

**afme**  
Finance for Europe

**Association for Financial Markets in Europe**

## European Regulatory Pipeline and EU political dynamics

# afme / Timeline (Oct. 2016 – Dec. 2017)

Finance for Europe



MiFID II/R L3  
TLAC L1  
CRR II & CRD V L1  
ESAs Review pre-L1  
Insolvency L1  
CCP R&R L1

Data Protection L3  
Prospectus L2  
CDSR L3  
Solvency II L1  
Post-trading and collateral markets L1  
AIFMD Asset Segregation Requirements L2

ESAs Governance and Funding L1  
Securitisation L2  
Covered Bond L1

EMIR non-cleared derivatives L2  
Securitisation L1  
Europe Post-Trade Forum  
Prospectus L1  
CSDR L2  
MiFID II/R L2  
MAR L3

- Taxation (FTT, Withholding taxes, CCCTB, ATAD, etc.)
- Benchmarks
- Free-trade issues (US, CAN, JPN, etc.)
- Capital treatment for investments in infrastructure (SOL2, CRR)
- Anti-money laundering Directive
- Financial Markets Regulatory Dialogue (US, Asia, etc. )
- Green finance (EC Expert Group to be set up), ESG agenda, etc.
- Report of the EP on FinTech
- Accounting
- Follow-up to the Cumulative Impact Assessment
- Ongoing/upcoming reviews (EMIR, AIFMD, CRA, EU macro-prudential policy framework, etc.)
- Money Markets Funds
- Cybersecurity
- Bank Structural Reform
- EC's White Paper on how to strengthen and reform EMU (03/17)
- The global agenda (Basel 4 and future EU implementation thereof, IOSCO, G20, FSB, etc.)
- Etc.

**Pre-level 1**

- ESAs review
- Market liquidity expert group
- European Post-Trade forum

**Level 1**

- CRR II/CRD V
- CCP R&R
- TLAC
- Insolvency
- Sol II STS
- STS Securitisation
- Post-trading

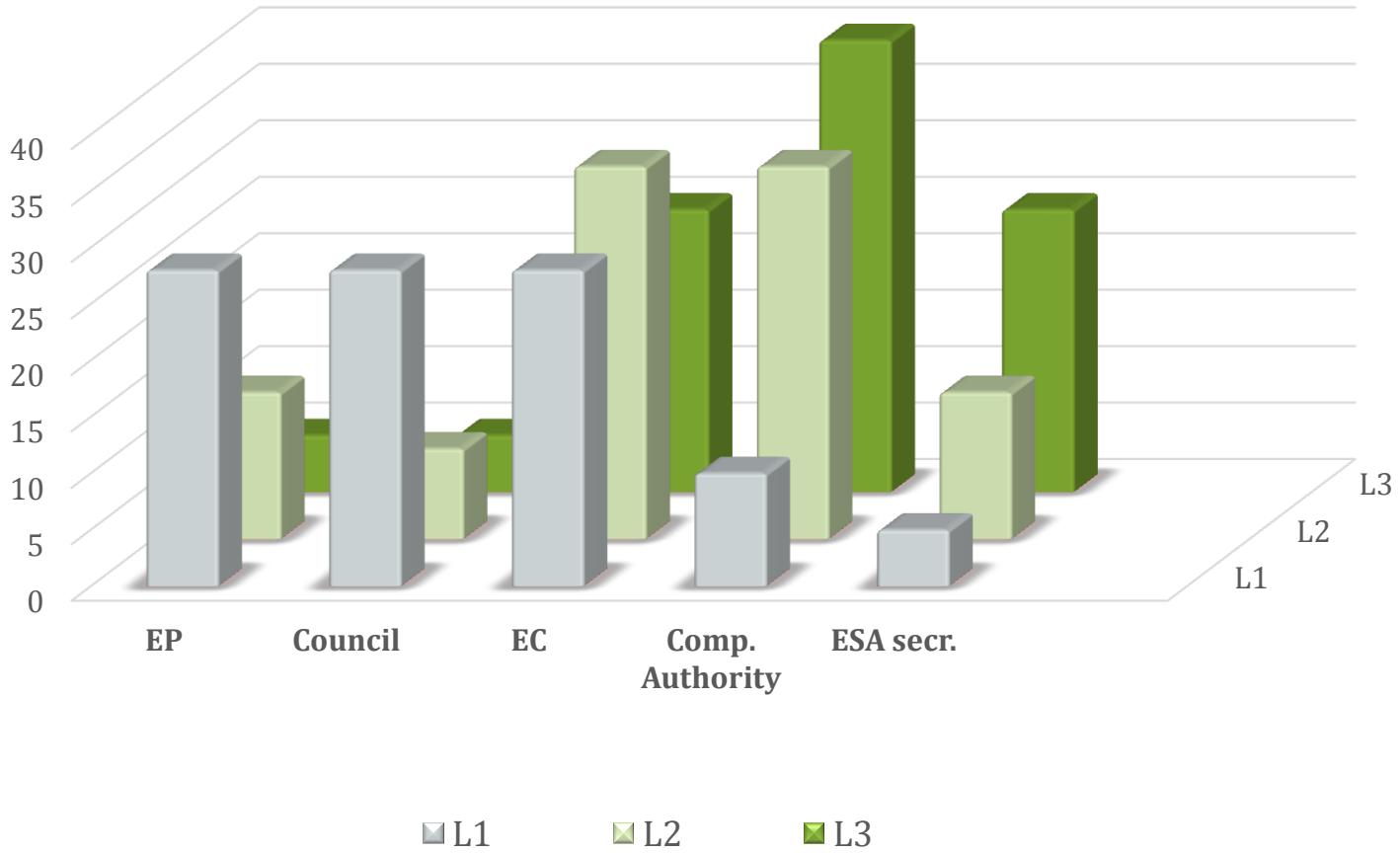
**Level 2**

- STS Securitisation
- MiFID/R
- Asset Segregation
- CSDR
- EMIR – Margin rules

**Level 3**

- MiFID/R
- CSDR
- EMIR – Margin rules
- MAR
- Data protection

# Relative weight of the main actors per level (est.)





Will try and press ahead with measures that reconnect EU citizens with EU (jobs & growth, fairer taxation, transparency, environment, digital, security, ethics, EFSI, etc.).

Inter-institutional declaration on 2017 objectives and priorities by year-end. Better regulation.

Expected to exercise influence and/or flex muscles wherever still possible (vis-à-vis ESAs at pre-L1 and L2, regulatory dialogues, international fora, etc.).

Has been strengthening its position. Will continue. Growing assertiveness at pre-L1 (Resolutions), L2 (objections) and wrt budget-related matters (e.g. L3). Increasingly skeptical about governance of non-elected standard setting bodies. Focus on global dimension (EU's role and representation).

Democratic legitimacy. Accountability.

Tension between S&D and EPP re. EP chairmanship. |





Under pressure: New impetus for EU needed following Brexit vote (migration, terrorism, globalisation, etc.). More fragmentation: regional groupings (Visegrad), EU27 vs. EU28.

Limited room for manoeuvre: impact of upcoming national elections (NL, FR, DE).

Rising free-trade skepticism.

Some MS seeking to position their financial centre as future financial services hub for EU27 and/or attract EBA HQ. |



Next 7 EU Presidencies by small MS (MT, EE, BG, AT, RO, FI, HRV). More reliance on bodies with greater resources and expertise (EC, ECB, GSC, FSC, EFC, some MS).

Debates likely to be dominated by big EU 27 MS when it comes to the key issues. Not necessarily conducive to compromise building.



Increased pressure to complete Banking Union (incl. risk sharing) and strengthen EMU vs. rising EU skepticism and calls by several MS for prior risk-reduction measures.





ECB: Perceived as one of the most stable institutions in the Union and one that makes a stronger contribution to jobs and growth than many MS.

Credibility and independence.

Importance of ECB Opinions.

SSM: Successful launch. More and more the leading EU voice at BCBS level. Well resourced (comp. with EBA).



Lack of resources.

Keen on preserving their supervisory focus (no trade-off with political objectives of the EU).

Role of EBA post-Brexit likely to change given growing importance of SSM/ECB and pressure to make further progress on the EMU.

Strengthened role and powers of ESMA to be considered in a post-Brexit CMU context.

- Continuing pro-active, constructive and evidence-based engagement with all EU institutions whilst continuing to manage UK stakeholder groups
- Getting much closer to most influential EU27 MEPs
- Expand alliances with European corporate, investor, and banking trade groups, creating a link with the jobs and growth agenda of EU27
- Increasing outreach activities (MS, NCB, NCA, national TA) events (conferences, educational workshops) and visibility (media, publications, partnerships, etc.) in continental Europe
- Targeting free-market-oriented EU27 MS (NL, DK, FI, CZ)
- Increasing focus on 3<sup>rd</sup> country treatment
- Getting more involved in debates on the EMU (positioning)
- Promote an outward-looking CMU as well as global consistency
- Getting more involved in green finance, FinTech and cybersecurity debates in the EU (positioning)
- Start reflecting on the evolving supervisory architecture in the EU and engage early (proactivity, thought leadership)
- Develop a 'give' (vs. 'take') agenda
- Partnering more with continental think tanks, academics, consultants, etc
- Ensuring early engagement at international level (via GFMA)