



CMCE Weekly Report (6 April 2018)

This week's highlights include:

- **INI Report on Equivalence:** The draft (non-legally binding) own-initiative report of Brian Hayes MEP on equivalence was published, and it presents critical of the current equivalence system. the report stresses that the process for granting equivalence lacks certainty and transparency, and calls upon the Commission to adopt a legislative act establishing a standardised process for the determination of equivalence. Furthermore, the rapporteur is concerned that there is no consistent framework for ongoing supervision of an equivalent third country's regime.
- **EMIR CCP Supervision:** The last Council WP on EMIR CCP supervision took place on the 20 March. As was the case previously, most of the meeting focused the role of the Central Bank of Issue (CBIs) in the authorisation and supervision of third-country CCPs. The non-public ECON amendments to Danuta Hübner's report were circulated which will be deliberated in 2 weeks' time in the ECON Committee.
- **Brexit:** The UK House of Commons Select Committee on Brexit published a report laying out 15 tests for the British Government to meet in terms of a future relationship with the EU, which would set the bar very high politically speaking for the UK Government.
- **ESAs review:** The last Council Working Party focused on the amendments to the ESRB regulation. Unlike what was previously understood, benchmarks were not on the agenda. Member States and the Commission expressed their support for the ECB opinion on the Commission's proposal amending the ESRB Regulation. The discussion focused on the collection and exchange of information with macro-prudential authorities where the ECB proposed a legislative proposal to allow the ESRB to provide national authorities with relevant supervisory data to fulfil their mandates.

MiFID II			
CMCE priorities	Status / latest developments	Next steps	CMCE action
AA exemption Position limits	There were no significant developments this week.		The advisory team is reaching 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.

Reporting			
Physical forwards			

EMIR			
CMCE priorities	Status / latest developments	Next steps	CMCE action
EMIR REFIT	There were no significant developments this week.	<p>12/13 April – Rapporteur to make compromise amendments available</p> <p>16 April - Meeting of the rapporteur and shadow rapporteurs</p> <p>24 April - Vote in ECON (tentative)</p> <p>28 May - Vote in EP Plenary (tentative, subjective to the progress of the negotiating team)</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.
EMIR implementation	There were no significant developments this week.		
EMIR II.2 – CCP supervision	<p>The last Council WP on EMIR CCP supervision took place on the 20th of March. As was the case previously, most of the meeting focused the role of the Central Bank of Issue (CBIs) in the authorisation and supervision of third-country CCPs. On this topic, there was broad agreement among member states that CBIs which are deemed to be 'relevant' as defined in the RTS under EMIR should be consulted for decisions on tier 1 recognition, but that all CBIs where a CCP intends to clear a product in their currency should be consulted for tier 2 CCPs decisions.</p> <p>Most Member State delegations could possibly accept that the Commission proposal would specify the additional requirements in the level 1 text that CBIs can impose on third-country CCPs, and to give the</p>	<p>19 April – Council Working Party on EMIR CCP Supervision</p> <p>23-24 April - Consideration of amendments in the ECON Committee</p> <p>16-17 May - Vote in the ECON Committee</p>	

	<p>Commission the power to amend such a list of requirements through a Delegated Act.</p> <p>Notably, for the first time in several months, there was some discussion on the supervision of EU CCPs. In line with the preferences of most Member States, the Commission is proposing to build on the existing set-up of CCP colleges rather than on their original proposal to transfer the supervisory powers to ESMA.</p>		
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CRR II & Regulatory Capital			
CMCE priorities	Status / latest developments	Next steps	CMCE action
IFR & IFD	There were no significant developments this week.		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
<p>Commodity benchmarks</p> <p>Critical benchmarks</p> <p>Third country equivalence</p>	There were no significant developments this week.		

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ESAs review			
CMCE priorities	Status / latest developments	Next steps	CMCE action
Critical benchmarks Supervision	<p>The last Council WP on the ESAs review took place on 26 March, which focused on the amendments to the ESRB regulation. Unlike what was previously understood, benchmarks were not on the agenda. Member States and the European Commission welcomed the ECB opinion on the European Commission's proposal amending the ESRB Regulation. The discussion focused on the collection and exchange of information with macro-prudential authorities where the ECB proposed a legislative proposal to allow the ESRB to provide national authorities with relevant supervisory data to fulfil their mandates. Germany agreed to present a proposal on this. The ECB opinion includes a reference to the keep in the ESRB legislation the possibility to invite third countries.</p>	<p>12 April - Council Working Party meeting</p> <p>18-19 June - Presentation of draft report in the ECON Committee</p> <p>9 July - Deadline for amendments in the ECON Committee</p> <p>3 September - Consideration of amendments in the ECON Committee</p> <p>24 September – Vote in the ECON Committee</p>	<p>The advisory team will put together a draft list of potential CMCE key messages and arguments to the co-legislators.</p>

Brexit		
Latest developments	Next steps	CMCE action
<p>The House of Commons' Select Committee for Exiting the EU published a report which sets out 15 tests for the future relationship between the UK and the EU, including a situation which allows financial services firms to “continue to sell their products into EU markets as at present.”</p>	<p>April - Union negotiator to begin negotiations with the UK on the overall understanding on the framework for the future relationship</p> <p>October – EU target timeline for reaching final deal on withdrawal agreement</p>	

European Parliament INI Report on EU-third country relationships in regulation and supervision		
Latest developments	Next steps	CMCE action
<p>Brian Hayes' draft own-initiative report on relationships between the EU and third countries concerning financial services regulation and supervision was published on 6 April. The rapporteur is critical of the current equivalence system; the report stresses that the process for granting equivalence lacks certainty and transparency, and calls upon the Commission to adopt a legislative act establishing a standardised process for the determination of equivalence. Furthermore, the rapporteur is concerned that there is no consistent framework for ongoing supervision of an equivalent third country's regime.</p> <p>Notable paragraphs include paragraph 12 which strongly criticises the 12-month period granted with respect to the Swiss equivalence decision on trading venues and paragraph 19, which calls for close consideration of the equivalence regime in cases of high-impact third countries, which is strongly linked to Brexit.</p> <p>Own-initiative (INI) reports are not legally binding instruments, but they are one way for Parliamentarians to raise awareness on an issue that they consider to be important, and to apply pressure, in this case on the Commission.</p> <p>The shadow rapporteurs have been named are Jonás Fernández (S&D, Spain), Ashley Fox (ECR, UK), Petr Ježek (ALDE, Czech Republic) and Bernard Monot (ENF, France).</p>	<p>23 April - Presentation of draft INI report</p> <p>2 May - Deadline for Amendments</p> <p>28 May - Consideration of Amendments in ECON</p> <p>18-19 June - ECON vote</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.	
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SFTR		
CMCE priorities	Status / latest developments	Next steps
Reporting obligations	There were no significant developments this week.	April/May – Adoption of SFTR Level 2 measures Q3/Q4 - Publication in Official Journal