing the implementation of Basel IV: 05 Aug 2019 EC impact assessment on Basel IV implementation: Q4 2019/Q1 2020 EC proposal for a CRD6/CRR3 package implementing the Dec 2017 agreement: Late Q2/Q3 2020</p> | <p>The Basel Committee has been working towards finalizing its post-crisis reforms in recent years. The package of measures, known as Basel IV in banking circles, includes:</p> <ul style="list-style-type: none"> Changes to standardized approach and internal model approach for credit risk Changes to operational risk framework Introduction of an output floor <p>On 05 August 2019 the EBA delivered its technical advice to the EC on the implementation of the Basel IV standards. Overall, the EBA welcomes the improvements introduced in the final Basel package and supports their implementation in the EU. It also recommends specific adjustments in areas including credit risk, securities financing transactions and operational risk, to fit them into the existing EU regulatory framework.</p> |
| <p>Cross border payments</p> | <p>OJEU publication: 23 Mar 2019</p> <p>Application start date: 15 Dec 2019</p> <p>Review : by 19 Apr 2022 (tbc)</p> | <p>The text was published in the OJEU on 23 March 2019. It stipulates that payment service providers should levy the same charges for cross-border payments as for national payments. In addition, the 2019 amendment of the Regulation applies transparency requirements for currency conversion charges related to card-based transactions and credit transfers as well as for transactions that do not use dynamic currency conversion (DCC).</p> <p>The regulation will start applying from 15 December regarding provisions for the equalisation of charges in Euro, whilst the transparency requirements for card-based transactions and credit transfers will apply from 19 April 2020 and the information requirements for non-DCC transactions apply as of 19 April 2021.</p> |
| <p>PSD2 Implementation/Upcoming review</p> | <p>EBA opinion on strong customer authentication RTS: 21 Jun 2019 Application of RTS on strong customer authentication: 14 Sep 2019</p> <p>EC not expected to review PSD 2 in coming years, but could be considered in the second period of the next Commission mandate: post-2021</p> | <p>Final legislation includes an exemption for corporate treasury function that are not payment service providers.</p> <p>On 21 June in an opinion the EBA maintained 14 September as the application date of the Strong Customer Authentication (SCA) RTS whilst stating that NCAs will be able to provide limited additional time on an exceptional basis under the condition that Payment Service Providers (PSPs) have a migration plan.</p> |
| <p>Commission Corporate bond market strategy</p> | <p>Communication with follow-up actions to the Corporate bond market liquidity expert group report: Q4 2019 - 2020</p> | <p>Whilst the final report of the expert group makes a number of recommendations to improve the functioning of corporate bond markets – e.g. creating a consolidated tape for corporate bonds or enhancing electronic trading in the corporate bond space.</p> <p>Expected to be picked up by next EC as part new CMU priorities.</p> |
| <p>Prospectus Regulation</p> | <p>Entry into force of the Prospectus Regulation (the 20% exemption to apply): 20 Jul 2017 €100,000 threshold exemption to apply one year after entry into force: 20 Jul 2018 EC adoption Delegated Act on content, format and scrutiny: 14 Mar 2019 ESMA publication final risk factors guidelines & final technical advice on an exemption for merger/takeover/division: 29 Mar 2019</p> | <p>The Prospectus Regulation aims to simplify the procedure for SMEs to fulfil their listing obligations and introduces a number of proportionality and calibration elements in order to foster a healthy and liquid debt market in Europe. On 14 March 2019 the EC adopted the Delegated Act on the content, format, scrutiny and approval of the prospectus. On 29 March 2019, ESMA released the final guidelines for risk factors under the Prospectus Regulation, as well as on the final technical advice to the European Commission on exemptions for takeovers, mergers and divisions.</p> |

| | | |
|---------------------------------------|---|--|
| | <p>EP Plenary sign-off SME Growth Markets political agreement: 18 Apr 2019</p> <p>OJEU publication of RTS on key information in prospectus summary: 24 Jun 2019</p> <p>ESMA consultation on draft disclosure guidelines: 12 Jul 2019</p> <p>Regulation applies in full: 21 Jul 2019</p> | <p>On 18 April 2019 the EP plenary approved the final political agreement on the SME Growth Market package alleviating regulatory burden and allowing SMEs to benefit from the simple prospectus.</p> <p>The RTS on key financial information within a prospectus summary of the Prospectus Regulation was published in the OJEU on 24 June 2019.</p> <p>On 12 July 2019 ESMA launched a consultation on its draft guidelines on disclosure requirements under the Prospectus Regulation. Deadline for comments is 04 October 2019.</p> |
| Future of regulatory reporting | <p>ESMA and EC workstream on assessing synergies and overlaps between reporting requirements across different pieces of financial services legislation: 2018-2020 tbc</p> <p>ESMA response to EC consultation on updating guidelines on non-financial reporting: 26 Mar 2019</p> | <p>Internal EC work on assessing to what extent the current legislative framework imposes burdensome reporting requirements on companies with a view to exploring areas in which reporting across various legislative frameworks could be streamlined – reducing the cost burden of reporting.</p> <p>In its response to EC consultation on updating guidelines on climate-related reporting under non-financial reporting Directive (NFRD) ESMA pushes the EC to go beyond internationally recommended guidelines on climate disclosures.</p> |
| Public CBCR and C(C)CTB | <p>CBCR</p> <p>EC proposal on public CBCR: 12 Apr 2016</p> <p>Final EP approval on ECON/JURI report: 04 Jul 2017</p> <p>EP Plenary adoption of first reading agreement: 27 Mar 2019</p> <p>Latest Council Working Group: 24 Jan 2019</p> <p>C(C)CTB</p> <p>EC Corporate Tax Reform packaged: 25 Oct 2016</p> <p>EP adoption in plenary of non-binding position on CCTB/CCCTB: 15 Mar 2018</p> | <p>Public CBCR</p> <p>On 12 April 16, the Commission published the country-by-country reporting (CBCR) proposal which requires all companies operating in the EU with an annual turnover above 750m to publish on a country-by-country basis information on their profits, turnover, taxes paid, business activities and number of employees - per EU country, per tax haven and in aggregated form for the rest of the world.</p> <p>Discussions between Member States are gridlocked, with latest discussions having taken place on 24 January 2019.</p> <p>C(C)CTB</p> <p>On 25 October 2016 the Commission published a legislative package on Corporate Tax reform, including proposal towards a mandatory Common Corporate Tax Base (CCTB), with an interim cross-border loss off-set mechanism, and a Common Consolidated Corporate Tax Base (CCCTB) as a second step when agreement is found on the first part of the proposal.</p> <p>The EP Plenary adopted its non-binding advice in support of both files on 15 March 2018, recommending restricting deductions to the tax base while proposing a solution to tax the digital economy. No agreement has been reached so far in Council.</p> |
| FTT | <p>Next FTT-10 meeting: 20 September 2019</p> | <p>In 2019, the Austrians, with support from the Commission and advice from the French Treasury, are in the process of drafting the legal text of an EU FTT, which is being discussed by the FTT-10 tax experts, with no sign-off thus far partly due to remaining disagreement around the mutualisation of the tax revenues.</p> <p>The latest version of the proposal exclusively applies to the acquisition in secondary markets of shares of listed companies whose head offices are in the voluntary Member States and who have a certain market capitalisation (currently the threshold being considered is EUR 1bn). Bonds, derivatives, shares/units in funds and other non-equity assets would be exempted.</p> |
| EU FinTech Strategy | <p>EU level</p> <p>Publication of EC FinTech Action Plan: 8 Mar 2018</p> <p>EC communication on Artificial Intelligence published: 25 April 2018</p> <p>EP adoption on own-initiative report on blockchain: 16 May 2018</p> <p>EP adoption own-initiative report on blockchain and trade policy: 21 Nov 2018</p> <p>ESAs report on regulatory sandboxes and innovation hubs: 7 Jan 2019</p> <p>ESMA/EBA reports on crypto-assets & ICOs: 9 Jan 2019</p> <p>FSB report on BigTech impact on financial services: 14 Feb 2019</p> <p>EBA outsourcing guidelines published: 25 Feb 2019</p> <p>AI Ethics guidelines published: 8 Apr 2019</p> <p>AI policy and investment recommendations: 26 Jun 2019</p> <p>EBA report on authorisation and licensing practices for FinTech firms: 18 Jul 2019</p> <p>International level</p> <p>OECD Principles on AI: 22 May 2019</p> <p>France to create G7 “stable coin” taskforce under its Presidency: 21 Jun 2019</p> | <p>EU level</p> <p>The Commission published its FinTech Action Plan with potential initiatives to be taken up in the next Commission. The vast majority of actions proposed are non-legislative measures following the overall ‘wait and see’ approach.</p> <p>On 25 February 2019 the EBA published its revised guidelines on outsourcing arrangements setting recommendations to establish a more harmonised framework on outsourcing for banking, investment, and payment activities/services.</p> <p>On 8 April 2019, the High-Level Expert Group on Artificial Intelligence (AI) published its final Ethics Guidelines for Trustworthy AI, to which industry participants will be able to voluntarily comply with. While it is a non-legally binding framework, strong calls for a more rigorous approach to AI are emerging. As a second step the HLEG issued its policy and investment recommendations on 26 June 2019, providing a number of suggestions on how to boost data access and data sharing in order to strengthen EU’s competitiveness in AI.</p> <p>On 18 July 2019 the EBA issued a <u>report</u> on authorisation and licensing practices for FinTech firms across the EU.</p> <p>International level</p> <p>On 22 May 2019, the OECD adopted its Principles on AI, setting out international guidelines for the design of robust, inclusive, transparent and trustworthy AI systems.</p> <p>On 21 June 2019 French Central Bank Governor François Villeroy de Galhau announced that a taskforce dedicated to “stable coins” will be set up under the French presidency of the G7 to assess AML and consumer protection requirements as well as potential monetary policy transmission mechanism issues.</p> |

| | | |
|--|--|--|
| <p>Sustainable Finance (Disclosure)</p> | <p>Commission</p> <ul style="list-style-type: none"> EC Action plan on sustainable finance: 8 Mar 2018 Commission legislative proposals published: 24 May 2018 EC final climate-related reporting guidelines under the Non-Financial Reporting Directive (NFRD) published: 18 Jun 2019 <p>Trilogues</p> <ul style="list-style-type: none"> Political agreement reached: 6 Mar 2019 Political agreement approved in EP plenary : 18 Apr 2019 <p>OJEU publication: End Oct 2019 at earliest</p> <p>ESAs:</p> <ul style="list-style-type: none"> ESMA/EIOPA advice on integration of sustainability risks published: 3 May 2019 ESMA launched consultation on short-termism looking at non-financial reporting: 24 Jun 2019 <p>EFRAG</p> <ul style="list-style-type: none"> Consultation on future projects on corporate reporting & sustainability: 18 Jul 2019 <p>International level</p> <ul style="list-style-type: none"> FSB report on climate-related disclosure: 05 Jun 2019 | <p>The agreement reached in March 2019 was approved by the European Parliament's plenary on 18 April 2019. It introduces disclosure requirements for financial market participants regarding policies related to sustainability risks and their integration in investment decision-making and remuneration policies. It also requires publication of due diligence statements regarding adverse impacts of investment decisions on environmental, social and employee matters – on a comply and explain basis for smaller entities and on a mandatory basis for entities with over 500 employees 18 months after entry force. In addition, it sets out additional disclosure requirements for products that are sustainable investments or that promote environmental or social characteristics.</p> <p>On 3 May 2019 ESMA and EIOPA issued joint advice to the EC on amendments to delegated acts under the Solvency II and IDD, MiFID II, UCITS and AIFMD frameworks – to clarify the manner in which institutional investors and asset managers integrate sustainability risks and factors in risk management, operating conditions, organisational requirements and target market assessments.</p> <p>On 05 June 2019 the FSB Task Force on Climate-related Financial Disclosures (TCFD) issued its annual report on climate-related disclosure for financial and non-financial companies – calling for higher levels of disclosure by companies. The guidelines reflect the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) but also go beyond that – looking at both financial and environmental/social materiality. Whilst being non-binding it is expected that they will feed into the upcoming debates on the review of the NFRD framework, likely to be taken forward under the next EC.</p> <p>On 18 June 2019 the EC published its final non-binding guidelines on climate-related reporting for undertakings under the scope of the Non-Financial Reporting Directive (NFRD) (i.e. large public-interest companies – listed companies, banks, insurers – with more than 500 employees).</p> <p>On 24 June 2019 ESMA launched a consultation on the existence of potential “short-term pressures” from capital markets on companies as part of the EU’s sustainable finance action plan. Notably it is looking at disclosure of ESG factors and its contribution to long-term investment strategies. It asks whether the existing non-financial reporting requirements should be amended.</p> <p>On 18 July 2019 the European Financial Reporting Advisory Group (EFRAG) is seeking feedback on its future priorities and projects associated with sustainability. It sets out three possible future projects with the aim to expand its work beyond climate-related reporting and gradually explore the reporting practices on non-financial risks, social matters, and materiality assessments.</p> |
| <p>Sustainable Finance (Taxonomy)</p> | <p>EU level</p> <p>Commission</p> <ul style="list-style-type: none"> EC Action plan on sustainable finance: 8 Mar 2018 Commission legislative proposals published: 24 May 2018 EC tender for sustainability ratings study looking at data & methodologies: 02 Aug 2019 <p>Parliament</p> <ul style="list-style-type: none"> Plenary adoption: 28 Mar 2019 <p>Council</p> <ul style="list-style-type: none"> Start of negotiations in Council: 20 Jul 2018 Latest discussions: 03 Sep 2019 General approach: 25 Sep 2019 (tbc) <p>Technical Expert Group (TEG)</p> <ul style="list-style-type: none"> TEG Final report on EU Green Bond Standard: 18 Jun 2019 Technical Expert Group (TEG) final report on EU taxonomy and a supplementary report on its use: 18 Jun 2019 Report on climate change mitigation/adaptation: Sep 2019 (tbc) <p>ESAs</p> <ul style="list-style-type: none"> EIOPA consultation on sustainability under Solvency II, deadline for comments: 26 Jul 2019 <p>International level</p> <p>International Platform on Sustainable Finance expected to be launched on 22 Sept 2019</p> <p>Network for Greening Financial System (NGFS):</p> <ul style="list-style-type: none"> Report on climate change as a source of financial risk: 17 Apr 2019 | <p><u>EU level</u></p> <p>The proposal for a sustainable taxonomy defines environmentally sustainable economic activities that must be applied by all financial market participants offering financial products as environmentally sustainable investments, and EU or Member State measures that set out requirements for products/corporate bonds marketed as environmentally sustainable. Importantly, the proposal requires that financial market participants that offer products marked as environmentally sustainable investments disclose how and to what degree the criteria for environmentally sustainable activities are used in determining the environmental sustainability of the investment.</p> <p>The final EP position adopted on 28 March 2019 scopes in credit institutions and entails a strict comply or explain approach – applying the Regulation to financial market participants regardless of whether they offer environmentally sustainable products, unless they specify that a product does not contribute to sustainability objectives.</p> <p>It is understood that following the latest discussions on 03 September 2019 Member States are close the reaching an agreement on the taxonomy proposal, with a General Approach expected for 25 September 2019.</p> <p>On 03 June 2019 the European Insurance and Occupational Pensions Authority (EIOPA) launched a consultation looking at how to integrate sustainability risks, and climate risks in particular within the prudential framework for insurers (Solvency II directive). Deadline for comments is 26 July 2019.</p> <p>On 18 June 2019 the EC Technical Expert Group (TEG) on sustainable finance issued three reports, including the final report outlining its recommendations on the creation of an EU Green Bond Standard (EU GBS). It suggests that the EC establish a voluntary standard aligned with the taxonomy and calls for mandatory verification and reporting on the use of proceeds for EU GBS.</p> <p>The TEG also released its final report on an EU taxonomy of climate change mitigation and adaptation activities. It calls for the definitional basis to be used as a voluntary framework by investors and sets out a series of thresholds and requirements that economic activities need to adhere to be considered as significantly contributing to climate change mitigation and adaptation.</p> |

| | | |
|--|--|--|
| | | <p>On 02 August 2019 the EC issued a call for tender for a study on sustainability ratings and research. The deadline to submit proposals is 23 September.</p> <p><u>International level</u></p> <p>On 17 April 2019 Network for Greening Financial System (NGFS) composed of 36 CBs and supervisors published its first report recommending encouraging the development of a taxonomy setting out which activities contribute to the transition to a low-carbon economy, and which activities are more subject to climate-related risks.</p> <p>The EU is expected to sign a Joint Statement with ten international partners (e.g. China, India, Japan, Canada, Chile), in order to establish an International Platform on Sustainable Finance (IPSF) which is likely to be launched on 22 September 2019. The Secretariat of the platform would be initially provided by the EC.</p> |
| <p>Sustainable Finance (Benchmarks)</p> | <p>Commission EC Action plan on sustainable finance: 8 Mar 2018 Commission legislative proposals published: 24 May 2018</p> <p>Trilogues Political agreement reached: 25 Feb 2019 EP plenary sign-off final agreement: 26 Mar 2019</p> <p>Technical Expert Group</p> <ul style="list-style-type: none"> • TEG interim report on Climate Benchmarks and Benchmarks' ESG Disclosures: 18 Jun 2019 <p>OJEU publication: End Oct 2019 at earliest</p> | <p>The final text as signed-off by the EP plenary on 26 March 2019 delays the application of the BMR for EU critical and 3rd country benchmarks until the end of 2021.</p> <p>In addition, it creates two new benchmark categories: Climate Transition Benchmarks that are based on assets of companies that follow a decarbonisation trajectory, and Paris-aligned Benchmarks where the portfolio's carbon emissions are aligned with the Paris-agreement. For the latter category, the EC is empowered to adopt a delegated act with sectoral exclusion list.</p> <p>Furthermore, it includes a requirement for all benchmarks or families of benchmarks, with the exception of currency and exchange rate benchmarks, to by end-2021 include an explanation of how their methodology aligns with the targets of the Paris Climate Agreement in their benchmark statement.</p> <p>Moreover, for administrators that do not offer a sustainable benchmark, they should state this in the benchmark statement. Also, when a benchmark does not pursue ESG objectives, benchmark administrators are to state so in the benchmark statement.</p> <p>On 18 June 2019 the TEG published an interim report on Climate Benchmarks and Benchmarks' ESG Disclosures. It sets the ground for the upcoming EC work on technical measures under the recently agreed amendment to the Benchmarks Regulation, setting out suggestions for disclosure and methodology requirements for the two newly established benchmark categories.</p> |
| <p>Cyber-security framework</p> | <p>ECB publishes services procurement Guidelines for TIBER-EU framework: 8 Aug 2018 EBA publishes guidelines on ICT and security risk management: 13 Dec 2018 Joint ESAs advise on cyber stress testing and ICT risk management: 10 Apr 2019 OJEU publication: 07 Jun 2019 EC call for applications to establish the Stakeholder Cybersecurity Certification Group: 24 Jul 2019 Discussion on resilience of financial services infrastructures at ECOFIN: 13-14 Sep 2019 Potential financial services cyber resilience Act: Q4 19-H1 2020</p> | <p>The core of the EC's work on cybersecurity is concentrated in the September 2017 review of the 2013 EU Cybersecurity Strategy, which is focused on setting up a EU architecture to increase cooperation in response to cyberattacks. The Cybersecurity Act was published in the Official Journal of the EU on 07 June 2019. The final text introduces a voluntary cybersecurity certification framework and grants the European Cybersecurity Agency (ENISA) a permanent mandate as well as increased resources and responsibilities to work at EU level and to assist Member States. On 24 July 2019 the EC issued a call for applications for the new Stakeholder Cybersecurity Certification Group (SCCG) which will help the EC and ENISA develop certification schemes for ICT products, processes and services.</p> <p>EU Finance Ministers are expected to discuss at their next informal meeting (13-14 September) the cyber resilience of EU financial services infrastructure, notably whether financial services should be included into the definition of EU critical infrastructure under the 2008 European Critical Infrastructure Protection Directive.</p> <p>It is understood that the new EC may put forward a cyber resilience Act for financial services in the early stages of its mandate to fill the existing gaps in existing EU legislation in areas including cyber incident reporting. This will likely be based on the April 2019 ESAs joint advices on the development of a coherent cyber resilience testing framework and on ICT risk management requirements in the financial sector.</p> |
| <p>Internationalisation of the euro</p> | <p>EC communication: 5 Dec 2018 EC consultation on the role of the euro in non-energy non-agricultural raw materials - metals and minerals: 23 Jan 2019 – 22 Mar 2019 EC consultation on the role of the euro in international trade of agriculture and food commodities: 23 Jan 2019 – 22 Mar 2019 EC consultations on the role of the euro in transport means (aircraft / maritime & railways): 23 Jan 2019 – 22 Mar 2019 EC consultation on role of the euro and liquidity in FX markets: 25 Jan 2019 – 31 Mar 2019 EC consultation on the role of the euro in the field of energy: 14 Feb - 31 Mar 2019 EC published consultation responses: 12 Jun 2019 EC progress report: H2 2019</p> | <p>Emerging debate at the highest political level in the European Commission with regard to efforts of establishing the Euro as the global reserve currency and break reliance on the USD.</p> <p>The December 2018 EC communication announced a host of public-private collaborative workstreams to explore topics where shorter-term enabling policies could be pursued as such as developing euro area banks role in market-making activity in FX markets. Furthermore, the communication considers the extension of the clearing mandate under EMIR, and for the Commission to stimulate the development of European interest rate benchmarks.</p> <p>In Q1 2019 the EC conducted a series of public consultations on the international role of the euro, including on the role of the euro and liquidity in foreign exchange (FX) markets, as well as on the transportation and energy sectors.</p> <p>On 12 June 2019 the EC released the responses to its consultations launched earlier this year on the role of the euro in FX markets, energy, metals and minerals, agriculture and food, and transport. According to the EC's preliminary conclusions there is support to increase the euro's international</p> |

| | | |
|---|---|---|
| | | role. A progress report on the international role of the euro agenda is expected for this Summer. |
| Brexit | <p>ESMA draft RTS on contract continuity: 8 Nov 2018</p> <p>EC published Communication on Brexit preparedness: 14 Nov 2018</p> <p>Withdrawal Agreement & Political Declaration on future UK/EU relationship endorsed by EU27 leaders: 25 Nov 2018</p> <p>EC communication on no-deal contingency planning: 19 Dec 2018</p> <p>EC decision recognising UK CCPs as equivalent under EMIR for 12 months: 19 Dec 2018</p> <p>EC decision recognising UK CSDs as equivalent under CSDR for a period of 24 months in case no-deal Brexit: 19 Dec 2018</p> <p>EC adoption of EMIR amended RTS on contract continuity: 19 Dec 2018</p> <p>UK Parliament rejects Withdrawal Agreement: 15 Jan 2019</p> <p>ESMA statement on BMR & MiFID on impact of no-deal Brexit: 8 Mar 2019</p> <p>UK Parliament rejects Withdrawal Agreement for the second time: 12 Mar 2019</p> <p>EU-27 leaders agreed to extend Brexit deadline to 31 October 2019: 11 Apr 2019</p> <p>EC publishes fifth Brexit preparedness Communication: 12 Jun 2019</p> <p>Boris Johnson assumes office as new UK Prime Minister: 24 Jul 2019</p> <p>Boris Johnson suspends Parliament: 28 Aug 2019</p> <p>EC sixth Brexit preparedness Communication: 04 Sep 2019</p> <p>Bill to stop no-deal Brexit passed through UK Parliament: 06 Sep 2019</p> <p>New Brexit deadline: 31 Oct 2019</p> | <p>Biggest concern from a treasury management perspective at the moment is in the context of ensuring a solution, addressing all cliff-edge risks that could arise in the context of a no-deal scenario.</p> <p>On 11 April 2019 the EU-27 leaders agreed to extend the Brexit deadline to 31 October 2019.</p> <p>On 12 June 2019 the EC issued its fifth Brexit preparedness communication. It concludes that there is no need to amend any of the existing “no-deal” preparation measures nor introduce new ones ahead of the 31 October deadline.</p> <p>On 28 August 2019 UK Prime Minister (PM) Boris Johnson has asked Her Majesty the Queen to suspend the UK Parliament for five weeks in order to start a new parliamentary session.</p> <p>On 04 September 2019 the EC issued its latest Brexit preparedness communication, stressing that no more contingency measures would be adopted regarding the equivalence of central counterparties (CCPs) and central security depositories (CSDs).</p> <p>On 06 September 2019 the UK Parliament passed a bill requiring the government to request an extension to the Brexit deadline should an agreement not be found by the next European Council summit (17-18 Oct). The UK House of Commons also rejected twice in the last week a motion calling for a snap general election.</p> |
| International economic sanctions | <p>US withdraws from 2015 nuclear deal with Iran – sanctions re-imposed: 5 Nov 2018</p> <p>EU prolongs economic sanctions against Russia: 21 Dec 2018</p> <p>Iranian President announcement Iran will cease to honour key commitments of nuclear deal: 8 May 2019</p> <p>Joint statement by High Representative of the European Union and the Foreign Ministers of France, Germany and the United Kingdom on the nuclear deal: 9 May 2019</p> <p>US imposes new sanctions on Iranian officials: 24 June 2019</p> <p>EU Foreign Affairs Ministers adopt retaliatory measures against Turkey: 15 Jul 2019</p> | <p>The EU has announced a potential initiative that would see the creation of an alternative payments system that would allow companies to continue conducting business with Iran without having to rely on the SWIFT payments system.</p> <p>On 8 May 2019 Iranian President Hassan Rouhani warned that Iran would stop honouring key commitments of the 2015 nuclear deal by early July. The announcement raised concerns amongst the European signatories. A joint statement was issued by the High Representative of the European Union and the Foreign Ministers of France, Germany and the United Kingdom reaffirming their commitment to the nuclear deal and urging Iran to continue to comply.</p> <p>In the mist of increasing tensions in the Strait of Hormuz US President Donald Trump has imposed new sanctions on Iranian officials, notably on Ayatollah Khamenei, on 24 June 2019.</p> <p>On 15 July 2019 EU Foreign Ministers have adopted an initial set of retaliatory measures against Turkey as a reaction to its offshore drilling activities around Cyprus.</p> |
| AML | <p>AMLD 5 to be implemented: Dec 2019</p> <p>Member States unanimously reject EC draft AML ‘blacklist’: 7 Mar 2019</p> <p>Latest discussions on EU AML ‘blacklist’: 22 May 2019</p> <p>EC Communication & 4 reports signal overhaul AML rules: 24 Jul 2019</p> <p>ECON hearing with EC & EBA on AML: 05 Sep 2019</p> <p>Deadline for Member States’ transposition of AMLD5: 10 Jan 2020</p> | <p>AMLD 5 includes enhanced due diligence measures for customers in high risk third countries and scoped in virtual currencies and wallet providers in the EU’s AML framework.</p> <p>On 22 May 2019 EU Ambassadors held their first discussion following their rejection on 7 March 2019 of the Commission’s new AML high risk third country list – which would have included Saudi Arabia and several US overseas territories. In parallel to the discussion the EC proposed to MS a revised approach to assess AML high risk third countries.</p> <p>On 24 July 2019 the EC issued a <u>Communication</u> as well as 4 reports on the EU AML/CTF framework. Although remaining high-level the document signal that the Commission may look into turning the EU AML directive into a regulation, creating an EU AML supervisor, and improving cross-border cooperation between Financial Intelligence Units (FIUs).</p> <p>On 05 September 2019 MEPs in the ECON Committee held an exchange of views on AML with the EBA and the EC, signaling the high priority AML issues will likely have in this new legislative term.</p> |
| Insolvency proceedings | <p>EC proposal on the law applicable to the third-party effects of assignments of claims: 3 Dec 2017</p> <p>EP Plenary adoption of first reading agreement: 13 Feb 2019</p> | <p>This law makes only limited changes to specify that – barring situations for which caveats exist – the law of the assignor’s (person or company transferring a claim) habitual residence governs third party effect of an assignment of claims.</p> |