

### This week's highlights

- **MiFID II:** The FCA announced its decision to remove the position limits under MiFID II for certain physically settled Swiss Power contracts that are traded on OTFs. The FCA has determined that it is appropriate that these contracts are regulated under REMIT instead of MiFID II.
- **EMIR Refit:** The latest version of the compromise amendments (dated 4 May) was circulated to the CMCE EMIR WG. No relevant changes have been made to the amendments on key CMCE points. We understand that no further shadow rapporteur's meetings are foreseen before the ECON Committee vote on the 16 May.
- **Brexit:** During a meeting of the EU27's Brexit coordinators which took place on Friday, the 4th of May, the Commission made a series of presentations including on the preparedness of the financial services sector. The Commission said that the ESAs are monitoring the possible impact of Brexit on the sector closely. The General Secretariat of the Commission announced that, contrary to the information given earlier in previous meetings with member states, it does not plan to adopt any legislative proposals regarding Brexit preparedness in Financial Services.
- **Brian Hayes report on equivalence:** The non-public amendments to the draft report were circulated to CMCE members. Many MEPs are calling for the Parliament to be more involved in the process of granting and scrutinising equivalence decisions, a power which is currently concentrated in the hands of the Commission and the European Securities Committee (composed of experts from EU Member States). Some MEPs are also calling for a horizontal framework for the EU equivalence regime, criticising the current framework as not transparent and unreliable.
- **IFR:** In preparation of the next Council WG discussion on 17 May, the agenda and a number of documents were circulated by the Presidency to delegations. At the next meeting, there will be a discussion on the basis of the Commission non-paper on the K-factors for risks to customers; an in-depth examination of investment firms internal governance, transparency, treatment of risks and remuneration provisions; a discussion on the Presidency non-paper on some reporting provisions and competent authorities; and a discussion on the basis of the UK non-papers on group capital test.

MiFID II		
CMCE priorities	Status / latest developments	CMCE action
<b>AA exemption</b> <b>Position limits</b> <b>Reporting</b> <b>Physical forwards</b>	<p>Following discussions with exchanges, on 9 May, the FCA announced its decision to remove the position limits under MiFID II for certain physically settled Swiss Power contracts that are traded on OTFs. The FCA has determined that it is appropriate that these contracts are regulated under REMIT instead of MiFID II.</p>	<p>During the last CMCE regular members call, options for CMCE action following the ESMA letter to VP Dombrovskis asking for guidance on the entity vs group level interpretation of the ancillary activity test were discussed. It was agreed during the call that CMCE will not the moment refrain from writing to DG FISMA or taking any action beyond gathering intelligence.</p>

EMIR			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>EMIR REFIT</b>	<p>The latest version of the compromise amendments (dated 4 May) was circulated to the CMCE EMIR WG. No relevant changes have been made to the amendments on key CMCE points. We understand that no further shadow rapporteur's meetings are foreseen before the ECON Committee vote on the 16 May.</p>	<b>16 May</b> - Vote in ECON	
<b>EMIR II.2 – CCP supervision</b>	<p>There were no significant developments this week.</p>	<b>16 May</b> - Vote in the ECON Committee	

Brexit		
Latest developments	Next steps	CMCE action
<p>During a meeting of the EU27's Brexit coordinators which took place on Friday the 4th of May, the Commission made a series of presentation including on the preparedness of the financial services sector. DG FISMA provided a short update on the notices for stakeholders (the last of which was issued on 27 April) and notified member states that additional notices are not planned.</p> <p>The Commission outlined that the ESAs are monitoring the possible impact of Brexit on the sector closely, and stated that the impact will obviously be different sector to sector and member state to member state. A large number of companies will wait until the last moment before adopting vital decisions as in case of relocation. DG FISMA stated that it believes that a many of the possible impacts are not yet known; for instance, it is very difficult to quantify the impact in relation to insurance contracts. Technical cooperation between the ECB and BoE has been set up to solve a potential cliff edge scenario.</p> <p>The General Secretariat of the Commission said that, contrary to the information given earlier in previous meetings with member states, it does not plan to adopt any legislative proposals regarding preparedness in Financial Services, but the Council General Secretariat asked that the SG inform member states as soon as possible which legislative initiatives (30 to 40) it plans to issue in relation to preparedness in other sectors.</p>	<p><b>14 May</b> – General Affairs Council to discuss Brexit</p> <p><b>17 May</b> – Meeting of the Council Working Group on art.50</p> <p><b>22-24 May</b> - Negotiation round between the UK and EU</p> <p><b>June 6</b> - EU Ambassadors (Coreper) to discuss art. 50</p> <p><b>12 June</b> – European Parliament to vote on a resolution on the future relationship during their Plenary session</p> <p><b>28 June</b> – European Council summit to discuss Brexit</p> <p><b>October</b> – Deadline for a compromise on the Withdrawal Agreement</p>	

CRR II & Regulatory Capital			
CMCE priorities	Status / latest developments	Next steps	CMCE action
IFR & IFD	In preparation of the next Council WG discussion on 17 May, the agenda and a number of documents were circulated by the Presidency to delegations. At the next meeting, there will be a discussion on the basis of the Commission non-paper on the K-factors for risks to customers; an in-depth examination of investment firms internal governance, transparency, treatment of risks and remuneration provisions; a discussion on the	<p><b>17 May</b> – Council WG</p> <p><b>16 May</b> – presentation of draft report in ECON</p> <p><b>24 May</b> – Deadline for amendments</p>	

	<p>Presidency non-paper on some reporting provisions and competent authorities; a discussion on the basis of the Council Legal Service's opinion on "Definition of credit institution; relation to SSM-Regulation"; a discussion on the basis of the Commission non-paper on the legal impact of the amendment of the definition of credit institution; and a discussion on the basis of the UK non-papers on group capital test.</p>	<p><b>18/19 June</b> – Consideration of amendments  <b>24 September</b> – Vote in ECON</p>	
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Benchmarks			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<p><b>Commodity benchmarks</b></p> <p><b>Critical benchmarks</b></p> <p><b>Third country equivalence</b></p>	<p>There were no significant developments of relevance in the last week.</p>		

European Parliament INI Report on equivalence	
Latest developments	Next steps
<p>The non-public amendments to the Brian Hayes <a href="#">draft report</a> were circulated to CMCE members.</p> <p>The key highlights of the amendments include that:</p> <ul style="list-style-type: none"> <li>- Many MEPs are calling for the EP to be more involved in the process of granting and scrutinising equivalence decisions, a power which is concentrated in the hands of the Commission and aided by the European Securities Committee (composed of experts from EU Member States).</li> <li>- Some MEPs are calling for a horizontal framework for the EU equivalence regime, criticising the current framework as not transparent and unreliable (e.g. AM 110, Markus Ferber, EPP, DE).</li> <li>- Many MEPs make reference to specific equivalence decisions such as Switzerland and the United States amongst others.</li> </ul>	<p><b>28 May</b> - Consideration of Amendments in ECON</p> <p><b>18-19 June</b> – Vote in ECON Committee</p> <p><b>September:</b> Vote in European Parliament Plenary</p>

<ul style="list-style-type: none"> <li>- The relationship between the UK and EU after Brexit features prominently with many calling for the equivalence framework to be revised in light of Brexit so that it is fit-for-purpose (e.g. AM 188, Roberto Gualtieri, S&amp;D, IT)</li> <li>- One MEP calls for there to be clear and consistent criteria for defining for “High-Impact third-countries”</li> </ul> <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 European Parliament’s research service published a <a href="#">briefing paper</a> on equivalence to support the work of MEPs on this own-initiative report.</p>	
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SFTR		
CMCE priorities	Status / latest developments	Next steps
Reporting obligations	There were no significant developments this week.	<p><b>May</b> – Adoption of SFTR Level 2 measures</p> <p><b>Q4</b> - Publication in Official Journal</p>