

This week's highlights include:

- **Brexit:** A political compromise was found between the UK and EU on the withdrawal agreement which governs the conditions of the transition period. The European Council approved guidelines on the future relationship between the UK and the EU after Brexit, which provide a starting point for progressing with the next stage of negotiations. Unlike what was widely reported in the media, the reference to financial services was removed from the guidelines following a lack of agreement amongst key member states.
- **EMIR Refit:** The ECON Committee debated amendments to the draft report of Werner Langen. Having reviewed the more than 250 amendments, the Rapporteur said that there are lots of similarities between groups and MEPs and therefore, he is confident that there is a strong basis for finding a compromise quickly. However, further discussion is needed on matters including the scope of the clearing obligation, bilateral margining, exemption for pension funds, and the calculation of positions against the clearing threshold.
- **MiFID II:** The CMCE MiFID Working Group had a call to discuss the potential impact of Brexit on the application of the AA exemption. ESMA published an opinion on the trading obligation on package orders for certain derivatives as well as the joint ESMA-EBA guidelines on the suitability requirements for the management body under MiFID II.
- **Benchmarks:** ESMA published an updated Q&A on the BMR which now contains a question on the application of certain articles of the BMR towards supervised entities that are contributors to a benchmark during the transition period before a Benchmark administrator is fully authorised.

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>A call of the CMCE MiFID WG took place on 23 March to discuss the potential impact of Brexit on the ancillary activity exemption and possible CMCE activity around that. A summary of this call will be circulated.</p> <p>ESMA published an <a href="#">opinion</a> on package orders' trading obligation for derivatives under MiFID II on 22 March. This applies to classes of derivatives included fixed-to-float interest rate swaps (IRS) denominated in EUR, GBP and USD for the main benchmark tenors and to Index credit default swaps (CDS): iTraxx Europe Main, iTraxx Europe Crossover.</p> <p>The joint ESMA-EBA <a href="#">guidelines</a> on the suitability requirements for management body were also published.</p> <p>The ECON Committee in the European Parliament has scheduled a public hearing on the mis-selling of financial products for 19 June. In advance of that hearing, studies are being prepared on mis-selling under MiFID, UCITS, AIFMD, endowment insurance products, and consumer credit products.</p>		<p>A summary of today's MiFID WG call will be circulated. The advisory team will reach out to Euronext and EEX to discuss the potential changes to the ancillary activity exemption due to Brexit.</p>

EMIR			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>EMIR REFIT</b>	<p>The consideration of amendments to Werner Langen's draft <a href="#">report</a> on EMIR Refit took place on 20 March in the ECON Committee.</p> <p>Having reviewed the 250 <a href="#">amendments</a>, the Rapporteur said that there are lots of similarities between groups and MEPs and therefore, he is confident that there is a strong basis for finding a compromise quickly. That is not to say that controversial issues do not exist; further discussion is needed on matters including the scope of the clearing obligation, bilateral margining, exemption for pension funds, and the calculation of positions against the clearing threshold.</p>	<p><b>12/13 April</b> – Rapporteur to make compromise amendments available</p> <p><b>16 April</b> - Meeting of the rapporteur and shadow rapporteurs</p> <p><b>24 April</b> - Vote in ECON (tentative)</p>	<p>A call of the CMCE EMIR WG is being scheduled for Thursday 29 March at 14:00 GMT.</p>

	<p>He specified on intra-group transactions and the threshold for the suspension of the clearing obligation, that many similar issues were put forward, which should be able to be dealt with on the basis of the Commission proposal.</p> <p>He noted the diverging opinions amongst shadow-rapporteurs on the calculation of positions against the clearing threshold; some MEPs suggest a calculation of over 30 days or 12 months. MEPs are divided on the method, but also whether the EC should specify this in a level 2 measure through an RTS.</p> <p>Kay Swinburne (ECR, UK) made comments on ETD reporting, on the liability of reporting, intra-group transactions</p> <p>On the reporting of ETDs, she commented that she looks forward to seeing the results of the Commission consultation on supervisory reporting. This is tied to the aim that the ECR Group has concerning creating a comprehensive and straightforward approach to financial reporting. A single sided reporting system lessens the burden across the industry and she fully supports this. She suggested that in general, NFCs and smaller FCs can rely upon their financial counterparty for reporting and transfer their liability. However, she said that she feels strongly that there should be an option for single sided reporting if the NFC should wish to do so on its own behalf.</p> <p>With respect to the liability of reporting, she firmly believes that the onus of the accuracy of the data should lie with the reporting entity rather than the recipient Trade Repository.</p> <p>On the subject of intra-group transactions, she noted that members of the ECON committee have always had strong views on non-financial entities and their use of derivatives, but she hopes these will not prevent EU corporate treasury department being able to hedge commercial activities across their global businesses. All IGT should be respected and there should be no extension in the change in scope for supervisors to draw the exclusion from the clearing obligations as a whole if one; this will limit the amount of information available to group supervisors. She added that she has noticed quite a strong sense of regulatory creep from ESMA on intragroup transactions and positions across dossiers.</p> <p>Petr Jezek (ALDE, CZ) raised concerns about lack of clarity for responsibility for data accuracy to trade repositories. He asked whether we should return to the language of EMIR I where counterparties are responsible for the quality of the data.</p> <p>On grandfathering he drew attention to amendments tabled by ALDE to address the event of re-classifying a firm from NFC to FC, so that the</p>	<p><b>28 May</b> - Vote in EP Plenary (tentative, subjective to the progress of the negotiating team)</p>	
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	respective clearing obligation would only apply to contracts entered into from the date of such a change.		
<b>EMIR implementation</b>	There were no significant developments this week.		
<b>EMIR II.2 – CCP supervision</b>	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.	<b>26 March</b> - Deadline for amendments in the ECON Committee <b>23-24 April</b> - Consideration of amendments in the ECON Committee <b>16-17 May</b> - Vote in the ECON Committee	

<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>	There were no significant developments this week.	<b>27 March</b> – Council WP	A draft letter to the European Commission will be circulated to the Reg. Cap. WG for comments.

<b>Benchmarks</b>			
<b>CMCE priorities</b>	<b>Status / latest developments</b>	<b>Next steps</b>	<b>CMCE action</b>
<b>Commodity benchmarks</b>	On 23 March, ESMA published an updated <a href="#">Q&amp;A</a> on the BMR which now contains a question (under 6.1) on the application of the BMR towards		

<b>Critical benchmarks</b>	supervised contributors during the transition period between when a Benchmark is submitted for authorisation and when it obtains it.		
<b>Third country equivalence</b>			

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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	The advisory team will put together a draft list of potential CMCE key messages and arguments to the co-legislators.

		<b>24 September</b> – Vote in the ECON Committee	
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Brexit		
Latest developments	Next steps	CMCE action
<p>On Monday, the Commission and UK Government announced that they had reached a <a href="#">compromise</a> on the withdrawal agreement which sets the conditions for the transition period. There is no mention of financial services. There are quite a few areas where they remain to have an agreement, and the two parties aim to have hammered out the details and have found a final, legally binding text by October.</p> <p>Today, during the European Council, the Council agreed on <a href="#">guidelines</a> for the future relationship between the UK and the EU. As was widely reported in the media, member states had added an annex on financial services earlier in the week to the draft guidelines following a possible deal brokered between France and Luxembourg. However, it was debated during the General Affairs Council on Tuesday and remained under dispute as it is lacked full support from key member states, including Germany. It was consequently removed from the guidelines.</p> <p>As equivalence becomes the form of access which is most likely form of market access requirement, MEPs are becoming increasingly vocal about providing input on a revised equivalence framework for third-countries.</p> <p>In the European Parliament, Brian Hayes (EPP, IE) announced this week that he will table an own-initiative report on Relationships between the EU and third countries concerning financial services regulation and supervision in the ECON Committee. This report follows the call from several MEPs (including Pervenche Beres and Kay Swinburne) for a horizontal piece of legislation that covers all equivalence regimes, and has to be regarded against the background of Brexit.</p> <p>Yesterday, Kay Swinburne made comments at an AFME conference arguing that the Commission is cognizant of the fact that equivalence “doesn’t work,” and were working to make it more streamlined and transparent. She also warned that the policy that the EU is pursuing on Brexit would be likely to provoke international backlash. Additionally, concerns in the EU about the current rollback of certain regulations by the US administration “misplaced,” as these changes were mostly related to gold-plating by American authorities. To the contrary, she sees that the US is the party which now lacks confidence in the EU’s ability to be proportionate and not apply damaging policies inspired by Brexit to all third</p>	<p><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</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> <p><b>October</b> – UK and Commission to reach deal on withdrawal agreement</p> <p><b>European Parliament</b>  <b>23-24 April:</b> Presentation of draft INI report  <b>2 May:</b> Deadline for Amendments  <b>28 May:</b> Consideration of Amendments in ECON  <b>18-19 June:</b> ECON vote</p>	

countries. She expressed concerns that the EU-US equivalence decision is currently in danger as a result of the EU's proposed policy of imposing more strict rules on foreign CCPs classified as systemic. She cited <a href="#">recent comments</a> from the CFTC Commissioner Brian Quintenz, who threatened to reconsider existing authorisations for EU firms and stop any future ones.		
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CCP RR		
CMCE priorities	Status / latest developments	Next steps
<b>Resolution Tools</b>	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
<b>Reporting obligations</b>	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