



European Regulatory Summary - MAY 2015

The EU and Switzerland have signed an agreement that is intended to clamp down on tax evasion, the European Commission has said.

EIOPA updates its Solvency II webpage

The European Insurance and Occupational Pensions Authority (EIOPA) updated its Solvency II webpage in order to help (re)insurers and other market participants find at a glance all relevant information on the new regime.

Report on Structured Finance Instruments by ESAs

The Joint Committee of the three European Supervisory Authorities (ESAs) has published a report detailing its findings and recommendations regarding the disclosure requirements and obligations relating to due diligence, supervisory reporting and retention rules in existing EU law on Structured Finance Instruments (SFIs).

The main recommendations of the report are:

- due diligence requirements should be harmonised within the EU;
- standardised investor reports should reflect the dynamics of SFIs and be stored in a centralised public space;
- all type of investors should be empowered to effectively conduct their own stress tests; and
- a harmonised due diligence and disclosure framework should be complemented with a comprehensive regime for supervision and enforcement

ESMA News

- **ESMA releases final guidelines clarifying the definition of commodity derivatives under MiFID I**

The purpose of these guidelines is to provide a common, uniform and consistent application of the definitions of commodity derivatives under C6 and C7 of Annex I of the current MiFID I, until MiFID II comes into force on 3 January 2017, when the European Commission issues its delegated acts in relation to these definitions.

- **ESMA publishes a response to EUs green paper on Capital Markets Union**

ESMA is fully supportive of the CMU and is working with the EC. The response sets out how ESMA's main objectives of enhancing investor protection and promoting stable and orderly financial markets, and its linked activities, can contribute to the CMU. Further, the response contains specific proposals where improvements could be made in relation to access to credit information for SME's and increasing cross-border retail participation in investment funds such as UCITS.

Public consultation on derivatives/EMIR

- The EC has launched a Public consultation on the Regulation (EU) No 648/2012 on OTC derivatives, central counterparties and trade repositories. The consultation is open from 21.05.15 to 13.08.15 and can be accessed via [this link](#).
- The purpose of the consultation is to obtain feedback from stakeholders on their experiences in the implementation of EMIR to date. Feedback received as part of the consultation will provide important guidance to the Commission services in preparing their final report.

Regulation of Financial Benchmarks

- The Commission proposed new standards in September 2013 in the wake of the alleged manipulation of various benchmarks including inter-bank offered rates (EURIBOR, LIBOR, etc.) and other benchmarks, such as those for foreign exchange (FX) and commodities, including gold, silver, oil and biofuels.
- The European Parliament agrees to the proposals and council and the commission will start negotiations in June.

"We get financial firms to regulatory compliance rapidly and cost-effectively."

Regulation and Risk Ltd

51 Fitzjames Avenue
Croydon
CR0 5DN

+44 (0)7967 561132
ranil@rarltd.net
www.rarltd.net



"We get financial firms to regulatory compliance rapidly and cost-effectively."

EBA publishes its final Guidelines on triggers for the use of early intervention measures

- These Guidelines aim at promoting convergence of supervisory practices in relation to the application of early intervention measures as provided for in the Bank Recovery and Resolution Directive (BRRD).
- The Guidelines establish a link between the on-going supervision conducted by the Competent Authorities according to the Capital Requirement Directive (CRD) and the early intervention powers set out in the BRRD.
- The triggers provided in the Guideline are, to a large extent, based on the outcomes of the supervisory review and evaluation process (SREP), in particular, on the scores resulting from the assessment conducted by the Competent Authorities in accordance with the EBA Guidelines on common procedures and methodologies for the SREP.
- EBA also launched a public consultation on its draft Regulatory Technical Standards (RTS) defining the valuation of derivative liabilities for the purpose of bail-in in resolution. These standards have been developed within the framework of the Bank Recovery and Resolution Directive (BRRD) which sets procedures for the recovery and resolution of credit institutions across the EU. The draft RTS provide EU resolution authorities with a methodology for the valuation of derivative liabilities of credit institutions placed under resolution and ensure that the discipline brought in by the new bail-in tool can effectively be extended to these liabilities too. The consultation will run until 13 August 2015.

Public Hearing on the Next steps to build a Capital Markets Union

The European Commission will host a public hearing on the "Next steps to build a Capital Markets Union" in Brussels on Monday, 8 June. The conference will be the first high-level public event after the end (13 May) of the public consultation on the Commission Green Paper.

CRD IV

A joint EBA/ESMA task force working with the Commission to review how the CRD IV regime applies to non-bank investment firms meets again in London.

Regulation and Risk Ltd

51 Fitzjames Avenue
Croydon
CR0 5DN

+44 (0)7967 561132
ranil@rarltd.net
www.rarltd.net