



MiFID II/MiFIR

On 16 June, the EG-ESC met to discuss the Commission's MiFID II 'quick fix' proposals. It remains uncertain whether the Commission will ultimately decide to publish a MiFID II 'quick fix' proposal. Moreover, if it does the 'quick fix' is likely to be highly targeted with a limited number of amendments. Nevertheless, the Member States have expressed broad support for the Commission's proposal to limit the application of position limits to energy commodity derivatives contracts that qualify as 'critical' – determined on the basis of open interest exceeding 300,000 lots and the number and variety of market participants. In addition, it is likely that an exemption for financial counterparties subject to mandatory liquidity provision obligations will be introduced as well as a hedging exemption for financial counterparties belonging to predominantly commercial groups. With regard to the Ancillary Activity test, reportedly there was consensus among the Member States over the proposal to re-establish the Ancillary Activity test exemptions contained in MiFID I. The Member States have until 29 June to provide written comments to the Commission regarding the revised proposals. The final 'quick fix' proposals will be discussed at the FSC meeting on 3 July 2020. The Commission is expected to table its formal legislative proposal introducing these amendments on 22 July 2020.

BMR

Targeted amendments to the BMR are likely to be included in a legislative 'quick fix' securities recovery package due to be tabled on 22 July 2020. The securities recovery package also includes the amendments to MiFID II. The European Commission proposal is likely to focus on critical financial benchmarks (IBORs), and on enhancing the powers of NCAs to manage the cessation of critical benchmarks. Critical financial benchmarks are considered by the Commission to be the most urgent priority. This, alongside the narrow scope of the anticipated BMR amendments, should enable swift adoption of the proposal by the end of the year.

EMIR

On 9 June, ESMA announced the extension of the deadline for responses to the [consultation](#) on technical standards on reporting, data quality, data access and registration of trade repositories under EMIR Refit until 3 July 2020.

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>On 15 June, Prime Minister Boris Johnson met with the Presidents of the three EU institutions - President of the European Commission, Ursula von der Leyen; President of the European Council, Charles Michel; and President of the European Parliament, David Sassoli - to discuss the progress of negotiations on the EU-UK future relationship.</p> <p>Following four rounds of formal negotiations both EU and UK leaders acknowledged the need to inject new momentum into the talks in order to find an agreement by the end of 2020. Accordingly, negotiations will intensify over the course of July to maximise the chances of a mutually acceptable deal being reached.</p> <p>In addition, on 12 June, the second meeting of the EU-UK Joint Committee, responsible for implementing the Withdrawal Agreement (WA), took place.</p> <p>The EU-UK Joint Committee underlined the need to accelerate progress towards fully operationalising the provisions of the Withdrawal Agreement, particularly those stipulated in the Protocol on Ireland/Northern Ireland. The UK published a Command Paper earlier in the year outlining how it intends to fulfill its obligations with respect the Northern Ireland border. The EU has requested greater operational details in relation to necessary checks and controls on goods entering Northern Ireland from Great Britain and how EU rules on customs will be applied.</p>	<p>July 2020 – Negotiations to intensify over the course of July in order to reach an agreement.</p> <p><u>31 December 2020</u> – Expiry of transition period</p>
MiFID II	
<i>CMCE priorities: AA exemption, position limits, reporting, physical forwards</i>	
Latest developments & CMCE action	Next steps
<p>On 16 June, the EG-ESC met to discuss the Commission’s MiFID II ‘quick fix’ proposals. It remains uncertain whether the Commission will ultimately decide to publish a MiFID II ‘quick fix’ proposal. Moreover, if it does the ‘quick fix’ is likely to be highly targeted with a limited number of amendments. Nevertheless, the Member States have expressed broad support for the Commission’s proposal to limit the application of position limits to energy</p>	<p>29 June 2020 – Deadline for EG-ESC members to provide written comments to the Commission on the revised MiFID II ‘quick fix’ proposals</p> <p>3 July 2020 – FSC to discuss the final MiFID II ‘quick fix’ proposals</p>

<p>commodity derivatives contracts that qualify as ‘critical’ – determined on the basis of open interest exceeding 300,000 lots and the number and variety of market participants. In addition, it is likely that an exemption for financial counterparties subject to mandatory liquidity provision obligations will be introduced as well as a hedging exemption for financial counterparties belonging to predominantly commercial groups.</p> <p>With regard to the Ancillary Activity test, reportedly there was consensus among the Member States to re-establish the Ancillary Activity test exemptions contained in MiFID I.</p> <p>The Member States have until 29 June to provide written comments to the Commission regarding the revised proposals. The final ‘quick fix’ proposals will be discussed at the FSC meeting on 3 July 2020. The Commission is expected to table its formal legislative proposal introducing these amendments on 22 July 2020.</p> <p>CMCE action</p> <p>CMCE submitted its response to the European Commission’s consultation on the Review of the MiFID II/MiFIR regulatory framework on 18 May 2020.</p>	<p>22 July 2020 – Commission expected to table its formal securities recovery package proposal, including targeted amendments to MiFID II</p>
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EMIR

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

Latest developments & CMCE action	Next steps
<p>On 9 June, ESMA announced the extension of the deadline for responses to the consultation on technical standards on reporting, data quality, data access and registration of trade repositories under EMIR Refit until 3 July 2020.</p> <p>On 4 May, the European Supervisory Authorities (ESMA, EBA, EIOPA) published joint draft Regulatory Technical Standards (RTS) amending the Delegated Regulation on risk mitigation techniques for non-centrally cleared OTC derivatives to take account of the delay in the final two implementation phases agreed upon by the BCBS-IOSCO in early April.</p> <p>The changes made by the ESAs reflect the 12-month deferral of Phase 5 and Phase 6 of the implementation schedule for initial margin requirements for uncleared derivatives transactions in the EU’s regulatory framework.</p> <p>According to the amended implementation schedule:</p>	<p>3 July 2020 – Deadline for responses to ESMA consultation on EMIR Refit technical standards</p> <p>1 September 2021 – Initial Margin requirements to apply to counterparties with an AANA of uncleared derivatives above EUR 50 billion.</p> <p>1 September 2022 – Final implementation phase covering entities with an AANA of uncleared derivatives greater than EUR 8 billion.</p>

<ul style="list-style-type: none"> ▪ Phase 5, covering counterparties with an AANA of uncleared derivatives above EUR 50 billion, will take effect from 1 September 2021. ▪ Phase 6, covering counterparties with an AANA of uncleared derivatives above EUR 8 billion, will take effect from 1 September 2022. <p>The ESAs have submitted the draft RTS to the European Commission for endorsement. Following endorsement by the European Commission the draft RTS will be adopted as a Delegated Act and submitted to the European Parliament and the Council for scrutiny.</p> <p>The European Parliament and the Council will have two months to raise objections to the Delegated Act as proposed by the European Commission. In the absence of any objections, the Delegated Act will enter into force following the end of the two-month scrutiny period.</p>	
Benchmarks	
<i>CMCE priorities: commodity benchmarks, critical benchmarks, third-country equivalence</i>	
Latest developments & CMCE action	Next steps
<p>Targeted amendments to the BMR are likely to be included in a legislative ‘quick fix’ securities recovery package due to be tabled on 22 July 2020. The securities recovery package also includes the amendments to MiFID II. The European Commission proposal is likely to focus on critical financial benchmarks (IBORs), and on enhancing the powers of NCAs to manage the cessation of critical benchmarks. Critical financial benchmarks are considered by the Commission to be the most urgent priority. This, alongside the narrow scope of the anticipated BMR amendments, should enable swift adoption of the proposal by the end of the year.</p>	<p>22 July 2020 - Commission expected to table its formal securities recovery package proposal, including targeted amendments to the BMR</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 III/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</p> <p>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	
<i>CMCE priorities: reporting obligations</i>	
Latest developments & CMCE action	Next steps
<p>On 6 May, ESMA extended the registrations of four trade repositories (TRs) to include securities financing transactions (SFT) reporting under the SFTR. The TRs concerned are DTCC Derivatives Repository plc, UnaVista TRADEcho B.V., Krajowy Depozyt Papierow</p>	<p>13 July 2020 – Reporting obligation for investment firms</p> <p>11 January 2021 – Reporting obligation for non-financial</p>

<p>Wartosciowych S.A. and REGIS-TR S.A.</p> <p>The broadened registrations took effect on 7 May 2020.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>counterparties</p>
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European Green Deal

CMCE priorities: monitoring developments

Latest developments & CMCE action	Next steps
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<p>On 8 May, The ESAs sent a joint letter to DG FISMA requesting that the Commission revisit the date of application for disclosures under the Regulation on sustainability-related disclosures in the financial sector (SFDR).</p> <p>The current date of application foreseen in the Regulation is 10 March 2021, at which point entities in the scope of the SFDR will have to start disclosing if and how they take into account Principal Adverse Impacts (PAI) on sustainability factors.</p> <p>The ESAs believe that the process of developing the regulatory technical standards needed to implement the Regulation will take longer than initially anticipated, in large part due to the disruption caused by the COVID-19 pandemic. This, in turn, will necessitate a later date of application.</p> <p>The ESAs opened a consultation on the draft RTS on 23 April 2020. In view of the challenging circumstances for many potential respondents, the ESAs decided to have a longer than usual consultation period. Accordingly, the deadline for responses was set for</p>	<p>23 June 2020 – Deadline for the Commission consultation on 2030 greenhouse gas emission reduction targets.</p> <p>15 July 2020 – Deadline for the Commission consultation on the Renewed Sustainable Finance Strategy.</p> <p>1 September 2020 – Deadline for the Joint ESAs consultation on draft Regulatory Technical Standards under the Sustainability-related disclosures regulation.</p>
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1 September 2020.

The prolonged consultation period will have an impact on the ESAs capacity to deliver the finalised RTS by 30 December 2020, as stipulated in the SFDR. As a consequence, the ESAs have indicated that they intend to deliver the final RTS by the end of January 2021.

This would in turn leave insufficient time for the Commission to review the RTS, adopt them and to allow the co-legislators (European Parliament and Council) to scrutinise these RTS. Therefore, the letter asks for a delay of the SFDR while not mentioning any specific new timeline.

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.

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

<p>until 23 June 2020.</p> <p>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.</p> <p>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.</p>		
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.	