



MiFID II/MiFIR

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BMR

DG FISMA has initiated its internal adoption procedure for the final Delegated Acts (DAs) EU Climate Transition Benchmarks (CTB), EU Paris-aligned Benchmarks (PAB) and sustainability-related disclosures for benchmarks. The internal adoption procedure is anticipated to conclude early next week with the final DAs being adopted on either Tuesday, 7 July or Wednesday, 8 July. Upon their adoption by the Commission, the final DAs will be transmitted to the co-legislators, initiating the two-month scrutiny period during which the Council and the European Parliament have to raise objections to their content.

IFR/IFD

The EBA opened a [consultation](#) on draft Regulatory Technical Standards (RTS) related to the implementation of a new prudential regime for investment firms with respect to the reclassification of investment firms as credit institutions under Article 8a(6) of the CRD, the prudential requirements for investment firms under Articles 7(5), 9(4), 13(4), point (a) to (c) of Article 15(5) and Article 23(3) of the IFR, and prudential requirements for investment firms under Article 5(6) of the IFD. The consultation will close on 4 September 2020. Following the conclusion of the consultation process, the EBA will submit the draft RTS to the European Commission for endorsement. Following their endorsement by the European Commission the RTS will be transmitted to the Council and the European Parliament for a scrutiny period. The technical standards will apply as of June 2021.

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>In remarks made on 30 June, the EU's chief Brexit negotiator, Michel Barnier rejected the UK's proposals on financial services to be included in the agreement on the future EU-UK relationship. In addition, Mr Barnier reiterated that the system of equivalence regimes embedded in multiple pieces of EU financial regulation will determine the UK financial industry's terms of market access in Europe.</p> <p>Firstly, with regard to the UK's proposals for the future agreement's chapter on financial services;</p> <ul style="list-style-type: none"> • The UK has sought a legally enforceable regulatory cooperation framework on financial services; • The UK has sought to make the process of withdrawing equivalence decisions a mutual one rather than a unilateral instrument of the Commission; • The UK would also like to ease residence requirements for senior managers and board members for firms with operations in the EU <p>Mr Barnier has described these proposals as unacceptable as they would severely limit the EU's regulatory and decision-making autonomy in financial services. Still further, the European Parliament and the Member States would never agree to such an outcome.</p> <p>Secondly, with regard to the equivalence assessment process - there was a mutual commitment agreed between the EU and the UK to finalise their respective assessments by the end of June. As part of this process, the Commission has sent 28 questionnaires to the UK authorities relating to individual equivalence assessments. Thus far, the UK has only completed 4 of these questionnaires. This is inadequate to enable the Commission to make proper equivalence assessments.</p> <p>Furthermore, it is now apparent that the UK will diverge for EU in the realm of financial regulation. On 23 June, the Treasury published a series of policy statements announcing a number of targeted amendments that will be made to EU financial legislation applicable in the UK. This further complicates the process of assessing and granting equivalence as the Commission, once the UK's precise intent is better understood, will have to determine</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>

<p>whether the extent of divergence is tolerable.</p> <p>The impasse in the Brexit process comes as the UK and Switzerland initiate negotiations on a bilateral financial services agreement, as per a statement by HM Treasury. The stated motivation of pursuing the agreement is to cement the UK's role as a leading international financial centre once it has left the EU. The UK and Switzerland have agreed to pursue an outcomes-based mutual recognition in financial services. The ultimate goal will be an agreement in which regulators in the UK and Switzerland defer to one another's supervisors.</p>	
<h2>MiFID II</h2>	
<p><i>CMCE priorities: AA exemption, position limits, reporting, physical forwards</i></p>	
<p>Latest developments & CMCE action</p>	<p>Next steps</p>
<p>On 3 July, the FSC met to discuss the Commission's revised proposals for the securities recovery package, which includes targeted amendments to MiFID II, due to be finalised and formally proposed before the summer recess on 22 July 2020. As anticipated, the Commission has had to withdraw several of its proposed amendments to MiFID II upon their relevance to the post-COVID-19 recovery being questioned by the Member States. With regard to changes to commodity markets rules, the most recent preparatory documents circulated to the EG-ESC make no mention of the changes to the position limits regime and ancillary activity test discussed previously. However, a discussion of the treatment of energy derivatives contracts is featured on the agenda for discussion. In the interim, Markus Ferber, the EPP group's ECON coordinator, has expressed anger at the Commission for not having involved the European Parliament in the discussion on the MiFID II 'quick fix'. He has also warned that the securities recovery package should be broken into its constituent parts lest it get obstructed in Parliament.</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>3 July 2020 – FSC to discuss the final MiFID II 'quick fix' proposals</p> <p>22 July 2020 – Commission expected to table its formal securities recovery package proposal, including targeted amendments to MiFID II</p>
<h2>EMIR</h2>	
<p><i>CMCE priorities: reporting, risk mitigation for uncleared trades, calculation of NFC's positions</i></p>	

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> <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>	<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>
<h2>Benchmarks</h2>	
<p><i>CMCE priorities: commodity benchmarks, critical benchmarks, third-country equivalence</i></p>	
Latest developments & CMCE action	Next steps

<p>DG FISMA has initiated its internal adoption procedure for the final Delegated Acts (DAs) EU Climate Transition Benchmarks (CTB), EU Paris-aligned Benchmarks (PAB) and sustainability-related disclosures for benchmarks. The internal adoption procedure is anticipated to conclude early next week with the final DAs being adopted on either Tuesday, 7 July or Wednesday, 8 July. Upon their adoption by the Commission, the final DAs will be transmitted to the co-legislators, initiating the two-month scrutiny period during which the Council and the European Parliament have to raise objections to their content.</p>	<p>7-8 July 2020 – Adoption of final Delegated Acts on EU climate benchmarks & sustainability-related disclosures for benchmarks</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>
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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
<p>The EBA opened a consultation on draft Regulatory Technical Standards (RTS) related to the implementation of a new prudential regime for investment firms with respect to the reclassification of investment firms as credit institutions under Article 8a(6) of the CRD, the prudential requirements for investment firms under Articles 7(5), 9(4), 13(4), point (a) to (c) of Article 15(5) and Article 23(3) of the IFR, and prudential requirements for investment firms under Article 5(6) of the IFD. The consultation will close on 4 September 2020. Following the conclusion of the consultation process, the EBA will submit the draft RTS to the European Commission for endorsement. Following their endorsement by the European Commission the RTS will be transmitted to the Council and the European Parliament for a scrutiny period. The technical standards will apply as of June 2021.</p> <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</p>	<p>3 September 2020 – Deadline for EBA consultation on draft RTS for prudential requirements for investment firms</p> <p>26 June 2021 – Application of IFR</p>

the national transposition measures by 26 June 2021.	
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 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</p>	<p>13 July 2020 – Reporting obligation for investment firms</p> <p>11 January 2021 – Reporting obligation for non-financial counterparties</p>

<p>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>European Green Deal</p>	
<p><i>CMCE priorities: monitoring developments</i></p>	
<p>Latest developments & CMCE action</p>	<p>Next steps</p>
<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 1 September 2020.</p> <p>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.</p> <p>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.</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>

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 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.		
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.	