

# Newsletter

*Autumn 2013*

## European Commission Legislative Initiatives 2013

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### *International Financial Reporting Standards*

In March 2013 Michel Barnier mandated Philippe Maystadt to examine ways of reinforcing the EU's contribution to International Financial Reporting Standards (IFRS) and improving the governance of the European bodies involved in developing these standards.

Mr Maystadt's report is part of a broader debate on accounting standards, which also takes into consideration international developments in this field and the revision of the Regulation on the application of the IFRS, planned for the end of 2014.

Mr Maystadt held a series of interviews and consultations (including with EuroFinUse) before drafting his report, which he presented to Finance Ministers at the ECOFIN Council meeting on 15 November 2013, following his recommendations to the Commission for Internal Market and Services in October 2013.

This Regulation foresees that by the end of 2014, the Commission will submit a report to the European Parliament and the Council on the findings of evaluation of the Regulation on the application of international accounting standards and where appropriate submit a proposal to amend it. As of 2015, the Commission will prepare an annual report on the activities of all three beneficiaries. Mr Maystadt proposes three options to reinforce the influence of the EU on international accounting standards setting. The restructuring of the governance of EFRAG (European Financial Reporting Advisory Group) - the private consortium funded by the European Commission in charge of advising them on the adoption of the IFRS - is Mr Maystadt's preferred option for reasons of simplicity, feasibility and cost and the one most likely to be implemented by the European Commission during 2014. Other options were the ad-hoc creation of a European agency to substitute EFRAG or to transfer its duties to the European Securities and Markets Authority (ESMA).

EuroFinUse welcomes the draft report on International Financial Reporting Standards (IFRS) and their application in the EU by Mr Maystadt and is thankful for the consideration given to the EuroFinUse input. However, Mr Maystadt's report fails to recognise the importance of investors as principal users of financial statements and therefore as main beneficiaries of reporting standards. Currently there is still no representation of individual investors in the established EU-funded body EFRAG.

EuroFinUse believes it is key for any future proposal for reform to consider the promotion of prudence at international level as another one of its key objectives.

*Please find EuroFinUse Vice-president Jella Benner-Heinacher's contribution on "Ensuring EU influence over Global financial reporting standards" at the FEE and ACCA joint roundtable with Mr Philippe Maystadt [here](#).*

### *Financial Transaction Tax*

The new German coalition agreement between the conservative CDU/ CSU and the centre-left SPD is unlikely to affect any of Germany's key EU policies. However, the coalition partners insist on the rapid implementation of the Financial Transaction Tax (FTT) within the European Union and widening the scope to include shares, bonds, derivatives contracts as well as currency trades.

It goes beyond the draft proposal of the European Commission since it would include currency spot transactions into the tax base. These foreign currency transactions - spot trades - are settled "on the spot" as opposed to at a set date in the future, hence their name. The European Commission argues that the inclusion of currency exchange markets would not be legal since it would interfere with the free flow of capital.

Negotiations on the FTT between the 11 candidate countries will start in January 2014 and Germany will try to pull its weight in order to widen its scope. In the meantime, legal ramifications of such a tax are still being analysed by the European Commission following the conclusion on 6 September 2013 by the Council that the FTT is discriminatory and overreaches national jurisdiction and infringes on EU treaties. It is therefore nearly impossible for any agreement on the proposed tax to be reached before the end of the year.

EuroFinUse supports the creation and the main objective of the European Financial Transaction Tax (FTT). However, we call for the exemption of EU citizens (i.e. retail and non-professional individual investors) from its scope since the FTT proposal in its current form is likely to affect end-users more than financial institutions who have more tools at their disposal to circumvent such taxation. It is about time to align the scope of the FTT with reality and ensure that it targets the huge volume of transactions made by the financial sector instead of those made by users in the real economy. EuroFinUse is therefore pleased to hear that the German coalition agrees with its demands to include currency spot transactions within the scope of the FTT. Any version of the FTT omitting currency markets would be a travesty.

*Read the EuroFinUse press release on the FTT - "The European proposal does not meet its objective" - on our [website](#).*

## European Parliament Legislative Initiatives 2013

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### *Insurance Mediation*

A vote by the EP's ECON Committee on the review of the Insurance Mediation Directive is scheduled for 17/12/2013 and a plenary sitting is provisionally scheduled for 4/02/2014.

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The legislative process concerning the Insurance Mediation Directive in the Parliament has been experiencing important delays. Amendments to Rapporteur Werner Langen's (EPP, Germany) draft report were already tabled in February 2013 but the Council under the Irish presidency decided not to hold any meetings on IMD II during their term. No meetings on the dossier have taken place during the Lithuanian presidency either.

Some Members of the Parliament and consumer organisations, including EuroFinUse, consider that there is a need for improved policyholder protection in the aftermath of the financial crisis and that selling practices for different insurance products should be improved. In addition, to ensure cross-sectoral consistency, the European Parliament requested that the revision of IMD1 should take into account the ongoing revision of the Markets in Financial Instruments Directive (MiFID II).

The European Insurance and Occupational Pensions Authority (EIOPA) holds that in order to reinforce the protection of policyholders' interests and promote a higher level of protection for consumers, it is crucial that EU legislation includes specific rules on conflicts of interest and the assessment of suitability and appropriateness of the sale of insurance investment products.

The IMD2 proposal seeks to address these requirements and improve regulation in the retail insurance market by ensuring a level playing field in the insurance market at strengthening policyholder protection. The IMD2 project should achieve the following improvements, amongst others vis-à-vis IMD1:

- expand the scope of application of IMD1 to all distribution channels;
- identify, manage and mitigate conflicts of interest;
- enhance the suitability and objectiveness of advice to consumers;
- and ensure sellers' professional qualifications match the complexity of products sold.

In relation to the ongoing IMD2 review EuroFinUse continues to stress the importance of safe and transparent products and services, the provision of fair and sufficient information and unbiased advice and for consumer to have recourse to adequate redress. EuroFinUse supports the call by EIOPA to improve the protection of life insurance policy holders but strongly disagrees with differentiating protection rules for life insurance contracts with regard to other retail investment products, which are typically sold alternatively by the same retail distributors to individual investors.

*EuroFinUse [position](#) on Insurance Mediation: "EuroFinUse protests the anti-consumer amendments proposals from the EP rapporteur on Insurance distribution."*

### *European long term investment funds*

There is overall agreement that there is a need to tackle barriers to investment with a long term perspective, particularly in relation to infrastructure projects that depend on long term commitments that would benefit the real economy by providing predictable and sustained flows of finance to firms and create employment.

So far investment opportunities are restricted to a few very large investors, such as large pension funds or insurance undertakings, able to raise and commit sufficient capital in the long term and barriers to smaller investors who might otherwise benefit from diversifying their investments into such assets remain in place.

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In order to address this issue, and in accordance with the Long-Term Financing of the European Economy Green Paper, the EC proposes to create EU Long Term Investment Funds or ELTIFs that should provide investors with long term, stable returns.

A vote on European Long Term Investment Funds (ELTIFs) by the ECON Committee is scheduled for 23/01/2014 with an indicative date for plenary sitting on 15/04/2014. Some amendments may include limiting the scope to investments in infrastructure assets and allowing access of retail investors to ELTIFs.

The ECON Committee will also vote on a report on long-term financing of the European economy in January 2014.

*Please read EuroFinUse's response to the Green Paper on the Long Term Financing of the European Economy [here](#).*

### *Money Market Funds*

On 4 September 2013 the draft "Proposal for a Regulation of the European Parliament and of the Council on Money Market Funds" was officially released by the European Commission. The Draft Regulation contains new regulatory measures that will apply to European money market funds (MMFs), both in the context of UCITS and funds within the scope of the Alternative Investment Fund Management Directive (AIFMD).

MEPs expressed support for the use of capital buffers as a safety measure for money market funds. Under this proposal, money market funds that have a constant net asset value would have to set aside a cash cushion of 3% of their assets. However, Sharon Bowles MEP (ALDE, UK), the chair of the committee, and other MEPs, said that too high a capital buffer could hinder funding for business and worsen the EU's over-reliance on banks as the course of corporate finance. On 18 November, Said El Khadraoui MEP (S&D, Belgium) the rapporteur for the proposal, published a draft report under which Money-market funds with a fixed share price would be banned from operating in the European Union from 2020. Constant Net Asset Value (CNAV) funds would have to convert into floating share prices funds before 2019. The proposal, which is actually going further than the Commission's text, also calls for tougher pay transparency rules, and for EU supervision on the largest funds.

On 13 December the EP's ECON Committee published amendments to EC proposed regulation on Money Market Funds. A first reading of and vote on the Draft Regulation and ECON Report by the European Parliament is scheduled for 12 February 2014. Under the EU's ordinary legislative procedure the proposal will then be considered by the full European Parliament at its plenary session on 15 April 2014.

## European Council - Trialogues

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### *Regulation on indices used as benchmarks*

On 18 September 2013 the European Commission released a proposed regulation "on indices used as benchmarks in financial instruments and financial contracts". The new rules are said to be aimed at enhancing the robustness and reliability of benchmarks, facilitating the prevention and detection of their manipulation and

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clarifying responsibility for and the supervision of benchmarks by the authorities. They complement the Commission's proposals, agreed by the European Parliament and Council in June 2013, to make the manipulation of benchmarks a market abuse offence subject to strict administrative fines. The hope is that the proposed legislation will enhance the governance and controls in benchmark setting; limit conflicts of interest at benchmark providers and contributors; improve the quality of input data and methodologies; and ensure adequate protection for investors and consumers through improved transparency and suitability assessments.

In concrete terms the regulation aims to:

- improve the governance and controls over the benchmark process;
- improve the quality of the input data and methodologies used by benchmark administrators;
- ensure that contributors to benchmarks provide adequate data and are subject to adequate controls;
- ensure adequate protection for consumers and investors using benchmarks;
- and ensure the supervision and viability of critical benchmarks.

The proposal now enters the trialogue phase. The Commission expects the legislation to come into force one year after the legislative procedure in the EU institutions has ended. While the Commission hopes that the legislative process will be concluded during the current Parliamentary mandate, it is unlikely that the Council and Parliament will manage to conclude the negotiations by then. The proposal is thus likely to be picked up by the new Parliament in July 2014.

Read EuroFinuse's [Response](#) to the Consultation on the Regulation of Indices.

### *Key information documents for investment products*

On Wednesday 20 November, the European Parliament voted on a proposal for a Key Information Document (KID) aimed at addressing a chronic lack of transparency in terms of charges, performance, and risks for customers and end-users of financial products. Amendments aimed at taking life insurance and pensions out of the scope of the regulation were not included in the final proposal.

Further delays to the legislative procedure were averted and we are now one step closer to the adoption of essential legislation towards the harmonisation of key disclosure requirements across all retail products and a better protection of individual investors and pension savers.

The proposal will now be subjected to trialogue negotiations. Since the Council reached a General approach (political agreement) on the dossier already in July 2013, the trialogue negotiations between the Council, European Parliament and European Commission can be expected to start in December. This would mean that the legislative process on KIDs for PRIPs could be concluded during the current European Parliament's term. If the trialogue negotiations proceed swiftly, the legislation can be expected to be implemented in the Member States at the beginning of 2015.

To stop amendments to the proposal at the time aimed at taking life insurance and pensions out of the scope of the regulation altogether, EuroFinUse, Finance Watch

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and BEUC successfully presented a united front on behalf of European consumers and individual investors and avoided their inclusion.

*EuroFinUse released a [press release](#) on how retail investors are losing out to stalled KID legislation.*

### *Reform on Bank Structures and Banking Resolution*

The Commission was tasked with examining the possible banking reform options and their implications with a view to prepare a follow-up in the course of 2013. In May the EC published a consultation paper on the structural separation recommendations included in the Liikanen Report.

On 12 December 2013, the European Commission published a press release announcing that on 11 December 2013, Parliament and Council Presidency negotiators reached political agreement in trilogue on the proposed Recovery and Resolution Directive (RRD).

The Directive will enter into force on 1 January 2015 and will introduce the bail-in principle which will apply from 1 January 2016. The Directive now needs official approval by the Parliament and Council of the EU at first reading. Implementation of these legislative proposals for EU banking structural reform by the European Commission will also require EU banks to separate their “investment” business from “retail” business.

This law, which applies to all 28 Member States, is an essential piece of the broader financial regulatory framework that will apply to all banks of the European Union. The trilogue agreement reached between the European Parliament and EU Member States on the Bank Recovery and Resolution Directive also represents a fundamental step towards the completion of the Banking Union. In November 2014 the European Central Bank (ECB) will become the single supervisor of euro-zone banks.

The Single Resolution Mechanism, once in place, will be the authority applying these new rules in the context of the Banking Union.

#### **Single Resolution Mechanism**

The European Commission proposal for a Regulation establishing a European Single Resolution Mechanism (SRM) for banks is now under consideration before the European Parliament and the Council.

At the European Council on the 27th and 28th of June this year, EU leaders set themselves the target of reaching an agreement on the mechanism by the end of 2013 so that it can be adopted before the end of the current European Parliament term in 2014. This would enable it to apply from January 2015, together with the Bank Recovery and Resolution Directive. During the ECOFIN Council meeting on December 10 in Brussels, European Union Finance Ministers defined the guidelines for various elements of the SRM.

On 17 December the EP’s ECON Committee decided that the Commission, acting as resolution authority, should be empowered to decide to wind down a bank in the banking union. MEPs also stipulated that only the bank supervisor should be able to propose that winding down be initiated, and that all banks of participating countries fall under the system. A resolution fund, to be set up within 10 years and funded solely by banks, could initially tap loans from other instruments.

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The directive establishes a bail-in system which will ensure that taxpayers will be last in the line to pay the bills of a struggling bank. In a bail-in, creditors, according to a pre-defined hierarchy, forfeit some or all of their holdings to keep the bank alive. The directive is to enter into force on 1 January 2015 and the bail-in system is to take effect on 1 January 2016.

Another sensitive issue relates to the institution that will be tasked with corroborating the resolution plans created by the resolution board, which will be composed of Member States' representatives. It seems that a majority of Member States agree on conferring this power to the European Commission, while Germany is pushing for the Council instead.

However, on 18 December a general approach on a proposed single resolution board by the Council was agreed including a draft regulation on the single resolution mechanism (SRM).

Negotiations with the European Parliament will now start, with the aim of agreeing the regulation on the SRM at first reading before the end of the Parliament's current legislature (May 2014).

### **Single Supervisory Mechanism (SSM)**

On 12 September 2013 the European Parliament adopted a package of legislative acts to set up a single supervisory mechanism (SSM) and on 15 October 2013 the Council adopted a Regulation to give specific tasks related to financial stability and banking supervision to the European Central Bank (ECB). The SSM is to enter into force in September 2014.

On 23 October 2013, the European Central Bank (ECB) published the details of the comprehensive assessment of the 124 banks that it will supervise starting from November 2014. The assessment exercise is expected to last for approximately one year and will consist of three elements:

- a supervisory risk assessment to review, quantitatively and qualitatively, key risks, including liquidity, leverage and funding;
- an asset quality review (AQR) to enhance the transparency of bank exposures by reviewing the quality of banks' assets, including the adequacy of asset and collateral valuation and related provisions; and
- a stress test to examine the resilience of banks' balance sheet to "stress scenarios". In particular, the 124 banks will be closely examined taking into consideration CRD IV capital requirements and, if necessary, the ECB will require corrective measures.

In the meantime, during the 15 November EU Economic and Finance Ministers (ECOFIN) meeting, EU Finance Ministers adopted a statement confirming that if banks will need to be recapitalised, following the final report of the ECB assessment, both private and public money could be used.

*Find out more and read EuroFinUse's [Response](#) to the European Commission's Consultation Document on "Reforming the structure of the EU banking sector"*

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## *Banking Union*

The implementation of a Banking Union for the Eurozone - and for other EU countries that have not adopted the Euro but that wish to opt in - will see the European Central Bank take the leading supervisory role, taking effect in November 2014.

Besides supervision a Banking Union also requires a method of resolving failing banks. On December 18, the Council agreed a general approach on a proposed single resolution board and a single fund for the resolution of banks. The compromise consists of a draft regulation on the single resolution mechanism (SRM), and a decision by euro area member states committing them to negotiate, by 1 March 2014, an intergovernmental agreement on the functioning of the single resolution fund.

Negotiations with the European Parliament will now start, with the aim of agreeing the regulation on the SRM at first reading before the end of the Parliament's current legislature (May 2014).

Ministers also adopted a statement on the design of a backstop to the single resolution fund.

*Find out more and read EuroFinUse's [Response](#) to the European Commission's Consultation Document on "Reforming the structure of the EU banking sector".*

## *MiFID II*

MiFID II will be implemented as both a regulation, "MiFIR" (with direct effect in all 28 Member States), and a directive (requiring transposition into national law) and is set to have an important impact on European and global markets. But what stage is MiFID at?

MiFID itself is currently in draft form being negotiated at multiple trialogues between the institutions of the EU. However, latest news is that MiFID is set for a potential final vote in December 2013. However, EP elections are coming up in May of next year and if MiFID is not passed by the, there will be important delays and even a chance that it will not be passed at all.

The MiFIDR II / MiFIR triologue meeting on 21 November focused on pre- and post-trade transparency as well as on the proposed Organised Trading Facility (OTF) trading platform. Participants reached a preliminary agreement on the rules for waivers for pre-trade transparency.

Politicians have to overcome disagreement on several key contentious issues such as, but not limited to, the requirements for dark pools (organised trading facilities, or OTFs), waivers (volume-capped exemptions from pre-trade transparency requirements) and the rules for third country institutions. These will have to be resolved during negotiations in order for MiFID not to be delayed in December. OTFs remain a key issue of disagreement between the Parliament, Council and Commission. Triologue negotiations are likely to continue in January 2014.

The German EuroFinUse member organisation "DSW" sent out a letter to several MEPs to voice their concern related to the current status of the "trialogue" negotiations on the MiFID II.

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EuroFinUse asks the European Authorities to avoid the further fragmentation of European capital markets by: refraining from adding yet another “market venue” disfavoured retail investors – such as Organised Trading Facilities (OTFS) - to the MiFID II Directive; increasing transparency and shedding much more light on the so-called “dark venues”, especially in view of the growing over-the-counter (OTC) trades.

So far EuroFinUse had been cautiously supportive of the ongoing review of MIFID II aimed at strengthening the stability of capital markets in Europe. However, the current MIFID II proposal seems to be aimed primarily at satisfying financial institutions rather than end investors and does not address the issues of market fragmentation or the lack of consolidated trade data readily available for small investors.

*EuroFinUse - DSW [press release](#): MiFID II: European individual investors again the losers of trialogue negotiations?*

## ESMA, EBA, EIOPA & FSUG

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### *European System of Financial Supervision*

Responding to the challenges of the financial crisis, the European Union adopted a new financial supervisory framework: the European System of Financial Supervision (ESFS) in 2010. Its new European Supervisory Authorities (ESAs) - the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA) and the European Securities and Markets Authority (ESMA) - as well as the European Systemic Risk Board were established in the beginning of 2011 and are due to be reviewed by the European Commission by January 2014.

The European Securities and Markets Authority (ESMA) appointed their new Securities Markets Stakeholders Group members. Their announcement follows that of the other European Supervisory Authorities: the European Banking Authority (EBA) for its Banking Stakeholder Group and the European Insurance and Occupational Pensions Authority (EIOPA) for its two stakeholder groups (OPSG and IRSG).

The ESFS regulations provide for a review by the Commission of the European Systemic Risk Board (ESRB) by 17 December 2013 and the European Supervisory Authorities (ESAs) by 2 January 2014 and for regular reviews thereafter.

The ESA Regulations say that the Commission is to publish a general report to be forwarded to the European Parliament and to the Council. Thereafter the European Parliament and the Council shall examine the Regulation on the basis of a report from the Commission and, after having received an opinion from the ECB and the ESAs, shall determine whether the mission and organisation of the ESRB need to be reviewed.

The review will also address the potential impacts of the creation of a single supervisory mechanism (SSM) on the ESAs, the ESRB and the ESFS given the core role attributed to the ECB and will assess whether this necessitates further adaptations to the legal framework underpinning the ESFS.

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Following announcements by all 3 ESAs, EuroFinUse now counts with 3 representatives in the two European Insurance and Occupational Pensions Authority's (EIOPA) stakeholder groups (out of a total of 4 end-user representatives), 3 out of 5 user representatives in the European Banking Authority's (EBA) Banking Stakeholder Group and 4 out of 6 user representatives in the European Securities and Markets Authority's (ESMA) CFSC CWG stakeholder group. All these groups count a total of 30 members representing different sectors.

At first glance the new composition of the stakeholder groups across all three ESAs seems indeed to better reflect the need for a more balanced representation of end-users. However, members with economic ties to the industry still seem to account for more than 50% of the membership of all 3 ESAs combined.

Whereas this constitutes a slight improvement, there's still an urgent need for a new regulatory regime that puts financial users at the heart of market reform. Insofar as markets exist to serve the interests of users and society, and not the other way around, the focus must be on involving end-users and consumers in the legislative and regulation processes. To this day the regulatory bodies have not achieved the legally required balance between industry and retail user representation in the relevant "Stakeholder Groups".

*[EuroFinUse News](#): "ESMA's appointment of new Securities Markets Stakeholders Group members shows some progress but still disappoints end users"*

### *OTC Derivatives, Markets in Financial Instruments, EMIR Regulation*

On September 13 2013, The European Securities and Markets Authority (ESMA) published an updated version of its EMIR implementation timetable. The key change in the implementation timeline related to the registration of the first trade repositories (TRs) which was not expected to occur until at least the 24 September.

Finally the European Securities and Markets Authority (ESMA) only approved the registrations of the first four trade repositories (TRs) under EMIR on 7 November. Consequently, counterparties' reporting to trade repositories is not expected to start before February 2014. The change in the timetable is related to a combination of factors including difficulties faced by the applicants in ensuring the completeness of their applications.

The registrations took effect on 14 November, with the reporting obligation beginning on 12 February 2014. On 5 November, the ESMA also published a list of the non-European Economic Area central counterparties that have so far applied for recognition by the ESMA under EMIR.

Mandatory registration of all derivative transactions in trade repositories under EMIR will start beginning 2014.

### *Audit reform trialogue*

On 17 December a framework of EU audit reform was preliminarily agreed during the final trialogue discussion between the Lithuanian EU Council presidency and the European Parliament. The framework is now subject to the final agreement by

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member states before the end of the year. Approval by a majority of member states and MEPs is now within reach.

Listed companies will be required to change their auditors every ten years, with the option of extending the period by a further ten years if tenders are carried out, and by 14 years if the company being audited appoints more than one firm to carry out the audit.

Under the rules, a 70% cap on the fees generated for non-audit work will be introduced, though certain non-audit services, such as tax advice and services linked to financial and investment strategy have been banned altogether.

Earlier in the year the EP rapporteur, British MEP Sajjad Karim, suspended the informal tripartite negotiations between parliament, the EU Council and European Commission due to disputes over non-audit services, almost derailing the process altogether.

The reforms are intended to improve audit quality and restore investor confidence in financial information.

The compromise has been agreed between the lead negotiators, and is expected to be finally voted through the European Parliament in March 2014.

*International EuroFinUse [Conference](#): 'The Audit Reform - Impact on Investors'.*

## EuroFinuse News

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### *New Team Member*

Sadly November was Yvonne Colard's last month as Officer Manager for EuroFinUse. We will now welcome Sibille Allgayer as the new Office Manager from the 2<sup>nd</sup> of January 2014 and hope to work together for the foreseeable future on all the new exciting projects EuroFinUse is planning for 2014.

Sibille can be reached at [allgayer@eurofinuse.org](mailto:allgayer@eurofinuse.org).

## Events Calendar

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### *11/02/2014: EuroFinUse - ADICAE Event on Interchange Fees at the EP*

EuroFinUse is co-organising the ADICAE event on Interchange Fees Regulation on 11 February 2014 at the European Parliament in Brussels to be hosted by MEP Pablo Zalba who acts as Rapporteur on the issue.

### *21/02/2014: EuroFinUse - AEMEC International Conference-Madrid*

On the 21st of February 2014 EuroFinUse will hold a joint international conference with our Spanish member AEMEC on the issue of «Minority Shareholders as a Problem for the Commission and European Parliament in Terms of Policy and

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Technical Legislation». The event will be held in Madrid. Ms Nadia Calviño, Deputy Director General for Financial services policy at the European Commission and Mr Antonio J. Zoido Martínez, Chairman and Chief Executive Officer, Bolsas y Mercados Espanoles are some of the high level speakers expected to address the conference.

*28/03/2014: EuroFinUse International Conference & General Assembly, Brussels*

The team at EuroFinUse and our members across Europe are in the process of drafting a first outline of the EuroFinUse Fair Finance Manifesto, a list of 5 principles EuroFinUse believes to be essential for the establishment of a more inclusive, transparent and stable financial environment that will not only benefit large financial institutions but the individual investors and savers as well.

*The conference in Brussels in March – “The EuroFinUse Better Finance Manifesto -*

Opportunities for the next 5 years” – will take a look at critical requirements for the Long Term Financing of the REAL European Economy.

## European Commission's Initiatives 2013 / 2014

ESTIMATED DATE OF ADOPTION	LEAD SERVICE(S)	TITLE	POLITICAL MOTIVATIONS AND BRIEF DESCRIPTION
12/2013	MARKT	Amendments to the EU rules governing collective investment funds, notably in the areas of Money Market Funds, long-term investment funds and certain aspects of the UCITS Directive	The UCITS rules have constituted Europe's regulatory framework for asset managers and investors since 1985. To keep the UCITS framework topical and in line with the evolution of investment markets, some reforms are envisaged. Recent international work on shadow banking has identified certain areas that require closer scrutiny: money market funds and the use of securities lending or repurchase arrangements (repos). The short-termism of the financial markets is often not in line with the financing needs of the "real economy". Fostering a culture of long-term investment in Europe is therefore an important challenge. The intention is to address a number of concerns relating to the efficiency, competitiveness and integration of the market for UCITS funds in order to preserve the UCITS attractiveness for both professional and retail investors.

<b>11/2013</b>	<b>MARKT</b>	Framework for crisis management and resolution for financial institutions other than banks	The initiative will ensure that non-bank financial institutions can be effectively resolved without causing systemic impact.
<b>11/2013</b>	<b>MARKT – ECFIN – ENTR</b>	Possible follow up to the Green Paper: Long-term financing of the European economy	The main policy objective is to increase the supply of capital to long-term investment. The means of doing so will depend on the outcome of the debate following the Green Paper. They should aim at adapting or changing framework conditions and in particular financial markets regulation in order to ensure that financial markets are better able to provide long term finance.
<b>Q4 2013</b>	<b>MARKT</b>	Review of the European System of Financial Supervision	Review of the functioning of the European System of Financial Supervision set up in 2010 on the basis of the de Larosière Report. The three European Supervisory Authorities are operational since the beginning of 2011 and are playing a major role in the implementation of the EU financial system reform. The European Systemic Risk Board has been created at the beginning of 2011 to develop and coordinate macro-prudential policies. The founding Regulation foresees that a Review is carried out at the latest in 2013.
<b>End 2013</b>	<b>EP</b>	Final vote in Parliament on the Audit package	
<b>End 2013</b>	<b>EC</b>	Review of the European System of Financial Supervisors by the European Commission	
<b>01/2014</b>	<b>EP</b>	Parliament Plenary to vote on IMD2	
<b>02/2014</b>		Mandatory registration of all derivative	

		transactions in trade repositories under EMIR	
<b>02/2014</b>	<b>EP</b>	Parliament Plenary vote on Omnibus II	
<b>2014</b>	<b>MARKT</b>	UCITS IV Directive (2009/65/EC) and its implementing measures	In 2014 the EC will launch into an impact assessment of the UCITS directive. The evaluation will focus on (i) a study with UCITS managers to assess their adjustments of their risk management practices and to assess the appropriateness of the UCITS Risk Management framework, and (ii) a study on the synthetic risk indicator to assess its effectiveness with investors, the related costs and the impact on the market.