



COVID-19 related measures

On 22 April, CMCE sent a letter to HM Treasury (HMT) outlining the CMCE's serious concerns over imminent amendments to the UK's insolvency law that would introduce; (i) a moratorium on enforcement and (b) the prohibition on the exercise of termination rights on contracts for goods and services on the grounds of insolvency. The CMCE impressed upon HMT the potential damage the proposed amendments could have on the UK's commodity supply chains. The letter requests that exemptions for "financial contract" as defined in the BRRD should be broadened so as to cover all key commodity contract types.

MiFID II/MiFIR

On 9 April, ESMA issued a [public statement](#) postponing the publication dates of the annual transparency calculations for non-equity instruments and for the quarterly systematic internaliser (SI) data for non-equity instruments apart from bonds. In cooperation with NCAs, ESMA has deferred the publication of calculations, including the liquidity assessment and the determination of the pre-trade and post-trade LIS and SSTI thresholds from 30 April 2020 to 15 July 2020, as well as their application from 1 June 2020 to 15 September 2020.

BMR

On 17 April, ESMA and the Monetary Authority of Singapore (MAS) [announced](#) the signing of a [Memorandum of Understanding](#) (MoU), which constitutes the final step in the process allowing the use of Singapore's financial benchmarks in the EU.

According to the terms of the MoU, ESMA and the MAS will exchange information and coordinate supervisory activities concerning financial benchmarks regulated in Singapore. The MoU follows the European Commission's equivalence decision recognising Singapore's regulatory framework for financial benchmarks as equivalent to the EU's BMR. EU financial institutions will now be able to continue using SIBOR and the Singapore Dollar Swap Offer Rate (SOR) as reference rates in their contracts.

European Green Deal

On 23 April, the ESAs (ESMA, EIOPA, & the EBA) launched a joint [consultation](#) on draft Regulatory Technical Standards (RTS) under the EU Sustainability related Disclosure Regulation. The consultation will remain open until **1 September 2020**.

The consultation provides detail as to the content, methodologies and presentation of the disclosures that firms will be required to make. The first set of disclosure obligations will apply as of March 2021. The ESAs are likely to need one to three months after the end of the consultation to process comments by stakeholders and draft the final technical rules for the European Commission. Thereafter, following the Commission's adoption of the technical standards the co-legislators will require an additional one to three months to scrutinise the rules before either objecting or endorsing them.

I. ACTIVE PRIORITIES

COVID-19 related measures	
<i>CMCE priorities: Impact on commodity markets</i>	
Latest developments & CMCE action	Next steps
<p>CMCE action On 22 April, CMCE sent a letter to HM Treasury (HMT) outlining the CMCE's serious concerns over imminent amendments to the UK's insolvency law that would introduce; (i) a moratorium on enforcement and (b) the prohibition on the exercise of termination rights on contracts for goods and services on the grounds of insolvency. The CMCE impressed upon HMT the potential damage the proposed amendments could have on the UK's commodity supply chains. The letter requests that exemptions for "financial contract" as defined in the BRRD should be broadened so as to cover all key commodity contract types.</p>	
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>Following a high-level videoconference on 15 April, the EU's Chief Negotiator Michel Barnier and his UK counterpart David Frost issued a Joint Statement providing a schedule for future negotiating rounds to be conducted remotely.</p> <p>While technical work has continued during the COVID-19 crisis with both sides having had the opportunity to identify major areas of divergence, both the EU and the UK recognise that substantive negotiating rounds are required to enable meaningful progress.</p> <p>According to the current schedule, following the negotiating round held during the week commencing 20 April, further negotiating rounds have been organised on the weeks commencing 11 May and 1 June. Later in June a high-level meeting will take place to take</p>	<p>11 May 2020 – Third negotiating round to begin.</p> <p>1 June 2020 – Fourth negotiating round to begin.</p> <p>1 July 2020 – Deadline to agree on an extension to the transition period</p>

<p>stock of the progress made and identify outstanding issues.</p> <p>For the present the UK Government is maintaining the position that it will not ask for an extension of the transition period. The deadline to jointly agree on an extension to the deadline is 1 July 2020.</p>	
MiFID II	
<i>CMCE priorities: AA exemption, position limits, reporting, physical forwards</i>	
Latest developments & CMCE action	Next steps
<p>On 9 April, ESMA issued a public statement postponing the publication dates of the annual transparency calculations for non-equity instruments and for the quarterly systematic internaliser (SI) data for non-equity instruments apart from bonds. In cooperation with NCAs, ESMA has deferred the publication of calculations, including the liquidity assessment and the determination of the pre-trade and post-trade LIS and SSTI thresholds from 30 April 2020 to 15 July 2020, as well as their application from 1 June 2020 to 15 September 2020.</p> <p>On 9 April, ESMA announced its decision to further extend the response date for the consultation on the MiFID II non-equity transparency regime. The new deadline, now being extended for a second time, is 14 June 2020. ESMA recognises the necessity of extending the deadline given the focus of market participants' on mitigating the consequences of the COVID-19 outbreak, which has placed significant demands on their available resources.</p> <p>On 1 April, ESMA published the MiFID II Review Report on the position limits regime and position management controls. The report includes ESMA's assessment of the functioning of position limits and position management controls and their application on market abuse, orderly pricing and settlement conditions and commodity markets. Following from its analysis, the key proposals of ESMA are;</p> <ul style="list-style-type: none"> ▪ ESMA advises the Commission to reconsider the quantitative test approach set out in Article 2(4) of MiFID II which determines eligibility for the ancillary activity exemption. ESMA believes that the quantitative assessment will have to be recalibrated to take account of the UK's departure from the EU. 	<p>18 May 2020 – Deadline for the Commission consultation on the review of MiFID II/MiFIR.</p> <p>14 June 2020 – Deadline for the ESMA consultation on the transparency regime for non-equities under MiFID II/MiFIR.</p>

<ul style="list-style-type: none"> ▪ ESMA recommends that the Commission limit the application of position limits to a list of critical or significant contracts. ▪ ESMA recommends that the Commission introduce a hedging exemption for financial counterparties acting as the market facing entity of a commercial group for the positions held to reduce the risks of the commercial entities of the group. ▪ If the Commission decides against limiting the scope of the position limits regime to critical or significant contracts the, at the least, an exemption should be introduced for financial and non-financial counterparties for positions which are held as a consequence of obligations to provide liquidity on a trading venue. 	
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EMIR

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

Latest developments & CMCE action	Next steps
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<p>On 3 April, BCBS-IOSCO announced the deferral of the final implementation phases, Phase 5 and Phase 6, of initial margin requirements for uncleared derivatives contracts.</p> <p>BCBS-IOSCO has extended the deadline for compliance with the final two implementation phases by one year. The extension is intended to provide firms with the additional operational capacity to respond to the immediate impact of COVID-19.</p> <p>With this extension, the intermediate Phase 5, covering entities with an AANA of uncleared derivatives greater than 50 billion EUR, will come into effect on 1 September 2021. The final implementation phase, covering entities with an AANA of uncleared derivatives greater than 8 billion EUR will enter into effect on 1 September 2022.</p> <p>While the announcement by BCBS-IOSCO is encouraging, the EU is yet to implement the revised phase-in schedule. CMCE will continue to monitor the reaction from the European Commission and the ESAs and update the Members accordingly.</p> <p>CMCE action On 25 March, the CMCE was among the co-signatories to a letter addressed to BCBS-IOSCO requesting that the implementation of Phase 5 of the Initial Margin (IM)</p>	
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<p>requirements for uncleared derivatives transactions be delayed in view of the disruption caused by the spread of COVID-19. The letter was also sent to a host of supervisory authorities and central banks in multiple jurisdictions, including the ECB, ESMA, EBA, EIOPA, as well as the European Commission.</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>On 17 April, ESMA and the Monetary Authority of Singapore (MAS) announced the signing of a Memorandum of Understanding (MoU), which constitutes the final step in the process allowing the use of Singapore’s financial benchmarks in the EU.</p> <p>According to the terms of the MoU, ESMA and the MAS will exchange information and coordinate supervisory activities concerning financial benchmarks regulated in Singapore. The MoU follows the European Commission’s equivalence decision recognising Singapore’s regulatory framework for financial benchmarks as equivalent to the EU’s BMR. EU financial institutions will now be able to continue using SIBOR and the Singapore Dollar Swap Offer Rate (SOR) as reference rates in their contracts.</p>	<p>1 October 2020 – Deadline for the Commission to adopt the draft RTS on governance arrangements, methodology, oversight functions and the power of competent authorities in the context of benchmark transition or cessation.</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 I, 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 advice to the European</p>

SFTR

CMCE priorities: reporting obligations

Latest developments & CMCE action

On 19 March, in view of the extraordinary circumstances precipitated by the spread of COVID-19, ESMA released a public [statement](#) announcing the deferral of reporting obligations for securities financing transactions (SFTs) under the SFTR and MiFIR.

In the statement, ESMA acknowledged that the precautionary measures introduced by national authorities and individual firms in response to the COVID-19 pandemic are impairing firms ability to ensure their readiness for the application of SFT reporting obligations in time for the deadline on 13 April 2020.

ESMA has therefore instructed competent authorities to take no supervisory actions penalising counterparties, entities responsible for reporting, and investment firms for failure to comply with SFT reporting obligations from the go-live date of 13 April 2020 until **13 July 2020**. This effectively makes the 13 July 2020 the effective date of application for SFT reporting obligations for investment firms.

Next steps

13 July 2020 – Reporting obligation for investment firms

11 January 2021 – Reporting obligation for non-financial counterparties

European Green Deal

CMCE priorities: monitoring developments

Latest developments & CMCE action

On 23 April, the ESAs (ESMA, EIOPA, & the EBA) launched a joint [consultation](#) on draft Regulatory Technical Standards (RTS) under the EU Sustainability related Disclosure Regulation. The consultation will remain open until **1 September 2020**.

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Next steps

23 June 2020 – Deadline for the Commission consultation on 2030 greenhouse gas emission reduction targets.

15 July 2020 – Deadline for the Commission consultation on the Renewed Sustainable Finance Strategy.

end of the consultation to process comments by stakeholders and draft the final technical rules for the European Commission. Thereafter, following the Commission's adoption of the technical standards the co-legislators will require an additional one to three months to scrutinise the rules before either objecting or endorsing them.

On 8 April, the European Commission opened a [consultation](#) on the Renewed Sustainable Finance Strategy. The consultation will remain open until **15 July 2020**. In the consultation, the Commission outlines that the Renewed Strategy will focus on three main areas;

- Creating a framework with appropriate tools and structures to promote sustainable investment, while also aiming to shift the focus of financial and non-financial companies from short-term financial performance to long-term development.
- Maximise the impact of the frameworks and tools to finance green projects and have a positive impact on sustainability.
- Manage and integrate climate and environmental risks into financial institutions and the financial system, also taking account of social risks where relevant.

On 31 March, the European Commission opened a [consultation](#) on its intention to propose an increase to the EU's 2030 target for greenhouse gas emission reductions to at least -50%, and towards -55% compared to 1990 levels. The consultation will remain open until **23 June 2020**.

The first part of the consultation questionnaire includes high-level questions on the opportunities and challenges, and sectoral potential for CO2 Reductions by 2030. The Second part includes questions on the design of specific climate and energy policies as well as EU policies towards third-countries on climate change.

On 4 March, the European Commission launched an Inception Impact [Assessment](#) on a carbon adjustment tax mechanism. The impact assessment aimed to inform citizens and provide an opportunity for stakeholders to offer feedback. The mechanism envisages a carbon border adjustment levy (CBA) applicable to certain imports as they enter the EU market. The measure is intended to mitigate the risk of carbon leakage. The feedback period ended on 1 April 2020. A legislative proposal is expected by mid-2021.

1 September 2020 – Deadline for the Joint ESAs consultation on draft Regulatory Technical Standards under the Sustainability-related disclosures regulation.

Other relevant developments

International role of the euro	There were no significant development in the past 2 weeks.	
REMIT	There were no significant development in the past 2 weeks.	