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## Banking regulation

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### CRR/CRD

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#### 22 march 2024 - Commissioner McGuinness' answer to a parliamentary question on the implementation of Basel III rules outside the EU

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On 6 February 2024, MEP Engin EROGLU (Renew, Germany) submitted [a written question](#) to the European Commission concerning its role in ensuring a level playing field under Basel III, particularly in relation to the fact that the UK and US have not yet transposed internationally-agreed rules into national law.

On 22 March 2024, Financial Services Commissioner Mairead McGuinness [responded](#) to this parliamentary question, stating that the European Commission was closely monitoring the implementation of Basel III standards at international level. She also said that progress on transposing the Basel III accords in the US and the UK was being closely monitored, and that implementation was underway.

### Banking resolution

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#### 26 march 2024 - "Daisy chain ": following agreement in trilogue, the Council adopts the final version of the directive on indirect underwriting chains.

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On 26 March 2024, the Council adopted the [final version of the text of the Daisy Chains Directive](#), following the provisional agreement reached in trilogue on 6 December 2023.

The "Daisy Chains " directive **defines the concept and scope of entities in liquidation**, and sets out the **conditions for the consolidated treatment of internal MREL**.

Ahead of its initial revision proposal, the Commission noted that applying the deduction requirement to internal MREL could have a disproportionately negative impact on certain banking group structures, in particular those operating under the umbrella of a parent holding company and certain operating company structures.

Accordingly, **the new rules aim to give to resolution authorities the power to set the internal MREL on a consolidated basis, under certain conditions. Where the resolution authority authorizes a banking group to apply this consolidated treatment, intermediate subsidiaries will not be required to deduct their individual holdings under the internal MREL**, thus preventing the detrimental effect observed by the Commission.

In addition, **the new rules introduce a specific MREL treatment for "winding-up entities". These are defined as entities within a banking group that are destined for liquidation in accordance with insolvency legislation, and which would therefore not be subject to a resolution measure (conversion or write-down of instruments under MREL).**

On this basis and as a general rule, **entities destined for liquidation will not be required to comply with an MREL requirement, unless the resolution authority decides otherwise on a case-by-case basis for reasons of protecting financial stability.** The own funds of these doomed entities issued to FTEs will not have to be deducted, unless they represent a significant proportion of the FTE's own funds and eligible liabilities.

**Next steps:**

***The text will be published in the Official Journal in the coming weeks and will enter into force twenty days later.***

***The Daisy Chains proposal had been presented as a stand-alone legal instrument so that the co-legislators could speed up its adoption before the rest of the proposals to revise the Crisis Management and Deposit Guarantee (CMDI) package, presented in 2023.***

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## **20 March 2024 - ECON Committee MEPs adopt position on banking resolution legislative package**

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On 20 March 2024, members of the Economic and Monetary Affairs Committee (ECON) adopted their position on the legislative package on the crisis management and deposit guarantee framework (CMDI) :

- [REPORT on the proposal for a regulation of the European Parliament and of the Council amending Regulation \(EU\) No 806/2014 as regards early intervention measures, conditions for resolution and funding of resolution action](#) ;
- [REPORT on the proposal for a directive of the European Parliament and of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, use of deposit guarantee schemes funds, cross-border cooperation, and transparency](#)
- [REPORT on the proposal for a directive of the European Parliament and of the Council amending Directive 2014/59/EU as regards early intervention measures, conditions for resolution and financing of resolution action](#)

In particular, the aim of the proposal is to extend deposit guarantee and resolution mechanisms to medium credit institutions of regional systemic importance.

Whereas the European Commission recommended revising the hierarchy of creditors by placing private individuals, SMEs, large companies and public authorities on the same level of hierarchy, the MEPs would like to create a two-tier hierarchy by placing large companies on a lower level.

Finally, the MEPs propose to extend the sums guaranteed for private individuals under certain well-defined conditions. In this way, during the 6 months following certain financial transactions such as a real-estate sale, individuals would see the sums of insured deposits extended from €500,000 to €2.5 million under certain conditions.

**Next steps:**

***The report must now be adopted by MEPs during the European Parliament's plenary week starting 22 April 2024.***

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## 20 March 2024 - A new exchange of views on EDIS takes place in the ECON Committee

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On 20 March 2024, MEPs of the Committee on Economic and Monetary Affairs (ECON) held an exchange of views on the draft report on the European Deposit Insurance Scheme (EDIS) [presented](#) in early March by the rapporteur on the text, Othmar KARAS (EPP, AT). This exchange took place after the tabling of [amendments](#) by other MEPs on 13 March 2023.

Rapporteur Othmar KARAS (EPP, AT) first called for the reopening of negotiations on the EDIS regulation proposal, abandoned after it was blocked in Parliament and the Council in 2016. The rapporteur points to the incompleteness of the Banking Union.

In order to move the text forward, Othmar KARAS proposes a compromise that significantly amends the European Commission's initial proposal. Indeed, in view of the political deadlock of the text, the rapporteur proposes to delete the EDIS II and EDIS III phases, respectively a co-insurance mechanism which provides financing and covers the losses of participating deposit guarantee schemes, and a full insurance mechanism which provides financing and covers the losses of participating deposit guarantee schemes.

Only the EDIS I phase would be maintained in the form of a liquidity support mechanism that provides loans to participating deposit guarantee schemes. Its aim is to provide sufficient liquidity to participating deposit guarantee schemes in the event that one of them no longer has the liquidity to meet its obligations.

The rapporteur also called for the proposal to modify the framework for crisis management and deposit insurance (CMDI) to be consistent with the EDIS proposal. The other MEPs were then able to discuss the amendments they had [tabled](#) to the text.

The shadow rapporteur on the text for the S&D group, Jonas FERNANDEZ (S&D, ES), indicated that his group would be willing to find a compromise in order to reach agreement, and would support the rapporteur's proposal. He nevertheless advocated a more ambitious model, funded by contributions from banking institutions and designed to offer liquidity to entities in difficulty.

The shadow rapporteur for the S&D group highlighted several points considered crucial: the participation of banking entities in the European guarantee fund rather than national guarantee funds, and the explicit mention of the temporary nature of this first phase in order to progress towards " *a full insurance mechanism that provides funding and covers the losses of participating deposit guarantee schemes* ".

Kira Marie PETER-HANSEN (Greens/EFA, DK), shadow rapporteur for the Greens/EFA group on the text, shared the S&D rapporteur's remarks and argued that a full insurance scheme should be the goal.

### **Next steps:**

***The vote on the draft report in the ECON Committee is set for 9 April 2024.***

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#### 4 March 2024 - EDIS : Othmar KARAS presents his draft report

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On 4 March 2024, Othmar KARAS (EPP, AT), rapporteur for the European Parliament's Committee on Economic and Monetary Affairs (ECON), presented his draft report on the regulation to establish a European Deposit Guarantee Scheme (EDIS).

As a reminder, the proposed regulation was [presented](#) in 2015 by the European Commission, but has since then stalled, with neither the Parliament nor the Council able to adopt a position on the text.

In order to relaunch work on the text, Othmar KARAS (EPP, AT) wished to propose a compromise solution aimed at highlighting a gradual and limited approach to the Commission's proposal.

The rapporteur thus wishes to amend the European Commission's proposal to introduce only the first stage in establishing a European Deposit Insurance Scheme (EDIS I). EDIS I would thus be limited to providing liquidity in the form of loans to the various national deposit guarantee schemes.

However, the rapporteur wishes to make clear in the text the temporary and gradual nature of this proposal for a single European deposit guarantee scheme. One year after the entry into force of this regulation, the Commission will assess the relevance of developing EDIS I into a mutualized European deposit guarantee scheme.

Lastly, the rapporteur proposes that 5 years after the proposal comes into force, the Deposit Guarantee Board (DIB) should establish the amount of contributions to be paid by credit institutions into the deposit guarantee fund, in order to meet available liquidity targets.

As a reminder, the legislative package aimed at amending the crisis management and deposit guarantee framework (CMDI) to extend the scope of bank resolution to certain intermediate-sized but systemically risky credit institutions is complementary to this proposal. The legislative package adopted following the failures of several US regional banks was in fact proposed by the Commission following the observation that the EDIS proposal was blocked in the Parliament and Council.

**Next steps:**

***The deadline for amendments was 12 March 2024. Now that the amendments have been [made](#) public, MEPs must adopt their position on the text during a vote in the Economic and Monetary Affairs Committee (ECON) on 8 April 2024***

## Banking supervision

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#### 18 March 2024 –ECB and EBA set up joint committee for supervisory reporting on financial institutions

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On 18 March 2024, the European Central Bank (ECB) and the European Banking Authority (EBA) signed a [Memorandum of Understanding](#) to set up a *Joint Bank Reporting Committee (JBRC)*, which will contribute to the

development of common definitions and standards for the data that banks are required to report for statistical, supervisory and resolution purposes.

The aim of this new initiative is to increase the efficiency of the European Capital markets and reduce the workload for reporting financial institutions.

The ECB, EBA, the European Commission and the Single Resolution Board (SRB) will be part of the new committee, along with the competent authorities empowered to issue supervisory, resolution and statistical reporting requirements in member states. The banking sector will participate through an advisory body.

One of the main tasks of the Joint Committee will be to create a common data dictionary for the reporting of statistical, supervisory and resolution data by banks. In this respect, the joint committee will strive to establish common definitions and concepts used in new and existing data reporting.

## AML/CFT rules

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### 19 March 2024 - AML/CFT package: MEPs approve the 3 texts resulting from the institutional agreement

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On 19 March 2024, parliamentarians from the ECON and LIBE committees approved by a large majority the three texts of the legislative package on the fight against money laundering and terrorist financing (AML/CFT), presented in July 2021 by the European Commission.

The three final texts adopted are as follows:

- [Revised AML/CFT Directive](#)
- [Revised AML/CFT Regulation](#)
- [Regulation establishing the future European Anti-Money Laundering Authority \(AMLA\)](#).

The compromise agreement reached by co-legislators extends the list of obliged entities to new sectors, in particular cryptoasset service providers, and strengthens the application of existing AML/CFT due diligence rules.

Among the main provisions are :

- The threshold for determining beneficial owners is set to 25% of voting rights or share ;
- Entities will have to apply additional due diligence measures for transactions and business relationships involving high-risk third countries ;
- Register of beneficial owners will be accessible for any person with a legitimate interest including the press and the civil society ;
- Financial intelligence units (FIA) will have immediate and direct access to key financial, administrative and law enforcement information, including tax information ;
- Member States will have to ensure that obligated entities are subject to adequate and effective supervision ;
- The Commission will launch a EU-wide assessment and provide Member States with recommendations to reduce AML risks.

**Next steps :**

*The plenary vote for formal approval of the texts is scheduled on 22 April 2024. The Council has already approved the above texts. Promulgation in the OJEU should therefore take place in May or June 2024.*

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**12 March 2024 - Revised AML/CFT regulatory framework: the European Commission requests technical advice from the EBA on the RTS and guidelines to be adopted**

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On 12 March 2024, the European Commission sent the European Banking Authority a [request for technical advice](#) on the draft regulatory technical standards (RTS) and guidelines relating to the revised AML/CFT regulatory framework.

**The Commission services have identified the following draft RTS as priorities for the preparation of the future framework and its implementation.**

The European Commission first identified the mandates set out in Article 13(3) of the AMLR with regard to group requirements and Article 39(8) of the AMLD6 with regard to pecuniary sanctions as priorities, given the significant innovations introduced by the package and the current lack of harmonization in these areas between Member States.

In accordance with Article 12(5) regarding direct supervision under the AMLA regulation, **AMLA is to draw up draft regulatory technical standards (RTS) specifying :**

- **The minimum activities that a credit or financial institution must carry out under the freedom to provide services**, whether through an infrastructure or remotely, in order to be considered as operating in a Member State other than that in which it is established;
- **The methodology based on benchmarks for classifying the inherent and residual risk profile of a credit or financial institution or a group of credit or financial institutions as low, medium, substantial or high.**
- In accordance with Article 31(2) of the AMLD6, **the AMLA is to develop draft regulatory technical standards defining the reference criteria and the method for assessing and classifying the inherent and residual risk profile of obligated entities, as well as the frequency with which this risk profile is to be reviewed.** This frequency must take into account any major events or developments in the management and operations of the obligated entity, as well as the nature and size of the business.

In accordance with Article 39 of the AMLD6 directive on the implementation of **financial sanctions, the AMLA is to draw up draft regulatory technical standards to define :**

- **Indicators for classifying the seriousness of infringements;**
- **The criteria to be taken into account when setting the level of financial penalties** or taking administrative measures under this section;
- A methodology for the application of periodic penalty payments under Article 41a of the AMLD6 Directive, including their frequency.

In accordance with Article 22 of the AML/CFT Regulation, the AMLA is to develop draft regulatory technical standards to specify:

- **The requirements applicable to Obligated Entities and the information to be collected for the purposes of exercising normal, simplified and enhanced customer due diligence** under Articles 18 and 20 and Articles 27(1) and 28(4) of the AMLR, including minimum requirements in lower risk situations;
- **The type of simplified due diligence measures that Obligated Entities may apply in situations of lower risk** in accordance with the AMLR Directive, including measures applicable to specific categories of



Obligated Entities and products or services, taking into account the results of the supranational risk assessment drawn up by the Commission in accordance with Article 7 of the AMLD6 ;

- **The risk factors associated with the characteristics of electronic money instruments which should be taken into account by supervisory authorities** when determining the scope of the exemption provided for in Article 15;
- **Reliable and independent sources of information that can be used to verify the identification data of natural or legal persons** for the purposes of Article 18 of the AMLD6 ;
- **The list of characteristics which the electronic means of identification and the qualified trust services** of the Money Laundering Directive must have in order to meet the requirements of Article 16 of the Money Laundering Directive in the event of normal, simplified and enhanced customer due diligence measures.

Finally, with regard to the mandates also identified as priorities by the Commission, but for which EBA's contribution will depend on its available resources:

In accordance with Article 13 of the AML Regulation, the AMLA will need to develop draft regulatory technical standards to specify minimum requirements for group-wide policies, including minimum standards for information sharing within the group, criteria for identifying the parent undertaking in cases covered by Art, point 29), sub-point b), of the AMLR and the conditions under which the provisions of this article apply to entities that are part of structures sharing common ownership, management or compliance control, including networks or partnerships, as well as the criteria for identifying the parent undertaking in the Union.

**Next step:**

*The European Commission clarifies that this request for technical advice is provisional, as the revised AML/CFT framework is not yet officially promulgated (but should be before summer 2024).*

## Taxation incl. VAT and Legal Affairs

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## Late Payment Regulation

### 13 March 2024 - Late payment Regulation : the Belgian presidency organizes a panel discussion with regard of the LPR

On 13 March 2024, the Belgian Presidency organized a panel discussion on how to tackle late payments and on the late payment regulation (LPR).

The panel was composed of several representatives :

- **Rafaël JAFFERALI**, Partner at Simont Braun and Professor at the Université libre de Bruxelles
- **Véronique WILLEMS**, Secretary General of SMEUnited
- **Antonella CORRERA**, Legal and Policy Officer at the European Commission
- **Cinzia ALCIDI**, Senior Research Fellow, Head of the Economic Policy and Jobs & Skills Unit of the CEPS

No industry representative were present and the panelists were rather supportive of the LPR. Most of the discussion focused on the best way to tackle late payment and on the need to have stricter payment terms. SMEUnited representative [highlighted](#) that late payments increase SMEs dependency to bank financing.

Representatives warn against an increase of late payments in 2023 and 2024 after a slight decrease due to public support during covid. The CEPS representative highlighted that specific industry-led initiatives -such as the *Pay me now* initiative in the Netherlands- may be a key solution to tackle late payment. This initiative aims to work as a code of conduct that ensures large companies are committed to pay SMEs on time.

More interestingly some attendants to the panel asked how factoring could be useful to fight against late payments. Ms. CORRERA responded that :

- Factoring is a solution to support liquidity, but it is not a remedy ;
- Factoring is mostly suited for medium companies and not small companies as it is too complex and small companies often prefer to deal directly with their customers. Additionally, companies need to be “factorable” and have a steady flow of invoices which is not the case of all small companies.
- Some countries such as Italy prevent the assignment of invoices, and public authority may oppose the assignment of invoices ;
- Reverse factoring is useful but could become an unfair practice in some specific cases ;
- Member States should ensure that companies have access to invoice and credit management solutions, financial education and that they know how to use factoring.

**Next steps :**

***The Parliament adopted its position regarding the LPR proposal in the Committee of Internal Market and Consumer Protection on 20 March 2024. The Parliament is now expected to vote upon on the report during 23 April’s plenary session. The Council did not agree on its position on the text for the moment.***

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**7 March 2024 – Member States debate LPR in COMP Council**

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On 7 March 2024, during the Competitiveness Council; Member States debated on the Commission proposal regarding the Late Payment Regulation (LPR). Member States had the occasion to intervene to present their position on the regulation.

As it was summarized by the Belgian Presidency afterwards, most Member States expressed a critical statement regarding the Commission proposal. As such, most Member States want to have the appropriate legislative instrument and thus, they oppose the regulation and would rather amend the existing directive. Most Member States also oppose the strict 30-days payment term and advocate in favor of preserving contractual freedom. Lastly, most Member States oppose the creation of enforcement authorities.

The detail of Member States representatives’ interventions :

- **Member States overall opposed to the LPR :** Netherlands, Spain, Germany, Portugal, Lithuania, Hungary, Sweden, Czech Republic, Finland, Italy, Latvia, Austria, Slovenia, Slovakia, Ireland, Bulgaria, Luxembourg, Romania, Estonia, Malta ;
- **Member States somewhat opposed :**
  - France supports the introduction of enforcement authorities and the choice of a regulation, but France opposes the strict 30-days payment term ;

- Croatia supports the choice of a regulation but advocates in favor of keeping a 60-days payment terms coupled with sectorial exemptions (e.g health sector).
- Luxembourg supports the choice of a regulation but opposes the 30-days payment term.
- Denmark states that the choice of the instrument is not the issue but rather the content of the LPR.
- **Member States supportive of the proposal** : Poland, Greece.

It has to be noted that while Member States are overall opposed to the LPR proposal, they differ in terms of range of opposition against the proposal.

Following the interventions from Member States, Commissioner BRETON took a swing at Member States stating that it was difficult to improve the Internal Market with such “unwillingness”. He continued supporting the Commission’s proposal and advocated in favor of ensuring a harmonization of working capital needs for companies across the EU. However, he recognized that the 30-days strict payment term and the exemption for some goods were questions to be discussed.

**Next steps :**

***The Presidency announced that work continued on the regulation and that LPR was put at the agenda of next Competitiveness Council on 24 May.***

## Corporate law

### **13 March 2024 – Co-legislators reached out a provisional agreement in trilogues on directive to adapt company law to digital practices**

On 13 March 2024, the Council of the European Union and the European Parliament reached a [provisional agreement](#) on the proposal for a [directive aimed at extending and improving the use of digital tools and processes in the field of company law](#). This provisional agreement was validated by the EU Council on 20 March 2024.

As a reminder, this proposed directive aims to accelerate the digitization of companies, make their data more accessible and reduce the administrative burden on certain companies in a cross-border context.

**The provisional agreement reached by the co-legislators contains the following provisions:**

- **The EU company certificate** will also have to include the purpose of the company, using NACE codes (6-digit code corresponding to the statistical classification of economic activities in the European Community). Partnerships and joint-stock companies will be able to obtain their company certificate electronically, free of charge;
- **The digital power of attorney** must include a standard multilingual model based on a common European template; disclosure of information concerning limited partners via the Business Register Interconnection System (BRIS);
- **A revision clause** to leave open the possibility of including cooperative undertakings in this directive.

**Next steps**

***The agreement must now be validated by the Parliament in plenary session on April 25, 2024, before promulgation in the OJEU.***

## Sustainable Finance

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### 22 March 2024 - European Commission publishes a study on assessing the potential financial risks associated with environmental degradation

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On 22 March 2024, the Directorate for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) of the European Commission [published](#) a commissioned study on the introduction of a methodological framework for assessing the potential risks associated with biodiversity loss and environmental degradation.

The study begins by stating that biodiversity and the degradation of nature pose a multitude of risks that go beyond the environmental sphere, and have repercussions on essential economic activities and therefore inevitably on the financial system. The study points out that 55% of global GDP is "moderately or highly dependent on nature", making economies "integrated with nature". Despite this, nature tends to be perceived "as an externality", even though it may present investment opportunities for the future.

**While public and private sector players are increasingly taking these risks into account in their long-term strategies and risk assessments, the study's authors consider that financial institutions and businesses are doing little, or incompletely, to assess the financial risks associated with biodiversity and nature, which hinders the development of concrete mitigation measures.**

Agriculture, real estate, construction and healthcare are identified by the study as the sectors most dependent on nature, and consequently most exposed to risk, in the European economy. To address this, **the study proposes a framework for financial institutions to systematically assess the financial impact of risks. It includes the elaboration of nature-related scenarios, precise evaluations taking location into account, and best practices in the short, medium and long term.**

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### 15 March 2024 – After difficult negotiations Member States finally adopt the CSDD directive

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On 15 March 2024, the representatives of Member States to the EU [approved](#) the provisional agreement reached in trilogues last December on the Corporate Sustainability Due Diligence Directive (CSDD), in exchange for substantial changes to the scope and implementation of the due diligence obligations.

At the request of several Member States, primarily Germany and Italy, the threshold for application of the directive has been raised to exclude a greater number of companies from its scope. Some 5,300 companies across Europe would now be covered by the due diligence obligations set out in the directive.

The main elements of the future directive are as follows:

- **Scope:** thresholds are raised to target the largest companies, with a threshold of 1,000 employees and a net turnover of 450 million euros.
- **Chain of activities:** due diligence obligations refocused on "direct contractual relationships" only.

- **Civil liability:** flexibility given to member states in the final adoption of legislation.
- **Progressive application of the directive according to company size:** applicable within three years of promulgation for companies with over 5,000 employees, within 4 years for companies with over 3,000 employees, and finally, companies with over 1,000 employees will have 5 years to implement the directive.

As far as regulated financial undertakings are concerned, the definition of the term "chain of activities" should not include the downstream trading partners who receive their services and products and would only concern the upstream part of their chain of activities.

However, the recitals of the directive state that, although regulated financial undertakings are subject to due diligence obligations only for the upstream part of their chain of activities, they are invited to "take account of negative impacts and use their 'leverage' to influence businesses". In particular, the exercise of shareholder rights is cited as a means of exerting such leverage.

**Next steps:**

***On the parliamentary side, the vote in the JURI committee took place on 19 March. A plenary vote will take place on April 24.***

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**14 March 2024 - European Commission announces to postpone the planned review of *Green Asset Ratio* for banks**

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On 14 March 2024, the European Banking Federation organized a conference on the implementation of the *Green Asset Ratio*, a ratio used to measure the alignment of a portfolio's assets with the objectives of the Taxonomy and thus assess a financial institution's "sustainability" performance.

The Green Ratio, whose main aim is to help investors and stakeholders understand the contribution of financial companies to European environmental and climate objectives, is due to be published for the first time under European regulations this year by financial institutions.

**According to Andrei GURIN, team leader in DG FISMA's Sustainable Finance unit and responsible for Taxonomy and reporting implementation in the EU, who spoke at the online conference, a revision of the Green Asset Ratio should not take place before 2025, to allow financial institutions sufficient time to put in place the necessary arrangements to measure their alignment with the green objectives set by the Taxonomy regulation.**

On the industry side, there are aspirations that the *Green Asset Ratio* should also take into account the financing and assets in their portfolios linked to transition activities, so that their contribution to financing the transition of the economy is better reflected. At present, the ratio only takes into account activities considered "sustainable" under the EU Taxonomy.

## Digital

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### February 2024 - FIDA Regulation: the shadow rapporteur for the RENEW Group and the Chairman of the EBA express their concerns about certain provisions of the regulation.

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In the February 2024 issue of EUROFI, a number of European players [expressed their](#) views on the main issues at stake, as well as the provisions they consider to be of concern, in the [proposed regulation](#) establishing a framework for data sharing (FIDA).

The shadow rapporteur for the RENEW group in the European Parliament, **Ondrej KOVARIK** (Czech Republic), considers that the objectives of the draft regulation are appropriate, but that obstacles or pitfalls to effective implementation remain. This is why, in his view, it is extremely important that legislators take the time to consult as wide a range of stakeholders as possible before completing the legislative process. He acknowledges, however, that this is a "tricky" time for the European Parliament to make concrete progress on the dossier, given the short time available for MEPs to adopt a position in the ECON Committee before the end of the legislature. Thus, a report adopted in parliamentary committee before the European elections would not force the next Parliament to accept it as it stands and continue the legislative procedure on the basis of the provisions adopted under the previous mandate.

The shadow rapporteur insists in particular on the **need for greater interoperability and cooperation between financial and non-financial sector players** who would be affected by the introduction of the IFAD sharing framework.

While the FIDA sharing framework envisaged by the regulation could potentially help businesses maximize opportunities and consumers maximize their choice of services and/or products, the rapporteur does not believe that the proposal could in itself drive greater digitization of data in the financial services sector. Similarly, he maintains that **the ambition to harmonize APIs is a good one, but it seems to him that in practice, this would be difficult to achieve, given the fragmentation of the various sectors concerned by the sharing framework, such as banking, insurance, pensions, etc.** Finally, he does not declare himself in favor of the proposal.

Finally, he is not in favor of the Commission designing the systems/schemes for data sharing and access. In his opinion, a better option would be to support **cooperation between all the players involved, so as to enable the implementation of sharing and access systems that work well, are developed and are not too burdensome for the industry.**

The Chairman of the European Banking Authority (EBA), **José Manuel CAMPA**, also spoke about the proposed FIDA regulation and the industry's concerns regarding its implementation. In his view, certain aspects of the FIDA proposal differ from the approach adopted to date by the PSD2 directive, and may give rise to concern. Firstly, **FIDA does not include specific authentication requirements, which is different from the way PSD2 introduced open banking, where access to payment account data was accompanied by the imposition of strong customer authentication.** As such, he believes that the co-legislators should further specify security requirements and the division of responsibilities between data holders and data transfer service providers, in order to improve customer protection.

Furthermore, one of the main challenges of the sharing framework will be to strike the right balance between competing objectives, and in particular to ensure that the objectives of promoting innovation do not come at the expense of protecting vulnerable customer groups. In this context, he believes that the FIDA regulation could **further clarify the scope of the regulation in terms of the data covered** (for example, data not available digitally), and on the **perimeter of data use in order to mitigate the risks of financial exclusion** of consumers with an unfavorable risk profile.

Another point to be clarified, according to the EBA Chairman, is access to financial data falling within the scope of the FIDA regulation by entities with no establishment in the EU, and the establishment of effective supervision of this access, as well as consumer protection and the preservation of the integrity of the single market.

**Next steps :**

***The text has been postponed to the next legislative term, as no compromise has emerged yet.***

## Other topics

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### 15 March 2024 - AFER organizes a conference on the state of European financial market legislation

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On 15 March 2024, the Association Europe Finance Régulation (AEFR) held a conference to take stock of the last five years of European financial market legislation.

The conference, to which several MEPs including Aurore LALUCQ (S&D, FR), Stéphanie YON-COURTIN (Renew, FR), Pascal DURAND (S&D, FR) and Paul TANG (S&D, NL) were invited, addressed the Capital Markets Union (CMU) and legislation on sustainable finance.

With regard to the CMU, all agreed on its importance and on the fact that it needs to be further developed if it is to be fully integrated into the internal market.

Paul TANG stressed the importance of increasing investment, particularly in defense, sustainability and digital technologies, expressing concern that Europe was lagging behind the United States. For her part, Stéphanie YON-COURTIN spoke of the need to adopt measures quickly to make European markets more competitive and encourage improvements in the investor experience. She also mentioned the importance of promoting financial education in a context of increasing digitalization. Finally, in her view, the next mandate should be one of "implementation" of legislation, thus supporting the idea of a "regulatory pause".

The conference also took stock of European action in the field of sustainable finance, highlighting topics such as the CSRD, the CSDD and the adoption of the regulation for the issuance of European green bonds. Speakers underlined the importance of sustainable finance for European companies and for the European economy as a whole, making it more transparent and competitive. Pascal DURAND emphasized the complementary nature of finance and sustainability during the discussion.

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## **11 March 2024 – Members States come forward with 13 proposals to deepen the Capital Markets Union by 2029**

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On 11 March 2024, the 27 European finance ministers, meeting in the "inclusive Eurogroup" format, [presented](#) a declaration on the actions to be taken to complete the Capital Markets Union (CMU).

With this declaration, the Eurogroup wishes to improve the functioning of European capital markets and in order to mobilize the private capital available in Europe and strengthen the competitiveness of the European financial center.

### **Priority areas for action and measures needed to improve the functioning of European capital markets identified by Member States:**

**A. Architecture: develop a competitive, streamlined and intelligent regulatory system**, enabling funds to be better channeled to innovative EU companies, with greater liquidity, risk-taking and risk-sharing, as well as increased resilience and financial stability.

- Develop the European securitization market to enable a transparent transfer of risk to those best equipped to bear it.
- Strengthen the convergence of capital market supervision in the EU.
- Reassess the regulatory framework to reduce the regulatory burden and transaction costs for market participants.
- Targeted convergence of national corporate insolvency frameworks.
- Targeted further harmonization of accounting frameworks to improve the cross-border comparability of available corporate information, without increasing the administrative burden, in particular to enable small and medium-sized enterprises (SMEs) and other non-listed companies to benefit more effectively from the new European Single Access Point (ESAP) and thus facilitate investment in these companies.
- Increase the attractiveness of capital market financing for companies through better integration of market infrastructures in the EU and further convergence and harmonization of listing conditions on European stock exchanges to reduce costs and facilitate access to more attractive equity and bond financing in the EU, including for SMEs.
- Encourage equity financing through well-designed national corporate tax systems, so that EU companies have access to diversified sources of financing.

**B. Companies: guarantee better access to private finance so that EU companies can invest, innovate and grow in the EU.**

- In the field of sustainable finance, increase the impact of the existing European framework and encourage the use of the toolbox provided to market players to support their transition efforts.
- Create an attractive, user-friendly and consumer-centric investment environment, including easy-to-use and secure digital interfaces developed by the industry.
- Support sufficient complementary income streams for an aging population through wider use of long-term savings and investment products, including through occupational and personal pension plans.

**C. Citizens: create better opportunities for EU citizens to invest and improve financial security, by increasing direct and indirect participation of individuals through accessible and profitable investment opportunities.**

- Facilitate the strengthening of an investor/shareholder culture among EU citizens to increase retail participation in markets.
- Develop attractive, cost-effective and simple cross-border investment/savings products for retail investors.



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**Contacts:**

**Pierre Degonde**

+33 6 72 44 85 18

E-mail: [pierre.degonde@euralia.eu](mailto:pierre.degonde@euralia.eu)

**Matthias Garcia de Cruz**

Tel : +32 489 38 33 16

E-mail : [matthias.garciadecruz@euralia.eu](mailto:matthias.garciadecruz@euralia.eu)

**EURALIA**

Rue Montoyer, 25

B-1000 Brussels