



## CMCE Weekly Report (30 March 2018)

This week's highlights include:

- **Brexit:** Following the European Council summit last week, the FCA made a statement on Brexit following the European Council summit last week. In this statement, the FCA confirms that the transition period, between 29 March 2019 until the end of December 2020, EU law would remain applicable in the UK, in accordance with the draft withdrawal agreement. Therefore, firms and funds would continue to benefit from passporting between the UK and EEA during the implementation period.
- **MiFID II:** Following the Board of Supervisor's meeting last week, ESMA updated its Q&A on commodities derivatives topics under MiFID to add 4 new questions, including one on the application of the position limits regime applied to various underlyings listed in Annex I, Section C(10) of MiFID II. There is also another new question on EEOTC derivatives and their reporting to NCAs when they are designated to more than one ETD contract. ESMA also updated the Q&A on market transparency to add a question on the scope of the trading obligation for derivatives. The French AMF published a first analysis of the impact of MiFID II, which examines the liquidity and quality of the post-MiFID II market.

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>Following the Board of Supervisor's meeting last week, ESMA updated its <a href="#">Q&amp;A</a> on commodities derivatives topics under MiFID II to add 4 new questions, including on position limits and EEOTC reporting. There is a new question on the application of the position limits regime to various underlyings listed in Annex I, Section C(10) of MiFID II. Another new question on reporting of EEOTCs to NCAs when they are designated to more than one ETD contract.</p> <p>ESMA also published a <a href="#">list</a> of trading venues and CCPs benefiting from a transitional exemption from the access provisions under art.54(2) of MiFID as well as a <a href="#">list</a> of trading venues benefiting from a transitional exemption from the access provisions under art.36(5) of MiFIR.</p>		<p>The advisory team will reach out to Euronext and EEX to seek intelligence on the thinking of NCAs on the potential changes to the ancillary activity exemption due to Brexit.</p>

	<p>ESMA also updated its MiFID <a href="#">Q&amp;A</a> on market transparency to add a question on the scope of the trading obligation for derivatives. Specifically, ESMA has responded to the question whether the trading obligation for derivatives applies to non-par swaps; specifying that only interest rate swaps are in scope.</p> <p>The French AMF published a first <a href="#">analysis</a> of the impact of the MiFID II tick-size regime, which examines the liquidity and quality of the post-MiFID II market.</p>		
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EMIR			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>EMIR REFIT</b>	<p>A call of the CMCE EMIR WG took place on 29 March to discuss potential next steps of CMCE engagement on EMIR REFIT, with a view to the <a href="#">amendments</a> that were submitted to Werner Langen's draft <a href="#">report</a>.</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><b>28 May</b> - Vote in EP Plenary (tentative, subjective to the progress of the negotiating team)</p>	<p>The summary of the call of the CMCE EMIR WG will be circulated. The advisory team will circulate an updated version of the letter to ECON MEPs to the WG.</p>
<b>EMIR implementation</b>	<p>There were no significant developments this week.</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>This week, the deadline for amendments in the ECON Committee passed, and they will be published in the coming weeks, following a slight delay due to the Easter break.</p>	<p><b>19 April</b> – Council Working Party on EMIR CCP Supervision</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>	

CRR II & Regulatory Capital			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>IFR &amp; IFD</b>	<p>Discussions on the IRD/IFR proposals continued in Council in a meeting of the Council Working Party on 27 March during which the regulation was discussed. More specifically, delegations discussed the Level of application (Articles 5 and 6), the Group capital test/K-factor consolidation (Articles 7 and 8) Own funds (Articles 9 and 10), Capital requirements (Articles 11, 13 - 32), Concentration risk (Articles 33 - 41), Liquidity (Articles 42 - 44), Supervisory reporting and public disclosure (Articles 45 - 53), Delegated and Implementing Acts (Articles 54 - 56), Transitional Provisions (Articles 57 - 59), Amendments to other Regulations (Articles 60 and 62) and Equivalence (Article 61).</p> <p>An update will be circulated soon to the CMCE Reg. Cap. WG.</p>		A draft letter to the European Commission will be circulated to the Reg. Cap. WG for comments.

Benchmarks			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>Commodity benchmarks</b>  <b>Critical benchmarks</b>  <b>Third country equivalence</b>	<p>There were no significant developments this week.</p> <p>The EMMI, which administers EURIBOR, published a <a href="#">consultation</a> on the new methodology which is open until 15 May. The Bank of England published an <a href="#">update</a> on the key features of SONIA, which will take effect from 23 April.</p>		

ESAs review			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>Critical benchmarks</b>  <b>Supervision</b>	A meeting of the Council Working Group took place on 26 March, where delegations discussed the provisions related to Benchmarks, Prospectus, MiFID II, Solvency II and the ESRB. Further feedback will be circulated soon to the CMCE BMR WG.	<b>12 April</b> - Council Working Party meeting <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.

Brexit		
Latest developments	Next steps	CMCE action
<p>The FCA made a <a href="#">statement</a> on Brexit following the political agreement reached on the transitional period, confirming that during the transition period, between 29 March 2019 and the end of December 2020, firms and funds would continue to benefit from passporting between the UK and EEA, given that EU law would remain applicable in the UK. Obligations derived from EU law would continue to apply and firms must continue with implementation plans for EU legislation that is still to come into effect before the end of December 2020.</p> <p>The Bank of England and PRA made a similar <a href="#">statement</a> on the same day.</p>	<b>April</b> - Union negotiator to begin negotiations with the UK on the overall understanding on the framework for the future relationship <b>October</b> – EU target timeline for reaching final deal on withdrawal agreement	

European Parliament INI Report on EU-third country relationships in regulation and supervision		
Latest developments	Next steps	CMCE action
Brian Hayes (EPP, IE) has announced 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.	<b>23 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	

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
Reporting obligations	There were no significant developments this week.	<p><b>April/May</b> – Adoption of SFTR Level 2 measures</p> <p><b>Q3/Q4</b> - Publication in Official Journal</p>