



## I. ACTIVE PRIORITIES

Brexit			
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>On 28 May, the ECON Committee had a consideration of <a href="#">amendments</a> to the <a href="#">draft own-initiative report</a> of Brian Hayes MEP (EPP, IE) on the Relationships between the EU and third-countries in financial services regulation and supervision. Following a meeting of the shadow rapporteurs, a revised version of the compromise amendments (dated 1 June, circulated via email to CMCE members) include a call for equivalence decisions should protect the integrity of the Single Market (14) and financial stability in the Union (7). From the Compromise amendments, it is clear that there is a will across political groups to give the Parliament a role in equivalence decisions; many Compromise amendments (20, 21) allude to the political dimension of equivalence decisions, something the European Commission insists are purely technical in nature. However, in the eyes of MEPs, the political impact of these decisions provides sufficient reason to make equivalence decisions in the form of delegated, rather than implementing, acts as this procedure would give the Parliament a right to scrutinise such decisions (20). MEPs would like to also enhance the transparency of the process of granting equivalence decisions by having the Commission report to the EP on an annual basis on all decisions on equivalence, including those granted, suspended and withdrawn, and to explain the rationale for those decisions (31).</p> <p>The UK Government published a <a href="#">technical policy paper</a> on the temporary customs arrangement between the UK and EU on 7 June. While this does not cover the setting of regulatory standards, something which the paper acknowledges “needs to be addressed,” it sets out the UK’s approach on</p>	<p><b>12 June</b> – European Parliament to vote on a resolution on the future relationship during their Plenary session</p> <p><b>18-19 June:</b> Vote in ECON Committee on the report of Brian Hayes</p> <p><b>28 June</b> – European Council summit to discuss Brexit</p> <p><b>September</b> – Vote on the draft resolution of Brian Hayes</p> <p><b>October</b> – Deadline for a compromise on the Withdrawal Agreement</p>	

	creating a temporary customs arrangement. This paper is in response to the European Commission's call for more detail on how the UK intends to leave the Customs Union while avoiding the creation of a hard border between Northern Ireland and the Republic of Ireland. The Irish border question is the most central issue that is stalling progress on other parts of the negotiations. The indicative deadline for finding an agreement on this question is the European Council summit on 28 June.		
<b>EMIR REFIT</b>			
<b>CMCE priorities</b>	<b>Status / latest developments</b>	<b>Next steps</b>	<b>CMCE action</b>
<b>Reporting</b> <b>Risk mitigation for uncleared trades</b> <b>Calculation of NFCs positions</b>	On 29 May, ESMA updated its <a href="#">Q&amp;A on the implementation of EMIR</a> to add <b>8 new Q&amp;As on the reporting to trade repositories under EMIR on areas</b> including on the position levels in post-trade events, the underlying in derivatives, energy derivatives, deliverable currencies and the effective date of reporting if it is not specified as a part of the contract.	<b>11 June</b> – European Parliament to vote on EMIR Refit	
<b>MiFID II</b>			
<b>CMCE priorities</b>	<b>Status / latest developments</b>	<b>CMCE action</b>	
<b>AA exemption</b> <b>Position limits</b> <b>Reporting</b> <b>Physical forwards</b>	On 29 May, ESMA updated its <a href="#">Q&amp;A</a> on transparency topics under MiFID II to update a response to question 7 on when the operator of an RFQ system should provide pre-trade transparency. ESMA also updated its <a href="#">Q&amp;A</a> on market structure to include a question on whether an OTF can arrange or trade strategies including an equity leg.	<p>During the last fortnightly Members call an issue with the classification of certain physical forward contracts as financial instruments was raised, where the contract terms include a right for one party to cancel and cash-settle. It appears there is insufficient consensus among commodity market participants as to the classification of these contracts under MiFID II.</p> <p>CMCE was asked to review sample terms of these contracts, to clarify whether they would be regarded as cash-settled commodity derivatives and what, if any changes, could be made to those terms to reduce the risk of them being regarded as such.</p> <p>Members have been consulted by email on any objections to proceeding as per above. On request of a member, the deadline for objections is extended to the end of this week.</p>	

Benchmarks			
CMCE priorities	Status / latest developments	Next steps	CMCE action
<b>Commodity benchmarks</b>  <b>Critical benchmarks</b>  <b>Third country equivalence</b>	<p>On 19 June, the ECON Committee will examine level 2 measures under the Benchmarks regulation in a so-called “scrutiny session.” The draft Regulatory Technical Standards (RTS) under the Benchmarks regulation, based on the <a href="#">draft RTS</a> submitted by ESMA to the Commission on 30 March 2017, have faced delays but the remainder of the 12 RTS (input data, the code of conduct, the benchmark statement, and the oversight function) are expected to be adopted before the summer recess by the Commission.</p> <p>ESMA Chair Steven Maijoor made a <a href="#">speech</a> on the stability and integrity of benchmarks on 31 May at the ICMA annual conference during which he reiterated ESMA’s stance on the importance of consumer protection and financial stability in the reform of benchmarks. He also stressed the responsibility of the private sector in the task of finding “the right benchmark for the right purpose.”</p>	<b>19 June</b> – ECON Scrutiny session on BMR Level 2	

## II. WATCHING BRIEF

IFR		
CMCE priorities	Status / latest developments	Next steps

<p><b>Commodity dealer IF regime</b></p>	<p>During a meeting of the Council Working Party on the IFR which took place on 16 May, member states discussed a French non-paper which suggests placing 3rd-country firms operating in the EU under the shared competence of ESMA and their 3rd-country supervisor, thus ensuring equal treatment of third-country firms with respect to EU investment firms (as the key provisions of MiFID II / MiFIR would be applied and enforced on them) and providing EU regulators with the information they need to ensure market integrity and investor protection.</p> <p>A more detailed read-out on this agenda item was obtained by HB. During the meeting, France argued that the MiFID regime is “very broad and too large” in the extent that it solely depends on local regulatory environment in third-countries. France believes that the EU needs more granular equivalence criteria, otherwise there is a risk that there will be not be a level playing field, which may undermine market integrity. France continued by pointing out that as EU investors are impacted by third country rules, in the EU, it is not assured that these rules will actually be applied. As such, France is of the opinion that some rules from MiFIR should be applied directly, and furthermore, a branch should be established in the EU with passporting rights for the sake of strong supervision.</p> <p>Member states including Luxembourg and Ireland are negative in relation to the branch requirement, and pointed out that when related to ESMA, the points should be discussed within the ESAs review, not within the context of the IFR working group. Furthermore, they are not keen to reopen MiFID as the balance there was very delicate.</p> <p>Many member states expressed that they did not have enough time to deliberate on the paper, so any discussion would be premature. Several member states agreed with France insofar as there is a need to work on equivalence, especially when it comes to the supervisory cooperation. However, many sided with Luxembourg and Ireland in that the ESMA aspects of the non-paper should be discussed in the context of the ESAs review.</p> <p>Some member states, including Sweden and the Netherlands and Denmark and the Czech Republic expressed their scepticism with respect to the reasoning for such changes.</p>	<p><b>European Parliament:</b></p> <p><b>18/19 June</b> – Consideration of amendments</p> <p><b>24 September</b> – Vote in ECON</p> <p><b>Council of the EU:</b></p> <p><b>25 June</b> – Meeting of the Council WP on IFR</p>
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CMCE priorities	Status / latest developments	Next steps
<b>Insider dealing</b>  <b>MM indicators</b>	There were no significant developments this week.	
SFTR		
CMCE priorities	Status / latest developments	Next steps
<b>Reporting Obligations</b>	There were no significant developments in the last week.	