



The EFMLG Newsletter complements the information available on the EFMLG website (www.efmlg.org)
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1. EFMLG supports the EBF working group on re-launching of the European Master Agreement (EMA)

Following the letter that the EFMLG sent earlier this year to the European Banking Federation (EBF) about the need to relaunch the European Master Agreement (EMA), an EBF working group was formed. Representatives from different market associations and banks, including several EFMLG members participate in the work of the group. After some teleconferences the first physical meeting took place on 29 November in Brussels. The working group is currently focusing on the following issues:

- The identification of the revision needs of the documentation. These revisions need to be prioritised (two categories, one for immediate revision, one for later);
 - The update of the legal opinions. Here again two categories were formed, the urgent jurisdictions and the ones with less urgent need. The financing and the subscription methods were also discussed.
 - The governance arrangements, the market strategy and the promotion of the EMA was also assessed.
- The EFMLG continues to monitor the progress and aim to support the EBF working group with its efforts.

2. Workshop on financial law issues relating to Brexit

The workshop focused on the legal

challenges prompted by Brexit with a focus on implications for the financial sector.

The discussion was concentrated around:

- ISDA specific topics, like ISDA's Brexit planning, the amendments to ISDA Master Agreement and the issue of transfer of existing contracts; and
- Other topics arising out of Brexit, like issues related with possible relocation of credit institutions and financial firms within the EU.

3. Public consultation on the development of secondary markets for non-performing loans



As part of its efforts to tackle the issue of non-performing loans (NPLs) in the EU, the Commission launched on 10 July 2017 a public consultation with a view to exploring possible initiatives to facilitate the development of secondary markets for NPLs.

Several aspects were discussed, including:

- the definition of NPLs;

- the proposal to introduce an "accelerated loan security" that could be enforced by the lending bank outside a court procedure;
- the issue of national asset management companies (or even the creation of a European one) which could deal with property-related assets and corporate exposures (in particular, whether or to what extent such companies should be regulated);
- the question of valuation of NPLs;
- the ECB Draft Addendum on Prudential Provisioning Backstop (in particular, it was raised that the "comply or explain" process puts the burden of proof on the banks); and
- the various problems that are not in the hands of banks, such as the length of the execution procedures or that banks' lending to SMEs is often uncollateralised.

4. MIFID Implementation challenges

MIFIR and MIFID II will come into force on 3 January 2018. Due to the size and scope of MIFID/MIFIR, many banks face implementation challenges.

Members voiced the main issues and challenges they had to face in the implementation of MIFID/MIFIR.

5. Meetings

The **last** EFMLG meeting was held on 9 November 2017 in Frankfurt at the ECB.. The **next** EFMLG meeting will be held on 23 February 2018 in Amsterdam, at the ING.