



EACT

## Monthly Report on Regulatory Issues

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Hrvatska udruga  
korporativnih rizničara  
Croatian Association of  
Corporate Treasurers





This report has been designed for, and with the support of, the above National Treasury Associations. Its purpose is to provide information about European financial regulation impacting corporate treasurers.

Despite all efforts, some information in this report could contain errors or be subject to interpretation. The EACT or National Treasury Associations should not be held liable.

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## Executive Summary

Topic and summary of content and EACT position	Latest developments
<p><b>European Market Infrastructure Regulation (EMIR):</b></p> <ul style="list-style-type: none"> <li>Regulation to push derivatives trading on exchanges</li> <li>Corporates' hedging transactions exempted from clearing obligation but subject to reporting, portfolio reconciliation, portfolio compression and dispute resolution obligations</li> </ul>	<ul style="list-style-type: none"> <li>ESMA published an updated EMIR Q&amp;A document</li> <li>The Commission published the revised draft RTSs for margin rules for uncleared OTC derivatives</li> <li>ESMA is consulting on the proposed delay on central clearing for small financial counterparties           <ul style="list-style-type: none"> <li>– EACT will submit a response requesting that any such delay should be extended to NFC+s also</li> </ul> </li> </ul>
<p><b>Money Market Funds (MMF) Regulation:</b></p> <ul style="list-style-type: none"> <li>European Commission proposal to regulate MMFs includes e.g. a mandatory capital buffer for CNAV funds, ban on external credit ratings and limitations to instruments in which MMFs can invest in</li> <li>The proposal was adopted by the Commission in September 2013. The Parliament has now agreed on its position (which relaxes some of the requirements in the original Commission proposal) but the Council still needs to agree on its position.</li> <li>EACT position concentrates on the importance of ensuring the availability MMFs (both CNAV and VNAV) and arguing against the ban of credit ratings</li> </ul>	<ul style="list-style-type: none"> <li>The trilogue negotiations between the Commission, the Parliament and the Council have started</li> </ul>
<p><b>Financial Transaction Tax (FTT) :</b></p> <ul style="list-style-type: none"> <li>A proposal to tax a large variety of equity and bond transactions in 11 EU Member States under the 'enhanced cooperation' approach</li> <li>The proposal has been subject to widespread criticism (including its legality) and it is expected that should an FTT be implemented at any stage, it would be much more restricted in scope than originally proposed</li> </ul>	<ul style="list-style-type: none"> <li>No concrete progress seems to have been made despite an initial deadline of mid-September to finalise the negotiations; this deadline has now been extended to mid-October to the EU finance ministers' meeting.</li> </ul>



<ul style="list-style-type: none"><li>EACT strongly opposed as FTT amounts to a tax on the real economy</li></ul>	
<b>Financial Benchmark Regulation:</b> <ul style="list-style-type: none"><li>Proposal of the Commission to regulate the administration and the contribution to financial benchmarks</li><li>Would impose mandatory contributions to certain benchmarks (EURIBOR and LIBOR) and would impose liability for those contributions in certain cases</li><li>EACT position will underline the importance of contract continuity and coherence of EU action with international developments</li></ul>	<ul style="list-style-type: none"><li>The Regulation was published in the Official Journal and will enter into force beginning of 2018 Euribor was listed by the Commission as a critical benchmark under the Regulation</li></ul>
<b>Bank Structural Separation (Barnier / Liikanen rule)</b> <ul style="list-style-type: none"><li>Proposal of the Commission to ban proprietary trading and to have the possibility of separating banks' other trading activities into a separate entity; separation would not be automatically forced but bank supervisors would have to decide case by case. The planned Regulation would only apply to the biggest banks.</li></ul>	



### **List of ongoing consultations / surveys / studies:**

Title	Website	Deadline
ESMA consultation on the proposed central clearing delay for small financial counterparties	<a href="#">Consultation page</a>	5 September
IOSCO consultation on the harmonisation of the Unique Product Identifier	<a href="#">Consultation document</a>	30 September
EBA consultation on strong customer authentication and secure communications under PSD2	<a href="#">Consultation paper</a>	12 October

**Note: For ease of reading, updates compared to the previous report are in bold font.**

## OTC Derivatives - European Market Infrastructure Regulation (EMIR)

Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<p>EMIR was adopted on 4 July 2012 and entered into force on 16 August 2012. It requires the central clearing of all standardised OTC derivatives contracts, margins for non-centrally cleared contracts and the reporting of all derivatives contracts to trade repositories.</p> <p>EMIR contains different start dates for the various obligations and the obligations for NFC- (portfolio compression, trade reporting) are already in place. Central clearing should gradually start as of April 2016, with NFC+s having a three-year phase-in period.</p>	<p><b><u>EMIR review:</u></b></p> <ul style="list-style-type: none"> <li>The Commission is still expected to propose a targeted legislative review of EMIR, although the recent resignation of Commissioner Hill is expected to delay the work slightly; one of the areas that the Commission is looking into in the review is the reporting burden on NFCs</li> </ul> <p><b><u>ESMA/ EBA/ Commission:</u></b></p> <ul style="list-style-type: none"> <li>ESMA published an <a href="#">updated Q&amp;A document</a> The updated Q&amp;A includes a new answer in relation to reporting of trades cleared by a clearing house which is not a CCP under the EMIR definition</li> <li>ESMA is <a href="#">consulting</a> on the proposed central clearing delay for small financial counterparties. The consultation closes on 5 September 2016.</li> <li>At the end of July, the Commission <a href="#">informed</a> the ESAs of their intention to adopt the <a href="#">draft RTSs</a> on risk mitigation techniques for OTC derivative contracts not cleared by a CCP. An <a href="#">addendum</a> to the draft RTSs (which contained some errors) was subsequently published. The ESAs have six weeks to</li> </ul>	

## OTC Derivatives - European Market Infrastructure Regulation (EMIR)

	<p>amend the draft RTSs (assuming they approve the amendments) and then re-submit to the Commission as a formal opinion. The Council and the Parliament will then have three months to approve the RTSs.</p> <ul style="list-style-type: none"> <li>• The Commission announced in June that it will delay the rules for margining of non-centrally cleared OTC derivatives until mid-2017; the rules were originally planned to apply gradually as of September 2016. The EU will therefore deviate from the internationally-agreed timeline set by the BCBS-IOSCO rules, and other jurisdictions have not (yet) indicated that they would be considering similar delays.</li> <li>• On 10 June the Commission published an <a href="#">RTS</a> adding three additional currencies (SEK, PLN and NOK) to the EMIR IRS clearing mandate.</li> <li>• ESMA has finalised the <a href="#">reviewed technical standards</a> for trade reporting and forwarded them to the Commission for adoption.</li> <li>• The <a href="#">Regulatory Technical Standards</a> on the central clearing of interest rate derivatives were published in the Official Journal on 1 December. The clearing obligation will be phased in according to the following timetable: <ul style="list-style-type: none"> <li>○ Category 1 (FCs and NFCs that are direct members of a CCP): 21 June 2016</li> <li>○ Category 2 (FCs and Alternative</li> </ul> </li> </ul>	
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### OTC Derivatives - European Market Infrastructure Regulation (EMIR)

	<p>Investment Funds not included in category 1): 21 December 2016</p> <ul style="list-style-type: none"><li>○ Category 3 (FCs and Alternative Investment Funds not included in categories 1 and 2 and with a low level of activity in OTC derivatives): 21 June 2017</li><li>○ Category 4 (all NFC+s not included in the above categories): 21 December 2018</li></ul> <p><u>International:</u></p> <ul style="list-style-type: none"><li>● IOSCO is <a href="#">consulting</a>, until 30 September, on the harmonisation of the Unique Product Identifier (UPI)</li></ul>	
<p><b>Key documents:</b></p> <ul style="list-style-type: none"><li>● <a href="#">EMIR Regulation</a></li><li>● All relevant texts (RTSs, ITSs etc.) are available on the Commission <a href="#">EMIR website</a></li></ul>		

### Money Market Funds (MMFs) Regulation

Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<p>The Commission proposal for Regulation would impose amongst others the following:</p> <ul style="list-style-type: none"> <li>• A requirement on CNAV MMFs to have a cash “buffer” equivalent to 3 percent of their assets</li> <li>• binding rules on the types of assets MMFs can invest in</li> <li>• limits on how much business MMFs can do with a single counterparty, and restrictions on short selling</li> <li>• A ban for MMFs to solicit external ratings</li> </ul> <p>The Parliament ECON Committee did not reach a compromise on the text. The work will therefore continue in the autumn under the new Parliament. The new ECON committee is not likely to re-start the work on the file before September-October at the earliest. A new Rapporteur will have to be appointed as the previous Rapporteur (Said El Khadraoui) was not re-elected.</p>	<ul style="list-style-type: none"> <li>• <b>The trilogue negotiations have started</b></li> <li>• The main elements of the Council's <a href="#">negotiating position</a> relevant to treasurers are: <ul style="list-style-type: none"> <li>• Two specific types of CNAV funds would be allowed to continue to operate in the EU: i) funds that invest 99,5% of their assets in government debt and ii) funds that have specific investor base outside the EU</li> <li>• Introduction of a new category of funds, Low Volatility NAV funds (LVNAVs), similarly to the Parliament's position. However the Council proposes no ‘sunset clause’ to these funds but an evaluation of their functioning after five years. Current CNAV funds would have to convert to LVNAV funds within two years from the entry into force (or become CNAV funds as described above)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• It should be ensured that LVNAV funds can have same day liquidity</li> <li>• Sunset clause on LVNAV funds which would make fund managers reluctant to offer such a product</li> </ul>

### Money Market Funds (MMFs) Regulation

	<ul style="list-style-type: none"> <li>• Both LVNAVs and CNAVs would have to have liquidity fees and redemption gates in place</li> <li>• The Parliament has already agreed on its position. The main elements of the position are as follows:           <ul style="list-style-type: none"> <li>○ CNAV funds would be allowed in two cases only: those with retail investors only (not open for subscription by corporates) and those which invest in EU government debt</li> <li>○ In addition to this a new category of funds will be created called Low Volatility NAV funds which would also be allowed to show a stable share price. These funds would be allowed to use amortised cost accounting only for assets of maturity up to 90 days.</li> <li>○ For both CNAV funds and LVNAV funds there will be redemption gates and fees.</li> <li>○ External credit ratings would be allowed, contrarily to what was</li> </ul> </li> </ul>	
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### Money Market Funds (MMFs) Regulation

	originally proposed by the Commission	
<p><b>Key documents:</b></p> <ul style="list-style-type: none"><li>• <a href="#">Commission proposal for regulating MMFs</a></li><li>• <a href="#">IOSCO Policy Recommendations for MMFs</a></li><li>• <a href="#">Parliament position on MMFs</a></li></ul>		

Financial Transaction Tax (FTT)		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<p>Council agreed to the “enhanced cooperation” procedure between 11 Member States (Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia) at the end of January.</p> <p>The Commission issued a <a href="#">proposal for a Directive</a> on 14 February 2013 (see also the <a href="#">press release</a> and the <a href="#">Questions &amp; Answers</a>).</p> <p>The new proposal is based on the previous text presented in 2011 with some amendments and to have the following main aspects:</p> <ul style="list-style-type: none"> <li>• The scope of instruments covered is very broad including shares and bonds at 0.1% and derivatives at 0.01%. CFDs, equity derivatives, depository receipts, money market instruments, structured products are also covered. The applicable rates are minimum harmonized rate levels paving the way for individual countries to possibly adopt higher levels. Furthermore, cascade effects could make the effective rate higher as the transactions would be taxed separately from different market participants at different stages.</li> <li>• The FTT would cover the purchase and sale of the financial instrument before netting and settlement and it would be applied on the basis of a</li> </ul>	<ul style="list-style-type: none"> <li>• It has been reported that Austria, leading the discussions on FTT, has decided to postpone the deadline for reaching an agreement that was set for September. Eurozone finance ministers will discuss the file in October.</li> </ul>	

<u>Financial Transaction Tax (FTT)</u>		
<b>Content and legislative status</b>	<b>Latest developments</b>	<b>Issues from treasury perspective / EACT position</b>
<p>combination of the residence principle and the location of where the financial instrument is issued.</p> <ul style="list-style-type: none"> <li>The proposal also provides for implementing acts regarding uniform collection methods of the FTT and the participating countries would have to adopt appropriate measures to prevent tax evasion, avoidance and abuse.</li> <li>There will be an exemption for primary market transactions (i.e. subscription/issuance).</li> </ul> <p>The extra-territorial impact of the FTT could be very wide due to the design of the tax: an FTT Zone financial institution's branches worldwide will be subject to the FTT on all of their transactions and non-FTT Zone financial institutions will be taxed for transactions with parties in the FTT Zone, and whenever they deal in securities issued by an FTT zone entity.</p>		
<p><b>Key documents:</b></p> <ul style="list-style-type: none"> <li><a href="#">Commission proposal</a></li> <li><a href="#">Commission Impact Assessment; Summary of Impact Assessment</a></li> <li><a href="#">EACT position paper</a></li> </ul>		

<u>Financial benchmarks</u>		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<p><u>Benchmark Regulation:</u></p> <p>The Benchmark Regulation aims to improve governance, transparency and calculation methodology for financial benchmarks. The Regulation requires benchmark administrators to obtain authorisation from their competent authority and adhere to different requirement, e.g. concerning internal governance and benchmark methodology. Benchmark contributors will have to make mandatory contributions in some cases (to critical benchmarks) and will have to respect a code of conduct. Users (such as corporates) will only be able to use EU authorized benchmarks. Concerning non-EU benchmarks, these may be used in the EU only if they are based in jurisdictions deemed equivalent by the EU, have been recognised by a Member State or have been endorsed by an EU administrator.</p> <p>The final compromise text of the Benchmark Regulation was adopted in December 2015 but still needs to be published in the Official Journal and will be of application 18 months thereafter.</p> <p><u>Review of LIBOR and EURIBOR:</u></p> <p>Libor and Euribor administrators are reforming the</p>	<p><b>The Benchmark Regulation was published in the <a href="#">Official Journal</a>. The Regulation will apply as of January 2018.</b></p> <p><b>The Commission has adopted the first <a href="#">Implementing Regulation</a> establishing a list of critical benchmarks pursuant to the Benchmark Regulation. EURIBOR is the only listed critical benchmark for the moment.</b></p> <p>The LIBOR administrator ICE published its <a href="#">Roadmap</a> for ICE LIBOR. The main points in the Roadmap of relevance to corporate treasurers are as follows:</p> <ul style="list-style-type: none"> <li>• LIBOR will use a 'waterfall' of submission methodologies to ensure that LIBOR panel banks use real transaction data where possible on one hand and on the other hand ensure that LIBOR will continue to be published regardless of activity levels on a particular day. ICE states that the</li> </ul>	

<u>Financial benchmarks</u>		
<b>Content and legislative status</b>	<b>Latest developments</b>	<b>Issues from treasury perspective / EACT position</b>
benchmarks, more information on the <a href="#">EMMI website</a> (euribor) and <a href="#">ICE website</a> (libor)	<p>planned measures are unlikely to cause issues of legal continuity.</p> <ul style="list-style-type: none"> <li>• Transactions with corporations as counterparties to a bank's funding transactions are included in the list of eligible transactions but only for maturities greater than 35 calendar days. Transactions will be used with no premium or discount to adjust the transacted prices.</li> <li>• Transactions from an expanded list of funding centres will be used</li> <li>• Publication time will remain 11.45 London time; the collection window will be the period since the previous submission. The transactions from the previous day will be volume-weighted lower compared to weighting of transactions from the same day.</li> <li>• Minimum transaction size will be: overall minimum thresholds of USD / EUR / GBP / CHF 10m (or JPY 1,000m)</li> </ul>	



<u>Financial benchmarks</u>		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<b>Key documents:</b> <ul style="list-style-type: none"><li>• <a href="#">The final compromise text of the Benchmark Regulation</a><a href="#">IOSCO Principles for financial benchmarks</a></li></ul>		

<u>Regulation on structural measures improving the resilience of EU credit institutions (structural separation of banks)</u>		
<b>Content and legislative status</b>	<b>Latest developments</b>	<b>Issues from treasury perspective / EACT position</b>
<p>The Commission has adopted a proposal for Regulation, which contains the following main aspects:</p> <ul style="list-style-type: none"> <li>• Banning of proprietary trading</li> <li>• Potential separation of certain trading activities (market making, OTC derivatives trading, complex securitized products etc.) The banking supervisor would monitor banks' activities and could require a separation of these activities into a separate entity.</li> </ul> <p>The Regulation would apply only to the biggest banks, i.e. those deemed to be of global systemic importance or those exceeding 30 billion euros in total assets and trading activities either exceeding 70 billion euros or 10% of the bank's total assets.</p> <p>The Commission adopted its proposal on 29 January which will be subject to the ordinary legislative procedure. According to the proposal the proprietary trading ban would apply as of 1 January 2017 and the separation of other trading activities as of 1 July 2018.</p>	<p>The different political groups in ECON have not been able to agree on a compromise text.</p> <p>The Council has already adopted its <a href="#">negotiating position</a>. The Council position proposes substantial changes to the original Commission proposal, and would apply only to banks deemed of global systemic importance or banks that exceed certain thresholds for trading etc.</p> <p>The Council position includes amongst others the following:</p> <ul style="list-style-type: none"> <li>• Mandatory separation of proprietary trading</li> <li>• Other trading activities would be subject to an assessment by competent supervisors who could request a separation to a trading unit or additional prudential measures, if risks are considered excessive.</li> <li>• As advocated by the EACT, non-cleared OTC derivatives would not be part of the activities subject to a possible</li> </ul>	<ul style="list-style-type: none"> <li>• Impact on market-making</li> <li>• Impact on the availability of OTC derivatives as core (retail) institutions would not be able to offer OTC derivatives to their non-financial customers</li> <li>• Impact on pricing</li> </ul>



### Regulation on structural measures improving the resilience of EU credit institutions (structural separation of banks)

separation.

#### Key documents:

- [Text of the proposal](#)
- Impact assessment:
  - [Executive Summary](#)
  - [Full text](#)

### Regulation on reporting and transparency of securities financing transactions

Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<p>SFTR aims to reduce risks and improve the transparency linked to securities financing transactions (includes repos, reverse repos and stock lending). All transactions should be reported to a central database (similarly to EMIR with the details to be defined by ESMA). This obligation applies to both financial and non-financial counterparties.</p> <p>The regulation also imposes increased transparency and conditions on rehypothecation (reuse of collateral by the collateral-taker for their own purposes)</p>	<p>The SFTR Regulation was published in the Official Journal. The reporting regime will be put in place gradually, from May 2018 to February 2019. ESMA is mandated to develop the technical and implementing standards for reporting, and is currently holding a <a href="#">public consultation</a> on the topic.</p>	
<p><b>Key documents:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Text of the Regulation in the Official Journal</a></li> </ul>		

Capital Markets Union		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<p>The Capital Markets Union (CMU) is a plan of the European Commission that aims to create deeper and more integrated capital markets in the 28 Member States of the EU.</p> <p>With the CMU, the Commission will explore ways of reducing fragmentation in financial markets, diversifying financing sources, strengthening cross border capital flows and improving access to finance for businesses, particularly SMEs.</p> <p>The CMU is a multi-year project and is likely to include a variety of legislative and non-legislative measures. The short-term actions include work on securitisation, Prospectus Directive and private placements. The longer term work includes actions on company, insolvency, securities and tax laws.</p> <p>As part of the CMU Action Plan, the Commission proposed in November to review the <a href="#">Prospectus Directive</a> (the prospectus regime defines the format and the content of the legal document that has to be drafted by companies wishing to raise funds on capital markets by issuing securities (shares, bonds) that are offered to the public or are admitted to trading on a regulated market). The aim of the Commission is to streamline the prospectus regime and to make the issuance of shares and bonds easier for companies. The main changes compared to the current regime are as follows:</p> <ul style="list-style-type: none"> <li>• the new regime will take the form of a Regulation, which aims at harmonising national differences in application and</li> </ul>	<p>The Council reached a <a href="#">general approach</a> on the Prospectus file. The Council's approach would maintain the current waiver for producing a prospectus for companies selling securities in denominations of €100,000 or more, contrarily to what the Commission had proposed. Other elements of relevance to treasurers :</p> <ul style="list-style-type: none"> <li>• the summary would be limited to six pages, cross references to other parts of the prospectus would be prohibited</li> <li>• there would be no obligation to allocate risks according to materiality and probability of occurrence in the summary (as was discussed by the Council); however the risk factors would be limited to 10</li> </ul> <p>The Commission published the first <a href="#">CMU status report</a>. It reports on:</p> <ul style="list-style-type: none"> <li>• the actions taken actions</li> </ul>	

Capital Markets Union		
<p>implementation</p> <ul style="list-style-type: none"> <li>• “passporting” prospectuses from one Member State to another to become easier</li> <li>• thresholds for exemption are increased: no prospectus would be needed if the securities offering is between 500 000 and 10 million euros</li> <li>• stricter rules concerning the length and the content of the summary</li> <li>• limits to the section concerning risk (risks listed can only be ‘material and specific to the issuer and securities’)</li> <li>• lighter regime for secondary issuances</li> </ul>	<p>adopted since the adoption of the CMU Action Plan (legislative proposal on Securitisation, proposal to review the Prospectus Directive, consultation on insolvency, launch of the call for evidence etc;</p> <ul style="list-style-type: none"> <li>• the key initiatives scheduled over the rest of 2016 (proposal on Common Consolidated Corporate Tax Base, reviewing legal framework for venture capital fund etc); and</li> <li>• the preparation of other CMU actions and closely related measures which will be delivered in 2017-18 (identifying barriers to the development of private placements, comprehensive review of the functioning of the corporate bond market etc.)</li> </ul> <p>The Commission also published a <a href="#">summary of responses</a> received to the Call for Evidence on EU financial</p>	



### Capital Markets Union

regulation. The Commission plans to come forward with a full report (including planned actions) this summer.

#### Key documents:

- [Commission CMU website](#) (all relevant documents are available here)

Credit Rating Agencies		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
ESMA consulted on competition, choice and conflicts of interests in the credit rating industry. This consultation starts the formal review of the CRA Regulation currently in place and ESMA is expected to draft a report to the Commission in the autumn with its recommendations. The Commission could then propose a legislative review in 2016.	ESMA <a href="#">published</a> its technical advice and a report to the Commission on the regulation of credit rating agencies. ESMA does not seem to make specific recommendations on issues such as mandatory rotation of agencies and business model. ESMA also published a report on reducing mechanistic reliance on credit ratings, and recommends that rather than removing all references to credit ratings in EU and national legislation, future action should focus on improving information, data and tools so that rating users can carry out their own assessments, therefore reducing mechanistic reliance on ratings. Based on the ESMA report and other inputs, the Commission is due to report at the beginning of next year on the CRA Regulation to the Parliament and the Council.	
<b>Key documents:</b> <ul style="list-style-type: none"> <li>• <a href="#">ESMA consultation page</a></li> </ul>		

<u>Payments Package</u>		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<p><b>Revision of the Payment Services Directive (PSD):</b>  The main changes introduced by the revision are the following:</p> <ul style="list-style-type: none"> <li>• Banning of surcharging on payment cards covered by the MIF Regulation</li> <li>• Inclusion of third-party payment service providers in the scope</li> <li>• Extension of the scope of the PSD e.g. where at least the payer's PSP is acting from within the EEA / extension to all currencies</li> </ul> <p><b>Regulation on card interchange fees:</b>  The Regulation will impose mandatory caps for card interchange fees: for debit card payments, the cap will be 0.2% for crossborder transactions and 0.2% of weighted average for national payments; for credit cards the cap will be 0.3% of the transaction value.</p>	<p><b>The EBA is consulting on Regulatory Technical Standards on strong customer authentication on secure communication under PSD2. The consultation runs until 12 October 2016.</b></p>	<p>EACT position paper on PSD concentrates on the following issues:</p> <ul style="list-style-type: none"> <li>• Need for a clear exemption for intra-group transactions in order to maintain corporate in-house banks outside the scope of the PSD</li> <li>• Arguing against the proposed changes to the unconditional right to refund for direct debits</li> </ul>
<p>Key documents:</p> <ul style="list-style-type: none"> <li>• <a href="#">Payment Services Directive 2</a></li> <li><a href="#">Regulation on interchange fees for card-based payment transactions</a></li> </ul>		

Transatlantic Trade and Investment Partnership (TTIP)		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
<p>Trade agreement currently being negotiated between the EU and the US. The aim is to remove trade barriers (tariffs, unnecessary regulations, restrictions on investment etc.) in a wide range of economic sectors.</p> <p>Financial services have been included in the negotiations, however the main counterparties in the US (Treasury, Fed, CFTC) whereas the EU is in favour of covering financial services in the agreement. It is not clearly defined as yet what the negotiations regarding financial services will cover, but issues such as making substituted compliance / equivalence work better, formalisation of the existing dialogue and market access could be on the table.</p>	<p>At the end of April the EU published a '<a href="#">state of play</a>' document on the TTIP negotiations. It states that discussions on financial services continue, the focus being on establishing a framework for regulatory cooperation.</p>	<ul style="list-style-type: none"> <li>• Preserving existing exemptions (CVA in CRD IV)</li> <li>• Ensuring regulatory convergence</li> </ul>
<p><b>Key documents:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">Commission TTIP website</a></li> <li>• <a href="#">Commission negotiating position on financial services</a></li> </ul>		



<u>SEPA</u>		
<b>Content and legislative status</b>	<b>Latest developments</b>	<b>Issues from treasury perspective / EACT position</b>
<p>The Commission proposed a period of six months (until 1 August 2014) during which non-SEPA formats would still be allowed. The Regulation will have retroactive effect as from 31 January 2014. However, national authorities' approaches to this extension seem to have some differences.</p> <p>Regarding SEPA governance, the ECB has established the <a href="#">European Retail Payments Board</a> (ERPB) which replaces the former SEPA Council.</p>	<p>The European Payments Council started a <a href="#">public consultation</a> on changes to the SEPA credit transfer and direct debit payment schemes. The consultation runs until 4 July.</p> <p>The EPC also started a <a href="#">consultation</a> on the first rulebook for instant SEPA credit transfers. The consultation runs until 10 July.</p> <p>As from 1 May 2016 the islands of Jersey, Guernsey, and the Isle of Man ('British Crown Dependencies') will become part of the geographical scope of the SEPA Schemes as defined by the European Payments Council. More information available <a href="#">here</a>.</p>	
<p><b>Key documents:</b></p> <ul style="list-style-type: none"> <li>• <a href="#">SEPA Regulation</a></li> <li>• <a href="#">Regulation 248/2014 amending the SEPA migration deadline</a></li> <li>• <a href="#">ECB website on national SEPA migration plans</a></li> </ul>		

<b><u>Markets in Financial Instruments (MiFID / MiFIR 2)</u></b>		
<b>Content and legislative status</b>	<b>Latest developments</b>	<b>Issues from treasury perspective / EACT position</b>
MiFIR / MiFID 2 have been adopted and currently Level 2 measures are being developed by ESMA.	<p>The Council officially approved the delay of entry into force of MiFID/R 2 to January 2018 (<a href="#">Council press release</a>; <a href="#">MiFID text amending the dates</a>; <a href="#">MiFIR text amending the dates</a>)</p> <p>As part of postponing the entry into force date, it has been clarified that non-financial companies using Multilateral Trading Facilities (MTFs) for their hedging transactions will continue to benefit from the exemption for dealing on won account, and will therefore not have to be MiFID-licensed.</p>	
Key documents: <ul style="list-style-type: none"> <li>• <a href="#">MiFIR text</a></li> <li>• <a href="#">MiFID text</a></li> </ul>		

Basel III / CRD IV		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
Legislation on bank capital, liquidity and leverage	<ul style="list-style-type: none"> <li>• The Basel Committee is planning to review the Basel III framework in order to restrict banks' use of internal models in order to calculate risk-weightings, and move towards the use of standardized models. The European banking industry has heavily argued against such changes, and argue that they would force banks to raise significant additional capital, and they would be much more penalising for European banks than their US counterparts. Several EU policy-makers and legislators have also argued against, see for instance EU finance ministers' <a href="#">declaration</a> of 12 July and the <a href="#">joint letter</a> of Presidents Juncker and Tusk ahead of the G20 summit.</li> <li>• The EBA has published a <a href="#">report</a> on the impact assessment and calibration of the Leverage Ratio (LR), recommending the introduction of a LR of 3% in the EU to mitigate the risk of excessive leverage. The report will inform the future European Commission legislative proposal on leverage ratio.</li> <li>• Oliver Wyman published a study, commissioned by the GFMA, entitled '<a href="#">Interaction, Coherence and Overall Calibration of Post Crisis Basel Reforms</a>'</li> </ul>	



Key documents:

- [Commission CRD IV website](#)

Country-by-country reporting		
Content and legislative status	Latest developments	Issues from treasury perspective / EACT position
Commission adopted a legislative proposal on corporate tax transparency for multinational companies. The proposal applies to both EU and non-EU multinationals operating in the EU with global revenues exceeding 750 million euros per year. The proposal would amend the current Accounting Directive and would oblige these companies to disclose publicly information on profits made and taxes paid on a country by country basis both for EU countries and for tax jurisdictions that do not abide by tax good governance standards (tax havens) and on an aggregated basis for other jurisdictions.	Commission adopted the proposal and it will now be subject to the co-decision process by the Parliament and the Council	
Key documents: <ul style="list-style-type: none"> <li>• <a href="#">Text of the proposal</a></li> </ul>		



### Legislative initiative

### Timeline of next steps and actions



<b>EMIR</b>	Clearing obligation to gradually start mid 2016	Rules for margining non-centrally cleared OTC derivative transactions to be applied as of mid 2017	
<b>FTT</b>	Negotiations	Negotiations	Probable implementation (if any) likely not to take place before 2017/2018
<b>CRD IV</b>			
<b>MiFID / MiFIR</b>	Level 2 measures under development		Entry into force
<b>Benchmarks</b>	Level 2 measures under development		Entry into force
<b>Bank structural separation</b>	European Parliament to formulate its position - to be followed by triilogue negotiations	European Parliament to formulate its position - to be followed by triilogue negotiations	
<b>PSD II</b>		Entry into force two years after adoption	