

EU MATTERS: your newsletter on EU matters



March 2018

General and Institutions

Brexit

- European Commission published a **draft UK withdrawal agreement** which consists of six parts – introductory provisions, citizens' rights, other separation issues such as goods placed on the market before the withdrawal date, the financial settlement, transitional arrangements, and institutional provisions – and a protocol Ireland/Northern Ireland.

You can read it in full here:

https://ec.europa.eu/commission/sites/beta-political/files/draft_withdrawal_agreement.pdf

Read the Q&A on the draft agreement:

[http://europa.eu/rapid/press-release MEMO-18-1361_en.htm](http://europa.eu/rapid/press-release_MEMO-18-1361_en.htm)

- Donald Tusk, the President of the European Council, made a statement on the **draft guidelines on the framework** for the future relationship with the UK proposing close cooperation within the following areas: the EU and the UK continue our common fight against terrorism and international crime; the UK to participate in EU programmes in the fields of research and innovation as well as in education and culture; to avoid the consequence of Brexit of the disruption of flights between the UK and the EU. This also includes considerations regarding the future economic relationship between EU and UK with an aim for a trade agreement covering all sectors and with zero tariffs on goods.

Read the statement here:

<http://www.consilium.europa.eu/en/press/press-releases/2018/03/07/statement-by-president-donald-tusk-on-the-draft-guidelines-on-the-framework-for-the-future-relationship-with-the-uk/pdf>

Legislative files

MiFID II

- ESMA has published trading volumes and calculations regarding the **double volume cap (DVC)** for January 2018 (totalling 18,644 instruments) and February 2018 (totalling 14,158 instruments). Based on this data, two caps will limit dark trading in equity and equity-like instruments, namely for:
 - 17 instruments for January 2018 and 10 instruments for February 2018 for which their percentage of trading on a single trading venue under the waivers goes beyond 4% of the total volume of trading in those financial instruments across all EU trading venues over the previous twelve months; and
 - 727 instruments for January 2018 and 633 instruments for February 2018 for which their percentage of trading across all trading venues under the waivers goes beyond 8% of the total volume of trading in that financial instrument across all EU trading venues over the previous twelve months.

NCA's should suspend the use of waivers in those financial instruments where the caps were exceeded for a period of six months, starting from Monday, 12 March 2018. ESMA intends to publish the applicable DVC data for March 2018 on 9 April 2018.

Read more here:

<https://www.esma.europa.eu/press-news/esma-news/mifid-ii-esma-publishes-double-volume-cap-data>

Review of the European Supervisory Authorities

- European Parliament's ECON committee held a Public Hearing on the '**Review of the European System of Financial Supervision**' and produced an indicative timetable for ESAs as follows: Presentation of Draft Report 18-19 June; vote in ECON 24 September and to start dialogues in October, depending on the progress of the parallel negotiations in the Council.

See the program of the hearing:

<http://www.europarl.europa.eu/cmsdata/138320/Hearing%20ESFS%20review%20%20-%20draft%20programme.pdf>

EMIR

- ESMA has updated its **validation rules regarding EMIR** with regards to the revised technical standards to:
 - allow for the reporting of exchange-traded derivatives in products for which the effective date may be earlier than the date of execution; and
 - clarify how the identification of the product should be validated in the reports submitted on or after 3 January 2018

Read more here:

<https://www.esma.europa.eu/press-news/esma-news/esma-updates-emir-validation-rules>

Pan-European Personal Pension Product

- European Parliament's ECON Committee has published its **Draft Report** on the proposal for a regulation of the European Parliament and of the Council on a Pan-European Personal Pension Product (PEPP).

Read it here:

<http://www.europarl.europa.eu/sides/getDoc.do?type=COMPART&reference=PE-618.225&format=PDF&language=EN&secondRef=01>

Other

Fintech

- The European Supervisory Authorities issued a pan-EU warning to consumers regarding **the risks of buying Virtual Currencies**.
Read it here:
https://www.esma.europa.eu/sites/default/files/library/esma50-164-1284_joint_esas_warning_on_virtual_currenciesl.pdf
- European Commission launched the **EU Blockchain Observatory and Forum**. The forum will highlight key developments of the blockchain technology, promote European actors and reinforce European engagement with multiple stakeholders involved in blockchain activities.
Read the press release here:
http://europa.eu/rapid/press-release_IP-18-521_en.htm
- The European Commission has held a **Roundtable on cryptocurrencies**, where Commission Vice President Valdis Dombrovski's gave this speech:
http://europa.eu/rapid/press-release_SPEECH-18-1242_en.htm
- The European Commission has published a **Fintech Action Plan**. It sets out 23 steps to enable innovative business models to scale up, support the uptake of new technologies, increase cybersecurity and the integrity of the financial system, including:
 - an expert group on regulatory obstacles to financial innovation
 - exploring the need for guidelines on outsourcing to cloud services
 - EU FinTech Laboratory where European and national authorities will engage with tech providers in a neutral, non-commercial space
 - consultation on how best to promote the digitalisation of information published by listed companies in Europe, including by using innovative technologies such as DLT
 - workshops on cybersecurity
 - legislation on crowdfunding platforms

Read the press release here:

http://europa.eu/rapid/press-release_IP-18-1403_en.htm

Sustainable finance

- The European Commission has published an **Action Plan on Financing sustainable growth**. The action plan sets out a comprehensive strategy to further connect finance with sustainability. Its key actions include:
 - fostering investment in sustainable projects by ensuring they have the necessary technical assistance
 - strengthening the transparency of companies on their environmental, social and governance (ESG) policies
 - establishing a clear and detailed EU classification system – or taxonomy – for sustainable activities

Read the Press release here:

http://europa.eu/rapid/press-release_IP-18-1404_en.htm

ESMA

- ESMA has recently appointed four new members of their **Securities and Markets Stakeholder Group (SMSG)**. One of them is Andreas Gustafsson, Senior Vice-President and Chief Legal Counsel Europe, Nasdaq:
<https://www.esma.europa.eu/press-news/esma-news/new-members-smsg>

IOSCO

- IOSCO has published a consultation on guidance to address **conflicts of interest in the equity capital raising** process.
See it here:
<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD593.pdf>
- IOSCO has published a consultation on recommendation to help **trading venues to manage extreme volatility**.
You can see the consultation here:
<http://www.iosco.org/library/pubdocs/pdf/IOSCOPD594.pdf>

Events

9 March	ESMA's consultation on draft RTS under the new Prospectus Regulation closes
20 March	EPFSF lunch meeting: "Pan-European Personal Pension Product (PEPP), Brussels
22 March	European Commission high level conference on Sustainable Finance, Brussels; speakers include French President Emmanuel Macron; European Commission President Jean-Claude Juncker; European Commission Vice President Valdis Dombrovskis. Brussels
19 April	22nd European Corporate Governance Conference in Sofia
25-27 April	EUROFI in Sofia, Bulgaria

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<http://business.nasdaq.com/discover/public-policy-advocacy/spotlight-on-brussels/index.html>