



I. ACTIVE PRIORITIES

Brexit		
<i>CMCE priorities: Ancillary activity test, access to UK and EU trading venues, CCPs and TRs</i>		
Status / latest developments	Next steps	CMCE action
<p>The Bank of England and PRA published a policy statement on their interpretation of EU Guidelines and Recommendations after the UK's withdrawal from the EU, noting that the Bank and PRA expect firms and FMI's to continue to make every effort to comply with EU Guidelines and Recommendations to the extent that they remain relevant when the UK leaves. On Q&As, the Bank considers that these may continue to be relevant and it "may have regard to these as appropriate".</p> <p>In a speech on the future of financial conduct regulation, Andrew Bailey, FCA Chief Executive, noted that Wholesale markets work better in systems that base their rules and principles more on experience like the UK's common law system, as opposed to the EU's tradition based more on codification and greater use of statute rather than regulatory rules. Once the UK is outside the EU, its regulatory system is likely to "take on board practical experience more rapidly, and it would be based more on principles that emerge from experience in public policy and somewhat less on detailed rules that can tend to become overly set in stone". He also said the FCA would "continue to look to improve onshored EU legislation on a 'same outcome, lower burden' basis".</p> <p>He also stressed the need for outcomes-based equivalence rather than a rules-based approach, as opposed to the argument that the UK should be held to a higher standard than other third countries, because it has large financial markets and they are close by. His expectation is that the UK and the EU will be able to find each other equivalent on day 1; and that as rulebooks evolve both sides will want to ensure predictability around issues such as assessment processes or withdrawal of equivalence in a similar, but hopefully deeper way, than with the US and Singapore.</p>	<p>23 – 26 May - European Parliament elections</p> <p>1 June – UK to leave the EU without a deal if they do not organise European Parliament elections in the UK</p> <p>20/21 June – European Council summit to discuss progress on Withdrawal Agreement in the UK</p> <p>31 October - Deadline for UK to adopt Withdrawal Agreement, subject to a further extension</p>	<p>On 16 April, European Commission Vice-President Valdis Dombrovskis responded to the CMCE letter on the need to adopt an equivalence decision for UK derivatives trading venues in case of a hard Brexit.</p> <p>On the MiFIR / EMIR trading obligation, the response states that the Commission has no evidence that market participants will not be able to continue meeting their obligations under the trading obligation for derivatives in case of a no-deal Brexit because "it appears that most UK trading venues that offer trading in derivatives subject to the trading obligation are in the process of establishing new trading venues in the EU27 and plan to offer the same product portfolio in the EU27 as they are currently offering in the UK"</p>

<p>FCA Chairman Charles Randell said that the FCA will be “redoubling our international engagement to ensure that the U.K. continues to influence global standards of conduct regulation” in the next year, as the UK expects to leave the EU. He also said that “changes in the global context may also provide opportunities to make UK regulation smarter, focusing more on the outcomes we want to achieve”.</p>		<p>On the concerns on the impact on NFCs specifically, the Commission’s response takes note of CMCE concerns about possible higher costs including for NFCs, but stresses “that EMIR includes exemptions for NFCs which transact to hedge their risks, and I encourage you to discuss the application of these rules with the national competent authorities.” It also refers to EMIR Refit which will provide simpler and more proportionate rules for OTC derivatives, helping to reduce costs and regulatory burdens for NFCs.</p>
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MiFID II

CMCE priorities: AA exemption, position limits, reporting, physical forwards

Status / latest developments	CMCE action
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<p>There were no significant developments in the past 2 weeks.</p>	<p>Following further discussion on the CMCE regular members’ call on the ESMA Q&A on the ancillary activity notification and third country firms, it was agreed that the advisory team should reach out again to the AMF as well as to BaFin to confirm their requirements.</p> <p>BaFin confirmed to the advisory team that it still requires notification by third country firms who wish to benefit from the ancillary activity exemption under German law.</p> <p>The advisory team will reach out to the AMF to confirm whether they have received further clarifications from ESMA.</p>
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EMIR

CMCE priorities: reporting, risk mitigation for uncleared trades, calculation of NFC’s positions

Status / latest developments	Next steps	CMCE action
<p>On 18 April, the European Parliament plenary endorsed the agreement on EMIR Refit in first reading with 452 votes in favour, 74 against, and 22 abstentions. The text will now go back to the Council for its own endorsement process. The institutions are planning to have the text published in the EU official Journal by 15 June, and it will enter into force 20 days after publication.</p> <p>On 25 April, the European Commission adopted an equivalence decision for Japanese derivative trading venues and CCPs under EMIR. The decision concludes that Japan Financial Services Agency (JFSA) rules on valuation and dispute resolution for OTC derivative contracts not cleared by a central counterparty are equivalent to EMIR. It also determines that JFSA rules on obligations on the exchange of collateral ('margins') between counterparties are equivalent to EU rules.</p>	<p>15 May - Coreper endorsement</p> <p>21-22 May - Council adoption at ministerial level</p> <p>Early June - Signature of the Council President and EP President</p> <p>15 June – Deadline for publication in EU Official Journal</p> <p>Late June - Entry into force (20 days after publication)</p>	<p>An overview of the key points of EMIR Refit was circulated to members of the CMCE EMIR WG on 19 April.</p>

Benchmarks

CMCE priorities: commodity benchmarks, critical benchmarks, third-country equivalence

Status / latest developments	Next steps	CMCE action
<p><u>ESAs review</u></p> <p>On 16 April, the European Parliament plenary adopted the texts on the ESAs review in first reading. The main report on ESAs review was adopted with 521 votes in favour, 70 against and 65 abstentions. The text will now go back to the Council for its own endorsement process but will be subject to the corrigendum procedure, which means it will be formally adopted and published in the second half of the year.</p>	<p>June 2019 – Commission Expert Group on Sustainable Finance to publish report on carbon benchmarks</p> <p><u>ESAs review & low-carbon benchmarks:</u> July or September plenaries – Plenary vote in new Parliament</p> <p>21 October - Signature of Council President and EP President (earliest possible date)</p> <p>Mid-November - Publication in the EU Official Journal (tentative timeline)</p>	

	December - Entry into force (20 days after publication)	
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II. WATCHING BRIEF

IFR	
<i>CMCE priorities: commodity dealer IF regime, scope of class I, changes to MiFID III/MiFIR third-country regime</i>	
Status / latest developments	Next steps
<p>On 16 April, in first reading, the European Parliament plenary adopted the IFD with 534 votes in favour, 63 against and 55 abstentions. The IFR was adopted with 534 votes in favour, 70 against and 45 abstentions. A debate was held the evening before, during which the rapporteur, Markus Ferber (EPP, DE), praised the third-country regime as more robust and that UK firms after Brexit will be covered by tougher rules if they try to provide services in the EU.</p> <p>The text will not be published in the EU official journal until the corrigendum procedure takes place in the second half of the year.</p>	<p>July or September plenaries – Plenary vote in new Parliament</p> <p>21 October - Signature of Council President and EP President (earliest possible date)</p> <p>Mid-November - Publication in the EU Official Journal (tentative timeline)</p> <p>December - Entry into force (20 days after publication)</p>
MAR	
<i>CMCE priorities: Insider dealing, MM indicators</i>	
Status / latest developments	Next steps
There were no significant developments in the past two weeks.	

SFTR

CMCE priorities: reporting obligations

Status / latest developments

There were no significant developments in the past two weeks.

Next steps

Other relevant developments

International role of the euro

There were no significant developments in the last two weeks. The consultations on the international role of the euro closed and the Commission is expected to report on the results during the summer.

A [conference](#) organised by the ECB and European Commission on the international role of the euro will take place on 16 May. A Hume Brophy representative will attend.

16 May – Joint ECB-European Commission conference on international role of the euro