

# CLIFFORD CHANCE



## EU FINANCIAL SERVICES HORIZON SCANNER

JANUARY 2020

# INTRODUCTION

This financial services horizon scanner provides a high level overview of ongoing and expected EU initiatives in the area of financial services.

The horizon scanner identifies and summarises key EU legislative and non-legislative initiatives that are likely to impact firms providing financial services in the EU, which are grouped thematically.

It also sets out projected timelines for the finalisation and implementation of relevant legislative initiatives, covering approximately the next 18 months to 2 years.

Further background information and commentary on many of these initiatives, as well as an overview of the EU legislative process, is available on the Financial Markets Toolkit (<http://financialmarketstoolkit.cliffordchance.com>).

This horizon scanner has been prepared as of January 2020. It does not constitute legal advice and is not intended to provide an exhaustive list of all provisions or requirements applicable to such firms during this period.

# CONTENTS



High level initiatives .....	4
Horizon scanner timelines .....	7
Securities and markets .....	8
Payments .....	14
Investment management .....	16
Prudential regulation, recovery and resolution .....	20
Financial crime .....	24
Capital markets union .....	26
Other .....	30



**HIGH LEVEL INITIATIVES**



# HIGH LEVEL INITIATIVES

## THE EU REGULATORY LANDSCAPE

### Today's regulatory landscape

Following the financial crisis and resulting G20 commitments, the EU embarked on an unprecedented and wide-ranging set of regulatory reforms, including new rules to strengthen financial supervision, tools for bank recovery and resolution, more effective deposit protection and an improved regulatory framework for banks, insurance, securities markets and other sectors.

Just over a decade later, this project is now largely complete, with the last major legislative measure of the post-crisis regulatory agenda, MiFID2, which started to apply in early 2018. More recently, attention has turned to fine-tuning the EU financial services regulatory framework with scheduled reviews of existing regulation resulting in adoption of targeted follow-up actions, ensuring that regulation keeps pace with technological development and completion of the Banking Union and Capital Markets Union.

### A new European Commission

The new European Commission took office in December 2020, headed by President von der Leyen. Executive Vice President Dombrovskis will be responsible for the Commission's financial services agenda and has already made a number of policy commitments, identifying areas of focus where the Commission intends to propose new legislation. These policy priorities include an invigorated effort to build a Capital Markets Union and to complete the Banking Union, as well as commitments to introduce new legislation regulating stablecoins (including Libra) and various actions under the EU Sustainable Finance Action Plan. More broadly, Von der Leyen has also indicated she will propose legislation in her first 100 days in office:

- for a coordinated European approach on the human and ethical implications of Artificial Intelligence; and
- on making Europe the first climate neutral continent by 2050.

# HIGH LEVEL INITIATIVES

## NEW EUROPEAN COMMISSION FINANCIAL SERVICES PRIORITIES

Commission President-elect von der Leyen's mission letter to Executive Vice-President-designate Dombrovskis outlines the following priorities for financial services

### Banking Union and Capital Markets Union

- Complete the Banking Union by:
  - finalising the common backstop to the Single Resolution Fund; and
  - agreeing on a European Deposit Insurance Scheme.
- Speed up work towards a Capital Markets Union, by exploring ways to:
  - make cross-border investments easier;
  - improve the supervisory system; and
  - better harmonise tax and insolvency proceedings.
- Develop a new public-private fund for SME IPOs.

### Green Financing Strategy

- Develop a green financing strategy to direct investment and financing towards the transition to a climate-neutral economy.
- Work with partners to lead global efforts to scale up sustainable financing and direct investment.

### FinTech Strategy and Cryptocurrencies

- Develop a FinTech strategy to support digital technologies in the financial system.
- Ensure a common approach to cryptocurrencies across Member States, with the aim of making the most of opportunities and addressing risks.

### AML, CTF and Sanctions




- Put forward a new, comprehensive approach to AML and CTF, focusing on
  - better enforcement of legislation and better supervision;
  - adapting to risks linked to new technologies; and
  - a stronger role in setting international standards.
- Develop proposals to ensure that
  - Europe is more resilient to extraterritorial sanctions imposed by third countries; and
  - EU sanctions are properly enforced throughout the financial system.

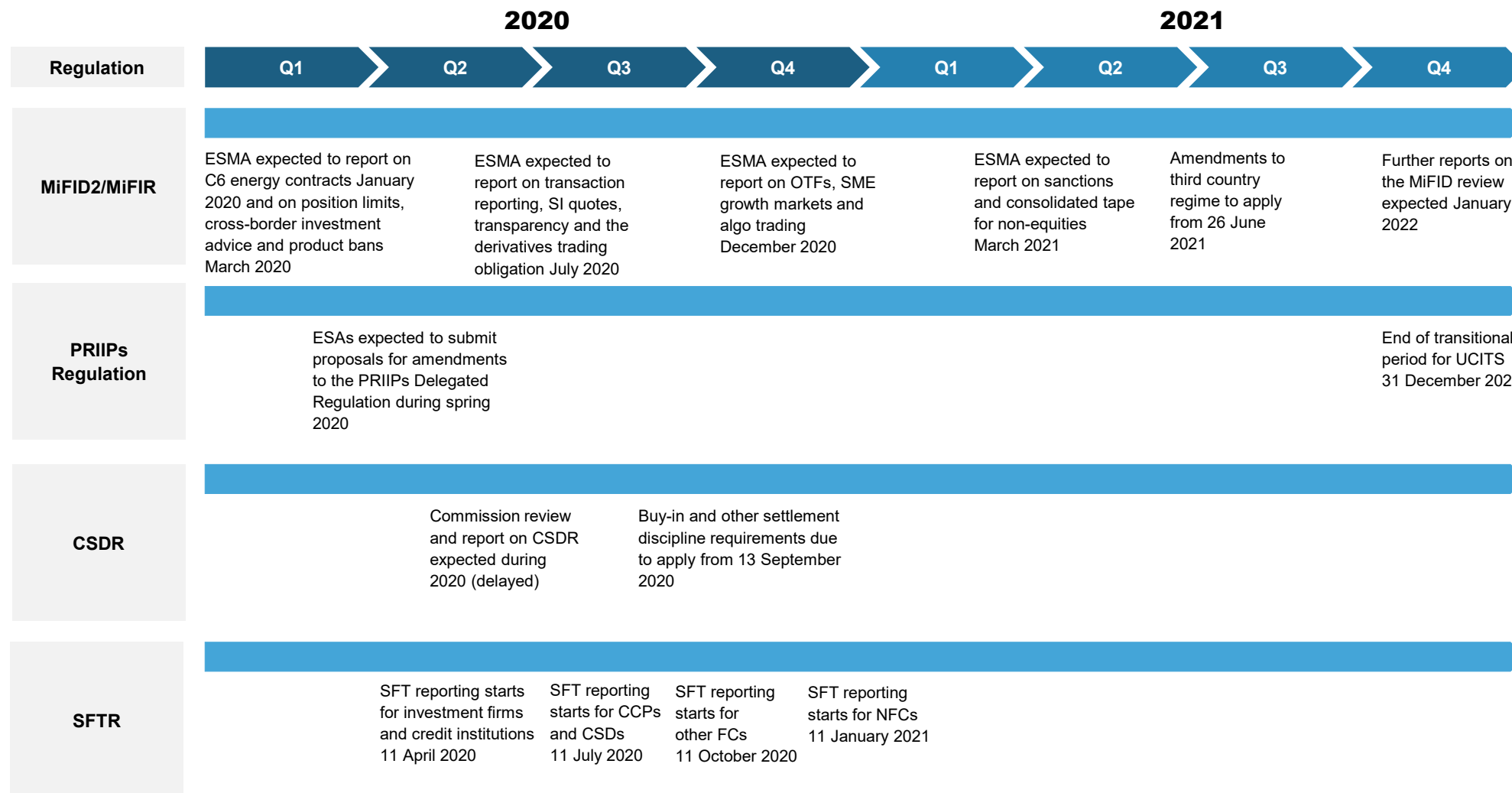


**HORIZON SCANNER TIMELINES**



# SECURITIES AND MARKETS

	Development of Level 1 text (from issue of Commission proposal until finalisation and publication in OJ)
	Implementation period and/or development of Level 2 standards/guidelines
	Regulation partially or wholly applicable
* estimated timing	





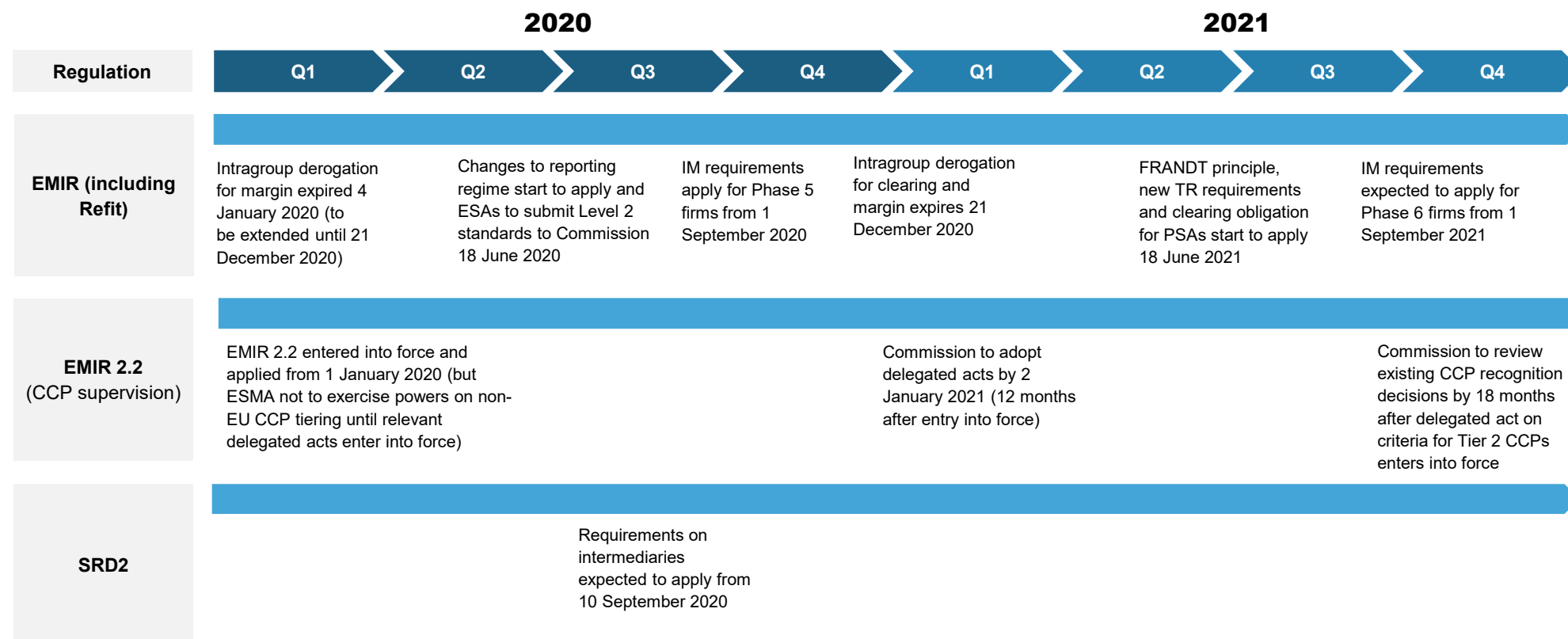
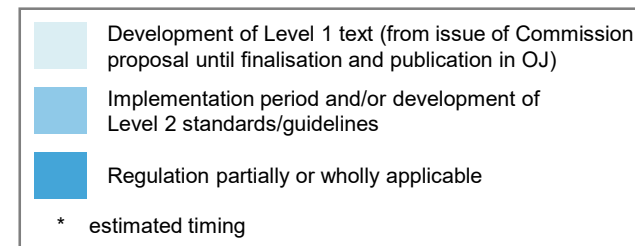
# SECURITIES AND MARKETS

## (CONTINUED)

<b>MiFID2/MiFIR</b>	<p>MiFID2 and MiFIR introduced important changes to the regulation of financial markets in Europe, including an overhaul of market structure, increased transparency and transaction reporting requirements, heightened conduct of business requirements and supervisory enforcement powers, greater regulation of commodities business including position limits and reporting and new rules for third country firms accessing EU markets. The Commission was due to report on its review of MiFID2 during 2020, taking into account various reports from ESMA. However, ESMA has proposed a revised timetable for delivery its reports taking into account Brexit uncertainties amongst other factors. The IFR and IFD amend the third country access provisions from June 2021.</p>
<b>PRIIPs Regulation</b>	<p>The PRIIPs Regulation obliges manufacturers of packaged retail and insurance-based investment products (PRIIPs) to produce a concise pre-contractual disclosure document, the Key Information Document (KID), where such products are made available to retail investors. The PRIIPs Regulation applies to manufacturers and distributors of PRIIPs and sets out rules on the content and format of the KID, as well as for its review and timing of delivery. The Commission was due to review the PRIIPs Regulation by the end of 2019 and the ESAs have indicated that they intend to conduct a comprehensive revision of related Level 2 requirements. The transitional period for UCITS has also been extended until the end of 2021.</p>
<b>CSDR</b>	<p>CSDR aims to harmonise the authorisation and supervision of Central Securities Depositories (CSDs) across the EU. It also aims to harmonise various aspects of settlement including settlement cycles (mandating a T+2 cycle), settlement discipline regimes (including a buy-in process to remedy settlement failures) and to mandate the adoption of full dematerialisation of securities. The Commission was due to report on its review of CSDR by 18 September 2019 but this has been delayed, likely because many of the key requirements under CSDR only started to apply during 2019 and the settlement discipline regime has not yet begun to apply.</p>
<b>SFTR</b>	<p>The Securities Financing Transactions Regulation (SFTR) aims to increase transparency and reduce perceived 'shadow banking' risks by requiring counterparties to report securities financing transactions (SFTs) to a trade repository, requiring UCITS managers and AIFMs to make pre-contractual and periodical disclosures to investors about their use of SFTs and total return swaps and imposing conditions on the 'reuse' of financial instruments that have been provided as collateral. SFT reporting requirements will be phased in from April 2020, by counterparty type.</p>

# SECURITIES AND MARKETS

## (CONTINUED)



# SECURITIES AND MARKETS

(CONTINUED)

## EMIR (including Refit)

EMIR introduces a mandatory clearing obligation for certain classes of OTC derivatives contracts entered into between certain counterparties, risk-mitigation requirements for OTC derivatives that are not centrally cleared (including margin requirements), trade reporting obligations for all derivatives (both OTC and exchange traded derivatives) and a framework for the regulation of central counterparties (CCPs) and trade repositories. EMIR Refit made targeted amendments to EMIR, including amendments to the definition of financial counterparty (FC), introducing a clearing threshold for smaller FCs, placing new duties on firms offering clearing services to do so on a fair, reasonable and non-discriminatory basis, removing frontloading and giving the Commission powers to temporarily suspend the clearing obligation.

## EMIR 2.2 (CCP supervision)

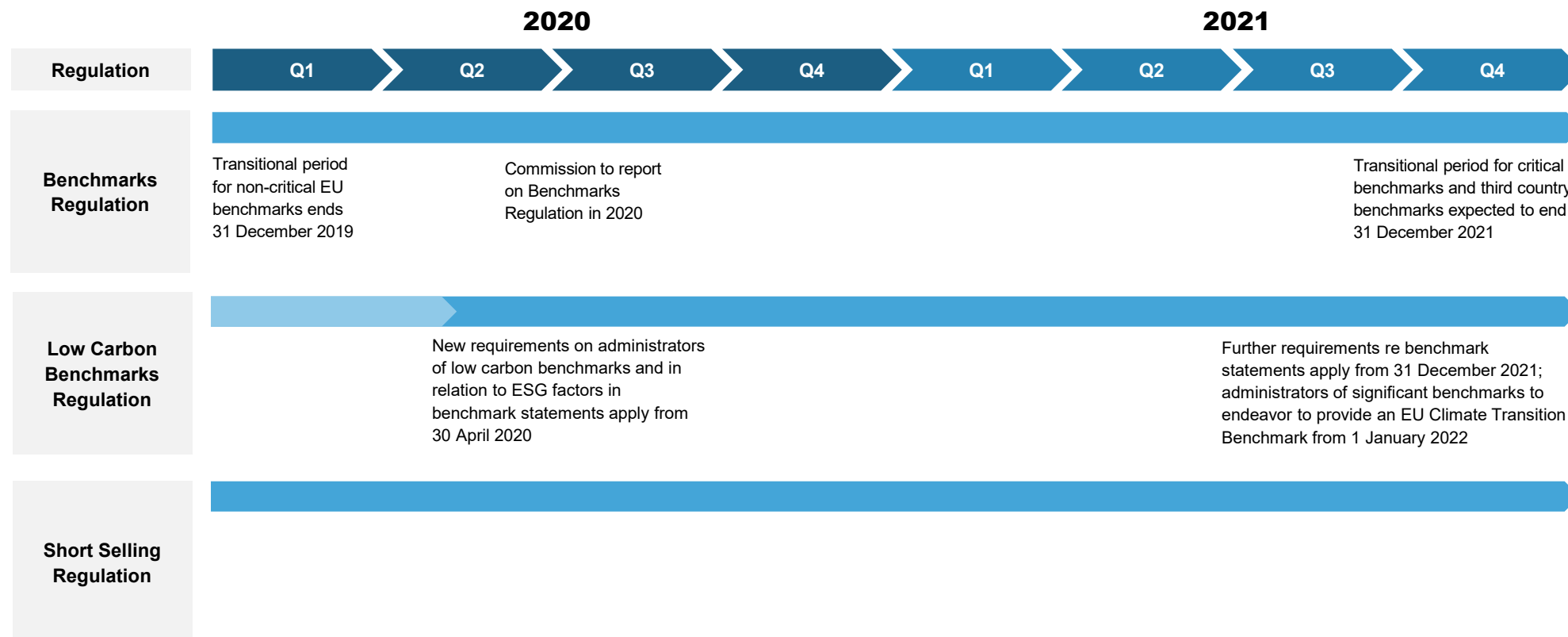
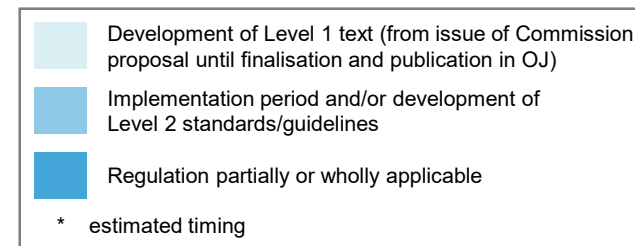
EMIR 2.2 amends the EU framework for authorisation of EU CCPs and recognition of non-EU CCPs under EMIR. EMIR 2.2 gives ESMA greater powers to co-ordinate supervision of EU CCPs and powers to directly supervise systemically important non-EU CCPs (Tier 2 CCPs). It also gives the Commission power (upon request by ESMA and in agreement with the relevant central bank) to impose a location requirement for non-EU CCPs that are of such systemic importance that direct supervision is deemed insufficient to mitigate the potential risks.

## SRD2

The Shareholder Rights Directive (SRD) seeks to enable shareholders to exercise voting and information rights in EU companies traded on regulated markets across the EU. Amendments to the SRD address perceived shortcomings relating to transparency and a lack of shareholder engagement. The amendments relate to the link between directors' pay and performance, related party transactions, advice given by proxy advisors and facilitation of the cross-border exercise of voting and information rights.

# SECURITIES AND MARKETS

## (CONTINUED)



# SECURITIES AND MARKETS

(CONTINUED)

## **Benchmarks Regulation**

The Benchmarks Regulation introduces requirements for firms that provide, contribute to or use a wide range of interest rate, currency, securities, commodity and other indices and reference prices. It aims to reduce the risk of manipulation of benchmarks by introducing a requirement for EU benchmark administrators to be authorised or registered and to implement governance systems and other controls to ensure the integrity and reliability of their benchmarks. The Commission is due to report on its review of the Benchmarks Regulation by 1 January 2020. The Omnibus 3 Regulation is also expected to introduce changes to ESMA's role in relation to supervision of critical benchmark administrators and recognition of third country benchmark administrators from 1 January 2022.

## **Low Carbon Benchmarks Regulation**

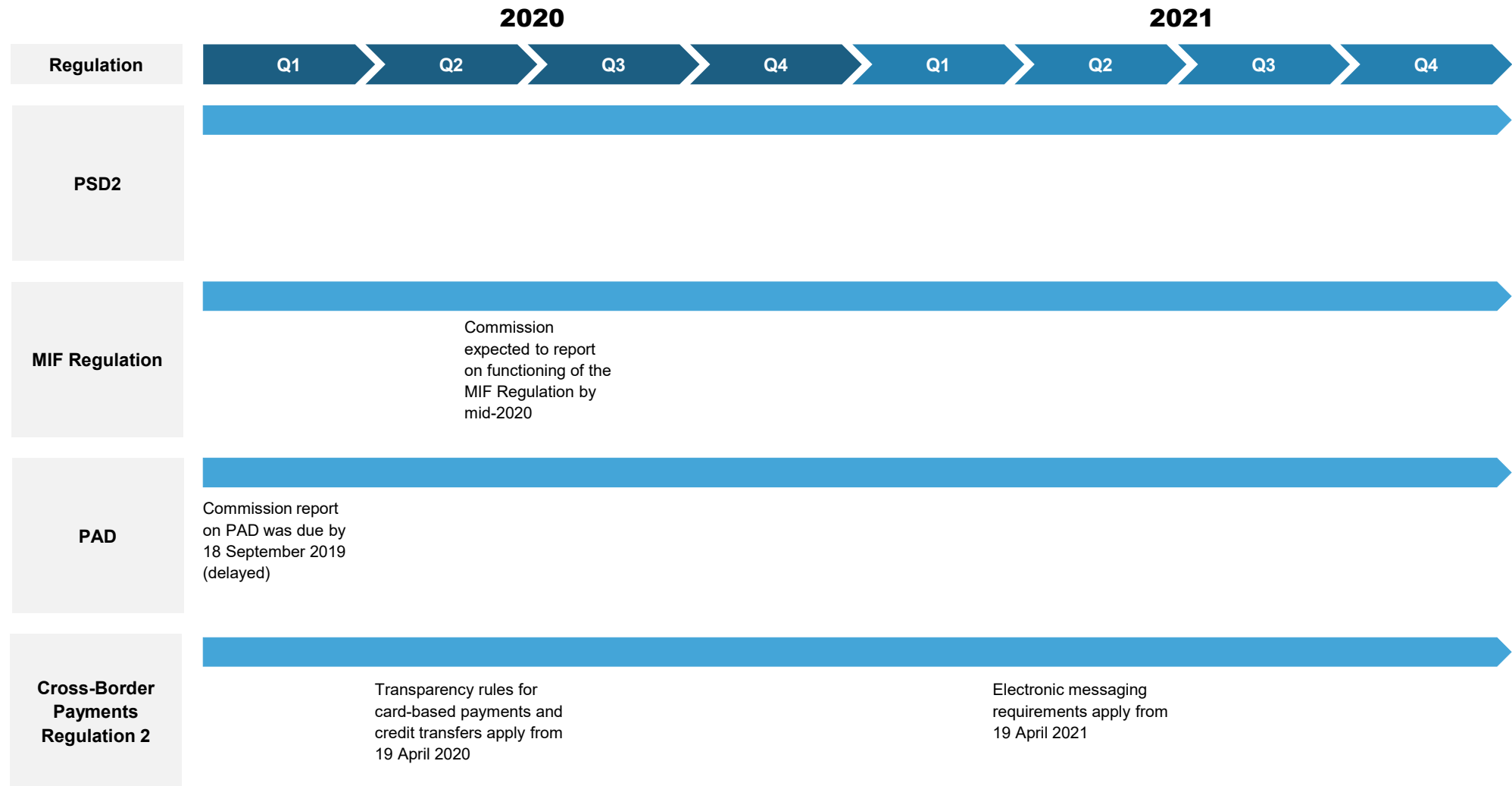
The Low Carbon Benchmarks Regulation forms part of the Sustainable Finance Action Plan package. It amends the Benchmarks Regulation, defining and introducing requirements in relation to two new categories of benchmarks, "EU Climate Transition Benchmarks" and "EU Paris-aligned Benchmarks". It requires benchmark administrators to disclose in benchmark statements how ESG factors are reflected in relevant benchmarks or families of benchmarks (with more substantive explanations required from 31 December 2021). It also extends the transitional period under the Benchmarks Regulation for administrators of critical and third country benchmarks from the end of 2019 to the end of 2021.

## **Short Selling Regulation**

The Short Selling Regulation (SSR) sets out requirements on market participants in relation to short selling and credit default swaps (CDS), including reporting and disclosure obligations where net short positions in relation to in-scope financial instruments exceed specified thresholds. The SSR also grants powers to regulators to impose temporary bans on short selling in certain circumstances. ESMA published technical advice to the Commission on the SSR in December 2017, recommending some limited amendments to the SSR as part of a scheduled review. The Commission indicated informally that it may seek targeted amendments via Level 2 measures, including to expand the scope of the market making exemption, but such amendments have not yet been forthcoming.

# PAYMENTS

	Development of Level 1 text (from issue of Commission proposal until finalisation and publication in OJ)
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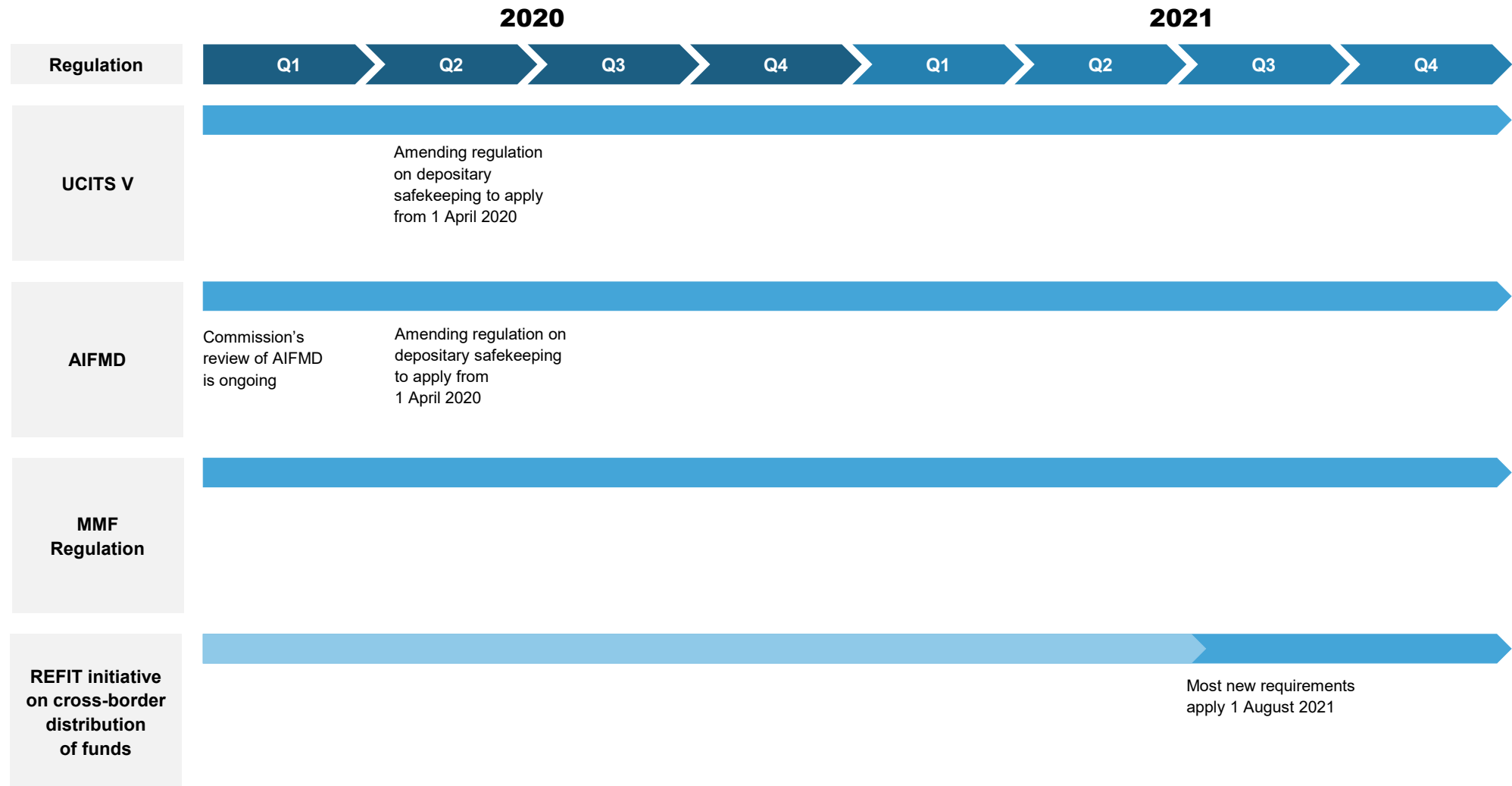
# PAYMENTS

## (CONTINUED)

<b>PSD2</b>	<p>PSD2 amends and recasts the Payment Services Directive (PSD1). It updates PSD1 to reflect new market and technological developments and aims to boost transparency, innovation and security. PSD2 also broadens the geographical scope of PSD1, extends provisions on transparency and information requirements to all currencies (not just EU currencies), broadens the definition of payment services to include payment initiation services and account information services and amends various exemptions and conduct of business rules.</p>
<b>MIF Regulation</b>	<p>The Multilateral Interchange Fees Regulation (MIF Regulation) caps multilateral interchange fees (MIFs) in card-based payments at 0.3% of transaction value for credit cards and 0.2% of the transaction value for cross-border debit cards; for domestic debit cards Member States may apply the 0.2% cap to the annual weighted average transaction value of all domestic transactions within a card scheme. The MIF Regulation also includes rules on licensing, provision of information to the payee and conduct of business requirements, such as co-badging, unblending and an “Honour All Cards” rule.</p>
<b>PAD</b>	<p>The Payment Accounts Directive (PAD) imposes requirements on payment service providers that provide payment accounts to consumers to ensure the comparability and transparency of fees related to payment accounts and provide standardised account information to consumers. It also seeks to ensure consumers can switch payment accounts and that all EU consumers have access to payment accounts.</p>
<b>Cross-Border Payments Regulation 2</b>	<p>The Cross-Border Payments Regulation (CBPR) introduced a “price equality rule” which provided that fees and charges for cross-border payments denominated in euro should be no more than corresponding national euro payment of the same amount. The revised CBPR2 enhanced this rule by extending it to non-euro area Member States. It also introduces new transparency requirements for currency conversion services. These transparency rules include disclosure requirements prior to the initiation of the payment transaction and requirements to send to the payer an electronic message setting out this information without undue delay after receiving a payment order and on a monthly basis.</p>

# INVESTMENT MANAGEMENT

Development of Level 1 text (from issue of Commission proposal until finalisation and publication in OJ)  
 Implementation period and/or development of Level 2 standards/guidelines  
 Regulation partially or wholly applicable  
 \* estimated timing





# INVESTMENT MANAGEMENT

## (CONTINUED)

### UCITS V

The UCITS Directives provide an EU-wide framework for UCITS (investment funds suitable for marketing to retail investors that meet relevant requirements). Since the first UCITS Directive in 1985, subsequent directives have aimed to expand and simplify the UCITS regime. UCITS V amends the UCITS depository duties and liability regimes and introduces new provisions on remuneration of UCITS managers and changes to Level 2 requirements relating to depository safekeeping duties are due to apply from April 2020.

### AIFMD

The Alternative Investment Fund Managers Directive (AIFMD) regulates the management, administration and marketing of alternative investment funds (AIFs) in the EU. Key issues covered by AIFMD include authorisation and operating conditions for AIFMs, remuneration, conduct of business and valuation requirements, transparency and marketing. It also includes requirements for firms acting as a depository of an AIF. Changes to Level 2 requirements on depositories are due to apply from April 2020. The Commission's review of AIFMD may also result in a proposal to amend AIFMD.

### MMF Regulation

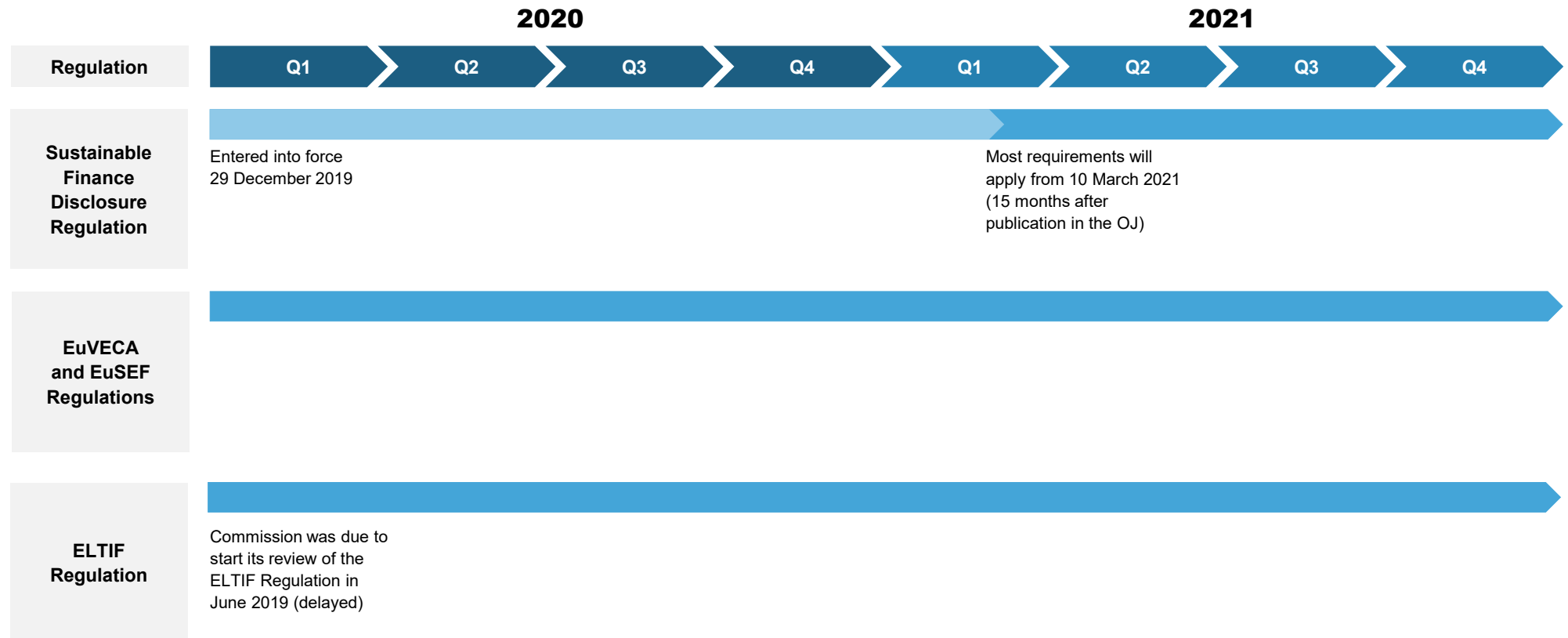
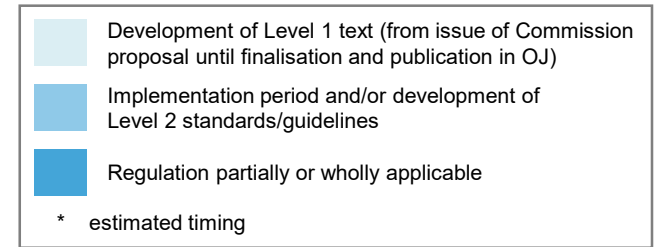
The MMF Regulation introduces a regulatory framework that aims to enhance the liquidity and stability of money market funds (MMFs). It requires funds that meet the definition of an MMF to comply with rules relating to investment policies, internal credit quality assessments, risk management, valuation and transparency requirements. It also grants EU regulators powers to supervise MMFs and their managers on an ongoing basis. The Commission is due to publish a report on its review of the MMF Regulation by 21 July 2022.

### REFIT initiative on cross-border distribution of funds

The directive and regulation on cross-border distribution of collective investment funds amend the UCITS Directive, AIFMD, the EuVECA Regulation and the EuSEF Regulation, respectively. The new requirements aim to improve transparency by aligning national marketing requirements and regulatory fees, as well as the process for verification of marketing material by national competent authorities. The directive also contains rules on pre-marketing and sets out when managers may stop marketing a fund in a particular Member State.

# INVESTMENT MANAGEMENT

## (CONTINUED)



# INVESTMENT MANAGEMENT

## (CONTINUED)

### **Sustainable Finance Disclosure Regulation**

The Sustainable Finance Disclosure Regulation sets out harmonised rules on disclosures to end investors on the integration of sustainability risks and the consideration of adverse sustainability impacts in investment decision-making and the provision of investment advice. The new rules will apply to investment managers, investment advisors and other financial market participants, such as insurance and pension providers.




### **EuVECA and EuSEF Regulations**

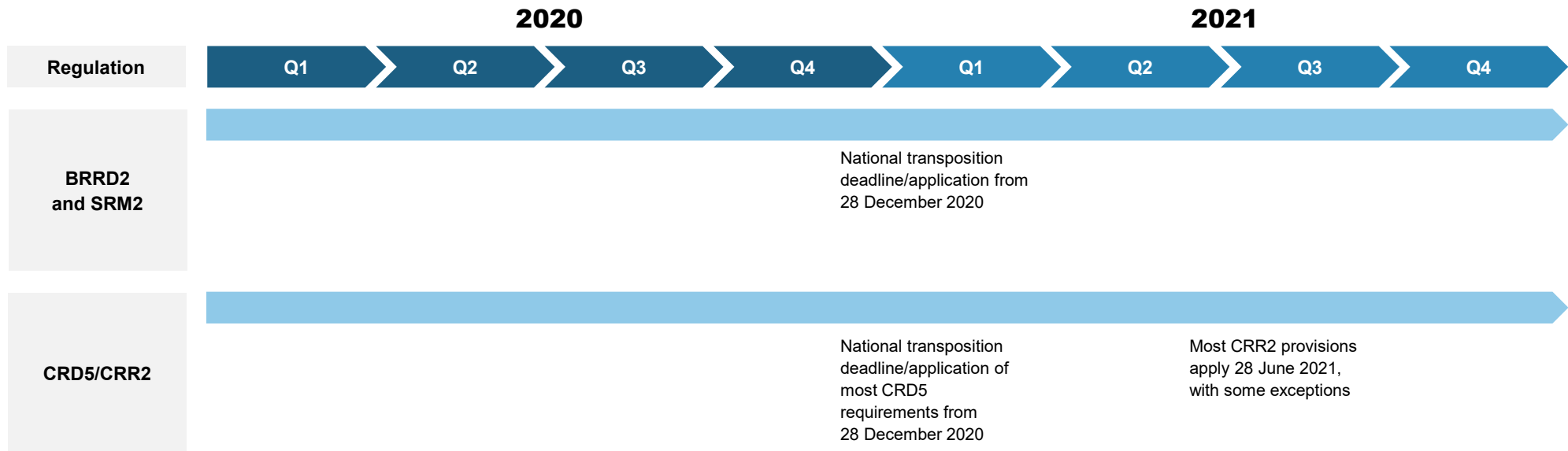
These amendments to the Regulation on European Social Entrepreneurship Funds (EuSEF Regulation) and the Regulation on European venture capital funds (EuVECA Regulation) increase the size threshold for managers of EuVECA and EuSEF funds and allow these funds to invest in a wider range of assets. The Regulation on cross-border distribution of investment funds includes amendments to the EuVECA and EuSEF Regulations. Delegated regulations also set out requirements on conflicts of interest (for EuVECA and EuSEF) social impact measurement and information to investors (EuSEF only).

### **ELTIF Regulation**

The European Long-Term Investment Funds Regulation (ELTIF Regulation) aims to promote long term non-bank investment. It sets out requirements for ELTIFs, including an authorisation requirement, restrictions in the types of assets in which ELTIFs can invest, limits on the use of leverage and derivatives, liability of ELTIF managers, marketing requirements and requirements for provision of information to investors. ELTIFs must be closed ended funds and must be managed by an authorised AIFM.

# PRUDENTIAL REGULATION, RECOVERY AND RESOLUTION

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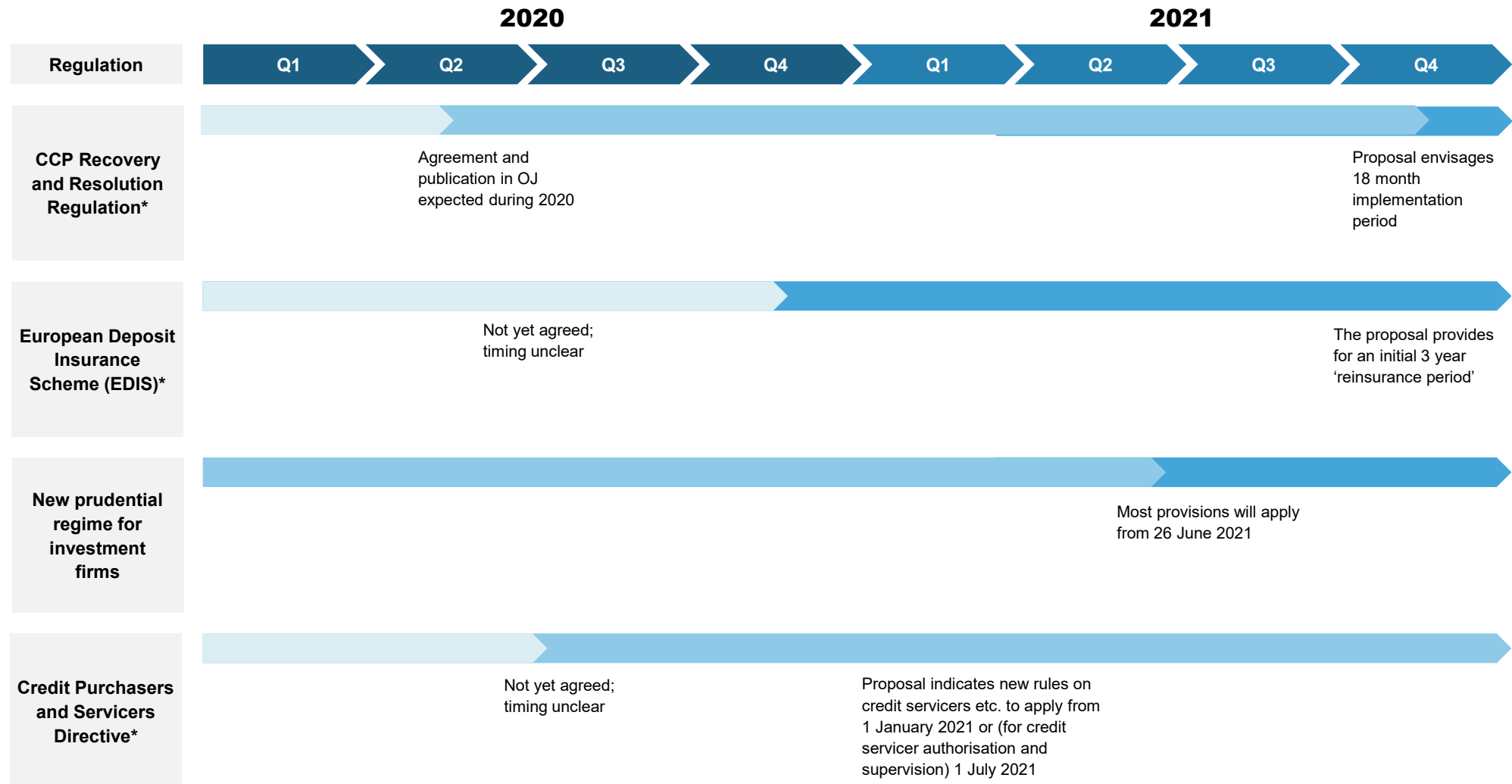
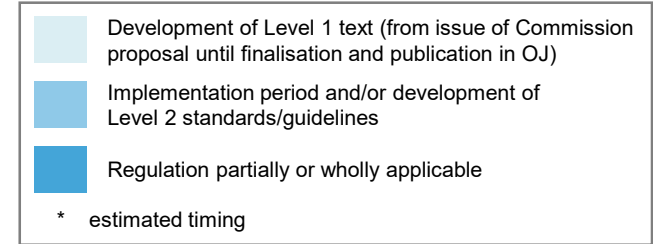


# PRUDENTIAL REGULATION, RECOVERY AND RESOLUTION

(CONTINUED)

<b>BRRD2</b>	<p>The Bank Recovery and Resolution Directive (BRRD) creates a harmonised EU framework for the recovery and resolution of EU banks and investment firms and their consolidation groups as well as for the EU branches of non-EU banks and investment firms. BRRD2 makes various amendments to BRRD, including the introduction of EU-wide rules on contractual recognition of stays and amendments to the rules on minimum requirements for own funds and eligible liabilities (MREL) in BRRD to bring these in line with the Financial Stability Board's (FSB) total loss absorbing capacity (TLAC) standard.</p>
<b>SRMR2</b>	<p>The SRM Regulation establishes a single resolution mechanism (SRM) for banks participating in the EU Single Supervisory Mechanism (SSM). The SRM Regulation grants the Single Resolution Board (SRB) similar powers to those available to national resolution authorities under BRRD. SRMR2 amends the SRM Regulation to reflect the BRRD2 amendments.</p>
<b>CRD5/CRR2</b>	<p>CRD5 and CRR2 amend the fourth Capital Requirements Directive (CRD4) and the Capital Requirements Regulation (CRR) and introduce changes relating to implementation of international Basel III standards, including the net stable funding ratio (NSFR) and the leverage ratio. They will also introduce new requirements for intermediate parent undertakings, changes relating to market risk, counterparty credit risk, capital treatment of exposures to CCPs and large exposures. The Commission is consulting on further changes to CRD4 and CRR to implement the final Basel III standards.</p>

# PRUDENTIAL REGULATION, RECOVERY AND RESOLUTION (CONTINUED)



# PRUDENTIAL REGULATION, RECOVERY AND RESOLUTION

(CONTINUED)

## CCP Recovery and Resolution Regulation\*

In November 2016, the Commission published a proposal for a regulation for the recovery and resolution of CCPs operating in the EU. The proposal includes preparatory and preventative measures that aim to reduce the risk of a CCP failing and gives resolution authorities resolution powers, to which aim to limit the impact of a CCP's failure on the financial system and public funds by ensuring the continuity of essential services and managing the CCP's failure in an orderly way.

## European Deposit Insurance Scheme (EDIS)\*

In November 2015 the Commission proposed to set up a European deposit insurance scheme (EDIS) for bank deposits in the euro area. EDIS is the third pillar of the banking union. The EDIS proposal builds on the system of national deposit guarantee schemes, protecting deposits up to €100,000. The purpose of the EDIS proposal is to provide a stronger and more uniform degree of insurance cover in the euro area, to reduce the vulnerability of national DGS to large local shocks, ensuring that the level of depositor confidence in a bank would not depend on the bank's location and weakening the link between banks and their national sovereigns.




## New prudential regime for investment firms

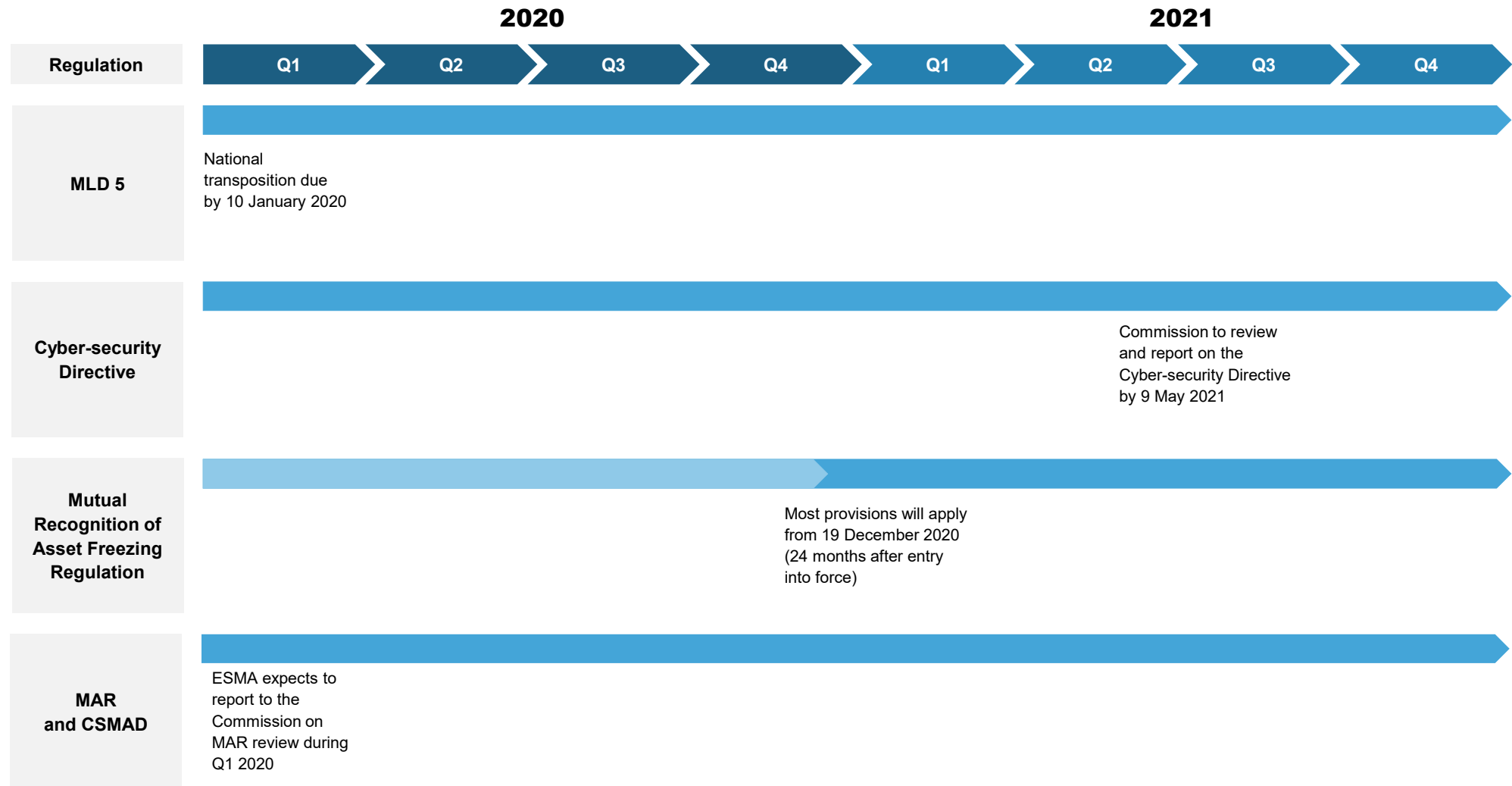
The Investment Firms Regulation and Directive (IFR and IFD) set out a new harmonised prudential regime that will apply to investment firms authorised in the EU from June 2021. Systemically important and larger investment firms will be treated as (or as if they were) credit institutions and will remain subject to the bank capital regime under CRD4/CRR. Other firms will be subject to the new prudential regime under the IFR and IFD, which includes new capital, consolidation, reporting, governance and remuneration requirements on other investment firms. In particular, larger and interconnected firms will be subject to a new 'K-factor' approach to assessing capital requirements as well as new remuneration and other new requirements.

## Credit Purchasers and Servicers Directive\*

In March 2018, the Commission proposed directive on credit servicers, credit purchasers and the recovery of collateral. The proposed Directive would introduce new requirements for the transfer of loans to credit purchasers, a new licensing regime for credit servicers and the introduction of a new extrajudicial enforcement mechanism. Following discussions in the European Parliament and Council, some or all of the provisions are likely to be limited to transfers or servicing of non-performing loans only. Proposals on the enforcement mechanism have been split from the other proposals and are proceeding through the EU legislative process separately.

# FINANCIAL CRIME

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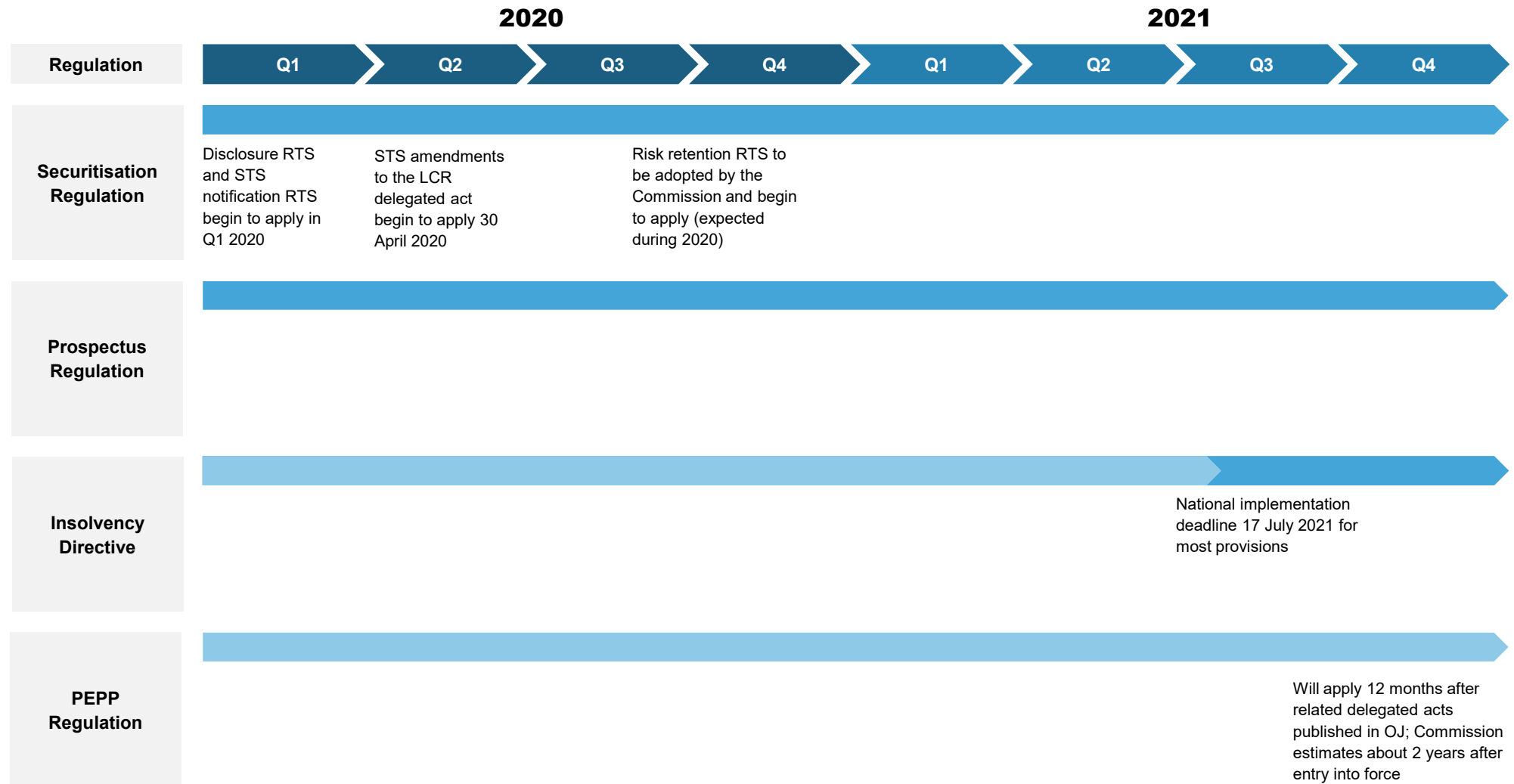
# FINANCIAL CRIME

## (CONTINUED)

<b>MLD 5</b>	<p>The fifth Money Laundering Directive (MLD5) was published in the Official Journal in June 2018. It includes targeted amendments to increase transparency around owners of companies and trusts through the establishment of public beneficial ownership registers, prevent risks associated with the use of virtual currencies for terrorist financing, restrict the anonymous use of pre-paid cards, improve the safeguards for financial transactions to and from high-risk third countries and enhance Financial Intelligence Units' access to information.</p>
<b>Cyber-security Directive</b>	<p>The Cyber-security Directive sets out measures for a high common level of security of network and information systems across the EU. Amongst other things, it introduces security and notification requirements for "operators of essential services". The Cyber-security Directive specifically refers to credit institutions, operators of trading venues and central counterparties but Member States have discretion to determine which types of financial institutions are in scope of these requirements, according to the general criteria set out in the Directive.</p>
<b>Mutual Recognition of Asset Freezing Regulation</b>	<p>The mutual recognition of asset freezing Regulation was published in the Official Journal on 28 November 2018 and aims to improve co-operation between European authorities to ensure they can freeze and confiscate assets quickly and efficiently across the EU. The new Regulation widens the scope of current rules and includes provisions to ensure that victims' rights to compensation and restitution are respected.</p>
<b>MAR and CSMAD</b>	<p>An EU wide framework for tackling market abuse and market manipulation was first introduced in 2005. The current Market Abuse Regulation (MAR) and the Directive on criminal sanctions for insider dealing and market manipulation (CSMAD) aimed to update and strengthen this framework. The new regime introduced by MAR and CSMAD came into effect on 3 July 2016. MAR extended the scope of the market abuse regime and introduced new requirements including in relation to insider lists, disclosure of inside information and reporting of suspicious orders and transactions. CSMAD sets minimum requirements for Member States' criminal sanctions regimes for market abuse.</p>

# CAPITAL MARKETS UNION

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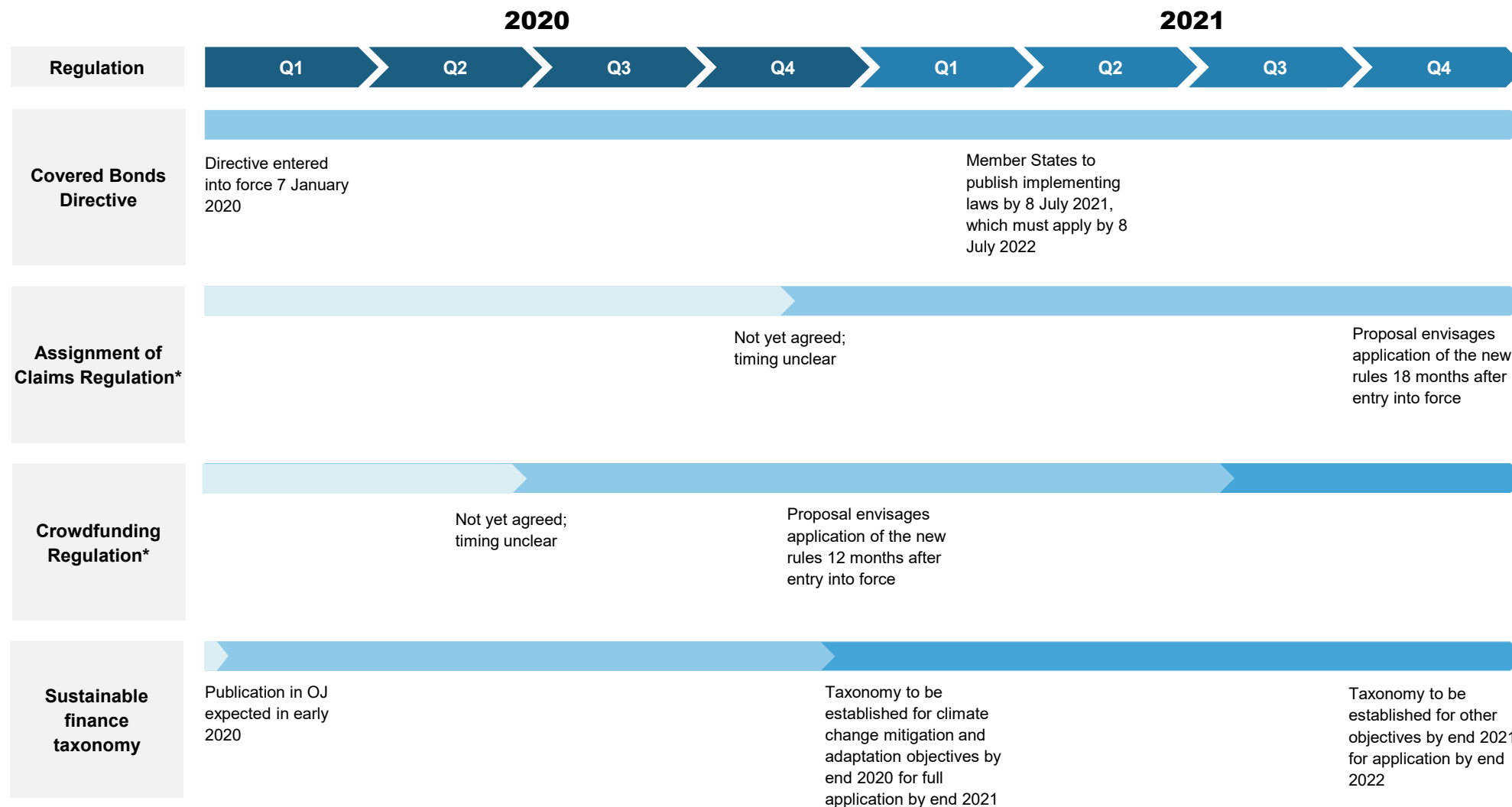
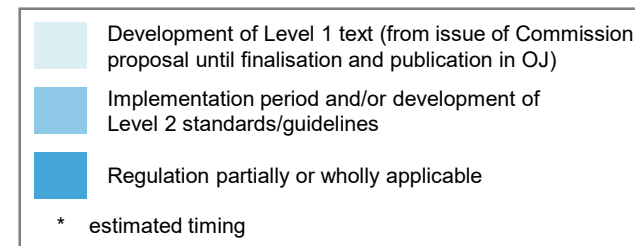
# CAPITAL MARKETS UNION

## (CONTINUED)

<b>Securitisation Regulation</b>	<p>The Securitisation Regulation introduced a uniform regulatory regime for securitisation. It imposes risk retention, disclosure and due diligence obligations on market participants and creates a framework for securitisation repositories to hold data on securitisation transactions. It also created a "simple, transparent and standardised" (STS) securitisation category which receives more favourable regulatory treatment than other securitisation transactions.</p>
<b>Prospectus Regulation</b>	<p>The Prospectus Regulation, which regulates the content and format of prospectuses as well as approval and publication processes across the EEA, took effect from 21 July 2019, repealing and replacing the previous Prospectus Directive regime in full. With the application of ESMA's Guidelines on Risk Factors from 4 December 2019, most of the requisite underlying Delegated Regulations and Guidance are now also in place. Further ESMA Guidelines on disclosure requirements under the Prospectus Regulation and revisions to ESMA's Q&amp;A are expected later this year, but timing is unclear.</p>
<b>Insolvency Directive</b>	<p>The Insolvency Directive seeks to harmonise corporate restructuring law across Europe. It sets out minimum standards in relation to preventative restructuring frameworks aimed at ordinary corporate entities, "second chance" provisions (the introduction of a maximum discharge period of 3 years for the debts of individual entrepreneurs) and measures to increase the efficiency of restructuring, insolvency and discharge procedures. It also includes new moratorium powers for authorities, relevant to netting. Under the Directive, Member States have until 17 July 2021 to implement most of the measures in national law (with longer timeframes for some requirements).</p>
<b>PEPP Regulation</b>	<p>The Regulation on a pan-European personal pension product (PEPP) was published in the Official Journal on 25 July 2019. The PEPP Regulation outlines core features of and requirements for PEPPs, including transparency, investment rules, switching and portability. In the Q&amp;A accompanying the Commission proposal, the Commission stated that it expects that the first providers will start to offer PEPPs approximately 2 years after the Regulation enters into force. The Commission also published a tax recommendation alongside the proposal.</p>

# CAPITAL MARKETS UNION

## (CONTINUED)



# CAPITAL MARKETS UNION

## (CONTINUED)

### Covered Bonds Directive

The Covered Bonds Directive sets out a common definition of covered bonds for prudential regulation purposes, defining the structural features of covered bonds, supervisory requirements for covered bonds and setting out rules for use of the “European Covered Bonds” label. Alongside this, is a regulation amending CRR setting out the conditions for granting preferential capital treatment for covered bonds.

### Assignment of Claims Regulation\*

In March 2018, the Commission published a proposal for a regulation on the law applicable to the third-party effects of assignments of claims. The proposal is based on a conflicts of law rule that looks to the law of the residence of the assignor, with limited exceptions for financial instruments and bank accounts (which look to the law of the underlying claim), and an option for securitisations to choose the law of the underlying claim as governing third-party effects of assignments.

### Crowdfunding Regulation\*

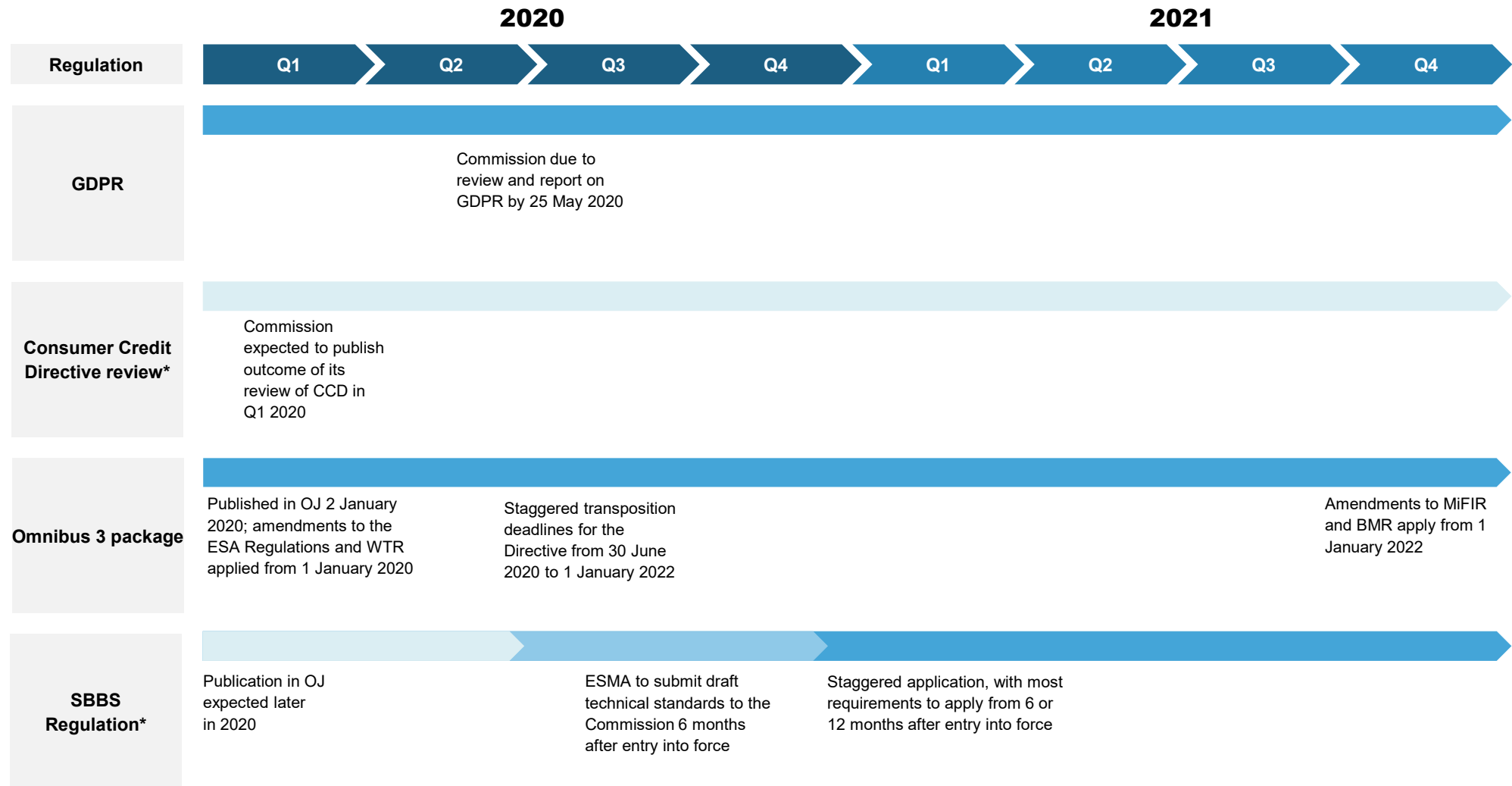
In March 2018, the Commission published a proposed regulation on crowdfunding, which will introduce an EU-wide authorisation and passporting regime for crowdfunding platforms. The proposal includes investor protection measures, including disclosure requirements. It covers both investment-based and lending-based crowdfunding platforms (but reward- or donation-based services, as these do not entail a financial return for investors and so are not considered financial services).

### Sustainable finance taxonomy

In May 2018, the Commission published a proposed regulation setting out uniform criteria for determining whether an economic activity is environmentally sustainable. It also sets out a process for establishing a unified EU classification system or taxonomy to aid in this endeavour. The proposed Regulation also sets out six environmental or sustainability objectives, including climate change mitigation and adaptation, sustainable use of water and marine resources, transition to a circular economy, pollution prevention and control and protection of healthy ecosystems. The framework would be phased-in gradually in respect of the different objectives.

# OTHER

	Development of Level 1 text (from issue of Commission proposal until finalisation and publication in OJ)
	Implementation period and/or development of Level 2 standards/guidelines
	Regulation partially or wholly applicable
* estimated timing	



## OTHER (CONTINUED)

<b>GDPR</b>	<p>The General Data Protection Regulation (GDPR) introduces significant changes to the current EU data protection regime. It places protection of the privacy rights of the individual at its centre and whilst it builds on principles of the current regime, it introduces many new or enhanced rules, including very serious sanctions for breach of its requirements.</p>
<b>Consumer Credit Directive review*</b>	<p>The Commission published a public consultation in January 2019 as part of its evaluation of the effectiveness, efficiency, coherence, relevance and EU added value of the Consumer Credit Directive (CCD). Depending on the outcome of this consultation and evaluation, the Commission indicated that it may adopt amendments to the CCD in Q4 2019 (but the outcome had not yet been published as of January 2020).</p>
<b>Omnibus 3 package*</b>	<p>The Omnibus 3 package makes changes to the European Supervisory Authorities' (ESAs) governance and funding structures. The changes will give the ESAs ongoing monitoring powers to assess whether equivalence decisions for third countries continue to be justified and grant ESMA centralised supervisory powers including for data reporting service providers under MiFIR and administrators of third country benchmarks. The amendments will also introduce powers for ESAs to issue no action opinions.</p>
<b>SBBS Regulation*</b>	<p>The proposal for a regulation on sovereign bond-backed securities (SBBS) sets out an enabling framework for the development of a market for SBBS. SBBS are a new class of low-risk securities backed by a diversified pool of national government bonds. The proposed SBBS Regulation sets out common criteria that SBBS must meet in order to be labelled as SBBS. It also aims to remove regulatory impediments to the development of SBBS (such as in relation to capital requirements) and create a regulatory level playing field between SBBS and their underlying bonds.</p>

# NOTES



# NOTES

# CONTACTS



**KIKUN ALO**  
**Senior Associate, London**

**T** +44 20 7006 4067  
**E** kikun.alo  
@cliffordchance.com



**MARÍA LUISA ALONSO**  
**Counsel, Madrid**

**T** +34 91590 7541  
**E** marialuisa.alonso  
@cliffordchance.com



**DIEGO BALLON OSSIO**  
**Senior Associate, London**

**T** +44 20 7006 3425  
**E** diego.ballonossio  
@cliffordchance.com



**CHRISTOPHER BATES**  
**Partner, London**

**T** +44 207006 1041  
**E** chris.bates  
@cliffordchance.com



**MARC BENZLER**  
**Partner, Frankfurt**

**T** +49 697199 3304  
**E** marc.benzler  
@cliffordchance.com



**ANNA BIAŁA**  
**Advocate, Warsaw**

**T** +48 22429 9692  
**E** anna.biala  
@cliffordchance.com



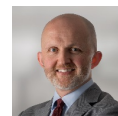
**LUCIO BONAVIDACOLA**  
**Partner, Milan**

**T** +39 028063 4238  
**E** lucio.bonavitacola  
@cliffordchance.com



**PETER CHAPMAN**  
**Partner, London**

**T** +44 207006 1896  
**E** peter.chapman  
@cliffordchance.com



**SIMON CROWN**  
**Partner, London**

**T** + 44 207006 2944  
**E** simon.crown  
@cliffordchance.com



**LOUNIA CZUPPER**  
**Partner, Brussels**

**T** +32 2 533 5987  
**E** lounia.czupper  
@cliffordchance.com



**CAROLINE DAWSON**  
**Partner, London**

**T** +44 20 7006 4355  
**E** caroline.dawson  
@cliffordchance.com



**LAURA DOUGLAS**  
**Senior Associate,  
Knowledge Lawyer, London**

**T** +44 20 7006 1113  
**E** laura.douglas  
@cliffordchance.com



**SIMON GLEESON**  
**Partner, London**

**T** +44 20 7006 4979  
**E** simon.gleeson  
@cliffordchance.com



**STEVE JACOBY**  
**Managing Partner,  
Luxembourg**

**T** +352 48 50 50 219  
**E** steve.jacoby  
@cliffordchance.com



**FRÉDÉRIK LACROIX**  
**Partner, Paris**

**T** +33 14405 5241  
**E** frederick.lacroix  
@cliffordchance.com



**OWEN LYSAK**  
**Partner, London**

**T** +44 20 7006 2904  
**E** owen.lysak  
@cliffordchance.com



**CAROLINE MEINERTZ**  
**Partner, London**

**T** +44 20 7006 4253  
**E** caroline.meinertz  
@cliffordchance.com



**STEPHANIE PEACOCK**  
**Senior Associate, London**

**T** +44 20 7006 4387  
**E** stephanie.peacock  
@cliffordchance.com



**MONICA SAH**  
**Partner, London**

**T** +44 20 7006 1103  
**E** monica.sah  
@cliffordchance.com



**JURGEN VAN DER MEER**  
**Partner, Amsterdam**

**T** +31 20 711 9340  
**E** jurgen.vandermeer  
@cliffordchance.com

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