



### **Brexit**

Negotiations on the future EU-UK relationship are not expected to start on 1 February. Both the EU and the UK first have to publish their negotiating objectives. Member States are expected to agree their negotiating mandate on 25 February, which will then be handed to the EU chief negotiator, Michel Barnier, and his team so that negotiations with the UK can start in March.

On 10 January 2020, the European Commission held one of its Task Force 50 preparatory seminars with the Member States, which covered data protection and financial services. The endeavor is to have the equivalence assessments of all 40 areas in the financial services completed as far as possible by June 2020. But this deadline is to be interpreted in a flexible manner. The equivalence assessment does not mean there will be decisions on equivalence by June. The European Commission will not prioritize any area as it doesn't want to exclude anything from the assessment.

### **ESMA Strategic Orientation for 2020-2022**

ESMA published on 10 January its [Strategic Orientation for 2020-2022](#), which sets out ESMA's future focus and objectives, also taking into account legislative amendments which have expanded its responsibilities and powers, such as the ESAs Review, EMIR 2.2 and the new Investment Firms Regime. The challenges include digitalization (cyberthreats, crypto-assets), sustainable finance and the openness of EU financial markets.

### **MiFID and open access issues**

On 19 December, an [agreement](#) was reached in the trilogues between the Council and the Parliament on crowdfunding. The amendments proposed by MEP Markus Ferber to extend the transitional period for the open-access provisions were not discussed and therefore not included in the agreement. We expect that the issue of open access will come back in the context of the future MiFID review.

### **EMIR**

ESMA published on 19 December 2019 the [final report](#) on EMIR RTS on various amendments to the bilateral margin requirements in view of the international framework. This follows the publication by ESMA of the draft RTS on 5 December 2019 along with a [joint ESAs public statement](#) on the introduction of fallbacks in OTC derivatives contracts and the requirement to exchange collateral.

### **Climate benchmarks**

The European Commission Technical Expert Group on sustainable finance (TEG) published on 20 December 2019 a [handbook](#) on climate benchmarks and benchmarks' ESG disclosures. This follows on the publication of the TEG final report on climate benchmarks that was published on 30 September 2019. The aim of the handbook is to clarify those recommendations put forward by the TEG and to respond to frequently asked questions from the market. However, there is no specific Q&A on commodity benchmarks.

### **SFTR**

ESMA published on 6 January its [final report on guidelines on reporting under articles 4 and 12](#), [guidelines on reporting](#), [amended SFTR validation rules](#) and a [statement on LEI](#).

## 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
<p>The Withdrawal Agreement Bill (WAB) was approved on 9 January by the House of Commons. Its adoption is required to ratify the <a href="#">Withdrawal Agreement</a> and the <a href="#">revised Protocol on Ireland/Northern Ireland agreed in October 2019</a>. The government needs to pass the legislation before end of the month in order to deliver on its promise that the UK will leave the EU by 31 January. On the EU side, the Withdrawal Agreement will be ratified by the European Parliament on 29 January so that Brexit can happen two days later.</p> <p>Once the UK leaves the EU on 31 January, the transition period will start and both sides will be plunged into negotiations on their future relationship. The transition period shall end on 31 December 2020 and any extension must be decided by June/July 2020. Boris Johnson has vowed not to extend the transition period beyond December 2020. The EU sees this timetable as unrealistic to negotiate a full future-relationship deal and have it ratified by the end of this year.</p> <p>Negotiations on the future EU-UK relationship are not expected to start on 1 February. Both the EU and the UK first have to publish their negotiating objectives. Member States are expected to agree their negotiating mandate on 25 February, which will then be handed to the EU chief negotiator, Michel Barnier, and his team so that negotiations with the UK can start in March.</p> <p>On financial services, the European Commission held one of its Task Force 50 preparatory seminars with the Member States on 10 January. The endeavour is to have the equivalence assessments of all 40 areas in the financial services completed as far as possible by June 2020. But this deadline is to be interpreted in a flexible manner. The equivalence assessment does not mean there will be decisions on equivalence by June. The European Commission will not prioritize any area as it doesn't want to exclude anything from the assessment. The assessment will be done in conformity with the changes recently introduced in MiFID II (through Investment Firms regime) and EMIR 2.2 as well as with the European Commission communication on equivalence in the area of the financial services from July 2019.</p>	<p><b>29 January 2020</b> – Ratification of the Withdrawal Agreement in the European Parliament</p> <p><b>31 January 2020</b> – Exit of the UK from the EU</p>
MiFID II	
<i>CMCE priorities: AA exemption, position limits, reporting, physical forwards</i>	
Latest developments & CMCE action	Next steps

On 19 December, an [agreement](#) was reached in the trilogues between the Council and the Parliament on crowdfunding. The amendments proposed by MEP Markus Ferber to extend the transitional period for the open-access provisions were not discussed and therefore not included in the agreement. We expect that the issue of open access will come back in the context of the future MiFID review.

According to our intel, the European Commission has finalised the drafting of its consultation on MiFID II/MiFIR review, which is expected to be published in the coming weeks.

**CMCE action**

CMCE submitted on 8 January its response to the ESMA consultation on position limits. ESMA published on 14 January the [responses](#) to this consultation.

**January 2020** – Deadline for ESMA to provide input to the European Commission on MiFID II/MiFIR review report on C6 energy derivatives contracts

**31 March 2020** – Deadline for ESMA to provide input to the European Commission on MiFID II/MiFIR review report on position limits and reporting

**EMIR**

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

**Latest developments**

ESMA published on 19 December 2019 the [final report](#) on EMIR RTS on various amendments to the bilateral margin requirements in view of the international framework. This follows the publication by ESMA of the draft RTS on 5 December 2019 along with a [joint ESAs public statement](#) on the introduction of fallbacks in OTC derivatives contracts and the requirement to exchange collateral.

The final report has been sent to the European Commission for endorsement in the form of a Commission Delegated Regulation. Following the endorsement, it is then subject to non-objection by the European Parliament and the Council. The co-legislators have a period of maximum 3 months from the date of notification of the RTS to object it. However, in practice the RTS may also enter into force before the expiry of the period for objections if the Council and the EP communicate to the European Commission their intention not to raise any objection after establishing the absence of a qualified majority in support of objecting. Hence, if neither the European Parliament nor the Council has objected to the RTS, it shall be published in the Official Journal of the EU and enter into force. According to our intel, neither the Council nor MEPs intend to object it.

**Next steps**

**Benchmarks**

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

**Latest developments & CMCE action**

On 9 December 2019 the [low-carbon benchmarks regulation](#) was published in the EU Official Journal.

The European Commission Technical Expert Group on sustainable finance (TEG) published on 20 December 2019 a [handbook](#) on climate benchmarks and benchmarks' ESG disclosures. This follows on

**Next steps**

**28 February 2020** – FCA consultation on SM&CR closes

**7 December 2020** – Application of the SM&CR regime to benchmark administrators

the publication of the TEG final report on climate benchmarks that was published on 30 September 2019. The aim of the handbook is to clarify those recommendations put forward by the TEG and to respond to frequently asked questions from the market. However, there is no specific Q&A on commodity benchmarks.

**CMCE action**

CMCE submitted on 18 December 2019 its response to the European Commission consultation on BMR review. In addition, the BMR WG is currently preparing its response to the FCA consultation on the SM&CR regime. On 20 January it will also participate to the FCA roundtable on extending the SMR to benchmark administrators.

## II. WATCHING BRIEF

IFR	
<i>CMCE priorities: commodity dealer IF regime, scope of class I, changes to MiFID III/MiFIR third-country regime</i>	
Latest developments & CMCE action	Next steps
The <a href="#">IFR/IFD</a> texts were published on 5 December 2019 in the EU Official Journal. IFR will apply from 26 June 2021, except points (2) and (3) of Article 63 on tick sizes and systematic internalisers, which will apply from 26 March 2020, and point 30 of Article 62 on which will apply from 25 December 2019. Concerning IFD, Member States shall adopt the national transposition measures by 26 June 2021.	<b>26 June 2021</b> – Application of IFR
MAR	
<i>CMCE priorities: Insider dealing, MM indicators</i>	
Latest developments & CMCE action	Next steps
ESMA published on 13 December 2019 the <a href="#">responses</a> received to the consultation on MAR review.  <b>CMCE action</b> CMCE submitted its response to the ESMA consultation on MAR review on 28 November 2019.	<b>Spring 2020</b> – ESMA to submit the final report providing technical to the European Commission on MAR review

## SFTR

CMCE priorities: reporting obligations

Latest developments & CMCE action	Next steps	
<p>ESMA published on 6 January its <a href="#">final report on guidelines on reporting under articles 4 and 12</a>, <a href="#">guidelines on reporting</a>, <a href="#">amended SFTR validation rules</a> and a <a href="#">statement on LEI</a>.</p> <p>The guidelines provide clarity as to the following aspects:</p> <ul style="list-style-type: none"><li>• the reporting start date when it falls on a non-working day</li><li>• the number of reportable SFTs;</li><li>• the population of reporting fields for different types of SFTs;</li><li>• the approach used to link SFT collateral with SFT loans;</li><li>• the population of reporting fields for margin data;</li><li>• the population of reporting fields for reuse, reinvestment and funding sources data;</li><li>• the generation of feedback by TRs and its subsequent management by counterparties, namely in the case of (i) rejection of reported data and (ii) reconciliation breaks; and</li><li>• the provision of access to data to authorities by TRs.</li></ul>	<p><b>11 January 2021</b> – Reporting go-live for non-financial counterparties</p>	
Other relevant developments		
<b>International role of the euro</b>	There were no significant developments in the past 2 weeks.	
<b>REMIT</b>	There were no significant developments in the past 2 weeks.	