



I. ACTIVE PRIORITIES

Brexit			
CMCE priorities	Status / latest developments	Next steps	CMCE action
Transitional arrangements	<p>Last week on Thursday, the UK published a White Paper on their vision for a future relationship with the EU, which on financial services, steps away from a system of “mutual recognition” which the UK had previously advocated for. The White Paper argues that the UK should get automatic equivalence in financial services under EU law. It also states that the UK will eventually depart from EU financial regulation to keep up with changes in financial markets and to safeguard financial stability. The White Paper also sets out a system of structured consultation and regulatory dialogue between both parties on any changes to financial regulation in the EU and UK.</p> <p>Following months of negotiations, the ECON Committee voted on the draft resolution of Brian Hayes on relationships between the EU and third countries concerning financial services regulation and supervision on 11 July. This report will be put to a vote of the European Parliament plenary in September.</p> <p>The Director of the International Relations division at the FCA gave a speech on 19 July on preparing for Brexit. She warned that in the event that the UK and EU do not reach an agreement on the future relationship, there is a risk of a cliff-edge scenario around contract continuity which would primarily impact insurance and derivative markets. She explained that the FCA is working at a technical level with the ECB and the NCAs of the EU27 to prepare for such risks.</p>	<p>24 September – Vote in the European Parliament plenary on the resolution of Brian Hayes</p> <p>October – Deadline for a compromise on the Withdrawal Agreement</p>	

	Also on 19 July, the European Commission published a communication to encourage the private sector to accelerate their preparedness in the event of no-deal Brexit to ensure that businesses can still continue to provide services with as little interruption as possible.		
MiFID II			
CMCE priorities	Status / latest developments	CMCE action	
AA exemption Position limits Reporting Physical forwards	There were no significant developments in the last two weeks.	A subgroup is being created under the CMCE MiFID Working Group to discuss certain physical forward contracts and their classification under MiFID II. Example contracts will be circulated to the MiFID WG and a first call will be scheduled soon.	
EMIR REFIT			
CMCE priorities	Status / latest developments	Next steps	CMCE action
Reporting Risk mitigation for uncleared trades Calculation of NFCs positions	Following the first trilogue negotiation on EMIR Refit, the Austrian EU Presidency circulated a note that confirms that the Parliament has given in to Council and Commission resistance to its suggestion to provide relief for NFCs on the collateral requirement under article 11(3), and the co-legislators have agreed that no such relief will be provided. However, it is interesting to note that the document indicates that the co-legislators have provisionally agreed to keep the EP text which suggests that for intra-group transactions where one counterparty is an NFC, the obligation to have arrangements in place to measure and mitigate operational and counterparty credit risk under Art. 11(1) would not apply. This however may possibly be subject to further discussion in the Council.	September 27 – Trilogue on EMIR Refit	
Benchmarks			

CMCE priorities	Status / latest developments	Next steps	CMCE action
<p>Commodity benchmarks</p> <p>Critical benchmarks</p> <p>Third country equivalence</p>	<p>Following the discussions in the Council in the context of the ESA's review, the CFTC Commissioner made a speech on 12 July accusing the EU of producing legislation with extraterritorial impact, as the amendments to the BMR would have clear effects on US companies.</p> <p>In the ECON Committee, MEPs scrutinised level 2 measures of the benchmarks regulation which took place on 11 July. The Commission has been delaying adoption of the draft RTS submitted by ESMA for more than a year and explained that they have made no changes in substance, only a number of redactions but the delay is mostly due to the fact that the BMR Level 2 measures have not been given priority by the translation services. ESMA and MEPs were applying pressure to the Commission to have this adopted and in the EU Official Journal. MEPs had access to the Commission changes to the draft RTS and the rapporteur made remarks on two changes that the Commission had made to the draft RTS submitted to them by ESMA.</p> <p>The rapporteur argued that there is now a lack of clarity of the definition of a regulated data benchmark in art.3, as the Commission has included "entirely and directly" and the related conditions in outsourcing in art.10. The rapporteur argued that the Commission's interpretation will result in higher compliance costs and does not meet what was agreed in trilogues. In order to fix this, there should be a change to the Level 1 text either to add a recital to express the spirit of the co-legislators or through amending the definition of regulated data benchmarks to include data feed operations. It is possible to amend the BMR via the ESAs review or the low-carbon benchmarks sustainable finance package.</p> <p>The rapporteur also noted that the Commission is more restrictive than ESMA on the option to include contributors to benchmarks in the oversight function, by changing the wording from "Consider to include" to "include" in art. 1(4) in the RTS on oversight. The Commission responded that they wanted to make it mandatory for representatives from other entities to participate in the oversight function, notably contributors of Net Asset Value of investment funds. The Commission considers this to be in line with good governance so the fundamental contributors are part of the oversight function and so the Commission</p>		<p>Following the publication of the FCA final handbook notice on the EU BMR, a call of the CMCE Benchmarks Working Group is being scheduled.</p>

	<p>changed the wording so that the data integrity of the main contributors is ensured as NAV data providers are very important.</p> <p>During the last Council Working Group on the ESAs review which took place on 5 July, the topic of possible new direct powers given to ESMA over the supervision of benchmarks was discussed.</p> <p>The Commission presented its non-paper which it produced to address reservations made by member states in previous meetings and in written comments. Several member states expressed their disappointment by the lack of innovation from the Commission, stating that the paper provided a mere summary of what had already been said orally and contained nothing new. Member states insisted that the discussion was neither appropriate nor timely, that in light of the opinion from the Council Legal Service, more work needs to be done by the Commission.</p> <p>The Commission commented that the list provided by ESMA suggests that all benchmark providers with the exception of one entity are in the UK, so they would argue that there is no issue with third countries, but maybe in case of S&P as the administrator is in UK and US. Other benchmarks (in Hong Kong, Korea, Taiwan) are administered outside EU so they do not see that there would be a risk of dual supervision either. The situation in which the benchmark is authorised and supervised in one MS is suboptimal, college does not solve the problem, ESMA is in better place to assess liability throughout EU.</p> <p>France however, expressed its full support for the Commission proposal, and it sees that there is no issue with respect to the double supervision of administrators; Portugal and Finland also welcome the clarification by the Commission and supports the Commission proposal.</p> <p>Slovenia said that impact of current regulation has not still been evaluated, they cannot support amendments as proposed by the Commission.</p> <p>The Netherlands is supportive of the idea of ESMA supervising benchmarks, but would prefer that national critical benchmarks being supervised by NCAs, and they raised a question about endorsement if there would be ongoing supervision and by whom; the Commission responded that that there is no ongoing supervision planned, and that the simple solution is to repeal approval of endorsement.</p>		
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	On 17 July, ESMA updated its Q&A on the benchmarks regulation to add 2 new questions, one on whether a calculation agent can be considered to be a user of benchmarks if it is appointed by an issuer of securities and another on the definition of a regulated data benchmark.		
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II. WATCHING BRIEF

IFR		
CMCE priorities	Status / latest developments	Next steps
Commodity dealer IF regime	There were no significant developments in the last two weeks.	Council of the EU: September – meeting of the Council Working Party on the IFR (the precise date has not yet been set). European Parliament: 24 September – Vote in ECON (tentative, subject to the progress of the negotiating team)
MAR		
CMCE priorities	Status / latest developments	Next steps
Insider dealing MM indicators	There were no significant developments in the last two weeks.	
SFTR		
CMCE priorities	Status / latest developments	Next steps

**Reporting
Obligations**

There were no significant developments in the last two weeks.

July – expected adoption of RTS by the Commission (tentative)