

22 November 2013 14:24

RE: Meeting with Eurochambres

Dear all,

I met informally this morning with .
representative of Eurochambres. She explained that Eurochambres
supports transparency, but that more flexibility should be granted to
companies so that they can focus on material issues to them.

Sent: mardi 9 avril 2013 15:27
To:
Subject: Meeting Minutes: Meeting with DBRS

- DBRS wants to ensure a good dialogue with the COM with regard to further regulatory initiatives and particularly the reports required by CRA III, to ensure that views of smaller CRAs are taken on board

Meeting with EGIAN

14 January 2014

I. Overview

The meeting was requested by EGIAN (European Group of International Accounting Networks and Associations, representing major international networks and associations apart from the Big Four) to discuss the follow-up to the compromise reached in December 2013 on the audit reform and its practical implications.

F4

On 3 December 2013 I participated in a meeting with
a UK credit reference agency/credit bureau, together with

Experian,

Experian could not attend the workshop on scoring that DG MARKT organised last week and wanted to share its views on credit referencing.

Experian is present across Europe and globally and as a credit reference agency/credit bureau it collects data, most often on individuals, which is used by financial institutions.

**Meeting with Grant Thornton International – Thursday 24 April,
Key highlights**

- Do you know whether Member States will consult on the options of the Regulation at the same time as for the Directive?

... The 1 out of 5

- The Commission should help to facilitate a consistent implementation of rotation rules.

gbs

- In addition, promoting the enhanced powers of shareholders in other Commission initiatives would be welcomed. An example is the **Shareholders Rights Directive** ("proxy meeting").

Visit of ICJCE Representatives (Spain)
SPA2, 01/089, 16:15-17:15, 29 April 2014

The ICJCE (*Instituto de Censores Jurados de Cuentas de España*) is the main representative body of auditors in Spain. The visitors requested the meeting. Its main purpose was twofold: (i) to explain us the recent elections held by auditors in Spain, and (ii) to invite us for a presentation in Mallorca on the new regulatory network, tentatively on 6/7 October 2014, at the time of their bi-annual congress.

Meeting with wp.net on 17.12.2013

On 17.12.2013, _____ met the wp.net, a German association for small and medium-sized audit firms, counting currently about 1000 members. All members of the association are also compulsory members of the Wirtschaftsprüfungskammer, a self-governed public corporation. The last mentioned oversees the auditors and ensures that they comply with laws and professional rules.

On 17/1-2013 /
the Association for Financial Markets in Europe, "AFME"

At the outset it was recalled that the efforts under MIFID feeds well into the current growth agenda.

AFME then set out its current initiatives relevant for this purpose: among other it is undertaking a study (looking at SMEs, midcap and large cap and, on the buy-side, banks and investment funds), to identify bottlenecks in capital markets which prevent investments to flow to the real economy. Reference was made to the upcoming Green paper on long-term investing due in the coming weeks. AFME underlined the key issue of maturity transformation.

On 28/2-2014

Bloomberg.

Bloomberg outlined that while widely known for its data service activities, it also provides execution services (SEF registration obtained in the US). In the US Bloomberg is market leader in several segments of derivative trading (ODS (ITRX), FX etc. Bloomberg also provides other pre- and post-trade services such as pre-trade credit checks (connected to LCH, ICE, CME) and trade repository services. Bloomberg is also considering entering into the EU with trade repository services.

On 2/12/13:
CME:

For CME the situation of fragmented third country regimes in the EU has not been an issue pre-EMIR. However, with the definition of OTC contracts under EMIR it has become one.

CME mentioned that, from what they heard, CFTC might issue new draft rules on pre-trade transparency and block trades (large in scale) for swaps on 10 December. The rules for SEFS were published in June and this regime should apply to DCMs.

Association (IIA),

03/12/13.

the Index Industry

The IIA represents global index industry players including Barclays, FTSE Group, Markit, MSCI Inc., NASDAQ OMX, Russell Investments, and S&P/Dow Jones Indices and LLC, and its members publish over 1.8 million of financial indexes, of which only a part would be benchmarks according to the definition under the proposal. They estimate the global number of financial indexes to be around 1.9 million so their members represent a very large share of the market.

30 January 2014.

20.

1 LSE on

MIFID

- Now that MIFID was completed they were keen to understand the timetable for the development of the level 2 legislation and sought to emphasise the need to set out a clear plan so that the market was aware of this process, what needed to be provided etc. and in particular expressed concern about burden the transparency calibrations might impose.

On 9/4-2013

Managed Fund Association (MFA) et al re MAR and MIFID/R.

MFA declared that their intention is to be more vocal in EU policy matters. MFA queried about the most recent developments under MIFID/R and MAR and wondered about the timing.

(Societe General on 3rd February 2014. They were representing the asset management side of Soc Gen and focused on the regulation of performance measurement indexes ,such as one representing 40% of CAC 60% DAX

From: FABREGAS FERNANDEZ Maria Teresa (MARKT)
Sent: 17 December 2013 15:24
To: PEARSON Patrick (MARKT,;

Subject: Meeting on electricity markets with Steptoe: Mr Lautenberg and Mr Helbig

I had a short meeting with representatives of the law firm Steptoe. They wanted to speak about the third country regime in MiFID. They have mentioned to me that there is a trade agreement being negotiated between EU and Switzerland on physical electricity markets. They asked why financial electricity markets are not included in that agreement. I explained how in the EU we regulate financial markets and the third country regime in MIFID II concerning recognition of trading venues and provision of services by third country firms.

24

Sent: 25 March 2014 21:32
To: PEARSON Patrick (MARKT); RUBIN DE CERVIN Almoro (MARKT); PANOVA Tatyana (MARKT); STANESCU Felicia (MARKT)
Cc: GRIMM Christiane (MARKT); LINDER Ulf (MARKT); MARKT LIST G4
Subject: Meeting with PIMCO

As per your request, [redacted] met [redacted] this afternoon. [redacted] is the newly appointed [redacted] of PIMCO, the world's largest bond manager. PIMCO has recently got quite a bit of media coverage on account of their [redacted], leaving the bond house due to alleged disagreements with the CIO, Mr Bill Gross. Founded in 1971, PIMCO manages \$ 1.9 trillion in assets, most of it in corporate debt. PIMCO is based in Newport Beach, CA and employs around 2.500 people. PIMCO is a company owned by Allianz.

The visit was mainly about the FSB work on SIFIs, UCITS and remuneration.

Sent: 12 February 2014 15:55
To:
Cc:
Subject: Social Innovation Bank - Meeting report
Attachments: SocialInnovationBankPresentationEnglish.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Meeting report for the record

We met . In trying to set up a EuSEF vehicle, they encounter three issues:

1. National regulators are unclear as to the legal nature of the manager of the vehicle. EuSEF does not contain precise requirements on the corporate structure of a registered manager, but neither do UCITS and AIFMD. So this can be resolved.
2. National regulators are unsure how to measure possible social impact and their ability to prevent possible fraud. This is addressed in our level 2 work.
3. The EuSEF entry ticket of € 100.000 is too high for a Mediterranean country. If this threshold is not reviewed, EuSEF funds will not find investors in Mediterranean countries. This is a fair point but investor protection (SANCO) did not allow for a lower entry ticket when EuSEF was in the ISC. We pointed to indirect EuSEF investments – through ELTIF – but ELTIF itself is subject to an uncertain outcome.

27/1

Unit concerned: G4 – Asset management

Date 7 January 2013

Stakeholder: BlackRock Investment Management Ltd.

The company

BlackRock is active both as an investment fund manager and a securities lending agent. Within BlackRock, investment management and securities lending are run as separate businesses separated by 'Chinese walls'. This prevents the security lending agent from sharing information gleaned from securities borrowers with the investment fund manager. As explained below, this may have drawbacks detrimental to fund investors.

The difference between securities lending and repurchase agreements

BlackRock distinguishes between securities lending and repurchase agreements. While securities lending is considered as an activity 'ancillary' to investment management, engaging in repurchase or reverse repurchase agreements is considered as investment activity.

Who are the main counterparties?

For both securities loans and repos the main counterparties are prime brokers. These entities need the securities to execute a variety of transactions on behalf of their respective clients. It is interesting to note that brokers do not communicate the purpose behind a securities loan to the lender or to the lending agent.

27/2

— 27 bis —

What are the drivers behind security lending?

BlackRock identifies three core drivers: satisfying the demand of short sellers, satisfying the demand for settling outstanding transactions involving the lent securities, and financing. The latter would involve borrowing securities to derive income from holding them, this is why securities lending peaks when dividend payments are due. The borrower would then collect the dividend and the lender (subject to a less clement tax regime) would get part of the tax savings in the form of a lending fee.

What are the drivers behind repos or reverse repos?

BlackRock currently only engages in reverse repo transactions in UCITS, accepting government debt as collateral for investment in financial instruments. EMIR, however, may lead them to use repos more broadly to raise cash. This is because cash can then be posted as variation margin with CCPs. In respect of reverse repos, Black Rock argues this transaction is essentially akin to an investment. In their view, engaging in a 30 day reverse repo is functionally equivalent to making a short-term investment in the security that is taken in as collateral for lending out cash.

next steps

There is considerable concern that combining the activities of investment management with those of being a securities lending agent results in conflicts of interest to the detriment of fund investors. This issue needs to be addressed as part of the UCITS VI impact study. If a link between securities lending and a downward pressure on the price of the loaned security is established, it may appear advisable to cap or prohibit this practice (especially if the lending income is not fully shared with the fund investors who would be carrying the loss in value of their portfolio while the manager collects lending fees). In case of such a link, I would also raise the question whether the investment fund manager is breaching its fiduciary duty towards its fund clients. I am unconvinced that the above mentioned 'Chinese wall' argument should be accepted as a defence to avoid liability for this breach.

Tilman Lueder
Head of unit

29

11.11.2013

Unit concerned: G4 – Asset Management

Stakeholder: Morgan Stanley (London, UK)

Morgan Stanley has requested the meeting in order to receive information on the COM position with regard to the proposal for a regulation on MMFs.

Purpose of the COM proposal: It was the stakeholder's initial understanding that the COM proposal categorises the stable NAV as riskier than the variable NAV. CNAVs could be seen as riskier in the sense of their vulnerability to sudden shocks in the capital markets, for example when massive redemption requests take place. Nevertheless, both CNAVs and VNAVs are subjected to the same liquidity rules in the proposal, being the 3% buffer, which has the primary aim of ensuring a minimum level of sponsor support for a safe and stable CNAV model rather than completely eradicating the possibility of a new financial crisis occurring in the future.

Credit rating agencies: Prior legislation on credit rating agencies exists and it was enquired why these legislative rules cannot be cross-applied to MMFs. It was explained that credit ratings specifically with respect to CNAVs could be seen as problematic, because at first they were provided with external AAA ratings and subsequently downgraded which resulted in the so-called "breaking the buck". Therefore, a common rule on internal rating included in the proposal will provide assurance to the investors with regard to the fund instruments.

Meeting of 15/05/2014

Société Générale:

Tilman Lueder (HoU),

(GBIS Regulatory Strategy)

-
1. SG presented a draft KID for a structured product (bond linked to the performance of a share index) and pointed at some comprehension issues related to:
 - a. description of the retail investor type
 - b. potential problem in cross sector interpretation and application of the risk indicators
 - c. interaction of the the PRIIPS Regulation and MIFID level 2 with respect to cost disclosure
 - d. the question of clarification on recital 9 of PRIIPS with respect to the interpretation of the notion of 'trading on secondary market'. More precisely, whether the KID has to be produced for products which are already issued before the entry into application of PRIIPS, at the point of repurchase of the product from the retail investor – MARKT G4 will come back with further clarifications on this point.
 2. MARKT G4 made few preliminary observation with respect to the KID sample concerning the presentation of the points on description of the product, type of risks and possible return/losses scenarios and general technical presentation of the KID (too long, lack of full disclosure that the product would not, in all circumstances, run its full course, misleading presentation of target investors, small characters, not always easily understandable language)
-

32

I met Insurance Europe on 8.3.13

IE shares our perception that MEP B. Balz, the rapporteur, wants to conclude the file in the current EP's term. They declared that the industry stands behind SolvencyII and wants an early conclusion of OmnibusII: 85% of SolvencyII is done, LTG is now the only major issue left.

33
Meeting with the Association of German Banks, 05 / IX / 2013.

The key question for the Association is whether the European Commission will accommodate all the existing national legislations

→ AD replies that it will be a question of political ambition.

Bank of ... and individualised

AD: this ... we are assessing, but ... different solutions according to the activities concerned.

They ask for the implementation schedule

→ AD: would be longer than the one foreseen in DE+FR banks (01/07/2014-2015).

35

Debrief: meeting with European Banking Federation (EBF) on 17 April 2013

Main points:

EBF

- EBF reiterated concerns raised in their response to the consultation on the HLEG report:
 - The analysis that as such is impressive does not match group's recommendations;
 - Before the impacts of on-going regulatory reform are known, it is too early to impose separation;
 - Avenue 1 (structural separation conditional on the recovery and resolution plan) was forgotten in the recommendations;
 - It is difficult to define activities to be separated;
 - Market making should be part of the activities allowed to the deposit taking entity;
 - Corporate governance recommendations have already been taken up on the regulatory agenda.

I attended two meetings in Paris on 3 April:

- morning: management team of HSBC France, to discuss structural reform proposal
- afternoon: OECD Financial Markets Committee, to present the Commission's proposal on structural reform

HSBC France

After meeting short visit to the BSM trading team. Relatively quiet day, although everybody attentive to ECB/Draghi press conference. Pour la petite histoire, HSBC's building used to be Hotel Elysée Palace where Mata Hari was arrested during WW1.

OECD Financial Markets Committee

The FMC brings together representatives from finance ministries and central banks of all member countries as well as a range of international bodies. The European Commission is an observer. I participated in the agenda item concerning structural reform:

- introduced the **FSB's Interim Report on Structural Reform**, to which the OECD has been asked to contribute. **FR** questioned why the UK reform was included

in the report alongside the EU reform, while French and German laws are not given such prominence. No other reactions. Delegates were asked to comment by 18 April.

- I briefly presented the main elements of the **Commission's proposal** (OECD secretariat had indicated no more than 5-10 minutes), highlighting the fact the equivalence provisions as a means to minimise potential extra-territorial effects. Only reaction from **ES**: need to avoid overlap with other measures; importance of universal banking model; address interaction between national reforms, inc. within EU.
- The **German representative** presented their law, arguing that this was broadly inspired by Liikanen and consistent with EU approach notwithstanding differences such as thresholds and the absence of a PT ban.

40

Sent:

To:

Cc:

Subject:

Meeting ING Group on Wednesday 10 July

ING requested a meeting to discuss their view on the EC consultation on the bank structural reform; The main view and focus of the discussion was on the different thresholds and accounting definitions

41

16 April - Meeting ABBL

About the visitors: The Luxembourg Bankers' Association is the professional organisation representing the majority of banks and other financial intermediaries established in Luxembourg. It counts amongst its members universal banks, covered bonds issuing banks, public banks, other professionals of the financial sector (PSF), financial service providers and ancillary service providers to the financial industry. It basically represents the whole banking sector in Luxembourg.

Main points made

- ABBL had submitted an opinion on Liikanen's consultation in November last year. We have received an updated version today (attached).
- ABBL overall happy with Liikanen approach. Does not agree with the Vickers approach of ring-fencing the deposit banks.

Dear all,

Please find below a short summary of main points raised in a meeting with SEB on Friday 14 June:

Main points:

- Constructive discussion. SEB certainly voicing general concerns and questions (e.g. why need, complementarity, ...) but impression that these general concerns were mainly prelude to a more in-depth discussion about the design of reform in general and thresholds in particular.

421

7 May, 2013 - Meeting on Structural Reform (SR) with The Swedish Bankers' Association and SEB - Swedish Bankers' Association.

About the visitors: The Swedish Bankers' Association represents banks and financial institutions established in Sweden and a member of the European Banking Federation, EBF, representing the interests in the Swedish banking industry. It has 34 member companies - banks, financial institutions, mortgage institutions and branches of foreign banks in Sweden. SEB is a major corporate and investment bank in the Nordic countries, serving large corporations, financial institutions, banks and commercial real estate with corporate banking, trading and capital markets which operating in 20 countries.

Main points made:

- SEB distributed their analysis on the Llikanen report with proposals on the missing points and an improvement suggestions that would fit the Nordic specific market (attached) and The Swedish Bankers' Association circulated a discussion paper: *Addressing the systemic risks in trading activities within universal banks through a risk based approach* (attached).
- Mario Nava updated SEB and The Swedish Bankers' Association on the state of play, informed them on the general political endorsement, the meeting and the stakeholders consultation; complementarity will be assured backed by a solid Impact Assessment and pointed out that a qualitative and quantitative data from their side will be very helpful;

Sent: Friday, March 07, 2014 5:36 PM

Subject: Summary of meeting between Nadia Calvino and M.P. Azevedo (PwC)

Today DDG Nadia Calvino met with Mary Patricia Azevedo, former Deputy Director of the FDIC's Office of Complex Financial Institutions, and currently managing director in PwC's Financial Services Regulatory Practice.

The objective of the meeting was to have an exchange of views of latest regulatory developments that could affect the operations of banks active in the transatlantic context, with particular regard to the recent developments in the areas of treatment of foreign banking organizations, structural reforms and resolution.

49

Sent:
To:

04 April 2014 10:23

Cc:

Subject:

Structural reform: Recap of meeting with the Wallenberg Family/Investor/SEB

Please find below a short summary of the main points raised in the April 2 meeting between Nadia Calvino and the Wallenberg Family/Investor AB.

The purpose of the meeting was to discuss the bank structural reform proposal (the "proposal"). The Wallenberg Family through its holding company, Investor AB, has a significant, controlling shareholding + chairman post in SEB - one of the banks that most likely will meet the threshold of our proposed structural reform regulation. SEB was originally founded by the Wallenberg Family.

50
27 Mars 2013 –

European Institute of Financial Regulation (EIFR) –
Paris-Europlace

- High level discussion on issues related to economic growth, financial stability, investment, labour law, competitiveness of EU financial industry... Need to stimulate growth in Europe should be top priority for all. avoid a Japan-type scenario.