

REPORT DATE: Q4 2018 – 06 November 2018

1. ALL RELEVANT EACT ISSUES (last update November 2018)

FILE /STATUS	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
EMIR Refit	<p>EC proposal with targeted amendments to EMIR framework: 4 May 2017</p> <p>Parliament EP first exchange of views: 10 Oct 17 Vote in ECON: 16 May 18 Vote in Plenary: 12/13 Jun 18</p> <p>Council First Working group-level discussion: 12 Jun 2017 General approach adopted: 20 Dec 17</p> <p>Trilogues First political & technical trilogue: 4/5 Jul 18 Latest political trilogue: 3 Oct 18 Next trilogue: 28 November 2018</p> <p>Implementation ESMA forbearance for Cat 4 firms with regard to clearing obligation: 31 October 2018</p>	<p>The EMIR refit proposal makes some targeted amendments to address a number of concerns, including reporting relief for in particular non-financial corporates, pension funds' exemption from central clearing, removal of front- and back-loading requirements, and facilitation of non-discriminatory access to clearing.</p> <p>Changes to the reporting framework have not yet been discussed as part of the political trilogues. The extension of the asset-class-by-asset class assessment for the clearing threshold to bilateral margins has been discussed briefly and is supported by the EP and Germany in Council.</p>
Benchmarks Regulation and IBOR transition	<p>Application of Critical Benchmarks regime: 30 Jun 2016: EURIBOR designated as a Critical benchmark: 12 Aug 2016 Legislative proposal for ESAs review (incl. changes to BMR): 20 Sep 2017 Benchmarks Regulation applies in full: 1 Jan 2018 EC legislative package on sustainable finance published (incl amendments to the BMR): 24 May 2018 ECB working group on Euro risk-free rates announced ESTER as new risk-free rate: September 2018 ECB stakeholder roundtable on ESTER: 9 Nov 2018 End of BMR transitional period: Jan 2020</p>	<p>The Benchmark Regulation (BMR) which introduces a harmonised set of rules on benchmarks across the EU entered into force on 01 Jan 2018.</p> <p>The EC's legislative package on sustainable finance published in May includes draft amendments to the BMR, introducing new benchmark categories – low-carbon and positive carbon impact benchmarks – with an aim to set out key methodological requirements and increase their transparency.</p> <p>The EC's ESAs review package introduces changes to the BMR, suggesting to include the administrators of critical benchmarks (including non-critical benchmarks they administer), contributors to critical benchmarks, and third country benchmarks under ESMA's supervision.</p> <p>The move away from EURIBOR to ESTER is raising some concerns around a timely transition to the new regime ahead of the planned end of the transition period in Jan 2020.</p>
MMF Regulation	<p>Entry into force: 20 Jul 2017 EC letter to ESMA on share cancellation: 19 Jan 2018 Application to new MMFs: 21 Jul 2018 ESMA letter to the EC: 23 Jul 2018 EC letter to ESMA on RDM asking for consistent implementation of MMF rules: 31 October 2018 Application to existing MMFs: 20 Jan 2019</p>	<p>On 23 July, ESMA published a letter calling on the EC to communicate to the wider public as soon as possible its interpretation of provisions under the MMF Regulation prohibiting the use of Reverse Distribution Mechanism (RDM)/share cancellation.</p> <p>The EC is in the process of responding to ESMA on their letter, neither prohibiting nor allowing the use of RDM, but instead calling on a consistent application of the MMF regulation.</p>
CRA Regulation IV	<p>CRA3 Regulation entered into force: 20 Jun 2013</p>	<p>ESMA has recommended stronger fining powers and stronger say in fee structure of CRAs. There is a planned review of the rotation mechanism. Moreover, as part of a broader competition agenda aimed at breaking up the current monopoly of the big three CRAs. Coupled with the current sustainable finance agenda, there will be discussions around breaking this monopoly and encouraging more open competition.</p>
MiFID3	<p>Potential publication of legislative proposal 2020-2021</p>	<p>This includes planned review clauses with regard to open access provisions between venues and CCPs, the provision of consolidated tapes for both equity and non-equity instruments, as well as more broadly the third country provisions of MiFID 2.</p>
SFTR implementation	<p>Letter from EC to ESMA on SFTR Level 2: 31 Jul 18 ESMA Opinion on proposed amendments to RTS/ITS under SFTR: 05 Sep 2018 Phase-in of the reporting obligations by category of counterparties - from Q2 2019:</p> <ul style="list-style-type: none"> • CO Cat 1: Q3 2019 (TBC) • CO Cat 2: Q4 2019 (TBC) • CO Cat 3: Q1 2020 (TBC) • CO Cat 4: Q2 2020 (TBC) 	<p>The Securities Financing Transactions Regulation (SFTR) introduced a reporting regime for securities lending, margin lending, buy-back, and repo transactions. Specifically, the Regulation creates:</p> <ul style="list-style-type: none"> ▪ Mandatory reporting of sec lending/ repo/ security financing transactions to a registered trade repository <p>In a letter to ESMA on 31 July, the Commission signalled its intention to make amendments to two of the draft RTS/ITS submitted by ESMA under the SFTR on reporting to trade repositories.</p>

SFTR review	EC Review of SFTR: Q1 2021	Could cover issues such as the functioning of the reporting framework as well as the application of mandatory haircuts to uncleared SFTs. In SFTR there is currently a dual-sided reporting requirement for corporates.
Commission post-trade strategy	Potential EC communication: Q4 2018	Ongoing EC workstream around removal of Giovannini barriers in the post-trading space. This is meant to look at a range of emerging trends and issues in post-trading (including clearing, settlement, custody, collateral and well as post-trade reporting).
“Common Ownership”	<p>Raised by a group of ALDE MEPs in questions:</p> <ul style="list-style-type: none"> • 16 Sep 2016 • 17 Feb 2017 <p>OECD conference on common ownership: December 2017</p> <p>Mentioned by Commissioner Margrethe Vestager's in speeches:</p> <ul style="list-style-type: none"> • 16 February 2018 • 12 March 2018 	<p>The phenomenon referred to as “common ownership” is the simultaneous ownership of shares in competing firms by institutional investors. It was linked to competition concerns by several American scholars in a series of articles.</p> <p>The OECD organized a conference in December 2017 to discuss these theories, calling for additional research to be carried out on the topic.</p> <p>The debate was brought to the EU level with a question in February 2017 by a group of liberal MEPs led by Michael Theurer (DE) who inquired whether the current set of competition rules is sufficient to deal with possible anti-competitive effects of common ownership.</p> <p>In February, Competition Commissioner Vestager said that the Commission is 'carefully' looking into the matter and has begun investigating the extent to which common ownership actually exists.</p>
FX markets	Global code for Foreign Exchange Markets established: August 2018	This is a non-legislative initiative meant to some conduct issues arising in FX markets in the past year. Whether this approach is going to be followed by concrete legislative action in Europe remains to be seen.
Capital Package	<p>European Commission</p> <ul style="list-style-type: none"> • European Commission published Banking Package: 23 Nov 2016 <p>Council of the EU</p> <ul style="list-style-type: none"> • General Approach in ECOFIN: 25 May 2018 <p>European Parliament</p> <ul style="list-style-type: none"> • ECON Committee adopts its report: 19 Jun 2018 <p>Trilogues</p> <ul style="list-style-type: none"> • First trilogue meeting: 4 Jul 2018 • Latest trilogue: 2 Oct 2018 • Upcoming trilogue : 7 Nov 2018 <p>OJEU:</p> <ul style="list-style-type: none"> • Entry into force of fast-tracked IFRS 9 transitional: 28 Dec 2017 	<p>In November 2016, the Commission issued new proposals revising the European bank capital regulatory framework – the so-called CRR II - CRD V package – along with proposals implementing TLAC and updating BRRD. These proposals aim at implementing the remaining Basel III standards.</p> <p>Key points of the proposal include:</p> <ul style="list-style-type: none"> • Fundamental Review of the Trading Book (FRTB)/Market risk: The requirements aim at reducing the risk of regulatory arbitrage between the banking and the trading book, and increase risk-sensitivity and the robustness of internal models while reducing the variability of their outputs. • Leverage ratio (LR): set as a 3% binding ratio for all banks. • Net Stable Funding Ratio (NSFR): The standard aims to limit excessive maturity mismatches between assets and liabilities and limit overreliance on short term wholesale funding. <p>A political deal on the fast-tracking of the provisions related to the phase-in of IFRS 9 was reached on 25 October 2017, allowing for a five-year transitional period for the new accounting standard.</p> <p>Trilogues started in July 2018 with so far progress limited to a few areas.</p>
Bank Recovery and Resolution Directive / Moratorium issue	<p>European Commission</p> <ul style="list-style-type: none"> • European Commission published Banking Package: 23 Nov 2016 <p>Council of the EU</p> <ul style="list-style-type: none"> • General Approach in ECOFIN: 25 May 2018 <p>European Parliament</p> <ul style="list-style-type: none"> • ECON Committee adopts its report: 19 Jun 2018 <p>Trilogues</p> <ul style="list-style-type: none"> • First trilogue meeting: 11 Jul 2018 • Latest trilogue: 16 Oct 2018 • Latest trilogue : 6 Nov 2018 <p>OJEU:</p> <ul style="list-style-type: none"> • Publication of creditor hierarchy in the OJ: 27 Dec 2017 	<p>In November 2016, the Commission published its Risk Reduction Measures (RRM) package, which review the EU resolution framework, with proposals amending the Banking Recovery and Resolution Directive (BRRD) and the Single Resolution Mechanism Regulation (SRMR).</p> <p>The Commission also suggests introducing a new supervisory moratorium tool – in addition to the existing in-resolution moratorium tool – which could last maximum 5 days.</p> <p>Trilogues are now ongoing with limited progress to date.</p>
CVA calculation and future of CVA exemption – Basel IV	<p>Basel consultation on CVA calculation: Dec 2017</p> <p>EBA advice on CVA calculation due: 2019</p> <p>EC proposal expected (before which EC and EBA will conduct significant technical preparatory work): H2 2020</p>	<p>Move to a revised standardized approach on CVA charge, removal of possibility of using internal models.</p> <p>Crucial for NFC- is the currently applicable CVA exemption, which is indirectly challenged as part of the CRD V negotiations which give supervisors more discretion over addressing risks not addressed by statutory requirements.</p>
Other Basel IV	<p>International level:</p> <ul style="list-style-type: none"> • GHOS Meeting reached agreement on final standards: 7 Dec 2017 • Gradual phase-in of the new measures by Jurisdictions: 2022 -2027 • Basel consultation on FRTB standard: 22 Mar 2018 <p>EU level:</p>	<p>The Basel Committee has been working towards finalizing its post-crisis reforms in recent years. The package of measures, known as Basel IV in banking circles, includes:</p> <ul style="list-style-type: none"> • Changes to standardized approach and internal model approach for credit risk • Changes to operational risk framework • Introduction of an output floor

	<ul style="list-style-type: none"> EC banking Risk Reduction Measures (RRM) package amending CRD4/CRR and implementing Basel framework features: 23 Nov 2016 Ongoing negotiations on the RRM package, likely to incorporate some aspects of the final standard: 2017-2018 EC proposal for a CRD6/CRR3 package implementing the Dec 2017 agreement: expected for 2020 	
Cross border payments	<p>EC proposal on cross-border payments and currency conversion transparency: 28 Mar 2018</p> <p>Parliament Presentation of Draft Report: 29 Aug 2018 Deadline for amendments to the Draft Report: 14 Sep 2018 Consideration of amendments: 9 Oct 2018 Approval in ECON: 5 Nov 2018</p> <p>Council Adoption of general approach: 27 Jun 2018</p>	<p>The EC published its proposal on cross-border payments and currency conversion transparency on 28 March 2018. The aim of the proposal is to lower the costs for cross-border payments in euros, and bring more transparency regarding currency-conversion fees.</p> <p>Eva Maydell (EPP, BG) has been appointed rapporteur for the file.</p> <p>The Council adopted its position on 27 June 2018.</p>
PSD2 Implementation/Upcoming review	<p>EC not expected to review PSD II in coming years, but could be considered in the second period of the next Commission mandate: post 2021</p>	<p>Final legislation includes an exemption for corporate treasury function that are not payment service providers.</p>
Commission Corporate bond market strategy	<p>Communication with follow-up actions to the Corporate bond market liquidity expert group report 2019 tbc.</p>	<p>Whilst the final report of the expert group makes a number of recommendations to improve the functioning of corporate bond markets – e.g. creating a consolidated tape for corporate bonds or enhancing electronic trading in the corporate bond space.</p>
Prospectus Regulation	<p>Entry into force of the Prospectus Regulation (the 20% exemption to apply): 20 Jul 2017</p> <p>SME Growth Market package (incl amendments to Prospectus regulation): 24 May 2018</p> <p>€100,000 threshold exemption to apply one year after entry into force: 20 Jul 2018</p> <p>Regulation applies in full: 20 Jul 2019</p>	<p>The Prospectus Regulation aims to simplify the procedure for SMEs to fulfil their listing obligations and introduces a number of proportionality and calibration elements in order to foster a healthy and liquid debt market in Europe.</p>
Future of regulatory reporting	<p>ESMA and EC workstream on assessing synergies and overlaps between reporting requirements across different pieces of financial services legislation 2018-2020 tbc.</p>	<p>Internal EC work on assessing to what extent the current legislative framework imposes burdensome reporting requirements on companies with a view to exploring areas in which reporting across various legislative frameworks could be streamlined – reducing the cost burden of reporting.</p>
Public CBCR and C(C)CTB	<p>CBCR EC proposal on public CBCR: 12 Apr 2016</p> <p>Parliament Publication of draft report: 9 Feb 2017 Adoption of report in committee: 12 Jun 2017 Vote in plenary on ECON/JURI report: 04 Jul 2017</p> <p>Council Council compromise text circulated: 22 Jun 2017</p> <p>C(C)CTB EC Corporate Tax Reform packaged: 25 Oct 2016</p> <p>Parliament Publication of draft reports on CCCTB & CCTB: 13 Jul 2017 Adoption in plenary of non-binding position on CCTB/CCCTB: 15 Mar 2018</p>	<p>Public CBCR On 12 April 16, the Commission published the country-by-country reporting (CBCR) proposal which requires all companies operating in the EU with an annual turnover above 750m to publish on a country-by-country basis information on their profits, turnover, taxes paid, business activities and number of employees - per EU country, per tax haven and in aggregated form for the rest of the world.</p> <p>Currently discussions between Member States are gridlocked.</p> <p>C(C)CTB On 25 October 2016 the Commission published a legislative package on Corporate Tax reform, including proposal towards a mandatory Common Corporate Tax Base (CCTB), with an interim cross-border loss off-set mechanism, and a Common Consolidated Corporate Tax Base (CCCTB) as a second step when agreement is found on the first part of the proposal.</p> <p>The EP Plenary adopted its non-binding advice in support of both files on 15 March 2018, recommending restricting deductions to the tax base while proposing a solution to tax the digital economy. No agreement has been reached so far in Council.</p>
FTT	<p>EU efforts Deadline for agreement set by Member States: 22 May 2017 but discussion at ECOFIN margins postponed</p> <p>FTT discussion at European Council: 23 June 2017</p> <p>FTT-10 ministers request report on impact of Brexit on FTT by national experts: 16 Sep 2017</p> <p>Latest FTT-10 ministers meeting: 9 Oct 2018</p> <p>Potential FTT-10 ministers meeting: Mid-November</p> <p>National efforts</p>	<p>There are a number of remaining issues to resolve between FTT-10 Member States including a potential exemption for pension funds which is being pushed by Belgium and Slovakia. President Macron has declared his support for the initiative, but in the form of a post-Brexit EU27 project.</p> <p>There have been rumours that the Commission might propose in the autumn 2018 a revised FTT inspired by the French FTT model. The question will be as to scope and exemption.</p>

	Draft Spanish budget contains plans to introduce a Spanish Financial Transaction Tax (FTT) of 0.2%: Oct 2018	
EU FinTech Strategy	<p>EBA published guidelines on outsourcing to the cloud: 21 Dec 2017</p> <p>EP presents motion for a resolution on DLT and blockchain: 23 Feb 2018</p> <p>Publication of EC FinTech Action Plan: 8 Mar 2018</p> <p>EC consultation on digitalisation of corporate reporting: Q2 2018</p> <p>EC communication on Artificial Intelligence published: 25 April 2018</p> <p>EBA reports on risks and opportunities arising from FinTech: 3 Jul 2018</p> <p>EC assessment on regulatory framework for ICOs and cryptoassets: Q4 2018</p> <p>EC to work with stakeholders on standardisation as basis for an EU open- banking system (including payments): Q2 2019</p>	The Commission published its FinTech Action Plan with potential initiatives to be taken up in the next Commission. The vast majority of actions proposed are non-legislative measures following the overall 'wait and see' approach.
Sustainable Finance (Disclosure)	<p>Commission</p> <p>EC Action plan on sustainable finance: 8 Mar 18</p> <p>Commission legislative proposals published: 24 May 18</p> <p>Parliament</p> <p>Presentation of Draft Report in ECON: 3 Sep 18</p> <p>Deadline for amendments: 12 Sep 18</p> <p>Consideration of amendments: 18 Oct 18</p> <p>EP Draft Report approved: 5 Nov 18</p> <p>Council</p> <p>Start of Council negotiations: 20 Jul 18</p> <p>Last Council Working Group: 12 Oct 18</p> <p>Next Council Working Group: November 2018 (tbc)</p>	<p>The Commission published the proposal for disclosure of sustainability risks and sustainable investments in May 2018.</p> <p>The proposal calls for the disclosure of sustainability risks for all financial market participants. The proposal requires that financial market participants publish how they integrate sustainability risks in their decision-making process in written form on their websites. A pre-contractual disclosure of sustainability risks is also requiring investors to set out the manner in which they integrate sustainability risks and their potential impact on returns, as well as to disclose how their remuneration policies align with integration of sustainability risks/investment targets of products where relevant. The proposal also introduces specific disclosure requirements for sustainable investments.</p>
Sustainable Finance (Taxonomy)	<p>Commission</p> <p>EC Action plan on sustainable finance: 8 Mar 18</p> <p>Commission legislative proposals published: 24 May 18</p> <p>Parliament</p> <p>Decision on committee competence: Q4 2018 (tbc)</p> <p>Draft report to be adopted: Q1 2019 (tbc)</p> <p>Council</p> <p>Start of negotiations in Council: 20 Jul 18</p> <p>Next Council Working Group: 12 Oct 18 (tbc)</p> <p>General approach: Q1/Q2 2019 (tbc)</p> <p>Technical Expert Group</p> <p>First meeting: 5 Jul 18</p> <p>Second meeting: 17 Jul 18</p> <p>Report on climate change mitigation/adaptation: Q1 2019 (tbc) / Q2 2019 (tbc)</p>	<p>The proposal for a sustainable taxonomy defines environmentally sustainable economic activities that must be applied by all financial market participants offering financial products as environmentally sustainable investments, and EU or Member State measures that set out requirements for products/corporate bonds marketed as environmentally sustainable. Importantly, the proposal requires that financial market participants that offer products marked as environmentally sustainable investments disclose how and to what degree the criteria for environmentally sustainable activities are used in determining the environmental sustainability of the investment.</p> <p>In Parliament, negotiations are yet to start as it still has to be decided whether the Environmental affairs committee (ENVI) will get exclusive competence over certain articles of the taxonomy. We expect the decision to be taken around October 2018. Limited progress has been made in Council so far.</p>
Sustainable Finance (Benchmarks)	<p>Commission</p> <p>EC Action plan on sustainable finance: 8 Mar 18</p> <p>Commission legislative proposals published: 24 May 18</p> <p>Parliament</p> <p>Presentation of Draft Report in the ECON Committee: 18 Oct 18</p> <p>Deadline for amendments to the Draft Report: 24 Oct 18</p> <p>Consideration of amendments: 19 Nov 18</p> <p>ECON vote on the EP Draft Report: 3 Dec 18</p> <p>Draft report to be adopted: Q1 2019 (tbc)</p> <p>Council</p> <p>Start of negotiations in Council: 20 Jul 18</p> <p>Last Council Working Group: 5 Oct 18</p> <p>Next Council Working Group: November 2018 (tbc)</p>	<p>Amendment to the Benchmarks Regulation introduces two new benchmark categories, the low-carbon benchmark and the positive carbon impact benchmark. It also sets out key methodological requirements for the two new categories.</p> <p>Neena Gill (S&D, UK) has been assigned rapporteurship on the proposal. Her draft report has been presented in late September 2018. It is ambitious and in line with the S&D's goal to broaden the scope of the Commission proposal. It lays out the intention for all benchmarks to be positive carbon impact benchmarks and aligned with the Paris Agreement by 2022 – through a methodology to be determined by the EC.</p> <p>In Council, progress has been very slow to date, with the AT PCY prioritising other workstreams over sustainable finance.</p>

Cybersecurity framework	<p>Cybersecurity package including Cybersecurity Act: 13 Sep 2017</p> <p>General Affairs Council adopts conclusions on cybersecurity: 21 Nov 2017</p> <p>Publication of Council Action Plan on cybersecurity: 4 Dec 2017</p> <p>ECB publishes services procurement Guidelines for TIBER-EU framework: 8 Aug 2018</p> <p>Council Adoption of General Approach: 08 Jun 2018</p> <p>Parliament Adoption of draft Report in EP ITRE Committee: 10 Jul 2018</p>	<p>The core of the EC's work on cybersecurity is concentrated in the September 2017 review of the 2013 EU Cybersecurity Strategy, which is focused on setting up a EU architecture to increase cooperation in response to cyberattacks. The proposed review aims to primarily target essential services including banks and financial market infrastructure, including: increase the capacities of the European cybersecurity agency ENISA, create an EU certification framework for ICT security products (Cybersecurity Act), establish regular pan-European cybersecurity tests, and come up with a "blueprint" for an effective EU-level response to large-scale cyber incidents and crises</p> <p>In parallel to this there is also an ongoing workstream led by the European Commission and the ESAs to increase cyber resilience of the financial sector in 2019</p>
Internationalisation of the euro	<p>EC communication End of 2018</p>	<p>Emerging debate at the highest political level in the European Commission with regard to efforts of establishing the Euro as the global reserve currency and break reliance on the USD.</p>
Brexit	<p>Britain due to leave the EU 29 Mar 2019</p>	<p>Biggest concern from a treasury management perspective at the moment is in the context of ensuring a solution, addressing all cliff-edge risks that could arise in the context of a no-deal scenario.</p>
International economic sanctions	<p>EU prolongs economic sanctions against Russia: 5 July 2018</p> <p>US withdraws from 2015 nuclear deal with Iran – sanctions re-imposed 5 November 2018</p>	<p>The EU has announced a potential initiative that would see the creation of an alternative payments system that would allow companies to continue conducting business with Iran without having to rely on the SWIFT payments system.</p>
AML	<p>AMLD 5 to be implemented December 2019</p>	<p>AMLD 5 includes enhanced due diligence measures for customers in high risk third countries and scoped in virtual currencies and wallet providers in the EU's AML framework.</p>
Insolvency proceedings	<p>EC proposal on the law applicable to the third-party effects of assignments of claims 3 Dec 2017</p>	<p>This law makes only limited changes to specify that – barring situations for which caveats exist – the law of the assignor's (person or company transferring a claim) habitual residence governs third party effect of an assignment of claims.</p>