



EU Financial Regulation Newsletter, October 2017

10 July 2017- *Public consultation on the development of secondary markets for non-performing loans and distressed assets and protection of secured creditors from borrowers' default.* The Commission is launching a public consultation with a view to exploring possible initiatives to facilitate the development of secondary markets for NPLs. The consultation aims to gather targeted input from stakeholders on ways to improve the functioning of the secondary market and more specifically on loan servicing activities by third parties and the transfer of loans away from the originating bank. The consultation also offers interested parties the occasion to give feedback on a possible new instrument, labelled 'accelerated loan security', aimed at increasing the protection of secured creditors from business borrowers' default to improve the functioning of the SMEs credit market (see <http://europa.eu/rapid/midday-express-10-07-2017.htm?locale=en#5>).

13 July 2017- *High-Level Expert Group on Sustainable Finance delivers early recommendations.* The High-Level Expert Group on Sustainable Finance, established by the Commission, has published its first report setting out concrete steps to create a financial system that supports sustainable investments. The report is part of broader efforts to map out an EU strategy on sustainable finance, a priority action of the Capital Markets Union (CMU) Action Plan. The areas on which the interim report proposes quick action include a classification system for sustainable assets, a European standard and label for green bonds, fiduciary duty that encompasses sustainability, better disclosure from financial institutions and companies on how sustainability is factored into decision-making and a 'sustainability test' for relevant EU financial legislation (see http://europa.eu/rapid/press-release_IP-17-2022_en.htm).

18 July 2017- *Public hearing on sustainable finance.* The public hearing allowed stakeholders to provide feedback to the European Commission and the High-Level Expert Group on barriers to and possible solutions for increasing sustainable finance, and ways to establish a more sustainable financial system (see https://ec.europa.eu/info/events/finance-170718-sustainable-finance_en).

24 July 2017- *Public consultation on transparency and fees in cross-border transactions in the EU.* The Commission is launching a public consultation on ways to reduce the costs of cross-border payments within the European Union in currencies other than the Euro. The EU has

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already abolished costs for cross-border payments in the Euro Area: these now cost the same as national payments (see <http://europa.eu/rapid/midday-express-24-07-2017.htm?locale=en>).

31 July 2017- *Public consultation on the prevention and amicable resolution of disputes between investors and public authorities within the single market.* Commission seeks views on amicable resolution of disputes between investors and public authorities in the Single Market. The Commission launches a consultation on ways to facilitate investments made in another EU country. The objective of this consultation is to investigate whether EU rules could be useful in the context of preventing and resolving disputes amicably between investors and public authorities within the Single Market. Amicable resolution of investment disputes, such as through mediation, could help find consensual solutions to problems where they arise (see https://ec.europa.eu/info/consultations/finance-2017-investment-protection-mediation_en).

11 August 2017- *Commission boosts consumer protection for insurance products.* The Commission has laid down rules for an Insurance Product Information Document (IPID), which will have to accompany all non-life insurance policies from 2018. These new rules will allow consumers to have all information necessary to make an informed decision when buying insurance products, such as car, travel or house insurance (see http://europa.eu/rapid/press-release_MEX-17-2522_en.htm).

7 September 2017- *EU audit market: Commission adopts first monitoring report.* As required by Regulation No 537/2014, the Commission has published a joint report based on the national market monitoring reports prepared by the national competent authorities and the European Competition Network. The Commission report takes stock of the situation in the market for the provision of statutory audits of public-interest services. The report assesses: the market concentration levels; the risks to audit quality and measures to mitigate them; and the performance of audit committees (see https://ec.europa.eu/info/publications/170907-statutory-audit-services-report_en).

11 September 2017- *Report from the Commission on the need to temporarily exclude exchange-traded derivatives from the scope of Articles 35 and 36 of Regulation (EU) No 600/2014 on markets in financial instruments.* This report provides an assessment of the need to temporarily exclude exchange-traded derivatives (ETDs) from the scope of Articles 35 and 36 of Regulation (EU) No 600/2014 on markets in financial instruments (MiFIR). Under Article 52(12) of MiFIR, the European Commission was required to present this report to the European Parliament and to the Council. The report concludes that it is not necessary to temporarily exclude ETDs from the scope of Articles 35 and 36 of MiFIR (see

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https://ec.europa.eu/info/law/markets-financial-instruments-mifir-regulation-eu-no-600-2014/monitoring-and-enforcement_en).

20 September 2017- *The European Commission is proposing reforms to pave the way for further financial integration and a full Capital Markets Union, to promote jobs, growth and investments in Europe and to strengthen the Economic and Monetary Union. Key features of the proposal: stronger coordination of supervision across the EU; extended direct capital markets supervision by ESMA (European Securities and Markets Authority); improved governance and funding of the ESAs (European Supervisory Authorities); and promoting sustainable finance and FinTech (see http://europa.eu/rapid/press-release_IP-17-3308_en.htm).*

21 September 2017- *New working group on a risk-free reference rate for the euro area. The Financial Services and Markets Authority (FSMA), the European Securities and Markets Authority (ESMA), the European Central Bank and the European Commission announce the launch of a new working group tasked with the identification and adoption of a "risk-free overnight rate" which can serve as a basis for an alternative to current benchmarks used in a variety of financial instruments and contracts in the euro area. The working group, chaired by a private sector representative and with the Secretariat to be provided by the ECB, will regularly consult market participants and end-users, as well as gather feedback from other public authorities (see https://www.ecb.europa.eu/press/pr/date/2017/html/ecb.pr170921_1.en.html).*

21 September 2017- *Commission acts to prevent mis-selling of insurance products. The Commission has adopted rules to protect consumers when they buy insurance products in the EU. New rules on product oversight and governance will for the first time oblige insurers to prioritise the interest of consumers when designing, developing and distributing all insurance products from 2018 onwards. In addition, new conduct of business rules will ensure that consumers benefit from a high level of protection when they invest their savings in insurance-based investment products, such as certain types of life-insurance policies. Sellers of insurance products will have to comply with new standards on preventing and managing conflicts of interest, and on accepting commissions and payments from third parties (so-called "inducements"). The rules also set out which information sellers must gather from their customers when providing advice and in which cases investment products might be sold with limited advice or without advice (see <http://europa.eu/rapid/midday-express-21-9-2017.htm?locale=en#6>).*

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