

1. ALL RELEVANT ISSUES

FILE NAME	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
1. Capital Markets		
Benchmark Regulation and IBOR transition	<p>27 Jul 2012: LIBOR scandal exposes manipulation of interest rates benchmarks</p> <p>July 2013: ISOCO Benchmark Principles render most LIBOR benchmarks uncompliant with these requirements</p> <p>5 Jul 2019: Following changes to its methodology, ESMA recognises EURIBOR as BMR compliant</p> <p>12 Feb 2021: Publication of revised EU Benchmarks Regulation in EU Official Journal</p> <p>5 Mar 2021: Formal UK FCA announcement of LIBOR cessation</p> <p>29 Sep 2021: FCA decision to maintain the publication of GBP+JPY rates under a “synthetic” methodology</p> <p>29 Sep 2021: FCA consultation on legacy use of ‘synthetic’ rates (deadline 20 Oct 2021)</p> <p>22 Oct 2021: Publication of implementing acts on CHF LIBOR and EIONIA replacement rates in EU Official Journal</p> <p>16 Nov 2021: UK FCA conclusions on legacy use of synthetic rates</p> <p>18 Nov 2021: ESMA final report on changes to the scope of the clearing and derivatives trading obligation linked to the IBOR transition</p> <p>31 Dec 2021: Cessation of most LIBOR settings</p>	<p>LIBOR</p> <p>Following the 2012 LIBOR manipulation scandal, authorities globally sought to find a solution to avoid reliance on rates produced by contributions – which are vulnerable to manipulations – and towards rates that are based on reported transactions. This will culminate in the publication of most LIBOR setting ceasing in 2021 and all LIBOR by June 2023.</p> <p>This effort to guarantee the transparency and integrity of important benchmarks led some regulators to introduce requirements. On a global scale, this resulted in the IOSCO benchmarks Principles a set of non-binding. At an EU level, the adoption of the Benchmarks regulation (BMR) resulted in the most ambitious rulebook of its kind.</p> <p>In 2020, the BMR was reviewed in the EU to give the European Commission the powers to designate statutory replacement rates in contract which referred to LIBOR rates. This power is meant to provide legal certainties for contracts currently pegged to LIBOR which cannot be renegotiated.</p> <p>In September 2021, the UK FCA confirmed that it will require the continued publication of the 1-, 3- and 6-month sterling (GBP) and Japanese yen (JPY) LIBOR settings under a synthetic methodology throughout 2022. with a changed methodology on the basis of a forward-looking version of the risk-free-rate. On 16 November 2021, the FCA further confirmed that the use of these synthetic rates would be permitted for all existing contracts which are not cleared.</p> <p>On 18 November 2021, ESMA proposed changes to the scope of the Clearing and Derivatives Trading Obligations to scope out certain OTC classes referencing benchmarks coming under cessation. classes concerned include Basis Swaps, Fixed-to-Float Interest Rate Swaps, Forward Rate Agreements, and Overnight Index Swaps referencing EONIA, GBP LIBOR, and JPY LIBOR classes.</p> <p>Following a request from the Euro Risk Free Rate Working Group, the European Commission is scheduled to adopt replacement rates for GBP LIBOR and JPY LIBOR in Q1 2022. to ensure legal certainty beyond 2022 and consistency with the EU BMR regime. Instead of relying on the synthetic rate solution established by the UK authority.</p> <p>The EU Benchmark Regulation (BMR)</p> <p>The BMR is the EU’s rulebook on Benchmarks. The objective of the BMR is to ensure all benchmarks used by EU regulated entities comply with methodological criteria.</p> <p>Since a critical number of benchmarks used by EU firms are administered outside the EU, the BMR plans to restrict the use only to recognised benchmarks. This is called the third country regime and has proven contentious as the BMR does not have equivalents in other jurisdictions therefore only a fraction of benchmarks outside the EU could still be used by EU entities should the third country regime enters into force in 2023.</p> <p>The BMR has two review clauses: 1) by 31 Dec 2022 review of the low carbon benchmarks regime and 2) by June 2023 through the third-country regime.</p>

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	<p>Q1 2022: New Commission implementing acts on GBP and JPY LIBOR replacement rates</p> <p>30 Jun 2023: Cessation of remaining USD LIBOR 1-, 3-, 6- and 12-months settings</p> <p>2022/2023 (tbc): Broader review of the Benchmark Regulation</p> <p>31 Dec 2023: New end of transition period for use of third-country benchmarks by EU regulated entities (potential extension to 31 Dec 2025)</p>	
<p>Credit Rating Agencies Regulation (CRAR)</p>	<p>30 Sep 2021: ESMA opinion calling for a legislative review of CRAR</p> <p>Nov 2021: IOSCO publication of final report on ESG ratings and data products providers</p> <p>Q1 2022: EC expected to launch a consultation on the functioning of the ESG ratings market</p> <p>By Q2 2022: Deadline for ESMA assessment of incorporation of ESG factors in CRA methodologies</p> <p>By Q1 2023: Possible Commission action to ensure systematic capture of ESG risks in credit ratings and to improve transparency on their inclusion</p> <p>By Q1 2023: Commission proposal on ESG ratings (tbc)</p> <p>Until 2031: Potential initiative to encourage corporates to obtain credit ratings in the context of Basel III</p>	<p>The Credit rating agencies (CRA) market has been a politically contentious issue since the 2008 crisis. Recently, CRAs have been under renewed scrutiny in the context of sustainable finance and ESG ratings.</p> <p>Opening the CRA rulebook would create many uncertainties as many voices in the European Parliament and across Member States express concerns over the market power of the three big CRAs (S&P, Moody's, and Fitch).</p> <p>Impact on the structure of the CRA market could impact issuance operations for corporates, with immediate impact on the cost of obtaining a rating.</p> <p>On 30 September 2021, ESMA published an opinion calling for a targeted legislative review of the CRA regulation. The proposed changes focus primarily on the use and access to credit ratings by market participants, with ESMA considering including credit ratings within the European Single Access Point (ESAP).</p> <p>On 27 October 2021, the EC published its banking package which introduced a temporary lenient treatment of unrated corporates with a view of increasing the number of corporates receiving credit ratings through various upcoming incentives – potentially mandating credit ratings.</p> <p>The EC strategy for Financing the transition, which was published in the summer of 2021 lays out the EC intention to look into (1) the consideration of ESG factors by CRAs, (2) as well as the functioning of the ESG ratings market.</p>
<p>EU Listing Act</p>	<p>15 Oct 2021: First debate and presentation from the Commission to Member States</p> <p>19 Nov 2021: Consultation on upcoming proposal (deadline 11 Feb 2022)</p>	<p>The EU Listing Act will seek to simplify the listing rules for public markets. It was a central aspect of the Commission's 2020 Capital Markets Union (CMU) action plan.</p> <p>This simplification is likely to take place through a review of existing rules on prospectuses and market abuse along with other aspects of the current EU rulebook with early focus potentially aimed at:</p> <ul style="list-style-type: none"> • Potential inclusion of spot FX contracts within the scope of MAR –recognising the possible regulatory gap in the area of spot FX contracts, but concluding on the need for the FX Global Code of Conduct to be revised

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	<p>Q3 2022 (tbc): Proposals for new EU listing framework</p>	<p>and more embedded into the market before promoting an amendment of MAR. As the FX Global Code of Conduct was updated in 2021, it is unclear what the European Commission's position on this will be.</p> <ul style="list-style-type: none"> • Alleviate listing rules – to reduce costs of listing for both SME and non-SME issuers, notably by limiting the size of the prospectus for SME IPOs and allowing a new simplified prospectus for secondary issuances. • Simplify the market abuse regime – with the report recommending to simplify the content of insider lists for all issuers and to clarify what constitutes inside information as well as when it should be disclosed. • Simplify access to ESG disclosures – by introducing a tailored framework for ESG information to be disclosed by SMEs on a voluntary basis as part of the ongoing non-financial disclosure workstreams, as well as including ESG data in the upcoming European Single Access Point (ESAP) – an EDGAR-type central registry of corporate data. • Introduce good corporate governance principles – with a set of principles that could encompass reporting of related party transactions and the appointment of an independent director for certain issuers. <p>Ahead of the new EU listing act expected in Q3 2022, the Commission consulted on a broad range of high-level issues to facilitate more IPOs in Europe. While the focus of the initiative at this stage is on smaller corporates and facilitating public listings, the provisions could impact a broader range of corporates at a later stage when different rulebooks are put on the table.</p> <p>Responses to the consultation from key regulators, notably the French, Dutch, Italian and ESMA hint at the direction the review might take. Of relevance to corporate treasurers, there appear to be an early agreement to alleviate some of the prospectus requirements for secondary issuances.</p>
<p>Prospectus Regulation quick fix & Review of Regulation</p>	<p>26 Feb 2021: Publication in Official Journal of the EU of Recovery Prospectus regulation</p> <p>Q3 2022 (tbc): Proposal to review Prospectus Regulation through the “EU Listing Act”</p> <p>31 Dec 2022: Expiry of the Recovery Prospectus</p>	<p>Changes to the prospectus rulebook were made in the wake of the covid crisis to stimulate the post-crisis recovery by lowering requirements of issuance. 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 is only be available for share issuance and not for debt issuance and until 31 December 2022.</p> <p>Further changes to the prospectus rulebook are likely to be implemented in the context of the forthcoming EU listing act which aims to facilitate and promote public listings for EU companies. (<i>see previous section</i>)</p>
<p>Market Abuse Regulation Review</p>	<p>15 May 2019: Commission asked ESMA to submit technical advice on the review of the Market Abuse Regulation (MAR)</p> <p>24 Sep 2020: ESMA report on review of MAR</p> <p>Q3 2022 (tbc): Review proposal of MAR through the “EU Listing Act”</p>	<p>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:</p> <ul style="list-style-type: none"> • 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

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		<p>ESMA also indicated that it would develop more concrete guidance on where pre- hedging practices could be considered market abuse.</p> <p>These recommendations may re-appear in the forthcoming EU listing Act which is likely to touch at certain provisions of the market abuse rulebook.</p>
MiFIR	<p>17 Jun 2021: Dutch AFM Report calling for review of bond trading</p> <p>09 Jul 2021 (deadline 01 October 2021): ESMA consultation reviewing the transparency rules for bond and derivatives (RTS 1&2)</p> <p>25 Nov 2021: Broader review of MiFIR</p> <p>06 Dec 2021: First Member State discussion on the proposal</p> <p>13 Jan 2022: First meeting of national experts to discuss MiFIR</p> <p>02 Feb 2022: First mention of the deletion of NFC exemption</p> <p>2024 (tbc): expected implementation of the MiFIR review</p>	<p>In June 2021, the Dutch regulator AFM, published a report calling for a review of the functioning of bond and derivatives trading under the MiFID/R framework. Shortly after, in July 2021 ESMA launched a consultation in the context of an upcoming review of the transparency rules for bond and derivative products under MiFIR (RTS 1&2). The review could introduce changes to the structure of these markets.</p> <p>In November 2021, the Commission published its review proposal introducing a broad-based review of all aspects of the MiFID/R framework. Most alarming for EACT among the changes proposed is the removal of the exemption for non-financial companies to register as MiFID licensed firms to access trading venues. The removal of this exemption would create additional regulatory burden for Non-Financial Corporates that rely on access to trading venues including FX venues.</p> <p>The unexpected removal of the exemption for Non-Financial Corporates was raised for the first time by Denmark in written comments related to the national expert meeting on 2 February 2022 which call for it to be reinstated into the text. Previously, the Commission had indicated intentions for this provision to be reinstated during discussions.</p>
MiFID quick fix	<p>26 Feb 2021: Publication of the MiFID II changes in Official Journal of the EU</p> <p>14 Jul 2021: Delegated Act on ancillary activity considerations</p> <p>19 Nov 2021: ESMA Technical Standards on the designation of "significant or critical" contracts and on the content of position limit management control</p>	<p>Following the Covid-19 crisis, the Commission presented a series of amendments to support the post-crisis recovery. These changes lower the burden of some investor protection rules including through more flexibility in costs and charges disclosure and publication of best execution.</p> <p>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:</p> <ul style="list-style-type: none"> • 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 of other group activities • 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. • Reduction of the scope of the commodity position limits regime to agricultural commodity derivatives and derivatives contracts considered significant. • 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

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		<p>investment services to customers or supplies of the main business.</p> <ul style="list-style-type: none"> 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. Allowing plain vanilla corporate bonds to be marketed to a wider pool of investors without complex product governance rules. <p>On 14 July 2021, the Commission adopted its Delegated Act (DA) specifying the eligibility criteria for the ancillary activity exemption, following changes to the threshold criteria introduced in the MiFID Quick Fix.</p>
<p>EMIR Refit / Clearing review</p>	<p>17 Jun 2019: Entry into force</p> <p>13 Jul 2021: ESMA consultation on draft guidelines on derivatives and trade repository reporting</p> <p>8 Sep 2021: Delegated on FRANDT requirements published</p> <p>1 Sep 2021: Application date for Phase V counterparties</p> <p>22 Nov 2021: ESMA consultation on clearing thresholds (deadline 19 Jan 2022)</p> <p>25 Nov 2021: UK FCA and Bank of England consultation on EMIR Refit implementation</p> <p>08 Feb 2022: Consultation on the EU clearing review (extended deadline 22 Mar 2022)</p> <p>H1 2022: Adoption of ESMA’s RTS/ITS on reporting, data quality, data access and registration of TRs</p> <p>H1 2022: ESMA guidelines on derivatives and TR reporting</p> <p>18 Jun 2022: Extended deadline for pension fund clearing exemption (with possibility of additional one-year exemption)</p> <p>Q3 2022 (tbc): Review of EMIR amending the provisions related to clearing</p> <p>H2 2022: Entry into force of technical standards on new reporting regime</p>	<p>Intragroup reporting exemption for non-EU companies</p> <p>ESMA and the EC have adopted final clarifications 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.</p> <p>Clearing Obligation</p> <p>On 22 November 2021 ESMA launched a consultation on clearing thresholds of OTC derivatives for NFCs. While expressing overall satisfaction with the functioning of the thresholds, ESMA is reaching out to FCs and NFCs to gather considerations and data on the thresholds and the hedging exemption for corporates. In relation to Brexit, the consultation also seeks input on the solutions beyond equivalence decisions for UK markets and stresses the importance of regulatory stability.</p> <p>The UK FCA and the Bank of England consultation on EMIR implementation mainly addresses the challenge of transposing EU standards into UK law by incorporating ESMA’s proposals from December 2020.</p> <p>On 08 February the Commission launched a consultation ahead of its planned review of the EU clearing rules with the goal of repatriating clearing activities within the EU and increase the pool of entities clearing in EU CCPs. The consultation raises a number of questions with direct relevance to NFCs from the definition OTC derivatives to questions pertaining to the clearing threshold, exploring a potential de-linking of the clearing obligation and the margining requirements, exploring if the thresholds should be recalibrated based on cleared versus non-cleared rather than OTC versus ETD, and asking how intragroup transactions should count toward the threshold.</p>

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CMU workstreams (incl. ESAP)	<p>24 Sep 2020: Capital Markets Union action plan</p> <p>25 Nov 2021: Proposal on single Electronic Access Point (ESAP) for company information</p> <p>12 Jan 2022: First meeting of national experts on ESAP</p> <p>2024: Earliest operationalisation of the ESAP</p>	<p>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:</p> <ul style="list-style-type: none"> • Creating the European Single Access Point (ESAP) for financial and sustainability-linked company information • Reduce the complexity of listing rules on regulated markets • 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 <p>On 25 November 2021, the Commission published a proposal on the European Single Access Point (ESAP), a single electronic access portal for company information. The proposal aims to deliver an operational one stop shop of company public information by 2024 by aggregating existing disclosures in standardised format.</p>
Securities Financing Transactions Regulation (SFTR)	<p>13 Jul 2020: Phase-in of the reporting obligations by category of counterparties</p> <p>10 Nov 2020: ESMA issued clarifications on SFTR reporting in the context of Brexit</p> <p>06 Jan 2020: ESMA statement delaying the integration of LEIs in the SFTR reporting standard</p> <p>2022/2023 (tbc): Review of SFTR</p>	<p>The Securities Financing Transactions Regulation (SFTR) introduced a reporting regime for securities lending, margin lending, buy-back, and repo transactions. Specifically, the Regulation creates a mandatory reporting regime of sec lending/ repo/ security financing transactions to a registered trade repository.</p> <p>The review of the SFTR 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.</p>
FX markets	<p>Aug 2018: Global code for Foreign Exchange (FX) Markets established</p> <p>26 Mar 2020: Statement from the Global FX Committee urging continued compliance with the code in times of market volatility caused by Covid 19</p> <p>Jul 2021: Updated FX Global Code</p>	<p>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.</p> <p>In July 2021, the Global Foreign Exchange Committee (GFXC) published an updated version of its FX Global Code which does not introduce significant changes. The changes address the benchmarks transition, the operational challenges induced by the covid-19 crisis and FX settlement risks.</p>
Money Market Fund Regulation	<p>26 Mar 2021: ESMA consulted on review of EU MMF rules</p> <p>01 Jul 2021: ESRB's preliminary recommendations on MMFR review</p> <p>01 Oct 2021: ESRB working paper calling for capital buffers</p>	<p>The current EU Money Market Fund Regulation (MMFR) is scheduled for a review in the second half of 2022 by the European Commission.</p> <p>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. The feedback collected feeds into the report published in February 2022.</p>

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	<p>11 October 2021: FSB report on MMF reforms</p> <p>25 Jan 2022: ESRB to publish final recommendations on EU MMF reforms</p> <p>16 Feb 2022: ESMA published final recommendations on EU MMF reforms</p> <p>H2 2022 (tbc): Proposal to review EU MMFR</p>	<p>On 11 October 2021, The Financial Stability Board (FSB) published its own analysis of MMFs and published a report for the G20. Most notably, the FSB’s conclusion explores the option to limit MMFs to public debt only, effectively eliminating MMF’s exposure to Commercial Papers. The FSB report also calls for review of the Commercial Paper market structure calling for additional regulation – with additional reporting requirements and for electronic publication.</p> <p>On the European level, the European System Risk Board (ESRB) is one of the first in a series of actors to issue its recommendations which will inform the review of the EU MMF framework. The set of recommendations is extremely hawkish including proposals to:</p> <ul style="list-style-type: none"> • LVNAVs – will be effectively forced to remove their stable NAV by removing current collar of 20 basis points of the NAV for LVNAVs which equals a conversion of LVNAV to VNAV MMFs, • Adding new liquidity requirements – for both VNAV and LVNAV MMFs – including on daily maturing assets, weekly maturing assets and minimum public debt assets. • Increase availability and usability of liquidity management tools (LMTs) – that impose costs on investors for redeeming/subscribing with at one of three tools (anti-dilution levels, liquidity fees, or swing pricing). <p>Shortly after, on 16 February, ESMA published its opinion to the review of Money Market Funds which is slightly less hawkish than the ESRB report. While ESMA also recommends a de facto forced conversion of LVNAVs to VNAVs (through the removal of amortised cost for LVNAVs), it does not suggest minimum requirements on public debt holdings but rather proposes the inclusion of a maximum percentage in public debt assets able to contribute to WLA.</p> <ul style="list-style-type: none"> • LVNAVs – will be de facto forced to convert to VNAVs by removing amortised costs. In addition, ESMA raised questions on whether the reasoning behind keeping LVNAVs that was used in the MMFR debate 10 years ago is still valid. • Liquidity requirements – include increased DLA and WLA for VNAVs with considerations on a maximum portion of public debt to meet WLA. • LMTs – ESMA proposes to decouple gates and fees from liquidity thresholds alongside new LMTs for each MMF, including at least one LMT among swing prices, anti-dilution levies, and liquidity fees. Temporary liquidity buffers were proposed for certain crisis situations are to be made available to funds. <p>The Commission will likely try to balance ESMA and ESRB recommendations, however it is still too early to tell where the review will land as it is in the very early stages of its thinking.</p>
<h2>2. Prudential framework</h2>		
<p>2021 Banking Package</p>	<p>30 Sep 2021: Application of FRTB Standardised Approach reporting requirement</p> <p>27 Oct 2021: Proposal for a CRD6/CRR3 package implementing the Dec 2017 agreement</p> <p>new deadline Jan 2023: Basel Committee for Banking Supervision (BCBS) delays implementation deadline for Basel IV package by one</p>	<p>This banking package is the implementation in the EU of the post-2008 international reform of prudential/banking rules, which resulted in the global Basel III standards.</p> <p>These rules directly impact the capital that banks must hold against certain assets which can impact the cost charged to clients.</p> <p>The Commission’s proposal includes a number of deviations from the international Basel agreement to reduce the capital increase for banks, for example it does not suggest a removal of the Credit Valuation Adjustment (CVA) exemption for non-financial corporates, however, some Member States are pushing for a stricter alignment with the Basel rules including advocating for the removal of the CVA exemption.</p>

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	<p>year due to the covid crisis.</p> <p>1 Jan 2025: Application of most new requirements</p>	<p>However, as foreseen by Basel, it proposes a stricter treatment of trade finance instruments such as performance bonds, which would likely increase the price charged to corporates. We understand that France, Spain and Italy are concerned about the proposed changes.</p> <p>Other points of interest in the proposal include a deviation in the treatment of unrated corporates in favour of a more lenient treatment with a risk weight of 65% to 'investment grade' (with a probability of default no higher than 0.5%), as opposed to the 100% risk weight foreseen by the Basel rules. This approach would however be temporary until end 2032, with the Commission encouraging initiatives to promote a greater rating coverage in the EU by then.</p> <p>In the early stages of negotiations, certain members of the European parliament have expressed differing views on the treatment of unrated corporates with some calling for the preferential treatment to become permanent.</p> <p>The Commission is suggesting deviating from Basel to introduce a preferential capital treatment for EU active banks to provide financing to 'high quality' projects related to large physical assets. The European Banking Authority (EBA) would define the criteria for projects to be considered 'high quality'. Some Member States including NL, FI, LU and BE are opposed to this, while DE has some concerns.</p>
<h3>3. Payments</h3>		
<p>Cross-border payments</p>	<p>23 Mar 2019: Publication of Cross-Border Payments Regulation</p> <p>15 December 2019: Application date</p> <p>By 19 Apr 2022 (tbc): Review proposal</p>	<p>This regulation ensures that payment service providers levy the same charges for cross-border payments as for national payments. In 2019, transparency requirements were applied to currency conversion charges related to card-based transactions and credit transfers as well as transactions not using dynamic currency conversion (DCC).</p> <p>As of the 15 December 2019, provisions for the equalisation of charges in Euro started applying. Transparency requirements for card-based transactions and credit transfers applied 19 April 2020 with information requirements for non DCC transactions applying from 19 April 2021.</p>
<p>SEPA & payments initiatives</p>	<p>Mar 2012: SEPA Regulation</p> <p>Nov 2018: Launch of Eurosystem TIPS</p> <p>24 Sep 2020: Publication of EU Retail Payments Strategy</p> <p>26 Nov 2020: EPC publication of 2021 SEPA payment scheme rulebook</p> <p>30 Nov 2020: EPC publication of first SEPA Request to pay rulebook</p> <p>31 Mar 2021: Consultation on instant payment in EU (deadline 23 Jun 2021)</p> <p>13 Sep 2021: EPC consultation on 2023 SEPA rulebook (deadline 11 Dec 2021)</p> <p>Q2 2022 (tbc): Potential review of the SEPA Regulation to mandate instant payments</p>	<p>The SEPA Regulation created a binding framework for standardised SEPA transactions in the Euro area.</p> <p>The ECB's TARGET Instant Payment Settlement (TIPS) enables instant clearing and settlement of retail payments. The Commission and the ECB are monitoring voluntary take-up of the scheme.</p> <p>In preparation of a potential proposal in instant payments by the Commission, a consultation on instant payments for EU corporates and on the possibility of legislative action to mandate the uptake of the SEPA Instant Credit Transfer Scheme by payment service providers.</p>

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<p>Consumer Credit Review</p>	<p>20 Jun 2021: Review of Consumer Credit Directive (CCD) Ongoing negotiations in Parliament and among Member States</p>	<p>The review of Consumer Credits Directive (CCD) includes:</p> <ul style="list-style-type: none"> • Significant expansion of the scope – removing the €200 threshold and several exemptions including for leasing agreements, overdraft facilities and credit granted free of interest. Activities such as crowdfunding credit services and buy now pay later schemes are also scoped in. • More prescriptive credit worthiness assessment (CWA) requirements – the proposal states that a credit can only be granted following a positive assessment, with some exceptions such as long-standing client relationships. • Restrictions on using personal data and automated processing – to ensure that relevant economic data is used for creditworthiness assessments and restricts the use of alternative sources, such as social media or health data, and granting consumer new rights to contest automated credit decisions. • Caps on cost of credit – introducing caps either on the interest rate, the annual percentage rate of charge, or total cost of credit to consumers. The exact level of the cap is left to the discretion of the Member States. • New forbearance requirements – requiring creditors to take reasonable measures prior to enforcement. • Additional pre-contractual information – applying a Standard European Consumer Credit Overview from summarising the key elements of the credit. • Introduction of conduct of business rules – with a suggestion to ban tying practices. • Safeguarding consumers from behavioural biases – including for example restrictions on the use of pre-ticked boxes. • Stronger enforcement – requiring Member States to establish registration and supervisory arrangements for non-bank lenders, ensure national authorities have sufficient investigative and enforcement powers, and lay down dissuasive penalties. <p>During the ongoing negotiations, Germany has pushed for an exemption to the admission, registration and supervision rules applied to creditors for suppliers of goods and services acting as credit intermediaries in an ancillary capacity such as 'furniture stores and electronics retailers.' Several other Member States are also concerned about the enlarged scope which may make small credit provisions too burdensome.</p> <p>In the European Parliament, priorities include improved credit conditions for green loans and stricter requirements on the use of data for the creditworthiness assessment (CWA).</p> <p>The latest version of the text (currently under negotiations) also leaves room for national discretion regarding a proportionate regime with lighter creditworthiness assessments and information requirements for smaller credits, including credit below €200 and overdraft facilities to be repaid within three months.</p>
<p>Payment Services (PSD2) Implementation & upcoming review</p>	<p>Jan 2016: Entry into force of Payment Services Directive (PSD2) 14 Sep 2019: Application of technical standards (RTS) on strong customer authentication (SCA) 1 Jan 2021: Implementation of SCA requirements By end 2022: Survey on PSD2 framework by DG FISMA</p>	<p>The Payment Services Directive (PSD2) exempts corporate payment factories from the classification as payment service providers, excluding them from the scope of PSD2.</p> <p>However, the current exemption is only mentioned in a recital of the rulebook and not a proper article which reduces legal certainty, ensuring that this exemption is including as a fully-fledged article during the upcoming review in late 2022 would be beneficial.</p> <p>The Commission's 2020 Retail Payments Strategy outlined potential areas to review, including:</p> <ul style="list-style-type: none"> • Consumer protection standards – to be reassessed in light of instant payment environment. • Reduced fees for credit transfers – alongside potential requirements on not exceeding regular credit transfer costs. • Strong Customer Authentication (SCA) – impact to be assessed with exploration whether IBAN and beneficiary name matching could be required

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	<p>Late 2022 (tbc): Review and expansion of PSD2</p>	<ul style="list-style-type: none"> • Placing e-Money providers under PSD2 scope – and assessing whether technical providers to payment services should be included in PSD2
<h2>4. Taxation</h2>		
<p>Debt-Equity Bias Reduction Allowance (DEBRA)</p>	<p>14 Jun 2021: Roadmap on debt-equity bias reduction (DEBRA) 1 Jul 2021: Consultation on DEBRA (deadline 7 Oct 2021) 13 Apr 2022 (tbc): DEBRA proposal</p>	<p>The debt-equity bias reduction addresses tax bias favouring funding through debt rather than equity prevalent across several EU Member States. This proposal is set to explore possibilities to increase tax benefits for companies funding projects with equity and potentially reducing tax benefits related to debt funding, which could impact project financing for non-financial counterparties (NFCs).</p> <p>Similar legislative provisions have been included in other stalled tax-related proposals. The unanimous support required among Members States to pass legislative proposals in this field of taxation hints to a long and difficult negotiating process.</p> <p>Ahead of the legislative proposal for DEBRA in Q1 2022, the Commission has published a roadmap in Jun 2021 and consulted on this topic in July 2021.</p>
<p>Public Country by Country Reporting</p>	<p>12 Apr 2016: Proposal on public Country-by-Country Reporting (pCbCR) 27 Mar 2019: Adoption of Parliament's position on pCbCR 3 Mar 2021: Adoption of Member States' position 1 Jun 2021: Final agreement reached 28 Sep 2021: Adoption of final text in the council 11 Nov 2021: European Parliament vote on the adoption of the final text 21 Dec 2021: Entry into force 22 June 2023: Deadline for transposition into national law 2024: Publication of first public CbCR reports for the 2021 financial year</p>	<p>Public Country-by-Country Reporting (pCbCR) Requires all companies operating in the EU with annual global revenues above EUR 750 million to publish on a country-by-country basis information on their profits, turnover, taxes paid, business activities, and number of employees. The information must be disclosed per EU country, per tax haven (countries included on the EU's list of uncooperative tax jurisdictions), and in aggregated form for the rest of the world.</p> <p>The final text retains a deferral clause that allows companies to defer disclosure of information in specific circumstances for a period of a maximum of five years to protect commercially sensitive information.</p> <p>The EU Member States have adopted the final legal text on pCbCR on 28 September 2021 followed by the adoption by the European Parliament on 11 November 2021. The only outstanding step before the application of the new requirements is the publication in the EU's Official Journal (OJEU) envisaged before the end of the year. The first reporting requirements are expected to apply in May/June 2023, 18 months after the entry into force.</p>
<p>Business in Europe: Framework for Income Taxation (BEFIT)</p>	<p>18 May 2021: Commission communication on business taxation for the 21st century 2023 (tbc): New proposal on Business in Europe: Framework for Income Taxation (BEFIT)</p>	<p>Since the proposal on an EU-wide common consolidated corporate tax base (CCCTB) has been stalled by Member States and is now unlikely to proceed further the Commission is now focusing on alternative proposals.</p> <p>Instead, the Commission is expected to publish its new Business in Europe: Framework for Income Taxation (BEFIT) proposal in 2023 to provide a single corporate tax rulebook for the EU. So far, the proposal is set to:</p> <ul style="list-style-type: none"> • Establish a common rulebook for groups of companies to facilitate cross-border investment • Reduce administrative burdens and cut compliance cost

FILE NAME	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	<p>By mid-2024: Proposal of EU Single Market levy</p>	<ul style="list-style-type: none"> • Combat tax avoidance and ensure predictable tax revenues • Reallocate taxing rights more effectively between EU Member States <p>As part of the BEFIT framework, the Commission is to propose a new levy linked to the EU corporate sector, the so-called EU Single Market levy, by mid-2024 with the aim to repay the debts incurred by EU recovery package Next Generation EU. This proposal will be accompanied by a Financial Transaction Tax (FTT) created for the same aim.</p>
<p>OECD tax reform</p>	<p>Nov 2019: OECD consultation on Global Anti-Base Erosion ('GloBE')</p> <p>12 Oct 2020: OECD consultation on Pillar One and Two blueprint</p> <p>05 Jun 2021: G7 agreement on establishment of global minimum corporate tax rate</p> <p>01 Jul 2021: OECD endorsement of Pillar 1 and 2 deal</p> <p>10 Jul 2021: G20 endorsement of Pillar 1 and 2 deal</p> <p>08 Oct 2021: OECD agreement on global minimum tax rate</p> <p>22 Dec 2021: EU proposal on implementing Pillar 2 of the OECD agreement</p> <p>03 Jan 2022: First meeting of national experts on Pillar 2</p> <p>01 Jan 2023: Entry into force of OECD minimum 15% corporate tax rate</p>	<p>The proposal from the OECD looks at establishing 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 and were discussing a reform of the global tax regime to align it with the digitalisation of the economy and to address the challenges of tax avoidance by multinational enterprises (MNEs).</p> <p>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.</p> <p>In October 2020, the OECD published its blueprints for Pillar One (reallocation of taxing rights to market jurisdictions) and Pillar Two (introduction of a minimum global effective tax rate) which set the technical framework for a political agreement which was struck later in July 2021.</p> <p>On 08 October 2021, 136 countries signed up to the agreement based on the 'two-pillar' approach:</p> <ul style="list-style-type: none"> • Pillar 1: covers in MNEs with global sales above EUR 20 billion and profitability above 10%, where 25% of profit above the 10% threshold will be reallocated to market jurisdictions. • Pillar 2: global minimum corporate tax rate set at 15% for companies with global turnover above EUR 750 million. <p>In the EU, this global tax framework will be implemented through an EU legislation to be transcribed by each Member State.</p> <p>In particular, the European Commission is set to issue a legislative proposal by end-2021 to implement the agreed Pillar 2 rules – this EU proposal will go beyond the OECD agreement since it will also require companies in scope to publicly disclose their global effective tax rate.</p> <p>The European Commission has proposed an EU framework to implement the Pillar 2 of OECD agreement on 22 December 2021. The EU proposal closely reflects the international agreement with the only notable divergence of extending the application of the top-up tax (i.e. difference to 15%) on a parent entities to 'purely domestic groups' located inside the EU to avoid discriminatory treatment within the Single Market. Negotiations on this proposal have started early this January as the Commission and the French Presidency of the Council hope for a swift legislative process in light of the application deadline envisaged for 1 January 2023.</p>
<p>Shell companies</p>	<p>22 Dec 2021: EU proposal on Shell companies</p> <p>2022: New proposal on non-EU shell companies</p> <p>01 Jan 2024: Application of new shell company rules following transposition into national law</p>	<p>EU proposal to tackle the misuse of shell companies</p> <p>The European Commission has proposed new legislation to limit the abuse of shell entities in the EU. The new framework includes a set of specific exemptions, notably scoping-out a wide range of financial services entities that already have an adequate level of transparency, such as credit institutions, insurance undertakings, asset managers, payment and crypto-service providers.</p>

FILE NAME	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	<p>By 31 Dec 2028: Commission evaluation report on misused shell companies</p>	
<p>FTT</p>	<p>FTT</p> <p>End 2022: Commission deadline for agreement on FTT-10 workstream to present EU-wide proposal</p> <p>By mid-2024: New proposal on EU-wide FTT</p> <p>1 Jan 2026: EU FTT implementation as new EU-level tax revenue</p>	<p>Financial Transaction Tax</p> <p>The proposal of an EU-wide Financial Transaction Tax (FTT) as a potential new own resource revenue stream for the EU to raise funds to service the debt raised under the EU pandemic recovery plan (Next Generation EU).</p> <p>The debate over an EU FTT have been longstanding among a coalition of the willing composed of 10 Member States, the so-called FTT-10. The Commission set a deadline for this FTT-10 to land on an agreement before the end of 2022, beyond which time the Commission will publish a new proposal for an EU-wide FTT by 2024.</p> <p>In December 2021, Commission confirmed the mid-2024 proposal with the aim to repay the debts incurred by EU recovery package Next Generation EU. This proposal will accompany new EU tax revenues linked to the corporate sector, the so-called Single Market levy.</p>
<h2 style="text-align: center;">5. Sustainable Finance</h2>		
<p>EU Taxonomy</p>	<p>Delegated Acts (next steps):</p> <p>Technical Screening criteria for climate change mitigation and adaptation:</p> <ul style="list-style-type: none"> 01 Jan 2022: Application of the DA <p>Nuclear, gas and agriculture:</p> <ul style="list-style-type: none"> 02 Feb 2022: Commission publishes the proposal (Adoption to follow once the text is translated) <p>Water use, circular economy, pollution, and biodiversity:</p> <ul style="list-style-type: none"> Mar/Sep 2022: Initial/ second batch of PSF draft criteria for 1 Jan 2023 application <p>TIMELINE:</p> <p>22 Jun 2020: Publication of Taxonomy Regulation</p> <p>12 Jul 2021: Platform for Sustainable Finance (PSF) consultation on two draft reports on social & negative impact Taxonomy extension</p>	<p>EU level</p> <p>The EU Taxonomy defines environmentally sustainable economic activities that must be used as a reporting tool by all financial market participants offering financial products presented as environmentally sustainable.</p> <p>Non-financial corporates that report under the NFRD are required to report on the share of Taxonomy-eligible and non-eligible activities accompanied by qualitative information of their activities since 1 Jan 2022, and in detail on Taxonomy-alignment across their total turnover, CapEx and OpEx from 1 Jan 2023. These reporting requirements are specified in detail by the following delegated act (DA):</p> <ul style="list-style-type: none"> NFRD-entity reporting under Article 8 of the Taxonomy – has been published in the OJEU on 10 December and entered into force twenty days thereafter. Prior to the application, the EC published an FAQ, and the PSF published a guidance on voluntary reporting, as well as a mapping of NACE codes, to facilitate compliance. On 4 February 2022 the EC published a second batch of FAQs, addressing more specific questions from the private sector. <p>The requirements and thresholds for specific economic activities to be considered Taxonomy aligned are set out in a series of delegated acts (DAs):</p> <ul style="list-style-type: none"> DA covering Technical Screening criteria for Climate change mitigation and adaptation – was first presented in April, adopted on 4 June and applies since 01 January 2022. DA covering Nuclear, gas – these politically contentious topics have been separated from the first DA on mitigation and adaptation as a group of Member States led by France wants to ensure that nuclear energy is classified as sustainable under the Taxonomy. Following a consultation in January, the EC published a DA including both activities on 2 February 2022. They are included as transitional activities, conditional to several requirements, such as thresholds on CO2e GHG emissions/kWh, and specific and very granular reporting requirements. The PSF responded to the consultation with negative opinion on the inclusion of both.

FILE NAME	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	<p>10 Dec 2021: Delegated Act for NFRD- entity reporting published in OJEU</p> <p>31 Dec 2021: Deadline for Commission report on Taxonomy expansion (incl. to social & negative impact activities)</p> <p>1 Jan 2022: Starting date for application of reporting obligation for corporate disclosures on climate change mitigation and adaptation (only “eligibility” & qualitative reporting)</p> <p>23 Feb 2022: Final PSF report on the Social taxonomy</p> <p>March 2022: Final PSF reports on NSI/LEI and SH activities</p> <p>1 Jan 2023: Full disclosure of KPIs on Taxonomy-alignment and accompanying information for corporates</p>	<ul style="list-style-type: none"> • DA covering additional activities, e.g.: agriculture and certain manufacturing activities – The EC decided to focus on nuclear and gas in its February DA, but could still consider the inclusion of some agricultural and mining activities in the coming year. • DAs covering water use, circular economy, pollution, and biodiversity –scheduled to be published in two batches with the first one expected around February and a second set of criteria around September 2022. <p>Beyond the application of these criteria for the classification of economic activities, reporting of NFRD-entities, and product-level disclosure for products marketed as environmentally sustainable, the Taxonomy is also set to serve as the basis for other labelling frameworks – such as the proposed EU Green Bond Standard and EU Ecolabel for retail financial products.</p> <p>Looking at parallel developments in this area, the Platform on Sustainable Finance (PSF) is likely to recommend an expansion of the framework to negative impact, or ‘significant harm’ (SH) and ‘no significant impact’ (NSI)/ ‘Low Environmental Impact’ (LEI) activities. The idea is to have three performance levels for economic activities along a traffic light basis: Substantial Contribution (green), Intermediate (yellow/amber), and Significant Harm (red).</p> <p>The EC is also exploring to expand the Taxonomy beyond the environmental framework to social objectives. To that end, the PSF published its final report on the extension with its recommendations. It maintained the same approach as for the environmental Taxonomy by including three defined objectives, namely the promotion of decent work, adequate living standards, and inclusive and sustainable communities, as well as a non-exhaustive list of sub-objectives. Similarly to the environmental Taxonomy, in addition to a substantial contribution to one of these objectives, it would also have to comply with ‘Do No Significant Harm’ (DNSH) criteria. Although non-binding, the PSF report is expected to serve as the basis for the EC’s on the expansion of the framework. As a reminder, the EC is mandated by the Taxonomy framework to write a report on the Social extension but is not obliged to publish a legislative proposal.</p> <p>International Level</p> <p>The EU, together with 18 international partners, including China, India, Japan, Canada and Chile, established an International Platform on Sustainable Finance (IPSF) which was launched on 22 October 2019.</p> <p>As part of the platform, the EU is advancing on the “Common Ground Taxonomy” mapping the EU Taxonomy and the Chinese Green Bond Catalogue – an initial draft table was under consultation until 4 January 2022.</p>
<p>Corporate Sustainable Reporting Directive/ Review of NFRD</p>	<p>18 Jun 2019: Publication of climate-related reporting guidelines under the Non-Financial Reporting Directive (NFRD)</p> <p>21 Apr 2021: Proposal on sustainability reporting for corporates (CSRD)</p> <p>16 Nov 2021: Publication of the EP Legal Affairs Committee draft report</p> <p>30 Nov 2021: EP ECON draft opinion published</p> <p>01 Dec 2021: EP JURI debate on draft report</p> <p>10 Jan 2021: EP JURI consideration of amendments</p>	<p>As part of its Renewed Sustainable finance Strategy, the Commission put forward a review proposal of the Non-Financial Reporting Directive (NFRD), renaming the legislation into the Corporate Sustainability Reporting Directive (CSRD). The proposal includes:</p> <ul style="list-style-type: none"> • Expanded scope – to all large companies as defined by the Accounting Directive. This covers all listed companies and those fulfilling at least 2 of the following thresholds: <ul style="list-style-type: none"> ○ a balance sheet total of 20 million euro, ○ a net turnover of 40 million euro, and ○ 250 employees • Mandatory sustainability reporting standards – covering environmental, social and governance topics. The Commission tasked the European Financial Reporting Advisory Group (EFRAG) with the development of the standards. A first set should be developed by end October 2022, followed by a second (sector-specific) set by end October 2023. • Reinforcement of double materiality – requiring companies to report on both the impact of sustainability factors on their balance sheet as well as the impact companies have on the environment and society.

FILE NAME	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	<p>12 Jan 2022: EP ECON deadline for amendments February 2022: EFRAG PTF expected to submit initial drafting to newly established expert groups for review 18 Feb 2022: MS reach General Approach 14-15 Mar 2022 (tbc): EP JURI vote 31 Oct 2022: Deadline to adopt first set of EU sustainability reporting standards 01 Jan 2024 (tbc): Provisional application date of CSRD for large companies 31 Oct 2023: Deadline to adopt second set of EU sustainability reporting standards (including sector-specific information) 01 Jan 2026: Application date of CSRD for listed SMEs</p>	<ul style="list-style-type: none"> • Equivalence mechanism for third country issuers – providing for a mechanism for non-EU entities captured under scope (i.e. those that are listed on EU regulated markets, or that wish for their EU subsidiary to be exempt) to use their jurisdiction’s standard – if it is deemed equivalent to EU’s. • Mandatory assurance – unlike under the current NFRD regime, where the content of the sustainability reporting is not covered by an assurance requirement (rather, the auditor just needs to confirm that a sustainability report is published), the proposal includes a limited assurance requirement. <p>The proposal is now subject to amendments by the Parliament and the Member States before a final version can be agreed and published. Both Member States and Parliament have outlined in their positions to delay the application date by one year to 1 January 2024. The main point of discussion between both institutions is expected to revolve around undertakings under scope.</p> <p>The EP ECON Committee adopted its opinion, which suggested a more limited scope, increasing the threshold to 500 employees for banks and insurance providers. In addition it noted that EFRAG’s advice to the EC on the development of sustainability reporting standards should be developed with the involvement of social partners.</p> <p>In the EP’s leading JURI Committee, recent compromise drafting notably includes certain non-EU companies and SMEs active in high-risk sectors under the scope of the proposal. It is expected to vote on its final position on 14 or 15 March.</p> <p>In Council, Member States agreed on a General Approach on the CSRD, opening the path for interinstitutional negotiations (trilogues) when the EP adopts its final position. Regarding the scope, the Council has mainly kept the original proposal’s scope, with all large companies as listed by the Accounting Directive as well as companies that have securities listed on EU regulated markets. The conditional exemption for subsidiaries was maintained. Regarding intangibles, the final wording around the definition concerns resources on which the business model of the undertaking fundamentally depends and are a source of value creation.</p> <p>From an international perspective, the International Financial Reporting Standards Board announced the creation of an International Sustainability Standards Board (ISSB) to sit alongside the already existing International Accounting Standards Board (IASB) – thrusting the question of compatibility of future EU standards with the international baseline to the forefront of debates.</p>
<p>Sustainable Finance Disclosure</p>	<p>11 Mar 2021: Entry into force of Sustainable Finance Disclosure Regulation (SFDR) 22 Oct 2021: European Supervisory Authorities’ (ESAs) submitted to the EC their final report on Taxonomy-related product disclosures, consolidated with their final report on the SFDR/Taxonomy RTS on principal adverse impact & product-level disclosure Q4 2021/Q1 2022 (tbc): Expected EU Commission adoption of RTS on entity and product-level disclosure and Taxonomy-related disclosures</p>	<p>The Sustainable Finance Disclosure Regulation (SFDR) introduces new sustainability-related disclosure requirements for investment management firms related to sustainability risks and their integration in investment decision-making and remuneration policies.</p> <p>It also requires publication of due diligence statements regarding adverse impacts of investment decisions on environmental, social and governance (ESG) matters.</p> <p>In addition, it sets out additional disclosure requirements for financial products, with more stringent disclosures required for those that are offered as sustainable (i.e. that have sustainable investment as their objective or that promote environmental or social characteristics).</p> <p>The application of new disclosure requirements which investment management firms will ask from their corporate investee companies includes:</p> <ul style="list-style-type: none"> • Pre-contractual and periodic reporting disclosure – all products will have to explain how they integrate sustainability risks (and if not, why), while products offered as sustainable will also have to justify their claims in more detail. • Extent of Taxonomy-alignment – for products that promote environmental or social characteristics (so-called Article 8 and 9 products). This applies from 01 January 2022 while the application of the details (RTS on product-level disclosures) on what this entails has been delayed to 1 January 2023.

FILE NAME	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	<p>1 Jan 2022: Level-1 application requirements on Taxonomy-alignment of certain financial products</p> <p>1 Jan 2023: Delayed application of technical product-level RTS measures under SFDR/Taxonomy</p> <p>March/April 2022 (tbc): EC adoption of final SFDR RTS on PAI and Taxonomy-alignment disclosures</p> <p>30 Jun 2023: Deadline for first RTS PAI reporting on reference period of 1 January 2022-31 December 2022</p>	<ul style="list-style-type: none"> Principal Adverse Impact (PAI) indicators – a list of 18 mandatory metrics (and a number of voluntary) that investment firms must disclose against at entity level, across all their funds/investee companies and <p>At the end of November, the EC informed the EP and Council its intention to delay the application of disclosure requirements on Taxonomy-alignment and principle adverse impacts (PAI), as defined under its RTS to 1 January 2023.</p>
<p>Sustainable Benchmarks</p>	<p>Dec 2019: Publication of EU Sustainable Benchmark Regulation</p> <p>31 Mar 2022: Deadline for consultations on EU-wide ESG label framework</p> <p>By 31 Dec 2022 (tbc): Review of Climate Transition and EU Paris-aligned benchmarks</p> <p>2023: Potential proposal on ESG benchmark label (tbc)</p>	<p>The agreed regulatory framework creates two new benchmark categories:</p> <ul style="list-style-type: none"> 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. <p>The Low Carbon Benchmark Amendment in the BMR included a review clause setting 31 December 2022 as a deadline for the Commission to submit a report calling – if needed for a review of the BMR.</p> <p>The EC has contracted PwC to conduct a study on the merits of introducing a new EU ESG benchmarks label. PwC launched three surveys targeting different types of market stakeholders (benchmark administrators, benchmark constituents, investors/ asset managers). The surveys focuses on the challenges in setting up ESG benchmarks, whether an EU wide standard is necessary, interactions with benchmark administrators and data providers, as well as the levels of users' satisfaction with ESG benchmarks.</p>
<p>EU Green Bond Standard (GBS)</p>	<p>Jun 2019: Recommendations on creating EU Green Bond Standard (EU GBS) by Technical Expert Group (TEG)</p> <p>Mar 2020: Supplementary EU GBS report</p> <p>6 Jul 2021: Renewed Sustainable Finance Strategy</p> <p>6 Jul 2021: Proposal on EU Green Bond Standard</p> <p>9 Dec 2021: Most recent Council meeting</p> <p>13 Jan 2022: EP ECON: presentation of draft report</p> <p>28 Feb 2022: EP ECON: Consideration of amendments</p>	<p>The EU Green Bond Standard (EU GBS) proposes a voluntary framework for the issuance of EU Green Bonds and is linked to the EU Taxonomy. The EU GBS may be used by EU and non-EU issuers, including corporates, financial entities, public and private sector, and includes issuance of covered bonds and securitisations.</p> <p>The main aspects of the proposal include:</p> <ul style="list-style-type: none"> Proceeds must be used for Taxonomy-aligned economic activities. The Taxonomy criteria for use of proceeds will be applied at issuance, however, the final text adds a provision specifying that where the taxonomy criteria are amended, the issuer must amend the use of proceeds to comply within a period of 5 years (grandfathering). Several reporting requirements for issuers, including a green bond factsheet, pre- and post-issuance reviews, yearly allocation reports, and an environmental impact report, all to be disclosed on the issuer's website and verified by an external reviewer. The proposal also envisages a centralised registration and supervision regime for external reviewers of green bonds, which will be coordinated by ESMA. <p>During the negotiations in Council, Member States moved closer towards compromises that entail flexibilities in the standard. In the latest text, 20% of the use of proceeds can be allocated to activities not covered under the Taxonomy for both sovereign and corporate issuers. The higher than before figure is accompanied by more precise conditions to be met by these activities. In addition, discussions consider full grandfathering, meaning that bonds remain compliant, until</p>

FILE NAME	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
	<p>16-17 Mar 2022 (tbc): EP BUDG: Committee vote</p> <p>31 Mar 2022: EP ECON: Committee vote</p>	<p>maturity, without a requirement to make changes when the Taxonomy is updated. Moreover, the costs made related to issuance of the bonds would be allowed for deduction from the proceeds from issuance.</p> <p>Council is thought to have reached consensus on the text. However, in February, some Member States are thought to have blocked further progress on the file, linking it to the scrutiny period for the Taxonomy DA. In addition, reportedly, a larger Member State may be concerned about interference of the Taxonomy in its issuance of green bonds.</p> <p>The EP is expected to be more ambitious. Mr Tang's draft report aims for 100% taxonomy-alignment of the use of proceeds. Moreover, the draft report anticipated the inclusion of nuclear energy and gas under the Taxonomy, excluding the activities altogether. In addition, he introduces requirements on issuers, asking for the publication of 2050 net zero plans. Finally, his report aims to introduce a review clause on the mandatory nature of the standard and expands the scope of disclosure requirements to all sustainability-linked bonds. Recent discussions in the EP highlighted that the conditions for use of the EU GBS designation as well as scope remain the two key outstanding issues in EP discussions, with rapporteur Paul Tang suggesting that agreement has been reached on other, less divisive issues in the text, including the role of external reviewers, NCAs, and ESMA supervision. The debate left it clear that a number of provisions within these two outstanding areas of the text remain contentious.</p>
<p>Sustainable Corporate Governance (SCG)</p>	<p>23 Feb 2022: EC publishes proposal (+ annex) on Corporate Sustainability Due Diligence</p>	<p>On 23 February, the EC published its proposal on Sustainable Corporate Governance. It would require companies to conduct human right and environmental due diligence practices, integrating it into their due diligence policies. Specifically, they would have to identify actual and potential adverse impacts, implement measures to put an end to actual impacts and prevent and minimize potential impacts. Moreover, companies would have to monitor the effectiveness of their policies, and to publicly communicate on their due diligence practices.</p> <p>The proposal scopes-in very large companies in all sectors and large companies in high impact sectors. The definition of a company is very broad and explicitly includes asset managers, and even some funds. In more detail, the size thresholds set out by the proposals are the following:</p> <ul style="list-style-type: none"> • very large EU companies (i.e. companies with 500 and more employees and a net turnover of 150 million euros or more, generated worldwide) in all sectors. • large EU companies deriving more than 50% of their net turnover from high-impact sectors, that also have more than 250 employees and more than 40 million EUR net turnover – high-impact sectors include manufacturing of textiles and leather, wholesale trade of textiles clothing, including footwear; agriculture, forestry, fisheries, food product manufacturing, wholesale trade of agricultural raw materials, live animals, wood, food and beverages; extraction of mineral resources, manufacturing of basic metal, non-metallic mineral and fabricated metal products, as well as wholesale trade of mineral resources • very large non-EU companies with revenues in the EU greater than 150 million EUR • large non-EU companies with more than 40 million EUR of turnover generated in the EU and 50% of net worldwide turnover coming from high-impact sectors <p>Where a violation of due diligence obligations results in damages, the undertaking could be held liable for these. It is expected to ensure that its policies are respected throughout its value chain through specific contractual clauses with a cascading effect. The EC would be mandated to come forward.</p> <p>Finally, companies would have to adopt a plan to ensure that the business model and strategy of the company are compatible with the transition to a sustainable economy and with the limiting of global warming to 1.5 °C in line with the Paris Agreement. Moreover, where variable remuneration is linked to the contribution of a director to the company's business strategy and long-term interests and sustainability, this needs to be taken into consideration.</p>

FILE NAME	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
<h2 style="text-align: center;">6. Financial Crime & Digital Finance</h2>		
<p>Cyber-resilience & hybrid threats</p>	<p>DORA</p> <p>24 Sep 2020: Proposal on Digital Operational Resilience for financial services (DORA)</p> <p>24 Nov 2021: Member States adopt their negotiating position</p> <p>13 Dec 2021: Parliament to vote on its negotiating position</p> <p>Ongoing trilogue negotiations between Member States and the Parliament</p> <p>NIS2</p> <p>16 Dec 2020: Proposal on review of framework for Network and Information Security (NIS2)</p> <p>28 Oct 2021: Parliament position carving out the requirement to report potential threats</p> <p>Ongoing trilogue negotiations between Member States and the Parliament</p>	<p>DORA</p> <p>The proposal for a Digital Operational Resilience Act (DORA) for financial services is targeted at financial entities and includes draft requirements for:</p> <ul style="list-style-type: none"> • Dedicated 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 – • Instalment of digital operational resilience testing frameworks depending on the size and interdependencies of the institutions, and • Direct EU oversight of critical third-party ICT providers. <p>Political negotiations between Member States and the Parliament are progressing slowly despite the lack of major disagreement while discussions at technical level are progressing smoothly to develop ways to align DORA with NIS2.</p> <p>NIS2</p> <p>The EU framework for security of network and information systems (NIS Directive) required Member States to establish National Cybersecurity strategies, Computer Security Incident Response Teams (CSIRTs) and national NIS authorities. However, this first directive did not produce a satisfactory level of harmonisation.</p> <p>With a broadened scope, the review of the fragmented NIS framework (so-called NIS2), addresses security of supply chains, streamlines reporting obligations for entities in scope, introduces more stringent supervisory measures and stricter enforcement requirements including harmonised sanctions regimes across the EU.</p> <p>The Parliament adopted a report on 28 October which notably withdrew the requirement to report significant cyber threats. It does, however, require the Member States to ensure cooperation between NIS2 and DORA authorities.</p>
<p>AML & KYC requirements</p>	<p>10 Jan 2020: Deadline for transposition of last EU AML framework (AMLD5) into national law</p> <p>7 May 2020: New EU AML Action Plan and consultation</p> <p>20 Jul 2021: EU AML package (AMLD6, AMLR, AMLA, TFR)</p> <p>31 Mar 2022: Parliament to vote on its negotiating position</p> <p>April 2022 (tbc): Start of trilogue negotiations between Member States and the Parliament</p> <p>1 Jan 2026: Direct supervision of new EU-level AML Agency</p>	<p>The previous review of the EU anti-money laundering (AML) framework (AMLD5) enhanced due diligence measures for customers in high-risk third countries and for the first time included virtual assets and wallet providers.</p> <p>On 20 July 2021, the Commission published its AML package, aiming to streamline the framework by switching all obliged entities rules from National to EU level and thereby harmonising the patchwork of customer due diligence and KYC requirements across the EU.</p> <p>The Parliament has adopted a joint committee procedure in which both the economic affairs committee (ECON) and the civil liberties committee (LIBE) will cooperate on drafting the text, with the latter advocating for stronger consumer protection and data rights. Discussions are expected to progress slowly, primarily focusing on politically contentious issue of the mandate for the new AML Authority.</p> <p>In the early stages of the negotiations, certain actors in the Parliament and among Member States have called to extend the scope of obliged entities to the non-financial sector – particularly focusing of Designated Non-Financial Services Businesses and Professions (DNFBPs) i.e auditors, external accountants, and tax advisers. Most notably, this extension of scope was echoed by Luis Garicano (Liberal, Spain) who is the rapporteur and will draft the text establishing the Anti Money Laundering Authority (AMLA). Other MEPs have notably called for stronger cooperation and exchange of information among national authorities and new rules to tackle the use of new technologies in ML by criminals.</p>

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		<p>A proposed EUR 10,000 cap on cash transactions, discretion on national sanctions, and open supervisory questions remain contentious issues in the Member States' discussions.</p> <p>In the meantime, Member States have found a compromise on a faster application for the revised transfer funds Regulation. These will cover more crypto-transfers as the EUR 1,000 minimum threshold is removed.</p>
Digital Finance	<p>24 Sep 2020: Publication of Digital Finance Strategy</p> <p>19 Oct 2020: European Systemic Risk Board (ESRB) recommendations on LEI implementations</p> <p>02 Sep 2021: ESRB report on LEI</p> <p>07 Sep 2021: ECB report on the Central Securities Depositories Regulation (CSDR) supporting the use of LEI</p> <p>07 Feb 2022: ESAs joint report on digital finance and related issues</p> <p>Mid-2022 (tbc): EU legislation on regulation and supervision of technology companies in financial services</p>	<p>Digital Finance strategy</p> <p>In September 2020, the Commission published a long-term strategy on digital finance, including:</p> <ul style="list-style-type: none"> • Two legislative proposals regulating crypto-assets (MiCA) and establishing a pilot regime for market infrastructure based on distributed ledger technology (DLT) • Removing barriers to cross-border digital financial services, • Creating a framework for interoperable digital identity solutions by 2024, • Leveraging an open finance approach, and • Facilitating the conditions for increased data sharing between businesses and between supervised entities and regulators through digital solutions. <p>LEI adoption</p> <p>The European Systemic Risk Board (ESRB) recommends that the European Commission integrate the Legal Entity Identifier (LEI) more broadly throughout financial regulation and potentially create an EU-wide regulatory framework for implementation of the LEI.</p> <p>In September 2021, the ESRB published a report stressing the crucial contribution by the LEI in monitoring the interconnectedness of legal entities involved in global financial transactions and its support to financial stability. As a result, the ESRB called for a broader use of the LEI, particularly for non-financial companies and sets out potential ways to promote such a broader use.</p> <p>The long-awaited joint-ESAs report will feed into the highly political debate on how to regulate the growing role of technology and technology firms in the financial sector, with the Commission set to decide on legislation in mid-2022.</p>
Crypto-Assets (MiCA)	<p>24 Sep 2020: Proposals for a framework on crypto-assets (MiCA) and a pilot regime for DLT-based market infrastructure</p> <p>24 Nov 2021: Member States adopt their negotiating position</p> <p>14 Mar 2022 (tbc): Parliament to vote on its negotiating position</p>	<p>On 24 September 2020, as part of the Digital Finance Package, the Commission published a legislative proposal on a proposed framework for crypto-assets, including a bespoke regime for crypto-assets (MiCA) and a pilot regime for market infrastructure based on Distributed Ledger Technology (DLT) market infrastructures.</p> <p>The Markets in Crypto-Assets (MiCA) proposal set out to regulate these digital assets to avoid foreign dominance in the crypto-asset market while ensuring financial stability and consumer/investor protection. Particularly, it establishes concrete requirements for crypto-asset (CA) issuers, for stablecoins (especially those deemed "significant") which cover disclosure, governance, capital or own fund requirements. The proposal also looks to lay down a harmonised framework around crypto-asset service providers (CASPs) such as wallets and exchanges through bespoke governance and market abuse requirements.</p> <p>Importantly, the scope of the regulation will not directly apply to decentralised crypto currencies such as Bitcoin but will indirectly capture them by imposing strict requirements to crypto exchanges and CASPs that offer them to the public.</p> <p>Recent compromises suggested by the rapporteur Stefan Berger (DE, EPP) in the Parliament are understood to link certain sustainable crypto activities to the EU Green Taxonomy which would allow favourable investment environments for these products.</p>

7. Horizontal

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International role of the Euro & Digital Euro	<p>05 Dec 2018: Commission communication on stronger international role of the euro</p> <p>02 Oct 2020: ECB publication of report on the creation of a digital euro</p> <p>Oct 2021: Establishment of Digital Euro Advisory Group</p> <p>H1 2023 (tbc): Expected Commission proposal on digital euro</p> <p>2027: Expected final development of a digital euro</p>	<p>In October 2020, the ECB raised the prospect of establishing a digital euro, a so-called Central Bank Digital Currency (CBDC). The ECB's report highlights the of a digital euro, including keeping up with a rapidly evolving and digitalising payments landscape in the EU. The first phase of the project 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.</p> <p>In October 2021, the Digital Euro Market Advisory Group officially assumed its function. This industry expert group will assist the ECB in developing the digital Euro.</p>
Brexit	<p>24 Dec 2020: EU-UK trade and cooperation agreement</p> <p>21 Oct 2020: UK publication of financial services bill</p> <p>31 Dec 2020: UK leaves EU</p> <p>31 Dec 2020: UK FCA allows UK firms to execute trades on behalf of EU clients in EU venues by modifying UK Derivatives Trading Obligation</p> <p>2022 (tbc): EU-UK regulatory forum on financial services to be established</p> <p>Jun 2022: End of EU temporary equivalence granted to UK Central Counterparties (CCPs)</p> <p>End 2024: Review of EU-UK trade and cooperation agreement</p> <p>28 Jun 2025: Expiry of EU-UK data adequacy decision</p>	<p>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 intended to work towards agreeing a Memorandum of Understanding on cooperation which has not yet been signed-off. This however would also not have the same effect as mutual market access or equivalence arrangements.</p> <p>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.</p> <p>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, which was reciprocated by Swiss authorities.</p> <p>Until the signature of the EU-UK Memorandum of Understanding on Financial Services Regulatory Cooperation, any timeframe for the establishment of the forum on financial services remains uncertain. This body, when established, would be similar to that 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.</p>
International economic sanctions	<p>05 Nov 2018: US withdrawal from 2015 Iran nuclear deal: sanctions re-imposed</p> <p>15 Jul 2019: EU Foreign Affairs Ministers adopt retaliatory measures against Turkey</p> <p>24 Jun 2021: EU extends sanctions on Belarus</p>	<p>In 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.</p> <p>On 24 June 2021, the EU introduced new sanctions against the Belarusian government following the forced landing of a Ryanair flight in Minsk on 23 May 2021.</p> <p>On 09 September 2021, the EU launched a consultation reviewing its rules meant to protect EU individuals and companies from having to comply with the extra-territorial application of third-country laws and measures. The consultation covers:</p>

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	<p>09 Sep 2021: Consultation on the prevention of unlawful extra-territorial sanctions (deadline 4 Nov 2021)</p> <p>18 Jan 2022: EU extends sanctions on Russia</p> <p>28 Feb 2022: EU sanctions against Russian aggression in Ukraine</p> <p>02 Mar 2022: EU introduces a SWIFT ban for certain Russian banks</p> <p>09 Mar 2022: Extension of sanctions against Belarus and Russia</p>	<ul style="list-style-type: none"> • The so-called “Blocking Statute” which bans compliance with unlawful third-countries’ measures, prevents the rulings of non-EU courts from having effect in the EU, and enables EU persons and legal entities to recover damages in EU courts. • In particular, possible amendments to enhance the capacity of the Blocking Statute to deter/counteract the extra-territorial application of third country sanctions, as well as to reduce the compliance costs. <p>On 18 January 2022, the EU extended - by another 6 months - its sanctions first introduced on 17 Mar 2014 as a response to the unlawful annexation of Crimea by Russia.</p> <p>Following Russia’s aggression in Ukraine, the EU has imposed a series of far-reaching sanctions against Russia. The economic and financial sanctions cover measures including:</p> <ul style="list-style-type: none"> • Freezing the Russian central bank’s foreign reserves • Approving €500m in EU financing for lethal military aid to arm Ukraine • Disconnecting 7 Russian banks from SWIFT • Banning Russian state-controlled broadcasters <p>Alongside new sanctions on Russia, the previous sanction package targeting Belarus has also been extended to capture:</p> <ul style="list-style-type: none"> • Mineral fuels • Bituminous substances and gaseous hydrocarbon products, • Potassium chloride (“potash”) products, wood products, cement products, iron and steel products and rubber products. • Exports of dual-use goods and technology, and certain advanced goods,