



CMCE Bi-weekly Update (21 June 2019)

I. ACTIVE PRIORITIES

Brexit	
<i>CMCE priorities: Ancillary activity test, access to UK and EU trading venues, CCPs and TRs</i>	
Latest developments & CMCE action	Next steps
There were no significant developments in the last 2 weeks.	31 October – Deadline for UK to adopt Withdrawal Agreement, subject to a further extension
MiFID II	
<i>CMCE priorities: AA exemption, position limits, reporting, physical forwards</i>	
Latest developments & CMCE action	Next steps
<p>On 20 June, ESMA published opinions on PXE Czech Power Base contracts, EEX French Power Base contracts and EEX French Power Peak contracts agreeing with the proposed position limits from NCAs which it states align with the objectives and methodology in MiFID II.</p> <p>On 6 June, the French financial market regulator (AMF) announced the publication of a report outlining its suggestions regarding Capital Markets Union for the new EU legislative mandate. The AMF suggests a targeted review of MiFID II including reviewing the thresholds affected by the removal of the UK market data from calculations and the application of certain MiFID rules to entities located outside the EU to avoid distortions of competition. The AMF also suggests adjusting certain provisions relating to position limits, reporting obligations and investor information that could be better adapted to the needs of different types of investors.</p>	<p>24 June – Deadline to give feedback on the draft CMCE response to the ESMA call for evidence on position limits and position management</p> <p>5 July – Deadline for responding to the ESMA call for evidence on position limits</p> <p>5 August – Entry into force of ESMA guidelines on application of C6 and C7 instruments</p>

<p>CMCE action</p> <p>Following the publication of the ESMA call for evidence on 24 May on position limits and position management in commodity derivatives, the MiFID WG held a call to discuss a draft CMCE response. On this basis, a draft response was circulated to the MiFID WG for feedback by 24 June COB.</p>	
EMIR	
<i>CMCE priorities: reporting, risk mitigation for uncleared trades, calculation of NFC's positions</i>	
Latest developments	Next steps
<p>On 17 June, EMIR Refit entered into force.</p> <p>On 14 June, ESMA published a further update to the EMIR Q&A following the publication of EMIR Refit in the EU official journal. This included amended and new questions on the procedure for FCs and NFCs to notify that they exceed/cease to exceed the clearing thresholds, the calculation of positions for the clearing thresholds, on the responsibilities of the FC and NFC, by when and for which asset classes an NFC+ in Category 4 need to start clearing.</p> <p>ESMA also published a letter dated 7 June sent to the Commission on the need to clarify whether an FC, which is in a group with an NFC which benefits from the hedging exemption, could also benefit from the hedging exemption.</p> <p>In the letter, ESMA argues that in light of the policy aims of EMIR Refit, from a policy point of view it would make sense that if an NFC can apply the hedging exemption for its positions, then the FCs in their group could also apply the same hedging exemption when taking into account the position of the NFCs at group level. However, ESMA states that they are unsure of the appropriate legal basis for this conclusion and asks the Commission for an interpretation.</p>	
Benchmarks	
<i>CMCE priorities: commodity benchmarks, critical benchmarks, third-country equivalence</i>	
Latest developments & CMCE action	Next steps

<p>On 18 June, the Commission Technical Expert Group (TEG) on Sustainable Finance published its interim report on climate benchmarks and benchmarks' ESG disclosures, stemming from the 'low-carbon BMs' amendments to BMR. Amongst other items, the report contains detailed minimum standards for ESG disclosures for benchmarks. Section 3.3. sets out the minimum content of the explanation of ESG factors by BM administrators BM methodology and statement by asset class, including commodity benchmarks under Annex IV BMR on pg. 23.</p> <p>Under environmental factors, the table explains that the disclosure would relate to the degree of exposure of the underlying commodity markets to climate-related physical risks (low/ moderate / high); the degree of exposure of the underlying commodity markets to climate-related transition risks and opportunities; and a description of the environmental themes relevant to the underlying commodity markets (e.g. resource depletion, water, healthy ecosystems).</p> <p>Under social factors, the disclosure should describe the degree of exposure of the underlying commodity markets to social risks (low/ moderate / high) as well as a description of the social themes relevant to the underlying commodity markets (e.g. human rights, modern slavery, labour standards, land grabbing).</p> <p>Under governance factors, the table states that the benchmark would disclose the degree of exposure of the underlying commodity markets to governance risks (low/ moderate / high) as well as a description of the governance themes relevant to the underlying commodity markets (e.g. corruption, political instability, income inequality).</p>	<p>24 June - European Commission stakeholder conference on sustainable finance during which the TEG reports will be officially presented</p> <p>September – Final TEG report on climate friendly benchmarks to be published</p> <p>ESAs review & low-carbon benchmarks: 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>
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II. WATCHING BRIEF

IFR	
CMCE priorities: commodity dealer IF regime, scope of class I, changes to MiFID III/MiFIR third-country regime	
Latest developments & CMCE action	Next steps

There were no significant developments in the past two weeks.	July or September plenaries – Plenary vote in new Parliament 21 October - Signature of Council President and EP President (earliest possible date) Mid-November - Publication in the EU Official Journal (tentative timeline) December - Entry into force (20 days after publication)
MAR	
<i>CMCE priorities: Insider dealing, MM indicators</i>	
Latest developments & CMCE action	Next steps
There were no significant developments in the past two weeks.	31 December 2019 – Deadline for ESMA to provide technical advice on the MAR review
SFTR	
<i>CMCE priorities: reporting obligations</i>	
Latest developments & CMCE action	Next steps
ESMA will hold a public hearing on the consultation on the guidelines for reporting under art.4 and 12 of SFTR on 15 July.	15 July – ESMA public hearing on the SFTR consultation 29 July - close of ESMA consultation on the guidelines for reporting under art.4 and 12 of SFTR Q4 2019 - ESMA to publish a final report on the guidelines on reporting under SFTR
Other relevant developments	

International role of the euro	There were no significant developments in the past 2 weeks.	Summer 2019 – European Commission to report on the results of the consultation on the international role of the euro
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