

Commodity Markets Council Europe – 2019 Outlook

Annual General Meeting – 9 November 2018, London

2019 – Year of political changeover

- European elections May 2019 – new political leadership, EP and College of Commissioners
- First EP without UK Members
- New EP ECON Committee – likely loss of experience on MiFID II & other relevant legislation
- Opportunity for stakeholder engagement - need to explain value of commodity derivative markets
- New political agenda – window of opportunity to engage w/ EC services as they prepare the agenda of the next Commission

2019 – Year of Brexit

- Likely focus of CMCE regulatory activity in 2019

EU issues

- MiFID II ancillary activity exemption
- Cross-border access to EU and UK trading venues, trade repositories and CCPs
- Third country access to EU markets under MiFID II / MiFIR
- BMR third country provisions
- EU ETS
- REMIT

UK issues

- CRR, esp. retention of commodities exemptions
- Approach to onshoring EMIR
- Ancillary activity exemption
- Approach on ESMA L3 guidance
- EU ETS
- REMIT reporting regime in the UK
- Scope of financial inst. & impact on UK MiFID II/EMIR
- Liquidity assessments for SI and transparency purposes

National issues

Increasing risk of national measures, e.g. FR national law on MiFIR branch requirement

Ongoing Level I discussions

Negotiations to conclude in Q1 / carry over to new EP:

- EMIR REFIT
- IFR/IFD
- ESAs review
- Sustainable finance, including low-carbon BMs

Other regulatory issues

No new EU proposals in 2019, but measures planned under existing legislation include:

- Commission report by 1 January 2019 on whether C6 energy derivatives should be made subject to EMIR clearing and risk mitigation obligations
- ESMA report foreseen under EMIR REFIT in 2nd half of 2019 (depending on final adoption date) on the consistency between EMIR and MiFIR reporting requirements for ETDs & possible simplification. To input into Commission report and pos. proposal in 2020
- SFTR technical standards on reporting expected to be published in Q1 2019
- MAR application review by 3 July 2019
- Review of MiFID II position limits regime, MiFIR transaction reporting & the trading obligation for derivatives due by 3 March 2020

Relevant UK developments:

- SMCR implementation
- Review of UK BMR implementation, incl. miscellaneous BM persons
- Increasing FCA focus on surveillance and monitoring of market abuse

Possible issues on new Commission agenda?

- 'MiFID 2.5'
- Equivalence review
- Sustainable finance
- Enhanced corporate reporting
- Shadow banking policy

To conclude...

- Brexit-related regulatory questions will be a key focus for CMCE activity in 2019
- The political changeover presents a great opportunity for stakeholder engagement
- While there won't be new Commission proposals in 2019, work will continue on issues already foreseen under existing legislation