



The EFMLG Newsletter complements the information available on the EFMLG website (www.efmlg.org)
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1. Quadrilateral meeting 2018 (Q18)

On 7 and 8 June the EFMLG participated to the Quadrilateral meeting along with its sister groups FMLC (the Financial Markets Law Committee, based in London), FMLG (the Financial Markets Lawyers Group, based in New York) and FLB (the Financial Law Board, based in Tokyo). This year the Quadrilateral was hosted by the ECB in Frankfurt.

2. Regulatory update at Q18

The Quadrilateral provided an overview on regulatory developments in the US, EU, UK specifically and Japan with an eventual global impact. These developments were related, among others, to high frequency trading, culture within financial companies, resolution stays, trading venues and secondary markets for NPLs.

Specific financial topics of interests for all the jurisdictions were covered as well, among which, the implementation and developments related to the global FX Code. In particular, experiences and legal issues around the Benchmark reform and Fin- Tech were shared, along with Brexit and Due Diligence matters.

3. Benchmarks at Q18

Legal challenges arising from the

transition from IBORS, the Interbank Offered Rates, to RFRs, the Risk-Free Reference Rates, were presented. The key features of ESTER, the Euro Short Term Rate of the ECB, which will be in force by 2020, as well as SOFR, the US Secured Overnight Financing Rate and TIBOR, the Tokyo Inter-Bank Offered Rate, were illustrated. The advanced cross-product legal thinking related to SOFR may become useful in the other jurisdictions.



Quadrilateral meeting 7-8 June 2018, Frankfurt

4. FinTech at Q18

The complexity of the regulatory framework for Virtual Currencies involving multiple Federal Agencies was illustrated, as well as recent guidance and enforcement actions undertaken against fraudulent VC exchanges and operators. The potential use of Distributed Ledger Technologies in systemically important infrastructures was presented as one of the main challenges for regulators in the near future.

The definition of VCs was also covered. Japan, for instance, has legally defined VCs as a type of payment instrument with no legal tender status. Also, the Coincheck incident of January 2018 and related regulatory actions undertaken by the Japanese authorities were presented.

Legal issues relating to Initial Coin Offerings, ICOs, were discussed highlighting the different approaches in all the jurisdictions and the significant increase of ICOs in 2017-2018.

Jurisdiction and legal enforceability issues in case of bankruptcy of VC operators were key points in the ensuing discussions.



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5. Update of the European Master Agreement

The text of the EMA is in the process of being updated as well as the relevant legal opinions to cater for different regulatory developments in recent years, also in view of Brexit. The EFMLG supports actively this process.

6. Upcoming Meetings

Next EFMLG meeting: 22 and 23 November 2018, ECB, Frankfurt.