



The EFMLG Newsletter complements the information available on the EFMLG website (www.efmlg.org)

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1. EFMLG Meeting in Lisbon

The EFMLG held its first 2019 meeting in Lisbon on 1 March, hosted by the law firm Uría Menéndez.

EFMLG members learned about the current reform of the Portuguese legal framework for resolution of credit institutions and exercise of macro-prudential powers, introduced by a representative of Banco de Portugal.



A presentation given by Alfonso Eça, co-founder of listed Fintech firm Raize made apparent anew that Fintech is continuously evolving without a harmonized legal framework across the EU, which is both a source of challenges and opportunities and *forum shopping* is an issue. EFMLG members continue to monitor closely the evolution on Fintech. In addition, a representative of the Portuguese Ministry of Finance also updated members about the fundamentals of the economic recovery in Portugal.

2. Reform of the Bank Recovery and Resolution Directive (BRRD2)

The review of the BRRD is at the final stage of the EU legislative process. As some implementation issues (legal opinions, complexity of the new

approach) remain in relation of Article 55, the EFMLG plans to communicate these points to the EBA and the Commission ahead of the work on the relevant regulatory technical standards.

3. BREXIT Update

Brexit-related contingency measures are considered necessary by EFMLG members to safeguard financial stability in the EU27, dealing with any major disturbance and limiting the damage caused by a potential no deal. The example of the European Securities and Markets Authority announcing that three UK CCPs will be recognised to provide their services in the EU in the event of a no-deal Brexit was highlighted.

4. EU Benchmark Reform (BMR)

i) The EU BMR Transition Period

The EFMLG strongly supports a two-year extension of the BMR transition period. This extension should allow for a continued use of both critical and third-country benchmarks until 31 December 2021. Some members of the EFMLG also participate in the relevant legal working group on risk free rates.

ii) EURIBOR methodology

The EFMLG supports the European Money Markets Institute, the administrator of EURIBOR, to the development of a BMR-compliant hybrid methodology. The support of European authorities is being requested during the transition in order to minimize the potential legal risks.

The latest relevant EFMLG letter is on

the EFMLG website.

iii) EONIA Transition

The legal working group on risk-free rates recommended that [€STR](#) acts as a replacement for EONIA. €STR will be an alternative reference value and is scheduled to be published in October 2019.

5. Sustainable Finance

The EFMLG is supportive of the sustainable finance package released by the European Commission in May 2018. Its ongoing legislative evolution will feature prominently on the agenda for the EFMLG meeting in June 2019.

7. Upcoming EFMLG meetings 2019

1- [EFMLG](#): 7 June in Stockholm, hosted by NORDEA.

2- [Quadrilateral](#): Following the invitation of Financial Law Board of Japan and for the very first time, the 2019 Quadrilateral meeting (EFMLG and its sister groups in the US, UK and Japan) will be held in Tokyo, Japan on 11 July/12 July.

3- [EFMLG](#): 22 November in Frankfurt, hosted by the ECB.