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Regulatory Highlights

1. Publication of the Belgian Brexit Act introducing the Insurance Underwriter Agent category

On 10 April, the Act of 3 April 2019 regarding the withdrawal of the UK from the EU was published in the Belgian Official Journal ([FR/NL](#)). This new Act introduces in the Insurance Act of 4 April 2014 a new insurance intermediary category: the insurance underwriter agent. An additional category, reserved for underwriting agents, will be created in the FSMA's register of intermediaries.

As defined by the new Act, an underwriter agent is an insurance intermediary who, as an authorized representative of one or more insurance undertakings, has the power to accept to cover risks and to conclude and manage insurance contracts in the name and on behalf of the latter.

The underwriter agent needs to be registered as an insurance intermediary and is subject to some specific provisions introduced by the new regulation, on top of the new rules of conduct introduced by the Insurance Distribution Directive into the Insurance Act of 4 April 2014.

The purpose of this new Act is to create a greater clarity on the existence of underwriting agents, both for clients (policyholders, insureds, beneficiaries) as for insurance intermediaries who collaborate with underwriting agents. It also aims to avoid frauds perpetrated by unauthorized persons or underwriters collaborating with insurance companies not duly licensed in Belgium and to ensure that persons engaged in such activities have a sufficiently and entrusted organization.

This part of the Brexit Act entered into force on 10 April 2019. A transitory period is however foreseen:

- within three months from the entry into force of the law, entities already performing insurance underwriting activities in Belgium under an insurance intermediary licence must notify the FSMA; and
- within 12 months from the entry into force of the law, these entities must either stop/transfer their insurance underwriting activities or apply to the FSMA for a registration as insurance.

2. ESMA updates MiFID II supervisory briefing on appropriateness and execution-only

On 4 April, ESMA published an [updated version of its MiFID II supervisory briefing on appropriateness and execution-only](#). This supervisory briefing is an updated version of ESMA's 2012 supervisory briefing on the same topic and takes into account the new version of [ESMA's guidelines on suitability](#) published on 28 May 2018 with respect to aspects also relevant to the appropriateness rules.

The key takeaways of the updated supervisory briefing can be summarised as follows:

Execution only

- firms relying on the exemption for execution-only should ensure that their internal policies and procedures define and meet the requirements for the execution-only exemptions in every instance that the exemption is relied on; and
- firms may define lists of investment products that may be regarded as “non-complex” for the purposes of the appropriateness requirements. However, these lists should be regularly reviewed and updated. Products that are not included in this list should still be assessed.

Obtaining information from clients

The updated briefing puts forward a number of questions, which should be used to assess a firm’s approach to obtaining information about a client’s knowledge and experience. When obtaining information about a client’s knowledge and experience, firms should consider the increasing complexity of products, which may require additional or more detailed questioning. When using a questionnaire to obtain client information, firms should consider elements such as the complexity of the questions, inconsistencies between different responses, but also whether the general design of the questionnaire enables the collection of required information in an accurate manner.

Assessment of appropriateness

Again, the updated briefing puts forward a number of elements, which should be used to evaluate a firm’s approach to the assessment of appropriateness.

Warnings to clients

The updated briefing elaborates on how generic the wording of the warning can be, as well as potentially using different warnings depending on the risk level and complexity of the products.

Qualifications from staff

Firms should consider how relevant staff is trained and account for the specific training requirements on all aspects of the appropriateness process.

Recordkeeping

The updated briefing note sets forward a number of questions, which can be used by regulators to assess whether a firm has in place sufficient recordkeeping arrangements on the assessment of appropriateness.

Conduct of Business & Products

Normative Documents

See Highlight 1 on the Publication of the Belgian Brexit Act introducing the Insurance Underwriter Agent category.

Belgian Official Journal

Act of 4 April 2019 modifying the Act of 4 April 2014 on insurances to introduce a right to be forgotten for certain types of personal insurance

On 18 April the Act of 4 April 2019 modifying the Act of 4 April 2014 on insurances to introduce a right to be forgotten for certain types of personal insurance was published in the Belgian Official Journal ([FR/NL](#)).

The new Act aims to facilitate the access to debt balance insurances for persons who have in the past recovered from a serious illness. Under specific conditions, the Act will allow them to avoid any additional fees due to their medical history.

The newly introduced rules will apply as from 28 April 2019 and further guidance is expected as power has been given to the King to issue reference tables.

Act of 22 April 2019 modifying the Act of 4 April 2014 on insurance to adapt the termination conditions of insurance contracts to enhance consumer protection

On 30 April, [the Act of 22 April 2019 modifying the Act of 4 April 2014 on insurance to adapt the termination conditions of insurance contracts to enhance consumer protection](#) was published in the Belgian Official Journal.

The Act provides the possibility to define, by Royal Decree, a shorter time in which the policyholder can oppose the tacit renewal.

Consultative documents

Financial Services and Markets Authority (FSMA)

New frequently asked questions (FAQs) about supplementary pensions – Information for the employer

On 3 April, the FSMA published a new section of the FAQs on supplementary pensions.

The new FAQs provide answers to questions about sectoral pension plans ([FR/NL](#)) and about how to set up, amend or terminate a pension plan ([FR/NL](#)).

European Parliament (EP)

Report on the proposal for a Regulation of the EP and of the Council on sovereign bond-backed securities (SBBS)

On 15 April, the EP published an [adopted text](#) on the proposal for a Regulation of the EP and of the Council on SBBS. The text adopted by the EP includes certain amendments to the European Commission (EC)'s proposal. The proposal lays down precise eligibility criteria for SBBS to benefit from the envisaged regulatory treatment. The proposal also amends a number of legislative acts setting out the regulatory treatment of SBBS held by banks and other financial operators. The proposed Regulation lays down a general framework for SBBSs and applies to original purchasers, special purpose entities, investors, and any other entity involved in the issuance or holding of SBBSs.

European Securities and Markets Authority (ESMA)

ESMA updates its questions and answers (Q&As) on the Markets in Financial Instruments Directive (MiFID II) and the Markets in Financial Instruments Regulation (MiFIR) transparency topics

On 2 April, ESMA updated its Q&As regarding [market structures](#) and [transparency issues](#) under MiFID II and MiFIR. The new Q&As provide clarification on the following topics:

- the determination of the turnover to be used for the average value of transactions calculation;
- money market instruments;
- the impact for systematic internalisers of an instrument changing liquidity status in between the systematic internaliser determination dates;
- The reporting of prime brokerage transactions;
- The quoting obligation for systematic internalisers in non-equity financial instruments;
- branches of third country firms operating as systematic internaliser in the EU; and
- third-country trading venues' access to an EU central counterparty.

ESMA updates Q&As on MiFIR data reporting

On 9 April, ESMA updated its [Q&As on data reporting under MiFIR](#). The Q&As on a defined list of instruments provide new answers on how operators of trading venue(s) should report instrument reference data. The amendments to the existing Q&As on MiFIR data reporting became effective from 9 April 2019.

ESMA agrees on position limits under MiFID II

On 30 April, ESMA published five opinions on [position limits](#) regarding commodity derivatives under MiFID II/MiFIR. ESMA's opinions agree with proposed position limits regarding:

- [Belgian Power Baseload Futures](#);
- [EEX Dutch Power Baseload Futures](#);
- [Phelix DEAT OTF Base Futures](#);
- [Phelix DE Power Peak Futures](#); and
- [Phelix DEAT Power Peak Futures](#).

ESMA found that the proposed position limits are consistent with the objectives established in MiFID II and with the methodology developed for setting those limits.

European Insurance and Occupational Pensions Authority (EIOPA) EIOPA updates Pension Registers

On 12 April EIOPA published decisions to revise the following three Pension Registers:

- [decision of the Board of Supervisors on the reporting of national provisions of prudential nature relevant to the field of occupational pension schemes](#);
- [decision of the Board of Supervisors on the Register of institutions for occupational retirement provision IORPs](#); and
- [decision of the Board of Supervisors on the database of Pension Plans and Products in the European Economic Area \(EEA\)](#).

The three revised Pension Registers will accommodate changes required by the implementation of the IORP II Directive.

EIOPA identifies areas for improvement in the supervision of the prudent person rule compliance by IORPs

On 15 April, EIOPA published [the findings of its peer review examining how national competent authorities ensure that IORPs comply with the prudent person rule](#). This report presents the findings of the peer review, including identified best practices and recommended actions.

The review found that supervisory approaches are largely determined by the manner in which the Prudent Person Rule is embedded in national legislation and that supervisory approaches also vary according to type of scheme (defined benefit or defined contribution) and maturity of the pension industry.

International Organization of Securities Commissions (IOSCO) IOSCO report on behavioural insights seeks to enhance retail investor protection

On 2 April, IOSCO published a [report on the application of behavioural insights to retail investor protection](#). The report, which describes behavioural biases and how they affect retail financial markets, finds that individuals tend to make different decisions when interacting with an online interface as opposed to interacting with a human or relying on print materials. The report concludes that while measures using behavioural insights have the potential to promote informed decision-making, it is important that regulators continue to impose standards of conduct on investment professionals.

European Investment Bank (EIB) Group EIB Group 2018 sustainability report

On 30 April, the EIB Group published its [2018 sustainability report](#). The report, which celebrates 60 years of sustainable development of Europe based on balanced economic growth, highlights the success of the European Fund for Strategic Investments (EFSI), but also the key challenge of the climate as one of the biggest commitments both inside and outside the EU.

Financial Crime & Market Integrity

Normative documents

European Council (EU Council)

EU Council puts in place tighter rules to fight non-cash payment fraud

On 9 April, the EU Council formally adopted the [Directive on combating fraud and counterfeiting of non-cash means of payment](#).

The Directive updates the existing rules to ensure that a clear, robust and technology-neutral legal framework is in place. It also gets rid of operational obstacles that hamper investigation and prosecution, and foresees actions to enhance public awareness of fraudulent techniques such as phishing or skimming.

The Directive will now be formally signed and then published in the Official Journal of the European Union (OJ). Member states will have two years (from the publication in the OJ) to implement the new provisions.

Belgian Official Journal

Royal Decree (RD) of 7 April 2019 on the functioning of the central point of contact on financial accounts and contracts (PCC)

On 30 April, the RD of 7 April 2019 on the functioning of the PCC was published in the Belgian Official Journal ([FR/NL](#)).

The purpose of the RD is to determine:

- the communication threshold at the PCC of financial transactions and contracts;
- the arrangements for the communication of data to the PCC by the information providers;
- the terms and conditions for the exchange of data with the persons entitled to receive the information as well as the retention period of the data in the PCC, in accordance with the provisions relating to the protection of privacy with respect to processing of personal data;
- the terms of financing of the PCC;
- the methods of imposing administrative fines for non-compliance with Article 4 of the PCC-Act regarding the communication of information on each client to the PCC; and
- the transitional measures allowing a smooth transition from the current PCC to the new PCC.

The RD entered into force and applied since 10 May 2019 with the exception for part of the new rules that will only apply as from 1 January 2020.

Consultative documents

Financial Action Task Force (FATF)

Report to G20 Finance Ministers and Central Bank Governors

On 12 April, the FATF published its [report to the G20 Finance Ministers and Central Bank Governors](#).

The report sets out the FATF's ongoing work to fight money laundering (ML) and terrorist financing (FT), and in particular in the following areas:

- strengthening the institutional basis, governance and capacity of FATF;
- the FATF's work programme on virtual currencies/crypto assets;
- countering the FT;
- countering the financing of proliferation of weapons of mass destruction;
- improving transparency and the availability of beneficial ownership information;
- improving the effectiveness of the criminal justice system: FATF engagement with judges and prosecutors;
- financial technologies, regulatory technologies: digital identity; and
- de-risking.

Governance & Risk Management

Normative documents

No relevant texts.

Consultative documents

No relevant texts.

Capital & Liquidity

Normative documents

European Commission (EC)

Amendment to the Capital Requirements Regulation (CRR) as regards minimum loss coverage for non-performing loans (NPLs)

On 25 April, the [Regulation \(EU\) 2019/630 of the European Parliament \(EP\) and of the Council of 17 April 2019 amending CRR as regards minimum loss coverage for non-performing exposures](#) was published in the Official Journal of the European Union (OJ). The rules contained in the [CRR](#) set, capital requirements applying to banks with non-performing loans on their balance sheets. The aim of the reform is to ensure that banks set aside sufficient own resources when new loans become non-performing and to create appropriate incentives to avoid the accumulation of NPLs. Based on a common definition of NPLs, the proposed new rules introduce a "prudential backstop", i.e. a common minimum loss coverage for the amount of money that banks need to set aside to cover losses caused by future loans that turn non-performing. Different coverage requirements will apply depending on the classifications of the NPLs as "unsecured" or "secured" and whether the collateral is movable or immovable.

The Regulation entered into force and applies since 26 April 2019.

Consultative documents

European Commission (EC)

Adoption of the banking package

On 16 April, the EC published a [fact sheet](#) with the adoption of the banking package, containing revised rules on capital requirements ([CRR/ Capital Requirements Directive](#)) and resolution ([Bank Recovery and Resolution Directive/Single Resolution Mechanism](#)). The EP endorsed the provisional agreement reached with Member States during the political trilogies at the beginning of December. The agreement includes, among others, the following key measures of the packages:

- a leverage ratio requirement for all institutions and a leverage ratio buffer for all global systemically important institutions;
- a net stable funding requirement;
- a standardised approach for counterparty credit risk;
- a leverage ratio;
- a new market risk framework for reporting purposes; and
- an updated macro-prudential toolkit.

The publication in the OJ is expected in early June 2019, leading to entry into force at the start of July 2019.

European Central Bank (ECB)

Results of 2018 supervisory review and evaluation process (SREP)

On 8 April, the ECB published a [press release](#) with the aggregate outcome of its 2018 SREP. The overall SREP demand for common equity tier 1 (CET1) capital increased to 10.6% in 2018 from 10.1% in 2017, which was

driven by the last step of the phase-in of the capital conservation buffer. The overall 2018 SREP outcome showed that banks' governance and risk management worsened from the previous SREP cycle, while the assessment of banks' management of liquidity and funding risks remained largely unchanged. The risk management framework of a number of banks should continue to improve. Next to this, the ECB published a [SREP methodology booklet](#), which contains all 2018 SREP decisions applicable in 2019. It includes explanations about the level playing field, high standards of supervision and a sound risk assessment.

Supervisory banking statistics for the 4th quarter of 2018

On 11 April, the ECB published a [press release](#) with supervisory banking statistics for the 4th quarter of 2019. Overall, capital ratios for significant institutions increase slightly in the fourth quarter of 2018, with total capital ratio at 17.95% (up from 17.83% in the third quarter). NPLs ratio falls to 3.80%, lowest level since time series first published in 2015 and the liquidity coverage ratio increases to 145.61%.

Basel Committee of Banking Supervision (BCBS)

New consolidated Basel framework

On 9 April, the BCBS launched a [new section of its website](#) that sets out a consolidated version of its global standards for the regulation and supervision of banks. The consolidated framework aims to improve the accessibility of the BCBS's standards and to promote their consistent global interpretation and implementation. The publication of the standards in the new format has focused on reorganising existing requirements, not introducing new ones.

The BCBS welcomes comments on the accuracy and clarity of the consolidated framework and on the proposed technical amendments to the standards. Comments should be uploaded [here](#) by Friday 9 August 2019.

European Banking Authority (EBA)

EBA final draft regulatory technical standards (RTS) on the conditions to allow institutions to calculate capital requirements of the securitised exposures (KIRB)

On 8 April, the EBA published its [final draft RTS on the conditions to allow institutions to calculate KIRB in accordance with the purchased receivables approach under Article 255 of the Securitisation Prudential Regulation amending CRR](#).

The draft RTS specify the conditions under which institutions may use the provisions on purchased receivables to make them fully workable in the context of securitisation transactions. For this purpose, retail securitised exposures shall be treated as purchased retail receivables and non-retail securitised exposures as purchased corporate receivables. The main areas that the draft RTS cover are:

- general approach to the relationship between the internal ratings based (IRB) rules on purchased receivables and the securitisation internal ratings-based approach framework;
- eligibility conditions to compute KIRB under the draft RTS;
- internal ratings-based permissions and prior experience;
- eligibility to use the retail risk quantification standards; and
- use of proxy data.

Implementing technical standards (ITS) with regard to relevant diversified indices and update of the list of diversified indices

On 11 April, the EBA updated the [list of stock indices meeting the requirements of Article 344 of CRR](#), which was originally published in December 2013. The list is part of the [draft Commission Implementing Regulation \(EU\) on amending Implementing Regulation 945/2014 laying down ITS with regard to relevant appropriately diversified indices in accordance with CRR](#). These ITS are drafted to calculate the capital requirements for position risk in equities according to the standardised rules. The list was updated according to the procedure and methodology laid down in the ITS and submitted to the EC for endorsement.

Inclusion of the Mortgage Credit Directive (MCD) in online Interactive Single Rulebook and questions and answers (Q&As) tool

On 25 April the EBA updated its online [Interactive Single Rulebook](#) and [Q&As tool](#) with the inclusion of MCD. Users will now be able to review on the EBA website all the EBA's final technical standards and guidelines associated with the [MCD](#) by navigating through the Directive on an article by article basis. The inclusion of the MCD into the Q&A tool will also allow users to submit any questions they may have on the application of this Directive and the EBA's work related to it.

European Insurance and Occupational Pensions Authority (EIOPA) Call for consistent application of the proportionality principle for the supervision of Solvency Capital Requirement (SCR)

On 10 April, EIOPA issued a [supervisory statement on the application of the proportionality principle in the supervision of the SCR](#). Consistent implementation of the proportionality principle is key to ensure supervisory convergence for the supervision of the SCR. To guarantee this convergence and consistent application of the proportionality principle, EIOPA considers the following key areas:

- proportionate approach;
- prudent calculation;
- risk management system and Own Risk and Solvency Assessment;
- supervisory reporting and public disclosure; and
- supervisory review process.

EIOPA is closely monitoring the application of the proportionality principle using its regular supervisory convergence tools such as peer reviews.

Disclosure & Reporting

Normative documents

European Commission (EC)

Commission Implementing Decision on third country equivalence for the purposes of the treatment of exposures under Capital Requirements Regulation (CRR)

On 1 April, the [Commission Implementing Decision \(EU\) 2019/536 of 29 March 2019 amending Implementing Decision 2014/908/EU as regards the lists of third countries and territories whose supervisory and regulatory requirements are considered equivalent for the purposes of the treatment of exposures in accordance with CRR](#) was published in the Official Journal of the European Union.

The new Implementing Decision amends [Implementing Decision 2014/908/EU](#) by adding Argentina to the list of third countries and territories whose supervisory and regulatory arrangements have been deemed equivalent to the corresponding EU supervisory and regulatory arrangements in line with the CRR.

The Implementing Decision entered into force and applies since 21 April 2019.

Consultative documents

European Insurance and Occupational Pensions Authority (EIOPA)

Consultation on corrections and amendments to the implementing technical standards (ITS) on reporting and disclosure

On 2 April, EIOPA published a [consultation](#) linked to corrections and amendments of the implementing technical standards (ITS) on reporting and disclosure.

The proposed amendments are kept to the minimum and do not reflect a detailed review of the requirements, which will be part of the 2020 Reporting and Disclosure Review. The proposals aim to align the reporting and disclosure with the amendments to the [Delegated Regulation \(EU\) 2015/35](#).

The consultation ran until 14 May 2019.

Crisis Management

Normative documents

No relevant texts.

Consultative documents

European Banking Authority (EBA)

Decision of the EBA on resolution reporting by resolution authorities

On 3 April, the EBA published its [decision of 3 April 2019 on resolution reporting by resolution authorities to the EBA](#). The decision covers the data to be reported, the institutions covered, the date of submission of the data, the quality of the data that has to have undergone internal controls and quality checks, the confidentiality and technical specifications, and the transitional provision.

This decision entered into force immediately.

Market Stability and Financial Markets Infrastructure

Normative documents

National Bank of Belgium (NBB)

Qualifying criteria for exemption from strong customer authentication

On 18 April, the NBB published Circular NBB_2019_06 regarding the qualifying criteria for an exemption from the principle of applying strong customer authentication (SCA) in accordance with Article 17 Commission Delegated Regulation (EU) 2018/389 ([NL/FR](#)). The NBB also includes the [application form](#) used to obtain this exemption on the use of SCA for secure corporate payment protocols and processes, as well as a [list](#) of payment protocols and processes for which the exemption already applies. Please note that the Circular and included provisions only apply to Belgian licensed credit institutions, payment institutions and e-money institutions that offer dedicated payment processes or protocols to payers who are legal persons and not consumers.

European Commission (EC)

Commission Delegated Regulation regarding the clearing obligation under the European Market Infrastructure Regulation (EMIR) in light of the UK withdrawal from the EU

On 10 April, the [Commission Delegated Regulation \(EU\) 2019/565 of 28 March 2019 amending Delegated Regulation \(EU\) 2015/2205, Delegated Regulation \(EU\) 2016/592 and Delegated Regulation \(EU\) 2016/1178 supplementing EMIR as regards the date at which the clearing obligation takes effect for certain types of contracts](#) was published in the Official Journal of the European Union (OJ). The regulatory technical standards on clearing obligations must be amended in light of the possible withdrawal of the United Kingdom from the EU. This Regulation entered into force on 10 April and shall apply from the date following that on which the Treaties cease to apply to and in the UK pursuant to Article 50 (3) of the Treaty on European Union. The Regulation shall not apply in either of the following cases:

- a withdrawal agreement concluded with the United Kingdom in accordance with Article 50(2) of the Treaty on European Union has entered into force by the date referred to in the second paragraph of this Article; and
- a decision has been taken to extend the two-year period referred to in Article 50(3) of the Treaty on European Union beyond 31 December 2019.

Commission Delegated Regulation regarding the application date of the clearing obligation for over-the counter (OTC) derivative contracts

On 29 April, the [Commission Delegated Regulation \(EU\) 2019/667 of 19 December 2019 amending Delegated Regulations \(EU\) 2015/2205, \(EU\) 2016/592 and \(EU\) 2016/1178 to extend the dates of deferred application of the clearing obligation for certain OTC derivative contracts](#) was published in the OJ. The amended Regulation laid down deferred dates of application of the clearing obligation for OTC derivative contracts concluded between counterparties, which are part of the same group, and where one counterparty is established in a third country and the other counterparty is established in the EU. To date, no implementing act pursuant to Article 13(2) of EMIR has been adopted in relation to the clearing obligation. Therefore, the application of the clearing obligation to OTC derivative contracts should be further deferred for a defined period of time or until the adoption of those implementing acts. The Regulation entered into force and applies since 30 April 2019.

Consultative documents

European Banking Authority (EBA)

Clarifications regarding second and third set of issues raised by the EBA's working group on application programming interface (API) under the revised Payment Services Directive (PSD2)

On 1 April, EBA published [responses to the second set of issues](#) that had been raised and discussed by participants of its working group on APIs under PSD2 and on 26 April the [responses to the third set of issues](#) were published.

The second set of issues relate to API performance and support, the provision of a list of Third Party Providers (TPPs) that are interested in testing, the testing by TPPs that are not authorised, and the timelines applicable across the EEA if Account Servicing Payment Service Providers (ASPSPs) want to be exempted from the fall-back mechanism. The third set of clarifications respond to issues raised on the portability of 'wide usage' data between EU Member States and on eIDAS certificates, in particular with regards to passporting, their use during the 'wide usage' period, and the reliance on the certificates by ASPSPs. The clarifications also respond to questions on the use by TPPs of agents and outsourcees for accessing payment accounts data and on the interpretation of the conditions of "widely used" and "design to the satisfaction of the TPPs".

Opinion on the nature of passport notifications for agents and distributors for e-money

On 24 April, EBA published its [opinion on the nature of passport notifications regarding agendas and distributors under PSD2, the Electronic Money Directive \(EMD2\), and the Anti-Money Laundering Directive \(AML2\)](#). The opinion provides clarity on the criteria that national competent authorities should use for determining when the use of an agent or distributor triggers an 'establishment' of the appointing institution in the host Member State or falls under the free provision of services.

European Securities and Markets Authority (ESMA)

Update on questions and answers (Q&As) regarding Transparency Directive

On 8 April, ESMA published its updated [Q&As regarding the Transparency Directive](#). The Q&As were modified in light of the new Brexit timeline. References made to the UK withdrawal from the EU do no longer include a specific date on which the UK might withdraw from the EU. Any other content of the Q&As remains unchanged.

Guidance on registering trade repositories (TRs) under EMIR and the Securities Financing Transactions Regulation (SFTR)

On 11 April, ESMA published a [guidance on registering TRs](#). The guidance clarifies ESMA's registration process for TRs to companies (the applicants) that intend to apply to become a TR under EMIR and/or SFTR. In case a TR is already registered under EMIR and intends to register under SFTR too, it needs to apply for an extension of registration. The information provided in the guidance applies to both cases.

Guidelines on internalised settlement reporting under the Central Securities Depositories Regulation (CSDR)

On 11 April, ESMA published its [guidelines on internalised settlement reporting under Article 9 of CSDR](#). According to Article 9(1) of CSDR, settlement internalisers shall report on a quarterly basis to the competent authorities of their place of establishment the aggregated volume and value of all securities transactions that they settle outside securities settlement systems. The ESMA guidelines apply in relation to internalised settlement reporting and to the exchange of information between ESMA and competent authorities regarding internalised settlement.

Regulatory Perimeter

Normative documents

No relevant texts.

Consultative documents

International Capital Markets Association (ICMA)

ICMA publishes quarterly report Q2 2019

On 12 April, ICMA published its [quarterly report regarding the assessment of market practice and regulatory policy](#). The report combines contributions on developments in financial markets with an overview of the latest ICMA initiatives, and focuses on the main areas in which ICMA is currently engaged. As such, the report covers primary markets, secondary markets, repo and collateral markets, asset management and capital market products.

Technology & Innovation

Normative documents

No relevant texts.

Consultative documents

European Commission (EC) and European Supervisory Authorities (ESAs)

EC and ESAs launch new platform to improve cooperation on technological innovation in the financial sector

On 2 April, the EC and the ESAs – consisting of the European Securities and Markets Authority (ESMA), the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) – launched the [European Forum for Innovation Facilitators \(EFIF\)](#), with the objective to improve cooperation and coordination in support of the application of new technological developments in the EU financial sector. The EFIF is intended to provide a platform for participating authorities to collaborate and share experiences from engagement with firms through innovation facilitators. The establishment of EFIF follows up on the 2019 ESA's joint report on regulatory sandboxes and innovation hubs and it is in line with the EC's FinTech action plan's objectives.

European Supervisory Authorities (ESAs)

ESAs publish joint advice on information and communication technology risk management and cyber security

On 10 April, the ESAs published two joint advices to the EC in the context of the FinTech action plan:

- [joint advice to the EC on the need for legislative improvements relating to information and communication technology \(ICT\) risk management requirements in the European Union \(EU\) financial sector](#), which proposes changes to the respective sectoral legislations in order to achieve stronger operational resilience and harmonisation in the EU financial sector; and
- [joint advice to the EC on the costs and benefits of a coherent cyber resilience-testing framework for significant market participants and infrastructures within the EU financial sector](#), in which the ESAs highlight the advantage of such a framework. They do however note the significant differences across and within financial sectors as regards the maturity level of cybersecurity, and therefore advise to first focus on achieving a minimum level of cyber-resilience across the sectors.

Supervision

Normative documents

No relevant texts.

Consultative documents

European Central Bank (ECB)

Annual report 2018

On 1 April, the ECB published its [2018 annual report](#). The ECB notes that even though the economy experienced a loss of growth momentum, the domestic economy remained resilient, buoyed by a continuing recovery in the labour market. The continued domestic recovery and micro- and macro prudential actions also helped support financial sector resilience in 2018. The report furthermore highlights the ECBs' continuing support for the benchmark reform, exemplified by the development of a new money market reference rate, and the advancements made in euro payments such as the Target Instant Payments Settlement. The ECB concludes that in view of the persistence of uncertainties related to geopolitical factors, the threat of protectionism and vulnerabilities in emerging markets, the conduct of monetary policy in the euro area will continue to require patience, prudence and persistence in the coming year.

European Supervisory Authorities (ESAs)

Annual report 2018

On 9 April, the Joint Committee of the ESAs – consisting of the European Securities and Markets Authority (ESMA), the European Banking Authority (EBA) and the European Insurance and Occupational Pensions Authority (EIOPA) – published its [2018 annual report](#). The report describes all the joint work achieved in the past year. A key priority for the ESAs in 2018 was consumer protection. In addition, ESAs' continued efforts in overseeing market developments and cross-sectoral risks, including those posed by Brexit are highlighted in the report. In the area of anti-money laundering and countering the financing of terrorism (AML/CFT), the ESAs enhanced their focus on ensuring consistent application of AML/CFT rules across the EU and improving standards of AML/CFT supervision.

European Securities and Markets Authority (ESMA)

Third EU-wide central counterparties (CCPs) stress test exercise.

On 3 April, ESMA published the [methodological framework for its third EU-wide CCP stress test exercise](#). The third, and last, CCP stress test seeks to assess the resilience and safety of European CCPs to adverse market developments and to identify any potential shortcomings. For this CCP stress test, ESMA has further developed its framework, adding a new component to the exercise on concentration risk, in addition to assessments on credit and liquidity risks. This new component will be used to assess the impact of liquidation costs for concentrated positions.

First pan-EU overview of use of supervisory sanctions for Undertakings for Collective Investments in Transferable Securities (UCITS)

On 4 April, ESMA published its first annual [report on penalties and measures imposed under the UCITS Directive in 2016 and 2017](#). Under the UCITS Directive, national competent authorities (NCAs) can impose sanctions for the infringements of UCITS provisions, such as provisions on management companies, on the depository as well as provisions on the information provided to investors. The report provides an aggregated overview of the penalties and measures issued under the UCITS Directive for 2016/2017, based on data submitted to ESMA by NCAs.

European Insurance and Occupational Pensions Authority (EIOPA) 2019 occupational pensions stress test exercise

On 2 April, EIOPA launched its [occupational pensions stress test 2019](#). This exercise is expected to allow important and relevant insights into the resilience and potential vulnerabilities of the European occupational pension sector. The core assessment refers to the direct impact of a stressed market scenario on the sustainability and funding of Defined Benefit (DB) pension funds and on the projected future retirement income of members of Defined Contribution (DC) pension funds.

Recommendations to NCAs to address vulnerabilities identified by the 2018 insurance stress test

On 26 April, EIOPA published its [2018 insurance stress test recommendations](#). The recommendations consider the risks and vulnerabilities identified through the findings of the 2018 stress test and are addressed to the NCAs. The results show that on aggregate the insurance sector is sufficiently capitalised to absorb the combination of shocks prescribed in the three tested scenarios. However, it also confirms the significant sensitivity to market shocks for the European insurance sector with Groups being vulnerable not only to low yields and longevity risk, but also to a sudden and abrupt reversal of risk premia, combined with an instantaneous shock to lapse rates and claims inflation.

2018 supervisory activities and 2019 priorities

On 26 April, EIOPA published its [2018 supervisory activities report](#). The report outlines the supervisory activities conducted in 2018 and sets out the priorities for 2019. In 2018, EIOPA addressed supervisory convergence from different perspectives and using different tools depending on the issue and risks at stake. In 2019, the priorities for 2018 remain but with new activities identified for each priority area. New supervisory activities include work on conduct of business supervisory practices under the supervisory handbook, analysis of the consistency of technical provisions best estimate calculation, analysis of the supervision of run-off undertakings as well as the promotion of supervisory convergence in the European pensions sector regarding the implementation of revised Occupational Retirement Provision Directive (IORP II).



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