

This week's highlights include:

- **Brexit:** Yesterday, the Commission submitted a revised draft withdrawal to the UK, which is being negotiated between the UK and Commission until next Monday 19 March. The discussions at this stage will focus heavily on financial provisions, citizens' rights, Ireland and transitional arrangements. The final agreement is then expected to be adopted by the upcoming European Council on the 23 March. The Bank of England warned of the consequences to the derivatives market in the UK after Brexit along with other risks to financial stability.
- **EMIR REFIT:** The amendments to Werner Langen's draft report were published. Overall, it seems that apart from the ECR group, most groups would seem to support delegating the reporting of ETD transactions to FCs under certain conditions. On OTC reporting, most amendments go in the direction of the Council text, whereas on the calculation of positions against the clearing threshold the S&D Shadow (von Weizsacker) has taken on board the CMCE compromise suggestion to base the annual calculation on the month-end average position for the previous 12 months. The Rapporteur together with Hubner and Swinburne suggest that the assumption should be that all counterparties are subject to the clearing obligation – the calculation against the thresholds would therefore be optional for those NFCs who wish to show they do not exceed the threshold and should therefore not be subject to the clearing obligation.
- **EMIR CCP Supervision:** The Commissioner of the US CFTC made comments at the FIA annual conference suggesting that Commission's proposed legislation on EMIR CCP Supervision threatens to nullify the 2016 Equivalence agreement that the EU has with the US. A response from the Commission can be expected, although their position on this matter is already known, and the Commission is unlikely to change the legislation at this stage.

MiFID II			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>AA exemption</b>  <b>Position limits</b>  <b>Reporting</b>  <b>Physical forwards</b>	<p>Speaking in London on 15 March at the Official Monetary and Financial Institutions Forum, Robert Orphèle, Chair of the French financial markets regulator AMF, made <a href="#">comments</a> on MiFID II said that the EU rules system of Level 1 “framework principles” and Level 2 standards for implementation, are not sufficiently functional. As an example, he cited MiFID II by complaining on the fact that the double volume cap in the level 1 text goes far beyond “framework principles”. He also referred to the MIFID tick-size regime, which he argued is being implemented differently across various jurisdictions. He used these points to call for more unified supervision via a stronger ESMA as part of the ESAs review.</p>	<p><b>Q1 2018</b> – Publication of position limits by ESMA</p>	

EMIR			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>EMIR implementation</b>	<p>There were no significant developments this week.</p>		
<b>EMIR REFIT</b>	<p>The <a href="#">amendments</a> to Werner Langen’s draft <a href="#">report</a> on EMIR Refit were published on 12 March. An analysis of relevant amendments was circulated, but overall, it seems that apart from the ECR group, most groups would seem to support delegating the reporting of ETD transactions to FCs under certain conditions. On OTC reporting, most amendments go in the direction of the Council text, whereas on the calculation of positions</p>	<p><b>20 March</b> – Consideration of amendments in the ECON Committee</p> <p><b>24 April</b> – Vote in ECON</p>	<p>A discussion of the CMCE EMIR Working Group will be scheduled to discuss next steps.</p>

	<p>against the clearing threshold the S&amp;D Shadow (von Weizsacker) has taken on board the CMCE compromise suggestion to base the annual calculation on the month-end average position for the previous 12 months. The Rapporteur together with Hubner and Swinburne suggest that the assumption should be that all counterparties are subject to the clearing obligation – the calculation against the thresholds would therefore be optional for those NFCs who wish to show they do not exceed the threshold and should therefore not be subject to the clearing obligation.</p>		
<b>EMIR II.2 – CCP supervision</b>	<p>During the next Working Party on EMIR CCP Supervision, delegations will discuss a Presidency working document on the involvement of CBIs in decisions on the supervision of third country CCPs and another working document on the supervisory system for EU CCPs.</p> <p>A related but separate dossier, the amendment to Art.22 of the ECB Statute will return to the agenda of the ECON Committee, which MEPs will meet to discuss art.22 on 20 March.</p> <p>The Commissioner of the US CFTC made <a href="#">comments</a> at the FIA annual conference in Florida suggesting that Commission's proposed legislation on EMIR CCP Supervision threatens to nullify the 2016 Equivalence agreement that the EU has with the US. A response from the Commission can be expected, although their position on this matter is already known, and the Commission is unlikely to change the proposal at this stage.</p>	<p><b>20 March</b> – Council Financial Services Working Party on EMIR Supervision</p> <p><b>26 March</b> - Deadline for amendments in the ECON Committee</p> <p><b>23-24 April</b> - Consideration of amendments in the ECON Committee</p> <p><b>16-17 May</b> - Vote in the ECON Committee</p>	

<b>CRR II &amp; Regulatory Capital</b>			
<b>CMCE priorities</b>	<b>Status / latest developments</b>	<b>Next steps</b>	<b>CMCE action</b>
<b>IFR &amp; IFD</b>	<p>There were no significant developments this week, however, the next Council WP on IFR/IFD will take place on 27 March and will focus on the regulation (IFR):</p> <ul style="list-style-type: none"> <li>o Level of application (Articles 5 and 6)</li> <li>o Group capital test/K-factor consolidation (Articles 7 and 8)</li> </ul>	<b>27 March</b> – Council WP	A draft letter to the European Commission will be circulated to the Reg. Cap. WG for comments.

	<ul style="list-style-type: none"> <li>○ Own funds (Articles 9 and 10)</li> <li>○ Capital requirements (Articles 11, 13 - 32)</li> <li>○ Concentration risk (Articles 33 - 41)</li> <li>○ Liquidity (Articles 42 - 44)</li> <li>○ Supervisory reporting and public disclosure (Articles 45 - 53)</li> <li>○ Delegated and Implementing Acts (Articles 54 - 56)</li> <li>○ Transitional Provisions (Articles 57 - 59)</li> <li>○ Amendments to other Regulations (Articles 60 and 62)</li> <li>○ Equivalence (Article 61)</li> </ul>		
--	---	--	--

Benchmarks			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>Commodity benchmarks</b>  <b>Critical benchmarks</b>  <b>Third country equivalence</b>	<p>On 14 March, the UK FCA published its <a href="#">Policy Statement</a> in relation to LIBOR contributions in which the FCA feeds back on the responses received to its Consultation Paper on the topic. The FCA has previously announced that the 20 current LIBOR panel banks have agreed to continue to submit to LIBOR until end-2021. The FCA has also said that it is its intention that, at the end of this period, it will no longer be necessary for the FCA to compel submissions because of progress on transition to alternative benchmarks.</p>		

MAR		
CMCE priorities	Status / latest developments	Next steps
<b>Reporting Obligations</b>	There were no significant developments this week.	

ESAs review			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>Critical benchmarks</b>  <b>Supervision</b>	There were no significant developments this week.	<b>26 March</b> – Council WP on ESAs review  <b>18-19 June</b> - Presentation of draft report in the ECON Committee  <b>9 July</b> - Deadline for amendments in the ECON Committee  <b>3 September</b> - Consideration of amendments in the ECON Committee  <b>24 September</b> – Vote in the ECON Committee	The advisory team will put together a draft list of potential CMCE key messages and arguments to the co-legislators. Members of the WG are asked to submit any additional input to what was discussed on the call to HB.

Brexit		
Latest developments	Next steps	CMCE action
Earlier this week, the Commission's Working Group on Brexit (Task Force 50) put forward a draft withdrawal agreement for consultation with member states. Following this round of consultation, the revised <a href="#">draft withdrawal agreement</a> was level of Coreper within the Council and the art.50 working party, as well as within the Commission hierarchy before it the draft text was submitted to the UK on 15 March.	<b>March</b> - Commission to publish draft discussion documents on the framework for a future relationship and to draft statement of progress on transition arrangement negotiations	A meeting summary of the first CMCE Brexit Working Group will be circulated.

<p>The text is now being negotiated between the UK and Commission until Monday 19 March. The discussions at this stage will focus heavily on financial provisions, citizens' rights, Ireland and transitional arrangements. The final agreement is then expected to be adopted by the European Council on 23 March. The Commission is expected to publish further draft discussion documents on the framework for a future relationship during the remainder of March.</p> <p>It is being reported that the EU has softened its line considerably with regard to allowing the UK to negotiate trade agreements with third-countries during the transition period.</p> <p>On 12 March, the Bank of England <a href="#">warned</a> of the consequences to the derivatives market in the UK after Brexit along with other risks to financial stability.</p>	<p><b>23 March</b> - The Commission will also issue additional recommendations for the negotiations, that will need to be approved by the Council, presumably at the next European Council summit.</p> <p><b>23 March</b> - The Council will adopt additional draft guidelines for the 'framework for the future relationship.'</p> <p><b>End of March</b> – Deadline for the EU27 and UK to agree on terms for the transition arrangement</p> <p><b>April</b> - Union negotiator to begin negotiations with the UK on the overall understanding on the framework for the future relationship</p>	
--	---	--

CCP RR		
CMCE priorities	Status / latest developments	Next steps
Resolution Tools	There were no significant developments this week. The Bulgarian Presidency has indicated that this will not be on the agenda of the Council before May 2018 at the very earliest.	

SFTR		
CMCE priorities	Status / latest developments	Next steps
Reporting obligations	The Commission is expected to adopt the Level 2 measures on reporting obligations, along with the rest of the Level 2 measures under SFTR in April/May 2018. Thereafter, following the Council and EP scrutiny period of 3 months, publication in the Official Journal can be expected in Q3/Q4, of course subject to changes at this stage.	<b>April/May</b> – Adoption of SFTR Level 2 measures  <b>Q3/Q4</b> - Publication in Official Journal