**SUMMARY MINUTES**

**ICI Telephone Conference with representatives of EFMLG, FLB, FMLC, FMLG, HKMA, MAS, and SNB**

Monday, 15 October 2018, 20:00-21:45 Hong Kong time

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| **1.** | **EFMLG initiatives**  | **European Financial Markets Lawyers Group (European Central Bank)**Iñigo Arruga, Marta Szablewska |
| a. | Euro Short-Term Rate (ESTER) and Euro Interbank Offered Rate (Euribor). State of Play  | On 13 September the Working group on euro risk free rates, recommended ESTER, the new overnight unsecured rate the ECB is developing, as the preferred euro risk free rate. The ECB has announced that it will produce ESTER by October 2019 at the latest, and in preparation it is finalising the technical parameters and the legal acts which will underpin the new rate. Meanwhile, there is uncertainty as to the future of EONIA and Euribor, and whether they will meet the requirements of the EU Benchmark Regulation by 1 January 2020, which is the current transition period within which critical benchmark providers would have to comply with the Regulation. EONIA is currently not compliant with the Regulation and earlier this year its administrator stopped efforts to reform its methodology so that in its current state as of 1.1. 2020 the Regulation would prohibit EONIA from being used in new contracts and it is uncertain if it would even be allowed to be used for legacy contracts. As regards Euribor, efforts to reform it are continuing with the administrator expected to adopt reformed methodology and apply for authorisation to the Belgian regulator in 2 Q 2019. Against this background, the Working group has requested to extend the transition period for all critical benchmarks from the current 1 January 2020 to 31 December 2021, The Council and the European Parliament are currently discussing a number of proposals regarding such extension. A compromise text is not however likely to be agreed until the 1 Q 2019.Having recommended ESTER as its preferred rate, the next main task of the Working group is to elaborate feasible paths for the industry to be able to smoothly transition from EONIA to the new rate.  |
| b. | EU Blocking Statute (sanctions of third countries with an impact on EU economic agents)  | On 7 August 2018, the [EU Blocking Statute](https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1533849072786&uri=CELEX:01996R2271-20140220) was updated to include in its scope the sanctions which the US is gradually re-imposing on Iran, following the US decision of 8 May 2018 to exit the “Iran nuclear deal”. The Blocking Statute protects EU natural and legal persons conducting legitimate business in Iran by (i) counteracting the effect in the EU of any foreign court rulings based on US sanctions legislation, and (ii) allowing EU “operators” to recover damages arising from such legislation from the persons or entities causing them. It also forbids EU “operators” from complying with those sanctions, unless exceptionally authorised to do so by the Commission. |
| c. | European Deposit Insurance Scheme (EDIS). State of Play | On 29 June 2018, the Euro Summit (Heads of State or Government) pushed for political negotiations on EDIS (original Commission [proposal](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52015PC0586&from=EN) of 24 November 2015, as [re-addressed](http://ec.europa.eu/finance/docs/law/171011-communication-banking-union_en.pdf) on 11 October 2017 to facilitate adoption within 2018) to start after December 2018 since sufficient progress on ‘risk reduction’ measures is being achieved (mainly, Banking legislation reform (the ‘[Banking Package](http://europa.eu/rapid/press-release_IP-16-3731_en.htm)’) and measures to tackle [NPLs](https://ec.europa.eu/info/publications/180314-proposal-non-performing-loans_en)). The European Council expects that the Eurogroup (Ministers of Finance) which works only at a technical level on the Commission proposal prepares documentation allowing for such political negotiations to start. , Commensurately, in the European Parliament, the EDIS proposal is currently [awaiting](https://oeilm.secure.europarl.europa.eu/oeil-mobile/fiche-procedure/2015/0270%28COD%29?lang=en) a Committee decision. |

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| **2.** | **FLB initiatives**  | **Financial Law Board (Bank of Japan)**Akira Tsuchikawa, Makoto Chiba, Kay Kunikane, Kohki Izumi, Shogo Owada  |
| a. | Committee on Japanese Yen Interest Rate Benchmark |  |
| b. | Interim Note by the Study Group on the Financial System  |  |

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| **3.** | **FMLC initiatives**  | **Financial Markets Law Committee (Bank of England)**Joanna Perkins  |
|  a.  | Brexit |  |

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| **4.** | **FMLG initiatives** | **Financial Markets Lawyers Group (Federal Reserve of New York)**Michael Nelson, Shawei Wang |
| a. | Appointments to Financial Regulatory Agencies  |  |
| b. | Fintech Charters  |  |

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| **5.** | **HKMA initiatives**  | **Hong Kong Monetary Authority** Mayanna To, Doris Chan , Evon Leung  |
| a. | Faster Payment System |  |
| b. | Guidance Note on Cooperation with the HKMA in Investigations and Enforcement Proceedings |  |
| c. | Draft Financial Institutions (Resolution) (Loss-absorbing Capacity Requirements – Banking Sector) Rules |  |

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| **6.** | **MAS initiatives**  | **Monetary Authority Singapore**Paul Yuen, Lynette Lee, Dawn Chew, Ter Kah Hwee  |
| a. | Deposit Insurance and Policy Owners' Protection Schemes (Amendment) Bill 2018 |  |
| b. | Proposed Guidelines on Individual Accountability and Conduct |  |

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| **7.** | **SNB initiatives**  | **Swiss National Bank**Claudio Fäh |
| a. | Swiss Sovereign Money Initiative (update) |  |
| b. | SNB survey on payment methods |  |
| c. | National Working Group on Swiss Franc Reference Rates |  |