



An Update On EU Financial Services Regulation

Dr David Doyle, EU FS Policy Expert, Board member, Kangaroo Group (EU Parliament)

Wednesday, 26 January 2022, 15:00 GMT



A Word From Today's Chairman

Professor Michael Mainelli
Executive Chairman
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Today's Agenda

- 15:00 – 15:05 Chairman's Introduction
- 15:05 – 15:25 Keynote Presentation – Dr David Doyle
- 15:25 – 15:45 Question & Answer



Today's Speaker

Dr David Doyle

EU Financial Services Regulatory Advisor
Board member, Kangaroo Group (EU Parliament)
EU Policy Director, The Genesis Initiative (UK)



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EU asserting 'strategic autonomy' and pursuing a game-changing, innovative regulatory model

New Generation Initiative (2020-2027)

- €750bn *Recovery Fund*
- Allocation of 37% to climate investments
- Allocation of 20% to digital transformation

Promoting EU 'Strategic Autonomy'

- ❑ Reducing "excessive reliance" on non-EU providers...microchips, defence, generic medicines...and financial services!
- ❑ ECB review of how non-EU banks manage clients and assets based in the EU, where staff and capital are located, aimed at avoidance of "empty shell entities".

Innovation-led EU Digital Strategy

- ❑ **Markets in Crypto-Assets Regulation** : licence for issuers/providers, trading platforms, custody, outsourcing, safekeeping, new crypto-instruments, retail investors protection
- ❑ **EU Digital Operational Resilience Act** : ICT 3rd party providers
- ❑ **Digital Markets and Services Acts** : clear rules to suppress anything that is illicit...products, services or content ... "what's illegal offline must be illegal online"



EU regulatory strategy – embracing digital and sustainable economic, social and business models

Strengthened Anti-Money Laundering

- ❑ New EU anti-money laundering authority with oversight powers over all financial entities + AML policy private sector, to embrace crypto-asset service providers and crowd-funding platforms
- ❑ Measures for 'high-risk' 3rd countries, strengthened Beneficial Ownership rules ...

Completing the Capital Markets Union

- ❑ Focus away from financial-stability benefits to financing high-growth sectors via non-bank funding
- ❑ Emphasis on raising funding through equities rather than debt

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Sustainable greening of the EU economy

- ❑ **EU Taxonomy Regulation**, - defining what are environmentally-sustainable economic activities
- ❑ **Corporate Sustainability Reporting Directive** – nudging investors towards sustainable investments by disclosure annually of their corporate social responsibility actions and results – applies to large corporates and financial entities
- ❑ **EU Sustainable Finance Disclosure Regulation (SFDR)** requiring all financial actors to manage the sustainability risks of their own activities and measure how they impact the environment and society (double materiality)



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Tour d'horizon of EU revisions to critical pieces of financial services legislation

Transposing Basle III into EU prudential regime

- Output floor at consolidated level in capital requirements calculated under internal models at **72.5%** - no more gaming the system!
- Reduced risk weights for low-risk residential loans
- strengthened and harmonized 'fit and proper' rules on key function-holders
- duties/roles
- Member States hold discretion in imposing systemic risk buffer
- Third-country bank branches subject to (re)authorisation and possible requirement to subsidiarise.

New operational rules under MiFID, UCITs and AIFMD

- Common rules on AIFM & UCITs liquidity management tools
- Clarifying Delegation rules (critical tasks, functions) in 3rd countries
- Creation of Consolidated Market Tape – securities market data on price/volume traded across all EU trading platforms
- Replacement of 'Double Volume' 'dark pools' cap: consolidated at 7%
- Alignment of Derivates Trading & Clearing Obligations (AMIR & MiFIR)
- Abolishing 'Open Access' rules – free choice of clearing venue





Comments, Questions & Answers



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Thank You For Listening

Forthcoming Events

- Wed, 02 Feb (11:00-11:45) Natural Climate Solutions: Seeing The Wood For The Trees
- Thu, 03 Feb (10:00-10:45) National Audit Office Good Practice Guide For Managing The Commercial Lifecycle
- Tue, 08 Feb (10:00-10:45) The Future Of Finance: How The Next Generation Builds Tomorrow

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