

1. All relevant issues

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
<h3>1. Capital Markets</h3>		
<p>Benchmarks Regulation and IBOR transition</p>	<p>ESMA recognised EURIBOR as BMR compliant: 5 Jul 2019</p> <p>ECB working group on Euro risk-free rates issued final recommendations: 16 Jul 2019</p> <p>Amendments to IFRS 9 on IBOR/ benchmarks reforms apply: 01 Jan 2020</p> <p>FCA risk-free-reference rate working group clarifies £LIBOR interim timeline: 29 April 2020</p> <p>FSB global roadmap on Libor transition: 16 October 2020</p> <p>ISDA Libor fallback protocol launched: 23 October 2020</p> <p>Interinstitutional agreement on review of EU BMR including statutory fallback for Libor: 30 November 2020</p> <p>Publication of revised EU Benchmarks Regulation in EU Official Journal: 12 February 2021</p> <p>Formal announcement of LIBOR cessation: 05 March 2021</p> <p>EU statement urging cessation of Libor use in new exposures: 24 June 2021</p> <p>FCA consultation on synthetic rates for GBP & Yen Libor: 24 June 2021</p> <p>EC to consult on other statutory fallback rates: Q3 2021 (tbc.)</p> <p>New end of transition period for use of third country benchmarks: 31 December 2023 (extendable to 31 Dec 2025)</p>	<p>The reviewed EU Benchmarks Regulation introduces:</p> <ul style="list-style-type: none"> • the statutory fallback mechanism to manage the cessation of critical benchmarks such as Libor. The mechanism will also be available for use by the EC for benchmarks based on contribution of input and benchmarks administered in non-EU countries if their cessation would significantly disrupt the functioning of EU financial markets. • the carve out from the EU Benchmarks Regulation of non-EU FX spot benchmarks so that they remain available for EU users after the end of the transition period – here the EC will designate a list of the benchmarks that will benefit from the carveout before the new end of the transition period for third country benchmarks. • an extension of the transition period for use of third country rates that have not been recognised under the EU BMR from 31 December 2021 to 31 December 2023 – and the possibility for the EC to extend this to 31 December 2025. <p>The EC consulted on the statutory fallback rate for CHF LIBOR, proposing to follow the recommendations of the Swiss Working Group on Swiss Franc Reference Rates to replace the 3 month CHF LIBOR with the 3 month SARON compounded rate based on last reset methodology whereby the compounded rate of the past three months applies for the next interest period plus the ISDA spread adjustment based on the 5 year lookback window.</p> <p>Overall LIBOR transition efforts</p> <p>The UK's Financial Conduct Authority (FCA) has issued the formal announcement for the definitive cessation of LIBOR, effective end of 2021 for most currencies and tenors.</p> <p>The statement clarifies that all LIBOR in all currencies and tenors except for the 1 month, 3-month, 6-month, and 12-month USD LIBOR settings will cease effective 31 December 2021. For the mentioned USD LIBOR settings, the end date is 30 June 2023.</p> <p>ISDA issued a statement – here – indicating that the fallback spreads under the ISDA protocol will be fixed for all LIBOR settings on the basis of the Bloomberg spread adjustment published on 5 March 2021.</p> <p>The UK FCA is consulting on the proposed publication of synthetic Libor rates for Sterling and Yen – 1 month, 3 months, and 6 months – settings. For the Yen rates, the FCA is proposing that these would be published until the end of 2022 with a changed methodology on the basis of a forward-looking version of the risk-free-rate TONA (SONIA for Sterling Libor) plus the ISDA spread adjustments. The FCA is proposing to use the term SONIA rate provided by IBA benchmarks – the current administrator of Libor – and the Tokyo Term Risk Free Rate (TORF) for the yen Libor methodology.</p> <p>The European Commission, the European Central Bank, as well as the European Banking Authority and the European Securities and Markets Authority issued a joint statement on Libor transition (here), urging market participants to accelerate their transition efforts and reduce their exposures to all LIBOR settings and currencies to the best extent possible by 31 December 2021 – in particular by not using any Libor settings as references in new contracts anymore.</p>
<p>CRA Regulation IV</p>	<p>ESMA Guidelines on supervisory reporting for CRAs: 5 Feb 2019</p> <p>EC draft implementing equivalence decisions for non-EU countries under CRA: 11 Jun 2019</p> <p>ESMA technical advice on sustainability considerations for CRA & final guidelines on disclosure requirements: 18 Jul 2019</p>	<p>ESMA has recommended stronger fining powers and stronger say in fee structure of CRAs. There is a planned review of the rotation mechanism. Moreover, as part of a broader competition agenda aimed at breaking up the current monopoly of the big three CRAs coupled with the current sustainable finance agenda, there will be discussions around breaking this monopoly and encouraging more open competition.</p> <p>On 18 July 2019 ESMA issued technical advice on sustainability considerations for CRA and final guidelines on disclosure requirements applicable to credit ratings following the call from the EC. ESMA advises against amending the CRA Regulation to mandate the consideration of ESG factors in rating assessments for the time being.</p>
<p>MiFID3</p>	<p>Broader review of MiFID 2/R: Q4 2021</p>	<p>Current expectations are for a broad-based review of all aspects of the MiFID 2 framework, including the potential introduction of new transparency requirements for asset classes that are not covered so far – e.g. FX spot markets – and the potential expansion of trading mandates to cash products such as bonds. Another area of focus will lie broadly on equity and non-equity market structure and the extent to which the MiFID 2 framework has been effective. The introduction of a real-time consolidated tape (pre- and post-trade) for all asset classes both equity and non-equity is also being considered as one way of achieving broader capital markets integration.</p>
<p>MiFID quick-fix proposal</p>	<p>Publication in Official Journal of the EU of the MiFID 2 changes: 26 February 2021</p>	<p>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.</p> <p>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 related to the non-financial activity of the group. • A position limits exemption for non-financial and financial counterparties that are under a mandatory liquidity provision obligation. • Exemption for securitised derivatives from the commodity position limits regime. • Reduction of the scope of the commodity position limits regime to agricultural commodity derivatives and derivatives contracts that are considered significant benchmark contracts (open interest of more than 300 000 lots over one year). ESMA will define the captured contracts further in a regulator technical standard). • Simplification of the ancillary activity exemption from the requirement to become an investment firm that market participants can apply for when trading in commodity markets and their trading activity is ancillary to their main business. The proposal removes the quantitative thresholds and maintains only a qualitative threshold. The qualitative threshold sets out that one is eligible for the exemption when one deals on own account or provides investment services to customers or supplies of the main business. <p>Exemption of corporate bonds from product governance requirements (e.g. the “make whole provisions”) that protect investors from losses in case issuers repay bonds early. This would allow plain vanilla corporate bonds to be marketed to a wider pool of investors without complex product governance rules.</p>

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Prospectus Regulation quick-fix & Review of Regulation	Publication in Official Journal of the EU of Recovery Prospectus regulation : 26 February 2021 EC proposal to review Prospectus Regulation: 2021 (tbc.)	The revised regulation introduces a lower prospectus burden for already listed companies (for a period of 18 months) when tapping markets for further funding. The proposal therefore suggests the creation of a new short form prospectus – “the EU recovery prospectus” – to enable companies to access public markets more efficiently. The simplified prospectus would only be available for share issuance and not for debt issuance.
EMIR Refit implementation	Entry into force of EMIR Refit: 17 June 2019 Implementation <ul style="list-style-type: none"> Application of most provisions: 18 June 2019 Application of new reporting regime for NFCs, UCITS: 18 June 2020 ESMA EMIR reporting valuation rules applicable from 8 March 2021. ESMA issued clarifications on EMIR reporting in the context of Brexit: 10 November 2020 Final ESMA technical standards on new reporting regime: 17 December 2020 ESMA report on clearing obligation for pension scheme arrangements: 18 December 2020 UK FCA clarification on the application of the EMIR regime in the UK: January 2021 ESAs clarification on collateral exemption for intragroup transactions: 19 March 2021 ESMA Q&A on intragroup reporting for non-EU firms: 31 March 2021 Extended deadline for pension fund clearing obligation exemption: June 2022 Entry into force of technical standards on new reporting regime: H2 2022 	<ul style="list-style-type: none"> Moves the reporting obligation for external trades to the financial counterparty (including the legal liability for reporting). Maintains a base-set of counterparty and transaction specific information that the NFC will have to pass on to the FC. The corporate hedging exemption is maintained as under EMIR 1. Clearing thresholds moved to an annual calculation for both FCs and NFCs based on month-end average for the previous 12 months. NFCs will only have to clear in the asset classes for which the clearing threshold is breached and not in all asset classes once one threshold is breached. <p>ESMA has submitted the final technical standards on procedures for trade repositories that set out the process for moving the external reporting obligation to financial counterparties to the European Commission. The Commission now has three months to adopt these or request further changes.</p> <p>Intragroup reporting exemption for non-EU companies ESMA and the EC have adopted final clarifications to the effect that for transactions where the parent undertaking is not established in the EU, intragroup transactions between the EU entities of said group cannot benefit from the EU intragroup reporting exemption. The only possibility for non-EU headquartered companies to benefit from this exemption would be for the jurisdiction they are headquartered in to be found equivalent by the EC for the purposes of the intragroup reporting obligation.</p> <p>ESMA updated Q&As on EMIR, including on the reporting of FCs on behalf of NFC- as of 18 June 2020.</p> <p>ESMA issued clarifications on EMIR reporting in the context of Brexit.</p>
SFTR implementation	ESMA no action relief for SFTR reporting: 26 March 2020 Phase-in of the reporting obligations by category of counterparties - from 13 Jul 2020 ESMA issued clarifications on SFTR reporting in the context of Brexit : 10 November 2020	The Securities Financing Transactions Regulation (SFTR) introduced a reporting regime for securities lending, margin lending, buy-back, and repo transactions. Specifically, the Regulation creates: <ul style="list-style-type: none"> Mandatory reporting of sec lending/ repo/ security financing transactions to a registered trade repository <p>In March 2020 against the backdrop of the Covid-19 pandemic, ESMA issued no-action relief, revising the effective dates for the reporting obligation as follows:</p> <ul style="list-style-type: none"> 13 Jul 2020 – for credit institutions, investment firms, CCPs, CSDs and relevant third-country entities to start reporting; 12 Oct 2020 – for insurance companies, funds, institutions for occupational retirement provision (IORPs), and relevant third country entities to start reporting; 11 Jan 2021 – for non-financial counterparties. <p>ESMA issued clarifications on SFTR reporting in the context of Brexit.</p> <ul style="list-style-type: none"> EU counterparties and EU branches of third-country counterparties should report the conclusion of SFTs to an EU trade repository or an EU recognised trade repository. Reports submitted by UK counterparties and UK branches of third country counterparties to EU-based trade repositories and that relate to outstanding SFTs should be terminated by the repositories. EU repositories should also flag these with the termination date 31 December 2020. <p>UK-based trade repositories should also ensure that they port all relevant data to an EU-based repository and redirect reporting flows accordingly.</p>
CMU 2.0	Final report EC CMU expert group: 10 June 2020 EC Capital Markets Union action plan : 24 September 2020 EC proposal on single Electronic Access Portal for company information: Q4 2021	The EC launched its own High-Level Forum which presented its final report in June 2020. The Forum published its final report, with specific recommendations focused on how best to grow capital markets by addressing key issues, such as facilitating access to finance for businesses and increasing retail participation. The report focused on improving the EU securitisation framework promoting long-term investments, expanding open finance, ease investors’ access to companies’ data, increase private pension coverage and leverage sustainability and digital transitions. <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 a European Single Access Point 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 <p>Potential creation of a financial competence framework</p>
SFTR review	EC Review of SFTR: Apr 2022 (tbc)	Could cover issues such as the functioning of the reporting framework as well as the application of mandatory haircuts to uncleared SFTs. In SFTR there is currently a dual-sided reporting requirement for corporates.
FX markets	Global code for Foreign Exchange Markets established: Aug 2018 Statement from the Global FX Committee urging continued compliance with the code in times of market volatility caused by Covid 19: 26 March 2020 Review of the FX Global Code: 2021	This is a non-legislative initiative meant to some conduct issues arising in FX markets in the past year. Whether this approach is going to be followed by concrete legislative action in Europe remains to be seen. In a September 2020 report by ESMA on a review of the EU Market Abuse Regulation , ESMA recommends that the EC should analyse the suitability of setting-up an EU regulatory regime on market abuse for FX spot contracts, taking into account the FX Global Code of Conduct and any revisions to it. The BIS’ Global Foreign Exchange Committee indicated that the review of the FX global code would slip into 2021 as a result of the Covid-19 pandemic.

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Market Abuse Regulation Review	<p>EC ask ESMA submit technical advice on MAR review: 15 May 2019</p> <p>ESMA report on review of MAR: 24 September 2020</p> <p>Review proposal of MAR: 2022 (tbc.)</p>	<p>On 15 May 2019, the EC formally asked ESMA to submit technical advice ahead of the report the EC is mandated to issue under MAR Level 1. The EC is asking ESMA to go beyond the areas for review laid out in Level 1 in an effort to finetune certain provisions of the MAR framework – notably asking ESMA to look at the inclusion of FX spot markets into the scope.</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 <p>ESMA also indicated that it would develop more concrete guidance on where pre-hedging practices could be considered market abuse.</p>
Money Market Fund Regulation	<p>ESMA consulted on review of EU MMF rules: 26 March 2021</p> <p>EC to propose legislative review of EU MMF Regulation: 2022</p>	<p>The current EU Money Market Fund Regulation is scheduled for a review in 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, including:</p> <ul style="list-style-type: none"> • The possible elimination of the constant-net-asset-value (CNAV) and low-volatility net asset value (LVNAV) fund structures in favour of VNAV funds. • Introduction of a liquidity exchange facility that could provide liquidity/credit during market stress – either funded by MMFs or by asset managers. • Revisions to the link between asset value thresholds and suspension gates for funds as well as the possible introduction of dilution levies.
2. Prudential framework		
2021 Banking Package	<p>Basel Committee for Banking Supervision (BCBS) delays implementation deadline for Basel III package by 1 year: new deadline January 2023</p> <p>EC proposal for a CRD6/CRR3 package implementing the Dec 2017 agreement: Q4 2021 (tbc.)</p>	<p>Following the adoption of the 2019 banking package, the EC is expected to put forward a CRD6/CRR3 proposal in 2021 to implement the outstanding Basel IV standards. Key points would include:</p> <ul style="list-style-type: none"> • CVA calculation & exemption: move to a revised standardised approach on CVA charge, including question of maintaining the existing CVA exemption for corporates. • Changes to credit risk calculations: to standardised approach and internal model approach for credit risk. • Changes to treatment of specialised lending and unrated corporates: to how bank exposures to unrated corporates and loans to corporates for project and infrastructure finance or leasing will need to be capitalised by banks • Changes to capital calibrations for certain exposures such as revolving credit facilities and unconditionally cancellable credit lines • FRTB: EC is set to propose to turn the reporting requirement into a binding capital requirement. • Changes to operational risk framework: to introduce a new standard on calculating RWA capital requirements. • Introduction of an output floor – to reduce the variability between RWA calculations based on standardised vs internal models <p>On 27 March 2020, the BCBS delayed all Basel IV implementation timelines by one year. This means that all jurisdictions will have to implement the package by January 2023 (instead of January 2022), and the output floor transition regime is extended from January 2027 to January 2028.</p>
3. Payments		
Cross border payments	<p>Publication in the EU's Official Journal: 23 Mar 019</p> <p>Application start date: 15 Dec 2019</p> <p>Review : by 19 Apr 2022 (tbc)</p>	<p>This regulation stipulates that payment service providers should levy the same charges for cross-border payments as for national payments. In addition, the 2019 amendment of the Regulation applies transparency requirements for currency conversion charges related to card-based transactions and credit transfers as well as for transactions that do not use dynamic currency conversion (DCC).</p> <p>The regulation will start applying from 15 December 2019 regarding provisions for the equalisation of charges in Euro, whilst the transparency requirements for card-based transactions and credit transfers will apply from 19 April 2020 and the information requirements for non-DCC transactions apply as of 19 April 2021.</p>
SEPA & broader payments initiatives	<p>SEPA Regulation: 2012</p> <p>EC publishes EU retail payments strategy: 24 September 2020.</p> <p>EPC publishes 2021 SEPA payment scheme rulebook: 26 November 2020</p> <p>EPC publishes first SEPA Request to pay rulebook: 30 November 2020</p> <p>EC consults on instant payment adoption in the EU: 31 March 2021</p>	<p>Creates a binding framework for standardised SEPA transactions in the Euro area.</p> <p>The EC is currently seeking feedback in a public consultation on the benefits of instant payments for European corporates and whether the EC should take legislative action to mandate the uptake of the SEPA Instant Credit Transfer scheme by payment service providers.</p>
Consumer Credit Directive (CDD)	<p>Possible review of CCD: Q4 2021</p>	<p>CCD – Potential scope of upcoming review</p> <ul style="list-style-type: none"> • Scope – amendments potentially needed to expand the scope, taking into account digitalization and new consumer habits <ul style="list-style-type: none"> ○ New market players and forms of credit – the EC could seek to expand the scope to scope in credit by platforms and peer-to-peer lending, which would require to amend the definition of 'creditor'. ○ New products – revolving credit and short-term high-cost (STHC) credit could be scoped in due to concerns around vulnerable borrowers. ○ Products excluded from the scope to be potentially covered – such as zero-interest loans, payday loans, agreements with pawnshops, leasing agreements, and overdraft facilities that need to be repaid within one month. ○ Credits below the EUR 200 threshold – could be brought within scope, as already done by some Member States in their transposition of the Directive. • Credit worthiness assessment (CWA)

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		<ul style="list-style-type: none"> ○ Harmonisation across MS and legislations – the EC stresses the need to potentially better align provisions with the Mortgage Credit Directive (MCD) and the GDPR and notes that variations in the implementation across Member States leads to fragmentation <p>Consequence of negative CWA – the review will assess how to ensure that credit is only granted in conjunction with a thorough CWA.</p>
PSD2 Implementation/Upcoming review	<p>Application of RTS on strong customer authentication: 14 Sep 2019</p> <p>Implementation of SCA requirements: 01 January 2021</p> <p>Review and expansion of PSD2: end 2021 (tbc.)</p>	<p>Final legislation includes an exemption for corporate payment factories to not be considered a payment service provider, and therefore not subject to PSD2. On 16 October 2019 the EBA issued an opinion extending the implementation of the strong customer authentication (SCA) requirements to 31 December 2020.</p> <p>In its 2020 retail payments strategy, the EC outlined potential areas that would be considered as part of a legislative review of the PSD2 in 2021. This includes:</p> <ul style="list-style-type: none"> • Assessing whether current consumer protection standards are adequate to protect consumers in an instant payment environment. • Assessing reduction of fees for instant credit transfers and potentially requiring that they be no more expensive than regular credit transfers. • Assessing impact of Strong Customer authentication and explore whether IBAN & beneficiary name matching could be required <p>Bringing e-Money providers into the scope of PSD2 and assess whether technical providers that support the provision of payment services should also be regulated and supervised under a revised PSD2</p>
Instant payment adoption	<p>EPC SCT Inst scheme became operational: Nov 2017</p> <p>Eurosystem launched TIPS: Nov 2018</p> <p>EC consulted on instant payment adoption in the EU: 31 March 2021</p>	<p>The ECB's TARGET Instant Payment Settlement (TIPS) enables instant clearing and settlement of retail payments. The European Commission and the ECB are currently monitoring voluntary take-up of the scheme.</p> <p>The European Commission is considering to make adherence to the SEPA Instant Credit Transfer Scheme mandatory for payment service providers through legislation.</p>
4. Taxation		
Public CBCR and C(C)CTB & EU corporate tax initiatives	<p>CBCR</p> <p>EP position adopted: 27 Mar 2019</p> <p>Member States reach agreement on a negotiating mandate: 03 March 2021</p> <p>Negotiators reach agreement on new rules: 1 June 2021</p> <p>First reporting requirements to kick in: 2023 tbc.</p> <p>C(C)CTB</p> <p>New CCCTB legislation potentially in place: 2026</p> <p>Overall corporate tax</p> <p>Anti-fraud tax package presented: 15 July 2020</p> <ul style="list-style-type: none"> • Communication on an 'Action Plan to fight tax evasion and to make taxation simple and easy' • Communication on 'Tax good governance in the EU and beyond' • Revision of the directive on automatic exchange of information – DAC7 <ul style="list-style-type: none"> • EC communication on business taxation: 19 May 2021 	<p>Public CBCR</p> <p>Requires all companies operating in the EU with an annual turnover above 750m to publish on a country-by-country basis information on their profits, turnover, taxes paid, business activities and number of employees - per EU country, per tax haven and in aggregated form for the rest of the world.</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>C(C)CTB</p> <p>Potential introduction of a common consolidated corporate tax base in 2026 as part of the creation of new revenue streams under the EU's long-term budget plan to service the interest on the debt taken on to fund the EU's Covid-19 recovery facility.</p> <p>EU corporate taxation initiatives</p> <p>The European Commission (EC) published a communication, setting out part of its agenda for business taxation in the coming years. Some of the legislative initiatives announced include:</p> <ul style="list-style-type: none"> • Proposals to reform the EU's Emission Trading System (ETS) and the creation of a Carbon Border Adjustment Mechanism as part of meeting the EU's 2050 climate objectives. • Adapting tax legislation to incentivise cross-border investment and reduce debt bias in corporate taxation to incentivise further integration of EU27 capital markets. • Commitment to implementing any OECD agreement on Pillar 1 (reallocation of global tax profits to where business has been conducted) and Pillar 2 (effective minimum corporate tax rate) at EU level. • New legislation to ensure tax transparency to be tabled throughout 2022 that would require annual publication of effective corporate tax rate of large companies with operations in the EU. <p>Creation of a single rulebook for corporate tax in the EU that will seek to make progress towards a common EU tax base and include allocation mechanisms for profits to be distributed between Member States. Part of the aim of this legislation would be to consolidate the profits of multinationals into a single tax base that is then reallocated to Member States for taxation at national rates.</p>
OECD minimum effective foreign tax & other tax initiatives	<p>OECD consultation on Global Anti-Base Erosion proposal: 08 November 2019 – 02 December 2019.</p> <p>OECD Pillar 1 & Pillar blueprints for corporate tax reform published: 12 October 2020.</p> <p>G7 agreement on trying to establish a global minimum corporate tax rate: 5 June 2021</p> <p>Possible OECD agreement on a digital tax: H2 2021</p>	<p>The proposal from the OECD looks at providing a minimum effective tax rate on foreign income of multinational companies by providing the possibility for jurisdictions to 'tax back' the companies where other jurisdictions have low or no minimum effective tax.</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>On 4 May 2020, the OECD announced a delay in the negotiations on global digital tax and minimum corporate tax rules.</p> <p>The OECD published its blueprints for Pillar One (nexus and profit allocation rules) and Pillar Two (global minimum tax rules) which set the technical framework for a political agreement – with mid-2021 now the target for this agreement and which will likely have a knock-on effect for the Commission's Digital taxation agenda.</p> <p>In February 2021 US Treasury Secretary Janet Yellen indicated that the US would reengage in the OECD discussions on introduction of digital tax. The discussions are meant to reach a conclusion by mid-2021 after the US withdrew its demand for a safe harbour clause that would have made the tax voluntary for US businesses.</p> <p>On 6 June 2021, G7 countries reached a high-level, non-binding, political agreement on global taxation at their latest Finance Minister and Central Bank governors' meeting. On Pillar 1, they agreed that the largest multinationals - those with at least a 10% profit margin – would see profit reallocation of 20% of any profit above this 10% margin and subject to tax in the countries that they operate. On Pillar 2, they agreed in principle on the introduction of a global minimum corporate tax rate of 15% on a country-by-country basis.</p>
FTT	<p>Potential new legislative proposal on an Eu-wide FTT: 2024</p>	<p>An FTT is being raised as a potential own resource revenue stream for the EU to raise funds to service the debt that the EC will raise on capital markets as part of the EUR 750 Billion Covid-19 Recovery Fund. The final budget agreement includes a roadmap that foresees the presentation of a legislative proposal for an EU wide FTT in 2024.</p>

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5. Sustainable Finance		
Sustainable Finance (Disclosure)	Entry into force of Disclosure Regulation: 11 March 2021 EC adoption of RTS on adverse climate and environmental impacts, and on the presentation and content of the disclosures: April 2021	This regulation introduces disclosure requirements for financial market participants regarding policies related to sustainability risks and their integration in investment decision-making and remuneration policies. It also requires publication of due diligence statements regarding adverse impacts of investment decisions on environmental, social and employee matters. In addition, it sets out additional disclosure requirements for products that are sustainable investments or that promote environmental or social characteristics.
Review of the Non-Financial Reporting Directive (NFRD)	Climate-related reporting guidelines under the Non-Financial Reporting Directive (NFRD) published: 18 Jun 2019 EC tables legislation to require sustainability disclosure by corporates : 21 April 2021 Political discussions in Council and EP ongoing: June 2021	The review proposal of the Non-Financial Reporting Directive (NFRD), renaming the legislation into the Corporate Sustainability Reporting Directive (CSRD) includes: <ul style="list-style-type: none"> Expanded scope: The Commission proposes to expand the scope of the Directive to all large companies as defined by the Accounting Directive (companies exceeding at least 2 of the following thresholds: a balance sheet total of 20 million euro, a net turnover of 40 million euro, and 250 employees), as well as small and medium-sized companies that are listed on an EU regulated market. Mandatory sustainability reporting standards: the proposal calls for the introduction on mandatory sustainability reporting standards covering environmental, social and governance topics, which would set out on a more granular level which information should be reported. The Commission proposes tasking 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: the proposal reinforces the double materiality perspective of the reporting requirements, 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. Equivalence mechanism for third country issuers: the Commission suggests the development of an equivalence mechanism for sustainability reporting standards used by third country issuers that aim to become listed on an EU regulated market. Mandatory assurance: unlike under the current NFRD regime, where the content of the sustainability reporting is not covered by an assurance requirement, the proposal includes a mandatory assurance requirement. The proposal will now be subject to amendments by the European Parliament and the Member States, before a final version can be agreed and published.
Sustainable Finance (Taxonomy)	Taxonomy Regulation published in EU Official Journal: 22 June 2020 First technical screening criteria for climate change mitigation and adaptation adopted: 21 April 2021 . Possible EC consultation on a social taxonomy and a negative taxonomy: July 2021 Reporting obligation for corporates to disclose against the criteria for climate change mitigation and adaptation to be phased in: January 2022 .	<u>EU level</u> The taxonomy defines environmentally sustainable economic activities that must be applied by all financial market participants offering financial products as environmentally sustainable investments, and EU or Member State measures that set out requirements for products/corporate bonds marketed as environmentally sustainable. Corporates will be required to disclose in annual company reports of the proportion of total turnover derived from environmentally sustainable products / services, or proportion of CapEX or OpEX related to environmentally sustainable assets or processes. The Regulation will apply in two phases, with the EC implementing secondary legislation on climate change mitigation and adaptation objectives to apply by 1 Jan 2022, and the remaining four objectives on 31 Dec 2021 to apply by 1 Jan 2023. On 20 November, the EC published the draft legislation for the first two objectives, followed by a 4-week public consultation. Issues that have been raised by stakeholders concern the implications of the draft legislation for national energy mixes and its interaction with sectoral legislation, particularly with regards to energy, construction, forestry and manufacturing. The final rules were adopted at the end of April. The final version does not include nuclear energy and natural gas, which will be addressed in a complementary DA that is expected later this year, as confirmed in the EC's accompanying communication. In addition, the EC is considering further legislation to support the transition of certain activities, mostly related to the energy sector. <u>International level</u> The EU signed a Joint Statement with ten international partners (e.g. China, India, Japan, Canada, Chile), establishing an International Platform on Sustainable Finance (IPSF) which was launched on 22 October 2019.
Sustainable Finance (Benchmarks)	OJEU publication: December 2019	The agreed text creates two new benchmark categories: Climate Transition Benchmarks that are based on assets of companies that follow a decarbonisation trajectory, and Paris-aligned Benchmarks where the portfolio's carbon emissions are aligned with the Paris-agreement.
EU Green bond Standard	EC Technical Expert Group (TEG) published final report outlining its recommendations on the creation of an EU Green Bond Standard (EU GBS): June 2019 Supplementary EU GBS report : March 2020 Proposal on an EU Green bond standard: 6 July 2021	The EC will come forward with a legislative proposal on an EU Green Bond Standard on 6 July 2021, which is expected to include some of the following: <ul style="list-style-type: none"> Establishing the EU Green Bond Standard (EuGB) as a voluntary label available to EU and non-EU bond issuers – this includes covered bonds as well as securitisation and issuance by special purpose vehicles. EuGB label available for the financing or refinancing of economic activities that are either aligned with the EU's taxonomy or are expected to do so within a pre-specified period of time that is not allowed to exceed 5 years. Allocation of proceeds – without deducting costs – should be done to fixed assets, capital expenditures, operating expenditures or financial assets (debt or equity). Sovereign issuance under the EuGB label is permissible. To benefit from the EuGB label, a bond designated as such needs to comply with all requirements until maturity. A pre-issuance European green factsheet will be required (see annex) which is subject to external review and approval. The factsheet can cover multiple issuances. Following bond issuance and annual allocation report is required until all of the proceeds have been allocated. These allocation reports are also subject to external review. A post-issuance review by an external party is also required to assess whether allocation of proceeds has met all requirements. External reviewers of EU green fact sheets and allocation reports are subject to application and registration requirements with ESMA – the regulation sets out a whole host of internal organisational requirements for reviewers. The regulation also specifies the administrative and sanctions powers that will be granted to supervisory authorities in supervising the application of the EuGB by issuers and reviewers.

FILE	POLITICAL TIMELINE	CONTENT AND LATEST DEVELOPMENTS
6. Financial Crime & Digital Finance		
Cyber-resilience /hybrid threats	<p>Legislative proposal on Digital and Operational Resilience for financial services: 24 September 2020.</p> <p>Negotiations in Council and the EP ongoing: June 2021</p>	<p>The European Commission tabled a proposal for a Digital Operational Resilience Act (DORA) for financial services in September 2020. The proposed legislation is targeted at financial entities and includes draft requirements for:</p> <ul style="list-style-type: none"> • Dedicated state of the art ICT risk management frameworks and internal controls, • Dedicated BCP policies for ICT risk • Requirements to communicate any incidents to their counterparties and clients. • A harmonised reporting framework for ICT incident reporting – • A requirement to put in place a digital operational resilience testing framework that varies in complexity depending on the size and interdependencies of the institutions. <p>Direct EU oversight of critical third-party ICT providers</p>
AML & KYC requirements	<p>Deadline for Member States' transposition of AMLD5: 10 Jan 2020</p> <p>New EU AML Action plan: 07 May 2020</p> <p>EC consultation on AML action plan: 07 May – 26 August</p> <p>EC proposal on review of AMLD V: 6 July 2021</p>	<p>The European Commission came forward with a communication on AML in May 2020, announcing further revisions to the EU's AML framework – including an expansion of KYC-CFT requirements for obliged entities and a greater harmonization of the reinforced rulebook through use of a regulation. The Commission will also propose the creation of a single AML supervisory body.</p> <p>The 2021 AML package to harmonise the EU's AML rules and propose the creation of a new supervisory body will be tabled by the EC in July 2021.</p>
Digital Finance	<p>EC digital finance strategy published: 24 September 2020</p> <p>Proposal for a regulation on cryptoassets and a pilot regime for DLT based market infrastructure: 24 September 2020</p> <p>ESRB recommendations on LEI implementation: 19 October 2020</p>	<p>Digital Finance strategy</p> <p>In September 2020, the EC published a long-term strategy on digital finance, including actions targeted at removing barriers to cross-border service offering of digital financial services and creating a framework for interoperable digital identity solutions by 2024. As part of the strategy, the EC will also seek to leverage an open finance approach and create the conditions for increased data sharing between businesses and between supervised entities and regulators through digital solutions. As part of the strategy, the EC already tabled two legislative proposals: one to regulate crypto-assets and the other one to propose a pilot regime for DLT-based market infrastructure.</p> <p>LEI adoption</p> <p>The European Systemic Risk board recommends that the European Commission integrate the Legal Entity Identifier more broadly in financial regulation and potentially create an EU-wide regulatory framework for implementation of the LEI.</p>
7. Horizontal		
Internationalisation of the euro & creation of a digital euro	<p>EC communication: 5 Dec 2018</p> <p>The ECB published an initial report on the creation of a digital euro: 2 October 2020.</p>	<p>The December 2018 EC communication announced a host of public-private collaborative workstreams to explore topics where shorter-term enabling policies could be pursued as such as developing euro area banks role in market-making activity in FX markets. Furthermore, the communication considers the extension of the clearing mandate under EMIR, and for the Commission to stimulate the development of European interest rate benchmarks.</p> <p>In an October 2020 report the ECB raised the prospect of a potential establishment of a digital Euro – a so-called Central Bank Digital Currency (CBDC) – for the Eurosystem. The report highlights that there are a number of scenarios that could force the hand of the ECB to advance creation of a digital euro, but that irrespectively there may be advantages to the ECB creating a digital euro – e.g. keeping in lockstep with a rapidly evolving and digitalising payments landscape in the EU. the report highlights that the ECB views the creation of a digital Euro as being at a very early stage and not a foregone conclusion. Should the ECB go ahead with the project in mid-2021, the first phase would be dedicated to identifying whether a viable digital euro product can be created in a manner consistent with the necessary design features in a cost-efficient manner.</p>
Brexit	<p>EC published draft EU-UK FTA: 18 Mar 2020</p> <p>UK government publishes outlook for future of UK financial regulation: 23 June 2020</p> <p>Deadline for decision to extend transition period: 30 Jun 2020</p> <p>Deadline for equivalence assessments: 30 Jun 2020</p> <p>EBA Brexit preparedness notice to financial institutions: 29 July 2020</p> <p>EC grants temporary equivalence to UK CCPs until June 2022: 21 September 2020</p> <p>UK publishes financial services bill: 21 October 2020</p> <p>The UK and the EU reached an agreement on trade and cooperation: 24 December 2020</p> <p>FCA modifies UK Derivatives Trading Obligation to allow UK firms to execute trades on behalf of EU clients on EU venues: 31 December 2020</p> <p>Transition period ends: 31 Dec 2020</p> <p>New EU-UK relationships began: 01 Jan 2021</p> <p>EU-UK regulatory forum on financial services to be established: Q3/4 2021</p>	<p>On 18 March 2020 the Commission has issued its draft FTA in an attempt to gain agenda-setting advantage early in negotiations. The text highlights the discrepancies between the EU and UK positions, notably on issues such as fisheries, governance and structure of the agreement, social rights and environmental protection.</p> <p>At the end of June, the UK government set out its plan for the future of financial regulation in the UK post-Brexit, signalling a significant degree of divergence across key pieces of prudential and capital markets legislation. This in turn reduces the likelihood of broader equivalence findings by the EU for the UK.</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 will work towards agreeing a memorandum of understanding on cooperation by the end of March 2021. This however will not have the same effect as mutual market access or equivalence arrangements.</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. Switzerland allowed the trading of Swiss shares on UK venues on 3 February 2021 as well.</p> <p>The EU and the UK are likely to agree on a framework for a regulatory cooperation forum on financial services. This body would be like the one in place between the EU and the US and would serve as a platform for an exchange at political and regulatory level on issues related to financial services. It is, however, not a body that will decide on market access arrangements.</p>
International economic sanctions	<p>US withdraws from 2015 nuclear deal with Iran – sanctions re-imposed: 5 Nov 2018</p> <p>EU Foreign Affairs Ministers adopt retaliatory measures against Turkey: 15 Jul 2019</p> <p>EU extends Russia sanctions: December 2020</p>	<p>The EU has announced created an alternative payment system (INSTEX) that would allow companies to continue conducting business with Iran without having to rely on the SWIFT payments system.</p> <p>On 8 May 2019 Iranian President Hassan Rouhani warned that Iran would stop honouring key commitments of the 2015 nuclear deal by early July. The announcement raised concerns amongst the European signatories.</p> <p>On 15 July 2019 EU Foreign Ministers have adopted an initial set of retaliatory measures against Turkey as a reaction to its offshore drilling activities around Cyprus.</p> <p>The EU's sanctions against Russia for the annexation of Crimea are currently in place until 31 July 2021</p>