



European elections & priorities of the new Commission / Parliament

The European Council reached on 2 July an agreement on a package of nominations for the EU top jobs:

- Ursula von der Leyen (Germany, EPP), current Minister of Defense, will be the next European Commission President, succeeding to Jean-Claude Juncker;
- Charles Michel (Belgium, Renew Europe), outgoing Belgian Prime Minister, will be the next President of the European Council, succeeding to Donald Tusk;
- Christine Lagarde (France, EPP), current IMF Managing Director, will take over the role of President of the European Central Bank from Mario Draghi;
- Josef Borrell (Spain, S&D), current Spanish Foreign Affairs minister, will become the High-Representative for Foreign Affairs, succeeding to Federica Mogherini.

On 3 July, David Sassoli MEP (S&D, Italy) was also elected in plenary president of the European Parliament.

The European Parliament will have to approve the appointment of Ursula von der Leyen by a majority of its members during a vote that will take place during the week of 15 July. While it could theoretically oppose the European Council proposal as it does not reflect the Spitzenkandidat process, we do not deem this very likely.

In addition, the European Parliament announced this week MEP's [membership](#) to the Economic & Monetary Affairs Committee. The ECON constitutive committee meeting, during which the chair and vice-chairs will be elected, will take place on 8 July. Roberto Gualtieri (S&D, Italy) is very likely to get re-elected as ECON chair. Markus Ferber (DE), who was rapporteur on MiFID II and IFR/IFD, has been appointed as ECON EPP coordinator.

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.	Week of 22 July – Announcement of the winner of the Conservative Party leadership race

	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>According to Hume Brophy informal engagement with the AMF, there has been no activity at ESMA on the ancillary activity exemption since their initial assessment of potential impacts of a no-deal Brexit in the commodity derivative markets at the end of 2018. ESMA and NCAs are waiting for clarity on Brexit before further work is pursued. From informal contacts with DG FISMA, it is also understood that a specific taskforce within DG FISMA's Securities team has been created to prepare for reviewing MiFID II. Reflections are however at an early stage.</p> <p>CMCE action A CMCE response to the ESMA call for evidence on position limits and position management in commodity derivatives was submitted on 5 July. The response was based on input and feedback from members of the MiFID working group, gathered in particular on a call of the MiFID WG and the session on MiFID II at the Geneva members' meeting on 28 June.</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>January 2020 – Deadline for ESMA to provide input to the European Commission on MiFID II/MiFIR review report on C6 energy derivatives contracts</p> <p>March 2020 – Deadline for ESMA to provide input to the European Commission on MiFID II/MiFIR review report on position limits and reporting</p>
EMIR	
<i>CMCE priorities: reporting, risk mitigation for uncleared trades, calculation of NFC's positions</i>	
Latest developments	Next steps
There were no significant developments in the last 2 weeks.	

Benchmarks

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

Latest developments & CMCE action

During a QED workshop on financial benchmarks that took place in Brussels on 26 June, Delphine Dirat, Policy officer at DG FISMA, said that the European Commission will submit a report to co-legislators by January 2020. **Commodity benchmarks** will be in the scope of this review. However, the review will not be focused on commodity benchmarks unless there is a specific problem. She also said that the report the European Commission will submit by 1 April 2020 on the impact on how the provisions related to the operation of **third-country benchmarks** have been implemented will not be an overhaul of BMR but will only focus on quick fixes in a limited number of areas. Martina Tambucci, from CONSOB, indicated that the RTS on reporting infringements, which is a requirement stemming from the ESAs review, will apply to commodity benchmarks.

The European Commission held on 24 June in Brussels a stakeholder conference on sustainable finance during which the Technical Expert Group (TEG) on Sustainable Finance officially presented its [interim report](#) on **climate benchmarks and benchmarks' ESG disclosures**, stemming from the 'low-carbon BMs' amendments to BMR, which are currently being revised by lawyer-linguists. They are expected to be published in September or October and the European Commission will launch in November or December a public consultation on the delegated acts.

The TEG also launched on the same day a [call for feedback](#) on this interim report that will run until 2 August. This call for feedback aims to seek stakeholders' views on their level of satisfaction for the suggested KPIs of the benchmarks for the respective asset classes and for the templates for the disclosure of ESG information in the benchmark statement and methodology.

Amongst other items, the TEG [interim 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.

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).

Next steps

2 August – Deadline for responding to the TEG call for feedback on its interim report on climate benchmarks and benchmarks' ESG disclosures

September – Final TEG report on climate friendly benchmarks to be published

ESAs review & low-carbon benchmarks:

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)

<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>	
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II. WATCHING BRIEF

IFR	
<i>CMCE priorities: commodity dealer IF regime, scope of class I, changes to MiFID II/MiFIR third-country regime</i>	
Latest developments & CMCE action	Next steps
There were no significant developments in the past two weeks.	<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>	
Latest developments & CMCE action	Next steps

<p>There were no significant developments in the past two weeks.</p> <p>CMCE action A discussion took place at the Geneva members' meeting on 28 June on market abuse enforcement trends and the recent ACER guidance on REMIT implementation and layering and spoofing in wholesale energy markets. It was concluded that it would be useful for members to have a forum in which to exchange experiences and learnings in this area. In the first instance, a CMCE members' only information sharing forum will be set up. A MAR working group could be set up in due course if the need for that emerges from these discussions.</p>	<p>31 December 2019 – Deadline for ESMA to provide technical advice to the Commission on the MAR review</p>
<p>SFTR</p>	
<p><i>CMCE priorities: reporting obligations</i></p>	
<p>Latest developments & CMCE action</p>	<p>Next steps</p>
<p>ESMA will hold a public hearing on the consultation on the guidelines for reporting under art.4 and 12 of SFTR on 15 July.</p>	<p>15 July – ESMA public hearing on the SFTR consultation</p> <p>29 July - close of ESMA consultation on the guidelines for reporting under art.4 and 12 of SFTR</p> <p>Q4 2019 - ESMA to publish a final report on the guidelines on reporting under SFTR</p>
<p>Other relevant developments</p>	
<p>International role of the euro</p>	<p>There were no significant developments in the past 2 weeks.</p> <p>Summer 2019 – European Commission to report on the results of the consultation on the international role of the euro</p>