

EU MATTERS: your newsletter on EU matters



October 2017

General and Institutions

Brexit

- UK's Prime Minister, Theresa May, gave her '**Florence speech**' where she asked for two year transition period after Brexit, during which the current arrangements should continue under the same terms:
<https://www.gov.uk/government/speeches/pms-florence-speech-a-new-era-of-cooperation-and-partnership-between-the-uk-and-the-eu>
- 4th **Round of Brexit negotiations** were held at the end of September in Brussels. UK has agreed to give the withdrawal agreement 'direct effect' in the UK law to reassure EU citizens. No further concrete agreements were reached.
- Chief EU Negotiator Michel Barnier's press statement following the negotiations:
http://europa.eu/rapid/press-release_SPEECH-17-3547_en.htm
- The European Commission has published its assessment of the offers received by Member States to host the **European Banking Authority (EBA)**, which is currently located in the United Kingdom.
https://ec.europa.eu/info/about-european-union/relocation-uk-based-eu-agencies_en
- The European Parliament adopted a resolution stating **not enough progress** has been made in the Brexit negotiations to start talks on the future relationship. Any agreement at the end of UK-EU negotiations will need to win the approval of the European Parliament.
Below is the resolution:
<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P8-TA-2017-0361+0+DOC+PDF+V0//EN>

EU FILES

Capital Markets Union

- The revised rules for European venture capital funds (**EuVECA**) and European social entrepreneurship funds (**EuSEF**) were finally and formally approved at the European Parliament in September.

The revised rules will enter into force following their publication in the Official Journal of the European Union.

Review of the EuVECA and EuSEF legislation:

<http://www.europarl.europa.eu/legislative-train/theme-deeper-and-fairer-internal-market-with-a-strengthened-industrial-base-financial-services/file-review-of-euveca-and-eusef-legislation>

Review of European system of financial supervision

- The European Commission released legislative proposals for **reforming the European supervisory framework** which includes ESMA.

Some of the proposals concerning the European Supervisory Authorities (ESAs) are:

- Third country equivalence – the ESAs getting expanded tasks on equivalence decisions and implementation of such decisions
- Funding – part of the supervisory authorities’ budgets shall come from direct supervisory fees
- A new executive Board replaces the management board, consisting of full time members and with widened tasks
- ESMA shall be the direct supervisor of eg data reporting service providers and of certain benchmarks and prospectuses

Link to the proposal from the European Commission’s website:

https://ec.europa.eu/info/business-economy-euro/banking-and-finance/financial-supervision-and-risk-management/european-system-financial-supervision_en#reviewoftheesfs

And a link to the summary:

http://europa.eu/rapid/press-release_IP-17-3308_en.htm

Benchmarks

- ESMA has published an updated Q&A regarding the implementation of the **Benchmarks Regulation (BMR)**. The Q&A includes four new answers regarding the following topics of the BMR:
 - Scope of the BMR: (i) Application of the BMR to EU and third country central banks; (ii) Exemption on single reference price.
 - Definitions of the BMR: (i) “family of benchmarks”, (ii) “use of a benchmark”

<https://www.esma.europa.eu/file/22563/download?token=hYD-MPAs>
- FSMA, ESMA, ECB and the European Commission have set up a new working group tasked with the identification and adoption of a **risk-free overnight rate** which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area.

<https://www.esma.europa.eu/file/23146/download?token=91hDoRvO>
- ESMA has released a new consultation on draft guidelines for **non-significant benchmarks**:

https://www.esma.europa.eu/sites/default/files/library/esma70-145-105_consultation_paper_on_draft_guidelines_on_non-significant_benchmarks.pdf

MiFID II & MiFIR

- ESMA has issued a procedure under MiFIR laying out the steps for trading venues to temporarily opt-out from access provisions for **exchange-traded derivatives** (ETDs). The ESMA procedure is aimed at national competent authorities (NCAs) and trading venues that can benefit from the exemption foreseen in Article 36(5) of MiFIR.
https://www.esma.europa.eu/sites/default/files/library/esma70-154-259_article_36_5_mifir_procedure_public.pdf
- ESMA, jointly with the NCAs, have published an updated work plan for the opinions on **pre-trade transparency waivers** and **position limits** that must be issued under MiFID II and MiFIR.
<https://www.esma.europa.eu/file/23223/download?token=xPvGCLdR>
- ESMA updated its **transitional transparency calculations** (TTC) for non-equity instruments in relation to the implementation of MiFID II/ MiFIR.
<https://www.esma.europa.eu/policy-activities/mifid-ii-and-mifir/mifid-ii-transitional-transparency-calculation>
- ESMA has issued its final draft Regulatory Technical Standard (RTS) implementing the **trading obligation** for derivatives under MiFIR. ESMA's draft RTS provides the implementing details for on-venue trading of interest rate swaps (IRS) and credit default swaps (CDS).
https://www.esma.europa.eu/sites/default/files/library/esma70-156-227_final_report_trading_obligation_derivatives.pdf
- ESMA published its guidelines for the **management body of market operators and data reporting service providers**:
<https://www.esma.europa.eu/file/23313/download?token=iHUe6Tmm>

Central Securities Depositories Regulation (CSDR)

- ESMA has opened its **public registry of CSD's** licensed under the CSDR. The first CSD to be licensed under the new rules was the Nasdaq CSD.
https://www.esma.europa.eu/system/files_force/library/esma70-151-887_csd_list_of_relevant_authorities_art_12.pdf?download=1

Market Abuse Regulation (MAR)

- ESMA updated its **Q&As** regarding the implementation of the market abuse regulation:
<https://www.esma.europa.eu/press-news/esma-news/esma-updates-qa-mar-0>

EMIR

- European Commission published a delegated act on **indirect clearing** under EMIR:
<http://data.consilium.europa.eu/doc/document/ST-12492-2017-INIT/en/pdf>

OTHERS

Fintech and Digitalisation

- European leaders convened at the **Digital Summit** in Tallinn Estonia, organised by the Estonian Presidency of the Council of the European Union, to discuss plans for digital innovation aimed at enabling Europe to stay ahead of the technological curve in the years to come. The goal was to boost into being a digital global leader by 2025. Discussions focused on topics such as cyber security, free movement of data and promotion of innovation.

<https://www.eu2017.ee/political-meetings/tallinn-digital-summit>

EVENTS

- 11 Oct 1st Energy Market Integrity and Transparency Forum, Ljubljana (Slovenia).
Organised by ACER
- 11 Oct EMIR conference organised by QED, in Brussels
- 17 Oct ESMA 2017 conference, 'The State of European Financial Markets', Paris,
speakers include Nasdaq's Hans-Ole Jochumsen
- 7 Nov EPFSF - The European Fintech Action Plan, Brussels; Speakers include
Nasdaq's Valerie Bannert-Turner
- 15 Nov European Commission's consultation on Post trade in CMU: dismantling
barriers and strategy for the future closes
- 20-24 Nov Invest Week. Brussels.
- 22 Nov Joint Nasdaq & EQT conference on 'Access to Capital and Financing: Does the
Nordics have the secret recipe?', Brussels
- 22 Nov FESE, Better Finance and the European Investment Bank will host a joint
conference "Equity Financing of the EU Economy"
- 22 Nov European Small and Mid-Cap Awards ceremony, Brussels

2018

- 1 Feb The 16th Annual Financial Services conference, Brussels

View previous copies of this newsletter:

<https://www.nasdaqomxinet.com/News+and+Events/Business+News/Our+Newsletters/>