THE EUROPEAN ASSOCIATION OF CORPORATE TREASURERS

1. EACT RELEVANT CONSULTATIONS

Issue	Timeline	RELEVANCE TO EACT	EACT ACTIONS
EC consultation on statutory fallback rate for CHF LIBOR	**23 March – 18 May 2021**	• EC proposes to follow the recommendations of the Swiss Working Group on Swiss Franc Reference Rates to replace the 3 month CHF LIBOR with the 3 month SARON compounded rate based on last reset methodology whereby the compounded rate of the past three months applies for the next interest period plus the ISDA spread adjustment based on the 5 year lookback window.	EACT gathering input for response
ESMA consultation on Money Market Fund Regulation Review	**26 March – 30 June 2021**	• Inquiry into elimination of CNAV and LVNAV fund structures in the EU in favour of pure VNAV funds. • Adjustment of conditions for use of redemption gates and possible introduction of liquidity fees for asset sales linked to redemptions. • Creation of a liquidity exchange mechanism for stressed market conditions	EACT gathering input for response
EC consultation on instant payments	**31 March – 23 June 2021**	• Possible legislative action to mandate participation by all payment service providers in the SEPA Inst. scheme together with the possible introduction of fee caps and higher ceilings for instant payments. • Questions on benefits corporates would see arise from instant payments, what adjustments to internal processes would be needed, and whether batch processing for instant payments would make instant payments an attractive alternative to regular credit transfers.	EACT gathering input for response

2. All relevant issues

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
1. Capital Markets		
Benchmarks Regulation and IBOR transition	ESMA recognised EURIBOR as BMR compliant**: 5 Jul 2019** ECB working group on Euro risk-free rates issued final recommendations**: 16 Jul 2019** Amendments to IFRS 9 on IBOR/ benchmarks reforms apply: **01 Jan 2020** FCA risk-free-reference rate working group clarifies £LIBOR interim timeline: **29 April 2020** FSB global roadmap on Libor transition: **16 October 2020** ISDA Libor fallback protocol launched: **23 October 2020** Interinstitutional agreement on review of EU BMR including statutory fallback for Libor: **30 November 2020** Publication of revised EU Benchmarks Regulation in EU Official Journal: **12 February 2021** Formal announcement of LIBOR cessation: **05 March 2021** EC consults on statutory fallback rate for CHF LIBOR**: 23 March 2021** EC to consult on other statutory fallback rates: **Q2 2021 (tbc.)** New end of transition period for use of third country benchmarks: **31 December 2023 (extendable to 31 Dec 2025)**	The reviewed EU Benchmarks Regulation introduces: • **the statutory fallback mechanism** to manage the cessation of critical benchmarks such as Libor. The mechanism will also be available for use by the EC for benchmarks based on contribution of input and benchmarks administered in non-EU countries if their cessation would significantly disrupt the functioning of EU financial markets. • **the carve out from the EU Benchmarks Regulation of non-EU FX spot benchmarks** so that they remain available for EU users after the end of the transition period – here the EC will designate a list of the benchmarks that will benefit from the carveout before the new end of the transition period for third country benchmarks. • an **extension of the transition period for use of third country rates that have not been recognised under the EU BMR** from 31 December 2021 to 31 December 2023 – and the possibility for the EC to extend this to 31 December 2025. The EC is currently consulting on the statutory fallback rate for CHF LIBOR, proposing to to follow the recommendations of the Swiss Working Group on Swiss Franc Reference Rates to replace the 3 month CHF LIBOR with the 3 month SARON compounded rate based on last reset methodology whereby the compounded rate of the past three months applies for the next interest period plus the ISDA spread adjustment based on the 5 year lookback window. **Overall LIBOR transition efforts** The UK's Financial Conduct Authority (FCA) has issued the formal announcement for the definitive cessation of LIBOR, effective end of 2021 for most currencies and tenors. The statement clarifies that all LIBOR in all currencies and tenors except for the 1 month, 3-month, 6-month, and 12-month USD LIBOR settings will cease effective 31 December 2021. For the mentioned USD LIBOR settings, the end date is 30 June 2023. ISDA issued a statement – here – indicating that the fallback spreads under the ISDA protocol will be fixed for all LIBOR settings on the basis of the Bloomberg spread adjustment published on 5 March 2021.
CRA Regulation IV	ESMA Guidelines on supervisory reporting for CRAs: **5 Feb 2019** EC draft implementing equivalence decisions for non-EU countries under CRA: **11 Jun 2019** ESMA technical advice on sustainability considerations for CRA & final guidelines on disclosure requirements: **18 Jul 2019**	ESMA has recommended stronger fining powers and stronger say in fee structure of CRAs. There is a planned review of the rotation mechanism. Moreover, as part of a broader competition agenda aimed at breaking up the current monopoly of the big three CRAs coupled with the current sustainable finance agenda, there will be discussions around breaking this monopoly and encouraging more open competition. On 18 July 2019 ESMA issued technical advice on sustainability considerations for CRA and final guidelines on disclosure requirements applicable to credit ratings following the call from the EC. ESMA advises against amending the CRA Regulation to mandate the consideration of ESG factors in rating assessments for the time being.
MiFID3	Broader review of MiFID 2/R: **Q4 2021**	Current expectations are for a broad-based review of all aspects of the MiFID 2 framework, including the potential introduction of new transparency requirements for asset classes that are not covered so far – e.g. FX spot markets – and the potential expansion of trading mandates to cash products such as bonds. Another area of focus will lie broadly on equity and non-equity market structure and the extent to which the MiFID 2 framework has been effective. The introduction of a real-time consolidated tape (pre- and post-trade) for all asset classes both equity and non-equity is also being considered as one way of achieving broader capital markets integration.
MiFID quick-fix proposal	Publication in Official Journal of the EU of the MiFID 2 changes: **26 February 2021**	These changes lower the burden of some investor protection rules including through more flexibility in costs and charges disclosure and publication of best execution. For Corporates there are important changes to the commodity hedging exemption (and position limits) for corporates as well as an alleviation on product governance requirements for plain vanilla corporate bonds to facilitate greater retail investor participation in corporate bond markets. This includes:

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
		• A hedging exemption from the commodity position regime for non-financial groups where the group includes an investment firm that holds commodity positions that measurably reduce the risks related to the non-financial activity of the group. • A position limits exemption for non-financial and financial counterparties that are under a mandatory liquidity provision obligation. • Exemption for securitised derivatives from the commodity position limits regime. • Reduction of the scope of the commodity position limits regime to agricultural commodity derivatives and derivatives contracts that are considered significant benchmark contracts (open interest of more than 300 000 lots over one year). ESMA will define the captured contracts further in a regulator technical standard). • Simplification of the ancillary activity exemption from the requirement to become an investment firm that market participants can apply for when trading in commodity markets and their trading activity is ancillary to their main business. The proposal removes the quantitative thresholds and maintains only a qualitative threshold. The qualitative threshold sets out that one is eligible for the exemption when one deals on own account or provides investment services to customers or supplies of the main business. Exemption of corporate bonds from product governance requirements (e.g. the "make whole provisions") that protect investors from losses in case issuers repay bonds early. This would allow plain vanilla corporate bonds to be marketed to a wider pool of investors without complex product governance rules.
Prospectus Regulation quick-fix & Review of Regulation	Publication in Official Journal of the EU of Recovery Prospectus regulation: **26 February 2021** EC proposal to overhaul entire Prospectus Regulation: **Q4 2021 (tbc.)**	The revised regulation introduces a lower prospectus burden for already listed companies (for a period of 18 months) when tapping markets for further funding. The proposal therefore suggests the creation of a new short form prospectus – "the EU recovery prospectus" – to enable companies to access public markets more efficiently. The simplified prospectus would only be available for share issuance and not for debt issuance.
EMIR Refit implementation	Entry into force of EMIR Refit: **17 June 2019** **Implementation** • Application of most provisions**: 18 June 2019** • Application of new reporting regime for NFCs, UCITS: **18 June 2020** • ESMA EMIR reporting valiation rules applicable from 8 March 2021. • ESMA issued clarifications on EMIR reporting in the context of Brexit: **10 November 2020** • Final ESMA technical standards on new reporting regime: **17 December 2020** • ESMA report on clearing obligation for pension scheme arrangements: **18 December 2020** • UK FCA clarification on the application of the EMIR regime in the UK: **January 2021** • ESAs clarification on collateral exemption for intragroup transactions**: 19 March 2021** • ESMA Q&A on intragroup reporting for non-EU firms: **31 March 2021** • Current deadline for pension fund clearing obligation exemption: **June 2021** • Entry into force of technical standards on new reporting regime: **H2 2022**	• Moves the reporting obligation for external trades to the financial counterparty (including the legal liability for reporting). Maintains a base-set of counterparty and transaction specific information that the NFC will have to pass on to the FC. • The corporate hedging exemption is maintained as under EMIR 1. • Clearing thresholds moved to an annual calculation for both FCs and NFCs based on month-end average for the previous 12 months. NFCs will only have to clear in the asset classes for which the clearing threshold is breached and not in all asset classes once one threshold is breached. ESMA has submitted the final technical standards on procedures for trade repositories that set out the process for moving the external reporting obligation to financial counterparties to the European Commission. The Commission now has three months to adopt these or request further changes. **Intragroup reporting exemption for non-EU companies** ESMA and the EC have adopted final clarifications to the effect that for transactions where the parent undertaking is not established in the EU, intragroup transactions between the EU entities of said group cannot benefit from the EU intragroup reporting exemption. The only possibility for non-EU headquartered companies to benefit from this exemption would be for the jurisdiction they are headquartered in to be found equivalent by the EC for the purposes of the intragroup reporting obligation. ESMA updated Q&As on EMIR, including on the reporting of FCs on behalf of NFC- as of 18 June 2020. ESMA issued clarifications on EMIR reporting in the context of Brexit. **Clearing obligation for Pension Scheme Arrangements (PSAs)** ESMA recommends that the exemption for PSAs from the clearing obligation should be extended by another year from June 2021 to June 2022.
SFTR implementation	ESMA no action relief for SFTR reporting: 26 March 2020 Phase-in of the reporting obligations by category of counterparties - **from 13 Jul 2020** ESMA issued clarifications on SFTR reporting in the context of Brexit: **10 November 2020**	The Securities Financing Transactions Regulation (SFTR) introduced a reporting regime for securities lending, margin lending, buy-back, and repo transactions. Specifically, the Regulation creates: ▪ Mandatory reporting of sec lending/ repo/ security financing transactions to a registered trade repository In March 2020 against the backdrop of the Covid-19 pandemic, ESMA issued no-action relief, revising the effective dates for the reporting obligation as follows: • 13 Jul 2020 – for credit institutions, investment firms, CCPs, CSDs and relevant third-country entities to start reporting; • 12 Oct 2020 – for insurance companies, funds, institutions for occupational retirement provision (IORPs), and relevant third country entities to start reporting; • 11 Jan 2021 – for non-financial counterparties. ESMA issued clarifications on SFTR reporting in the context of Brexit. • EU counterparties and EU branches of third-country counterparties should report the conclusion of SFTs to an EU trade repository or an EU recognised trade repository. • Reports submitted by UK counterparties and UK branches of third country counterparties to EU-based trade repositories and that relate to outstanding SFTs should be terminated by the repositories. EU repositories should also flag these with the termination date 31 December 2020. UK-based trade repositories should also ensure that they port all relevant data to an EU-based repository and redirect reporting flows accordingly.
CMU 2.0	Final report EC CMU expert group: **10 June 2020** EC Capital Markets Union action plan: **24 September 2020** EC proposal on single Electronic Access Portal for company information: **Q3/Q4 2021**	The EC launched its own High-Level Forum which presented its final report in June 2020. The Forum published its final report, with specific recommendations focused on how best to grow capital markets by addressing key issues, such as facilitating access to finance for businesses and increasing retail participation. The report focused on improving the EU securitisation framework promoting long-term investments, expanding open finance, ease investors' access to companies' data, increase private pension coverage and leverage sustainability and digital transitions. In September 2020, the EC published a new Capital Markets Union (CMU) action plan with a list of 16 actions to be taken over the course of current legislative mandate. This includes: • Creating a European Single Access Point for financial and sustainability-linked company information • Reduce the complexity of listing rules on regulated markets

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
		• Measures to facilitate equity investment by insurance companies and banks. • Potential creation of harmonised minimum rules for non-banks insolvency law and harmonised definition of shareholder • Creation of harmonised EU system for withholding tax relief at source Potential creation of a financial competence framework
SFTR review	EC Review of SFTR: **Apr 2022 (tbc)**	Could cover issues such as the functioning of the reporting framework as well as the application of mandatory haircuts to uncleared SFTs. In SFTR there is currently a dual-sided reporting requirement for corporates.
FX markets	Global code for Foreign Exchange Markets established: **Aug 2018** Statement from the Global FX Committee urging continued compliance with the code in times of market volatility caused by Covid 19: **26 March 2020** Review of the FX Global Code: **2021**	This is a non-legislative initiative meant to some conduct issues arising in FX markets in the past year. Whether this approach is going to be follow by concrete legislative action in Europe remains to be seen. In a September 2020 report by ESMA on a review of the EU Market Abuse Regulation, ESMA recommends that the EC should analyse the suitability of setting-up an EU regulatory regime on market abuse for FX spot contracts, taking into account the FX Global Code of Conduct and any revisions to it. The BIS' Global Foreign Exchange Committee indicated that the review of the FX global code would slip into 2021 as a result of the Covid-19 pandemic.
Market Abuse Regulation Review	EC ask ESMA submit technical advice on MAR review: **15 May 2019** ESMA report on review of MAR: **24 September 2020** Review proposal of MAR: **2021 (tbc.)**	On 15 May 2019, the EC formally asked ESMA to submit technical advice ahead of the report the EC is mandated to issue under MAR Level 1. The EC is asking ESMA to go beyond the areas for review laid out in Level 1 in an effort to finetune certain provisions of the MAR framework – notably asking ESMA to look at the inclusion of FX spot markets into the scope. In September 2020, ESMA submitted its final review report to the European Commission, including a number of recommendations for the EC to potentially take forward in a legislative review of MAR: • the suitability of setting-up an EU regulatory regime on market abuse for FX spot contracts. • A modification of reporting requirements for buy-back-programmes to reduce and streamline reporting burdens for issuers. • More cooperation between supervisors and tax authorities to prevent dividend arbitrage ESMA also indicated that it would develop more concrete guidance on where pre-hedging practices could be considered market abuse.
Money Market Fund Regulation	ESMA consults on review of EU MMF rules: **26 March 2021** EC to propose legislative review of EU MMF Regulation: **2022**	The current EU Money Market Fund Regulation is scheduled for a review in 2022 by the European Commission. To prepare technical advice to support the European Commission in the process, ESMA has launched a consultation on elements of the current MMF framework that could be reviewed, including: • The possible elimination of the constant-net-asset-value (CNAV) and low-volatility net asset value (LVNAV) fund structures in favour of VNAV funds. • Introduction of a liquidity exchange facility that could provide liquidity/credit during market stress – either funded by MMFs or by asset managers. • Revisions to the link between asset value thresholds and suspension gates for funds as well as the possible introduction of dilution levies.

2. Prudential framework

2021 Banking Package	Basel Committee for Banking Supervision (BCBS) delays implementation deadline for Basel III package by 1 year: **new deadline January 2023** EC proposal for a CRD6/CRR3 package implementing the Dec 2017 agreement: **Q2/Q3 2021 (tbc.)**	Following the adoption of the 2019 banking package, the EC is expected to put forward a CRD6/CRR3 proposal in 2021 to implement the outstanding Basel IV standards. Key points would include: • **CVA calculation & exemption**: move to a revised standardised approach on CVA charge, including question of maintaining the existing CVA exemption for corporates. • **Changes to credit risk calculations**: to standardised approach and internal model approach for credit risk. • **Changes to treatment of specialised lending and unrated corporates**: to how bank exposures to unrated corporates and loans to corporates for project and infrastructure finance or leasing will need to be capitalised by banks • **Changes to capital calibrations for certain exposures such as revolving credit facilities and unconditionally cancellable credit lines** • **FRTB**: EC is set to propose to turn the reporting requirement into a binding capital requirement. • **Changes to operational risk framework**: to introduce a new standard on calculating RWA capital requirements. • **Introduction of an output floor** – to reduce the variability between RWA calculations based on standardised vs internal models On 27 March 2020, the BCBS delayed all Basel IV implementation timelines by one year. This means that all jurisdictions will have to implement the package by January 2023 (instead of January 2022), and the output floor transition regime is extended from January 2027 to January 2028.

3. Payments

Cross border payments	Publication in the EU's Official Journal: **23 Mar 019** Application start date**: 15 Dec 2019** Review **: by 19 Apr 2022** (tbc)	This regulation stipulates that payment service providers should levy the same charges for cross-border payments as for national payments. In addition, the 2019 amendment of the Regulation applies transparency requirements for currency conversion charges related to card-based transactions and credit transfers as well as for transactions that do not use dynamic currency conversion (DCC). The regulation will start applying from 15 December 2019 regarding provisions for the equalisation of charges in Euro, whilst the transparency requirements for card-based transactions and credit transfers will apply from 19 April 2020 and the information requirements for non-DCC transactions apply as of 19 April 2021.
SEPA & broader payments initiatives	SEPA Regulation: **2012** EC publishes EU retail payments strategy: **24 September 2020.** EPC publishes 2021 SEPA payment scheme rulebook: **26 November 2020** EPC publishes first SEPA Request to pay rulebook: **30 November 2020**	Creates a binding framework for standardised SEPA transactions in the Euro area. The EC is currently seeking feedback in a public consultation on the benefits of instant payments for European corporates and whether the EC should take legislative action to mandate the uptake of the SEPA Instant Credit Transfer scheme by payment service providers.

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	EC consults on instant payment adoption in the EU: **31 March 2021**	
Consumer Credit Directive (CDD)	Possible review of CCD: **Q3/Q4 2021**	**CCD – Potential scope of upcoming review** • **Scope** – amendments potentially needed to expand the scope, taking into account digitalization and new consumer habits o **New market players and forms of credit** – the EC could seek to expand the scope to scope in credit by platforms and peer-to-peer lending, which would require to amend the definition of 'creditor'. o **New products** – revolving credit and short-term high-cost (STHC) credit could be scoped in due to concerns around vulnerable borrowers. o **Products excluded from the scope to be potentially covered** – such as zero-interest loans, payday loans, agreements with pawnshops, leasing agreements, and overdraft facilities that need to be repaid within one month. o **Credits below the EUR 200 threshold** – could be brought within scope, as already done by some Member States in their transposition of the Directive. • **Credit worthiness assessment (CWA)** o **Harmonisation across MS and legislations** – the EC stresses the need to potentially better align provisions with the Mortgage Credit Directive (MCD) and the GDPR and notes that variations in the implementation across Member States leads to fragmentation **Consequence of negative CWA** – the review will assess how to ensure that credit is only granted in conjunction with a thorough CWA.
PSD2 Implementation/Upcoming review	Application of RTS on strong customer authentication: **14 Sep 2019** Implementation of SCA requirements: **01 January 2021** Review and expansion of PSD2: **end 2021 (tbc.)**	Final legislation includes an exemption for corporate payment factories to not be considered a payment service provider, and therefore not subject to PSD2. On 16 October 2019 the EBA issued an opinion extending the implementation of the strong customer authentication (SCA) requirements to 31 December 2020. In its 2020 retail payments strategy, the EC outlined potential areas that would be considered as part of a legislative review of the PSD2 in 2021. This includes: • Assessing whether current consumer protection standards are adequate to protect consumers in an instant payment environment. • Assessing reduction of fees for instant credit transfers and potentially requiring that they be no more expensive than regular credit transfers. • Assessing impact of Strong Customer authentication and explore whether IBAN & beneficiary name matching could be required Bringing e-Money providers into the scope of PSD2 and assess whether technical providers that support the provision of payment services should also be regulated and supervised under a revised PSD2
Instant payment adoption	EPC SCT Inst scheme became operational: **Nov 2017** Eurosystem launched TIPS: **Nov 2018** EC consults on instant payment adoption in the EU: **31 March 2021**	The ECB's TARGET Instant Payment Settlement (TIPS) enables instant clearing and settlement of retail payments. The European Commission and the ECB are currently monitoring voluntary take-up of the scheme. The European Commission is considering to make adherence to the SEPA Instant Credit Transfer Scheme mandatory for payment service providers through legislation.

4. Taxation

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
Public CBCR and C(C)CTB & EU corporate tax initiatives	**CBCR** EP position adopted: **27 Mar 2019** Member States reach agreement on a negotiating mandate: **03 March 2021** **C(C)CTB** New CCCTB legislation potentially in place: **2026** **Overall corporate tax** Anti-fraud tax package presented: **15 July 2020** • Communication on an 'Action Plan to fight tax evasion and to make taxation simple and easy' • Communication on 'Tax good governance in the EU and beyond' • Revision of the directive on automatic exchange of information – DAC7	**Public CBCR** Requires all companies operating in the EU with an annual turnover above 750m to publish on a country-by-country basis information on their profits, turnover, taxes paid, business activities and number of employees - per EU country, per tax haven and in aggregated form for the rest of the world. The latest drafting includes the possibility for a safeguard clause on disclosure of commercially sensitive information for a period of 6 years. Interinstitutional negotiations between Member States and the European Parliament to begin in Q2 2021. **C(C)CTB** Potential introduction of a common consolidated corporate tax base in 2026 as part of the creation of new revenue streams under the EU's long-term budget plan to service the interest on the debt taken on to fund the EU's Covid-19 recovery facility. **EU corporate taxation initiatives** In July the EC adopted a comprehensive tax package including: 1. A tax action plan with 25 measures that will be implemented over the coming years – here and Annex of measures. 2. A proposal to amend the Directive on Administrative Cooperation, to extend the EU tax transparency rules to digital platforms. Member States will automatically exchange information on income generated by sellers on digital platforms – here and Annex A communication on tax good governance and the promotion of transparent and fair taxation and the classification of non-cooperative third country jurisdictions – here.
OECD minimum effective foreign tax & other tax initiatives	OECD consultation on Global Anti-Base Erosion proposal: **08 November 2019 – 02 December 2019.** OECD Pillar 1 & Pillar blueprints for corporate tax reform published: **12 October 2020.** Possible OECD agreement on a digital tax: **H2 2021**	The proposal from the OECD looks at providing a minimum effective tax rate on foreign income of multinational companies by providing the possibility for jurisdictions to 'tax back' the companies where other jurisdictions have low or no minimum effective tax. The OECD consulted on the 2020 review of CBCR (BEPS Action 13), concerning information exchange between tax administrations on revenues, profits, accrued taxes and economic activity in a given tax jurisdiction. Unlike the EU proposal, however, the OECD's does not provide for public disclosure of information. On 4 May 2020, the OECD announced a delay in the negotiations on global digital tax and minimum corporate tax rules.

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
		The OECD published its blueprints for Pillar One (nexus and profit allocation rules) and Pillar Two (global minimum tax rules) which set the technical framework for a political agreement – with mid-2021 now the target for this agreement and which will likely have a knock-on effect for the Commission's Digital taxation agenda. In February 2021 US Treasury Secretary Janet Yellen indicated that the US would reengage in the OECD discussions on introduction of digital tax. The discussions are meant to reach a conclusion by mid-2021 after the US withdrew its demand for a safe harbour clause that would have made the tax voluntary for US businesses. In April 2021 US Treasury Secretary Yellen announced that the US would support the introduction of a global effective minimum corporate tax rate at OECD level.
FTT	Potential new legislative proposal on an Eu-wide FTT: **2024**	An FTT is being raised as a potential own resource revenue stream for the EU to raise funds to service the debt that the EC will raise on capital markets as part of the EUR 750 Billion Covid-19 Recovery Fund. The final budget agreement includes a roadmap that foresees the presentation of a legislative proposal for an EU wide FTT in 2024.
5. Sustainable Finance		
Sustainable Finance (Disclosure)	Entry into force of Disclosure Regulation: **11 March 2021** EC adoption of RTS on adverse climate and environmental impacts, and on the presentation and content of the disclosures: **April 2021**	This regulation introduces disclosure requirements for financial market participants regarding policies related to sustainability risks and their integration in investment decision-making and remuneration policies. It also requires publication of due diligence statements regarding adverse impacts of investment decisions on environmental, social and employee matters. In addition, it sets out additional disclosure requirements for products that are sustainable investments or that promote environmental or social characteristics.
Review of the Non-Financial Reporting Directive (NFRD)	Climate-related reporting guidelines under the Non-Financial Reporting Directive (NFRD) published: **18 Jun 2019** European Commission to table review proposal of the NFRD: **April 2021**	The review proposal of the Non-Financial Reporting Directive (NFRD) is likely to expand the scope of entities covered by the Directive (including smaller and non-listed companies), as well as the scope and granularity of the information that should be reported. It is also aiming to reinforce the double materiality perspective of the non-financial reporting requirements that obliges companies to report both on the impact of ESG matters on their financial performance, as well as their impact on society and the environment. Additionally, the Commission is looking into the possibility of requiring external assurance of non-financial information, as well as the use of a single set of reporting standards and a digital format.
Sustainable Finance (Taxonomy)	Taxonomy Regulation published in EU Official Journal: **22 June 2020** First technical screening criteria for climate change mitigation and adaption to be adopted**: April 2021.** Reporting obligation for corporates to disclose against the criteria for climate change mitigation and adaptation to be phased in: **January 2022.**	EU level The taxonomy defines environmentally sustainable economic activities that must be applied by all financial market participants offering financial products as environmentally sustainable investments, and EU or Member State measures that set out requirements for products/corporate bonds marketed as environmentally sustainable. Corporates will be required to disclose in annual company reports of the proportion of total turnover derived from environmentally sustainable products / services, or proportion of CapEX or OpEx related to environmentally sustainable assets or processes. The Regulation will apply in two phases, with the EC set to come out with secondary legislation on climate change mitigation and adaptation objectives to apply by 1 Jan 2022, and the remaining four objectives on 31 Dec 2021 to apply by 1 Jan 2023. On 20 November, the EC published the draft legislation for the first two objectives, followed by a 4-week public consultation. Issues that have been raised by stakeholders concern the implications of the draft legislation for national energy mixes and its interaction with sectoral legislation, particularly with regards to energy, construction, forestry and manufacturing. The final rules are now expected to be adopted by end March/ early April 2021, at the earliest. International level The EU signed a Joint Statement with ten international partners (e.g. China, India, Japan, Canada, Chile), establishing an International Platform on Sustainable Finance (IPSF) which was launched on 22 October 2019.
Sustainable Finance (Benchmarks)	OJEU publication: **December 2019**	The agreed text creates two new benchmark categories: Climate Transition Benchmarks that are based on assets of companies that follow a decarbonisation trajectory, and Paris-aligned Benchmarks where the portfolio's carbon emissions are aligned with the Paris-agreement.
EU Green bond Standard	EC Technical Expert Group (TEG) published final report outlining its recommendations on the creation of an EU Green Bond Standard (EU GBS): **June 2019** Supplementary EU GBS report: **March 2020** EC consultation on EU Green Bond Standard: **12 June – 02 October** Proposal on an EU Green bond standard: **Q2 2021**	On 18 June 2019 the EC Technical Expert Group (TEG) the final report outlining its recommendations on the creation of an EU Green Bond Standard (EU GBS). It suggests that the EC establish a voluntary standard aligned with the taxonomy and calls for mandatory verification and reporting on the use of proceeds for EU GBS. In March 2020, the TEG published a user guide for the EU green bond standard in the form of a supplementary report on an EU Green bond standard. In June 2020, the EC launched a consultation on the establishment of an EU Green Bond Standard based on the recommendations of the technical expert group and linked to the EU sustainable taxonomy. The consultation also covers aspects linked to the external verification requirements for green bonds as well as a segment on social bonds. The EC will come forward with a legislative proposal on an EU Green Bond Standard in Q2 2021.
6. Financial Crime & Digital Finance		
Cyber-resilience /hybrid threats	Legislative proposal on Digital and Operational Resilience for financial services: **24 September 2020.** Negotiations in Council and the EP ongoing: **April 2021**	The European Commission tabled a proposal for a Digital Operational Resilience Act (DORA) for financial services in September 2020. The proposed legislation is targeted at financial entities and includes draft requirements for: • Dedicated state of the art ICT risk management frameworks and internal controls, • Dedicated BCP policies for ICT risk • Requirements to communicate any incidents to their counterparties and clients. • A harmonised reporting framework for ICT incident reporting – • A requirement to put in place a digital operational resilience testing framework that varies in complexity depending on the size and interdependencies of the institutions. Direct EU oversight of critical third-party ICT providers
AML & KYC requirements	Deadline for Member States' transposition of AMLD5: **10 Jan 2020** New EU AML Action plan**: 07 May 2020** EC consultation on AML action plan: **07 May – 26 August**	AMLD 5 includes enhanced due diligence measures for customers in high risk third countries and scoped in virtual currencies and wallet providers in the EU's AML framework. The European Commission came forward with a communication on AML in May 2020, announcing further revisions to the EU's AML framework – including an expansion of KYC-CFT requirements for obliged entities and a

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	EC proposal on review of AMLD V: **May 2021**	greater harmonization of the reinforced rulebook through use of a regulation. The Commission is also likely to propose the creation of a single AML supervisory body
Digital Finance	EC digital finance strategy published: **24 September 2020** Proposal for a regulation on cryptoassets and a pilot regime for DLT based market infrastructure: **24 September 2020** ESRB recommendations on LEI implementation: **19 October 2020**	**Digital Finance strategy** In September 2020, the EC published a long-term strategy on digital finance, including actions targeted at removing barriers to cross-border service offering of digital financial services and creating a framework for interoperable digital identity solutions by 2024. As part of the strategy, the EC will also seek to leverage an open finance approach and create the conditions for increased data sharing between businesses and between supervised entities and regulators through digital solutions. As part of the strategy, the EC already tabled two legislative proposals: one to regulate crypto-assets and the other one to propose a pilot regime for DLT-based market infrastructure. **LEI adoption** The European Systemic Risk board recommends that the European Commission integrate the Legal Entity Identifier more broadly in financial regulation and potentially create an EU-wide regulatory framework for implementation of the LEI.

7. Horizontal

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
Internation-alisation of the euro & creation of a digital euro	EC communication: **5 Dec 2018** The ECB published an initial report on the creation of a digital euro: **2 October 2020.**	The December 2018 EC communication announced a host of public-private collaborative workstreams to explore topics where shorter-term enabling policies could be pursued as such as developing euro area banks role in market-making activity in FX markets. Furthermore, the communication considers the extension of the clearing mandate under EMIR, and for the Commission to stimulate the development of European interest rate benchmarks. In an October 2020 report the ECB raised the prospect of a potential establishment of a digital Euro – a so-called Central Bank Digital Currency (CBDC) – for the Eurosystem. The report highlights that there are a number of scenarios that could force the hand of the ECB to advance creation of a digital euro, but that irrespectively there may be advantages to the ECB creating a digital euro – e.g. keeping in lockstep with a rapidly evolving and digitalising payments landscape in the EU. the report highlights that the ECB views the creation of a digital Euro as being at a very early stage and not a foregone conclusion. Should the ECB go ahead with the project in mid-2021, the first phase would be dedicated to identifying whether a viable digital euro product can be created in a manner consistent with the necessary design features in a cost-efficient manner.
Brexit	EC published draft EU-UK FTA: **18 Mar 2020** UK government publishes outlook for future of UK financial regulation: **23 June 2020** Deadline for decision to extend transition period: **30 Jun 2020** Deadline for equivalence assessments: **30 Jun 2020** EBA Brexit preparedness notice to financial institutions: **29 July 2020** EC grants temporary equivalence to UK CCPs until June 2022: **21 September 2020** UK publishes financial services bill: **21 October 2020** The UK and the EU reached an agreement on trade and cooperation: **24 December 2020** FCA modifies UK Derivatives Trading Obligation to allow UK firms to execute trades on behalf of EU clients on EU venues: **31 December 2020** Transition period ends: **31 Dec 2020** New EU-UK relationships began: **01 Jan 2021** EU-UK regulatory forum on financial services to be established: **Q2 2021**	On 18 March 2020 the Commission has issued its draft FTA in an attempt to gain agenda-setting advantage early in negotiations. The text highlights the discrepancies between the EU and UK positions, notably on issues such as fisheries, governance and structure of the agreement, social rights and environmental protection. At the end of June, the UK government set out its plan for the future of financial regulation in the UK post-Brexit, signalling a significant degree of divergence across key pieces of prudential and capital markets legislation. This in turn reduces the likelihood of broader equivalence findings by the EU for the UK. The UK and the EU reached an agreement on trade and cooperation on 24 December 2020, which provisionally entered into force on 01 January 2021. The agreement does not cover the provision of cross-border financial services. UK and EU authorities will work towards agreeing a memorandum of understanding on cooperation by the end of March 2021. This however will not have the same effect as mutual market access or equivalence arrangements. On 31 December, the UK FCA limited the application of the UK Derivatives Trading Obligation to allow UK firms to execute orders on behalf of EU clients on EU-based venues – even in the absence of regulatory equivalence. ESMA has not taken the same approach, meaning that EU firms cannot execute on UK venues. On 13 Jan 2021 the UK Parliament reviewed the UK STO equivalence decision for Swiss trading venues allowing UK shares to be traded on Swiss venues. The statutory instrument entered into force on 3 February 2021. Switzerland allowed the trading of Swiss shares on UK venues on 3 February 2021 as well. The EU and the UK are close to agreeing on a framework for a regulatory cooperation forum on financial services. This body would be like the one in place between the EU and the US and would serve as a platform for an exchange at political and regulatory level on issues related to financial services. It is, however, not a body that will decide on market access arrangements.
International economic sanctions	US withdraws from 2015 nuclear deal with Iran – sanctions re-imposed: **5 Nov 2018** EU Foreign Affairs Ministers adopt retaliatory measures against Turkey: **15 Jul 2019** EU extends Russia sanctions: **December 2020**	The EU has announced created an alternative payment system (INSTEX) that would allow companies to continue conducting business with Iran without having to rely on the SWIFT payments system. On 8 May 2019 Iranian President Hassan Rouhani warned that Iran would stop honouring key commitments of the 2015 nuclear deal by early July. The announcement raised concerns amongst the European signatories. On 15 July 2019 EU Foreign Ministers have adopted an initial set of retaliatory measures against Turkey as a reaction to its offshore drilling activities around Cyprus. The EU's sanctions against Russia for the annexation of Crimea are in place until 31 July 2021