



MiFID II/MiFIR

On 17 February the European Commission launched its [consultation](#) on MiFID II/MiFIR review. The consultation will run **until 20 April 2020**. On commodity markets (questions 69 to 76.1), the European Commission reiterates its objective of fostering more commodity derivatives trading denominated in euros. To that purpose, it seeks stakeholders' feedback on the implementation of the position limit framework and pre-trade transparency rules, which could be recalibrated.

BMR

On 26 February, the CMCE submitted its response to the FCA [consultation](#) on the extension of the Senior Managers' Regime to Benchmark Administrators. The CMCE response was prepared by the BMR WG and followed the CMCE's participation in a FCA roundtable on the consultation held on 20 January.

SFTR

On 20 February, the CMCE co-signed a Joint Association letter to the FCA regarding readiness to comply with the SFTR reporting requirements as applicable to commodities transactions by the 11 April deadline. The GFMA, LBMA, EFET, AFME and FIA were also co-signatories to the letter.

NFRD

The European Commission has opened a [consultation](#) on the Non-Financial Reporting Directive (NFRD). By way of background, companies that employ over 500 members of staff with offices in the European Union are in scope of the NFRD's reporting obligations. The deadline for responses is **14 May 2020**. The European Commission intends to review it in Q4 2020. This review will be part of the Renewed Sustainable Finance Strategy also expected in Q3/Q4 2020 and for which a consultation will be launched on 12 March.

I. ACTIVE PRIORITIES

Brexit	
CMCE priorities: Ancillary activity test, access to UK and EU trading venues, CCPs and TRs	
Latest developments & CMCE action	Next steps
<p>On 25 February the General Affairs Council approved the EU's negotiating mandate for the next phase of Brexit negotiations focusing on the future EU-UK relationship. Accordingly, the European Commission has now be granted formal authorisation to open the negotiations with Michel Barnier's team conducting the talks on behalf of the EU. We understand that negotiations with the UK could formally begin as early as next week.</p> <p>Regarding cooperation in financial services, the mandate says that the “key instruments the Parties will use to regulate interactions between their financial systems will be their respective unilateral equivalence frameworks”.</p> <p>The European Commission has made clear to Member States that the equivalence regime will form the basis for future EU-UK cooperation in the area of financial services, with no restrictions in a future FTA that would constrain the EU in its autonomy and discretion to adopt equivalence decisions. The European Commission also indicated that the appetite to grant equivalence in the long-term would depend on the willingness of the UK to establish a strong supervisory and regulatory cooperation mechanism, as well as in how far the UK would seek to align or deviate from existing or future EU rules. In addition, it was made clear to the EU27 that the absence of a future agreement/FTA on goods only (for example) by the end of 2020 would mean that no equivalence decisions would be granted – except in areas of potential financial stability concerns such as CCPs and CSDs.</p> <p>As stipulated in the Political Declaration, the aspiration is to have as many of the 40 equivalence assessments in the area of financial services completed by June 2020. This deadline is to be interpreted in a flexible manner and the equivalence assessments do not equate to decisions on equivalence.</p> <p>On 27 February, the UK outlined its negotiating position in a policy paper on the future relationship. The UK Government states that a Comprehensive Free Trade Agreement (CFTA), similar to that negotiated between the EU and Canada, should be at the core of any future relationship. The trade agreement should be supplemented by complimentary</p>	<p>Early March – Negotiations between the EU and the UK on the future relationship to begin.</p>

<p>agreements in the areas of fisheries, law enforcement and judicial cooperation. However, in areas such as foreign policy and immigration, the UK government states that, while the EU and UK will continue to cooperate closely, there is no need for a formal agreement to “institutionalise” relations relating to these issues.</p> <p>The Government stresses that the UK will not accept any arrangement that limits the autonomy of the UK, nor will it accept any jurisdiction for the European Court of Justice over the UK.</p> <p>In the area of financial services, the UK calls for regulatory cooperation arrangements to be established between the EU and the UK to “maintain trust and understanding between our autonomous systems of regulation as they evolve”. According to the UK’s negotiating position “this could include appropriate consultation and structured processes for the withdrawal of equivalence findings”.</p>	
--	--

MiFID II	
-----------------	--

<i>CMCE priorities: AA exemption, position limits, reporting, physical forwards</i>	
---	--

Latest developments & CMCE action	Next steps
--	-------------------

<p>On 17 February, the European Commission launched its consultation on MiFID II/MiFIR review. The consultation will be open until 20 April 2020.</p> <p>The consultation contains three sections:</p> <ul style="list-style-type: none"> ▪ The first section aims to gather views from all stakeholders on the experience of two years of application of MiFID II/MiFIR. In particular, it will gather feedback from stakeholders on whether a targeted review of MiFID II/MiFIR with an ambitious timeline would be appropriate to address the most urgent shortcomings. ▪ The second section will seek views of stakeholders on technical aspects of the current MiFID II/MiFIR regime: consolidated tape, availability and price of market data, investor protection topics, client profiling and classification, research unbundling rules and SME research coverage, commodity markets. Areas identified as non-priority for the review include the derivatives trading obligation, multilateral systems, double volume cap, non-discriminatory access, digitalisation, foreign exchange. ▪ The third section invites stakeholders to draw the attention of the European Commission to any further regulatory aspects or identified issues not mentioned in the first and second sections. <p>On commodity markets (questions 69 to 76.1), the European Commission reiterates</p>	<p>31 March 2020 – Deadline for ESMA to provide input to the European Commission MiFID II/MiFIR review report on position limits and reporting.</p> <p>20 April 2020 – Deadline for the Commission consultation on the review of MiFID II/MiFIR.</p>
---	--

<p>its objective of fostering more commodity derivatives trading denominated in euros. To that purpose, it seeks stakeholders' feedback on the implementation of the position limit framework and pre-trade transparency rules, which could be recalibrated.</p> <p>CMCE action A will be organised in the coming days with the MiFID WG to discuss CMCE response to this consultation.</p>	
<p>EMIR</p>	
<p><i>CMCE priorities: reporting, risk mitigation for uncleared trades, calculation of NFC's positions</i></p>	
<p>Latest developments & CMCE action</p>	<p>Next steps</p>
<p>There were no significant developments in the last two weeks</p>	
<p>Benchmarks</p>	
<p><i>CMCE priorities: commodity benchmarks, critical benchmarks, third-country equivalence</i></p>	
<p>Latest developments & CMCE action</p>	<p>Next steps</p>
<p>CMCE action On 26 February the CMCE submitted its response to the FCA consultation on the application of the Senior Managers Regime to Benchmark Administrators prepared by the BMR WG.</p> <p>This followed the CMCE's participation in the FCA roundtable regarding the consultation held on 20 January.</p>	<p>7 December 2020 – Application of the SM&CR regime to benchmark administrators.</p>

II. WATCHING BRIEF

IFR	
<i>CMCE priorities: commodity dealer IF regime, scope of class 1, changes to MiFID II/MiFIR third-country regime</i>	
Latest developments & CMCE action	Next steps
<p>The IFR/IFD 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.</p>	<p>26 June 2021 – Application of IFR</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 2 weeks.</p> <p>CMCE action CMCE submitted its response to the ESMA consultation on MAR review on 28 November 2019. ESMA published on 13 December 2019 the responses received to this consultation.</p>	<p>Spring 2020 – ESMA to submit the final report providing technical to the European</p>
SFTR	
<i>CMCE priorities: reporting obligations</i>	
Latest developments & CMCE action	Next steps

<p>CMCE action</p> <p>On 13 February CMCE participated in a Joint Association meeting with the FCA on readiness for the reporting of commodities transactions under the SFTR. GFMA, LBMA, EFET, AFME and FIA also participated. During the meeting the lack of clarity as to the exact scope of the transactions subject to the SFTR reporting requirements was highlighted in addition to the operational challenges in ensuring seamless compliance by 11 April 2020. The FCA acknowledged these challenges, in particular noting the confusion in determining the exact scope of the reporting requirements.</p> <p>Following the meeting, the Joint Associations wrote a letter to the FCA co-signed by CMCE on 20 February. The letter reiterates the concerns of the Joint Associations and requests that the FCA be lenient in cases of possible underreporting or overreporting.</p>	<p>11 April 2020 – Reporting obligation for investment firms</p> <p>11 January 2021 – Reporting obligation for non-financial counterparties</p>	
<p>Other relevant developments</p>		
<p>International role of the euro</p>	<p>There were no significant development in the past 2 weeks.</p>	
<p>REMIT</p>	<p>There were no significant development in the past 2 weeks.</p>	