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EUROPEAN COMMISSION
Directorate General Internal Market and Services

CAPITAL AND COMPANIES
Free movement of Capital

Brussels, 5.12.2013.
MARKT/F1/KKH/hhp
markt.ddg2.f.1(2013)3911151

NOTE TO THE FILE

Subject: Report of the meeting with Raiffeisen Bank on 3 December 2013 on concerns related to developments in Hungary and the region

Participants from DG MARKT: DG Jonathan Faull, [redacted] (assistant), [redacted] (H1) and [redacted] (F1)

Participants from Raiffeisen: CEO [redacted], [redacted] (Ambassador ret.), [redacted]

The meeting took place at the request of Raiffeisen Bank International (member of RZB Group). Mr [redacted] presented us their concerns about developments in Hungary where measures related to FX loans have been introduced recently and further ones are envisaged threatening banks with substantial losses, in addition to the burden implied by earlier measures and the special bank taxes. They fear that other countries in the region will or have already started to (esp. PL, CR – FX loans, SK – taxes) follow this example, which could jeopardise the banking system of the entire EU. [redacted]

Mr [redacted] confirmed that their non-performing loans ratio in Hungary [redacted]

Mr Faull pointed out the lack of our competence in the economic policy options in Member States outside the Eurozone and explained that it is up to Member States to decide on possible nationalisation of certain companies, although the Commission would not like to see the withdrawal of foreign banks and would mention our concerns in this regard at our meetings with Hungarian and Croatian counterparts. At the same time, Mr Faull confirmed that we have been and will continue to monitor legal developments in both Hungary and Croatia closely [redacted]

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In relation to our on-going infringement case on the de facto ban of new FX mortgage loans in Hungary, Mr [REDACTED] confirmed that [REDACTED]

Mr Faull noted the importance of the issue both in economic and political terms. He pointed out the possibility that consumers had not been properly informed of the risks involved in FX lending, whereas informing clients in Hungary, Croatia and other countries in the region was more important than in countries with well-established capitalist regimes. Consumer protection seems to be an important aspect involved, which has been subject to court proceedings, now with the involvement of the Hungarian supreme court and the CJEU.

We learnt that Raiffeisen, [REDACTED]

At the end of the meeting, the following issues were discussed briefly:

- Mr [REDACTED] raised concerns about the race among national supervisors to overregulate under the Single Supervisory Mechanism. We pointed out that the situation has improved with the new regulation limiting the discretion of national supervisors and with the involvement of the ECB in supervision in the Eurozone;
- replying to our question, Mr [REDACTED] did not find it very likely that their subsidiaries would be transformed now into branches, although such a possibility has been considered, especially in Hungary;
- on ring-fencing, Mr [REDACTED] did not highlight any outstanding problems.

Contact: [REDACTED]

c.c.:

Mr J. Faull; Ms N. Calviño; Mr. [REDACTED]; Mr [REDACTED]; Mr [REDACTED];
[REDACTED]; Mr [REDACTED]; Mr [REDACTED]; Ms [REDACTED]; Mr [REDACTED];
Ms [REDACTED]; Ms [REDACTED]; Ms [REDACTED]; Ms [REDACTED];
[REDACTED]; Mr [REDACTED]; Mr. B. Dumont (CAB)

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A
F

From: [REDACTED] (MARKT)
Sent: 04 October 2013 11:18
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT-EXT); [REDACTED] (MARKT); [REDACTED]
[REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT)
Subject: RE: Afep / Demande de rendez-vous - vendredi 4 octobre
Follow Up Flag: Follow up
Flag Status: Flagged
Categories: Purple Category

Dear all,

[REDACTED] and I met this morning Ms [REDACTED] and Ms [REDACTED], from AFEP. AFEP is concerned by the inclusion of tax reporting country-by-country in the NFR package as regards public disclosures (passing the information to authorities is OK in their view). AFEP supports this point of the EuropeanIssuers position paper, but not necessarily its other points on diversity and including the required information in the management report. AFEP considers that CBCR could trigger a significant level playing field issue if EU companies are subject to reporting obligations, but US companies, for instance, are not. AFEP supports the NFR directive as proposed by the EC.

We explained our line and the state-of-play.

[REDACTED], would you please register in ares? Thanks

[REDACTED]

From: [REDACTED] (MARKT)
Sent: Monday, September 30, 2013 3:56 PM
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT-EXT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT)
Subject: FW: Afep / Demande de rendez-vous - vendredi 4 octobre

Dear all,

AFEP representatives are going to visit on Friday 4th at 9h15 to review the proposed directive on non-financial information. They have also transmitted a position paper by EuropeanIssuers, with critical views on disclosing information in the management report, diversity disclosures and country by country reporting.

[REDACTED], would you please register in ares? Thanks,

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[REDACTED] (FISMA)

From: [REDACTED] (MARKT)

Sent: 22 November 2013 14:24

To:

Cc: [REDACTED] (MARKT); [REDACTED] (MARKT-EXT); [REDACTED]

(MARKT)

Subject: RE: Meeting with Eurochambres

Dear all,

[REDACTED] and I met informally this morning with Ms [REDACTED], 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. Eurochambres opposes CBCR on tax payments. Ms [REDACTED] explained their concern on indirect burden on SME's as large companies request information from their (smaller) suppliers.

We explained our line and the state-of-play.

[REDACTED], would you please register in Ares?

Thanks a lot,

[REDACTED]

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Dear all,



- Leaseurope is strongly against the 2013 exposure draft. The proposal is inherently wrong and will remain so even if significantly simplified.
- The IASB has discretionarily decided to put all leases on the balance sheet without proper analysis of what a lease actually is (Do all leases are the same and should therefore be put on the balance sheet? Should other contractual agreements be put on the balance sheet too?).
- The IASB should scrap the project and improve disclosure requirements in the existing standard (IAS 17).
- Leaseurope was satisfied with EFRAG's reply to the 2013 exposure draft. However, given that EFRAG tends to concentrate on technical issues, the Commission should carry out an economic analysis of the final standard.
- The 2013 exposure draft, if adopted, will make accounting for leases more burdensome. This could deter companies, especially SMEs, from leasing which would limit their access to assets and have a very negative impact on the lease industry.
- The IASB hardly ever takes concerns of business on board.
- Leaseurope would not be in favour of a carve-out and hopes the IASB can still get their proposal right.
- Leaseurope suggested the Commission make a political declaration on the leases project in the IFRS Foundation Monitoring Board.
- Leaseurope will contact MARKT/F3 to organise a meeting between the EC and BUSINESSEUROPE (after IASB-FASB re-deliberations in March).

- MAKRT/F3 follows the project very closely and last discussed it with the IASB a week ago.
- The IASB appeared very much aware that their proposal had generated a lot of negative feedback and would therefore need to be improved.

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- MARKT/F3 relayed to the IASB most frequent concerns over the reform: complexity, implementation costs (especially for SMEs) and maintaining a level playing field between the US and EU.
- EFRAG and MARKT/F3 produced some statistics on how the 2013 exposure draft would impact balance sheets of companies. This analysis informed the discussions of TEG members.

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Policy officer

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Unit F3 Accounting and Financial Reporting
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tel ██████████

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Ref. Ares(2014)1831524 - 04/08/2014

From: [REDACTED] (MARKT)
Sent: 28 March 2014 11:03
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
Cc: [REDACTED] (MARKT)
Subject: Réunion CNCC - Q&A

Deux messages suite à notre réunion de ce matin:

- Demande d'être associés à un processus de travail pour faciliter l'application des textes – nous allons organiser une réunion pour discuter des questions pratiques avec tous les stakeholders concernés, en avril/début mai, avant publication des Q&A. Nous publierons les Q&A à la date de publication des textes au JOUE
- Inquiétudes quant au vote au PE la semaine prochaine, craintes d'un 'coup de dernière minute' des opposants à la réforme. Nous allons essayer d'organiser des contacts à haut niveau.

[REDACTED]

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Ref. Ares(2014)1832689 - 04/06/2014

From: [REDACTED] (MARKT)
Sent: mardi 9 avril 2013 15:27
To: MARKT LIST F4
Subject: Meeting Minutes: Meeting with DBRS

Dear all,

Today [REDACTED] and Myself met with DBRS ([REDACTED]), the "fourth" global CRA after the Big 3.

The main points discussed were following:

- 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
- On what can be done to promote Small and medium-sized CRAs (SME-CRAs), they would welcome an initiative relating to enhancing transparency by corporate issuers market to allow SME CRAs to conduct unsolicited ratings. They believe that CRA3 requirements on disclosure on structured finance instruments (rated and not rated) could be extended to other asset classes, specifically for corporates. The administrative burdens for corporates will not be affected as the information would be communicated only once on centralised data base (similar data base to structured finance instruments). The access to the data base on corporates would enhance competition in rating industry.
- DBRS explained that they are involved in a similar project with ECB on structured finance instruments. DBRS will provide us with some more details on this work.
- On the report of a network of small and medium-sized CRAs:
 - DBRS considers that it would be good to involve CRAs by means of organising a roundtable, an idea that the CRA team was already considering
 - DBRS considers that a network could be instrumental to sharing best practices, how to develop a database on corporate issuer (however, it should not cover methodologies or standard settings - IP)
 - The network could also contribute and assist in addressing entry barriers in the CRA industry
 - Moreover it could be a platform for SME CRAs in a constructive dialogue with regulators and supervisors in view of future regulatory developments.
- On the provision requiring to use a small CRA on a "comply or explain" basis, DBRS requested a clarification on how this would be enforced. Moreover, 10% market share rule needs to be clarified by a supervisory.
- We explained that the CRA regulation requires national competent authorities to enforce this rule as they supervise the issuers.
- DBRS suggested that COM should discuss with EBA on ECAI mapping and with IOSCO which intends to consult on a supervisory colleagues for CRAs, to ensure that the needs of small

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CRA's are taken into account. DBRS flagged that not only larger three CRA's should be consulted. All CRA's should also be consulted.

- DBRS advocated a need for harmonisation of Basel rules with regard to unsolicited ratings for regulatory purpose. They mentioned an example where the National Competent Authorities from the UK accept unsolicited ratings and Germany not.
- DBRS also highlighted a problem regarding the requirement to have 2 ratings/year for sovereigns, which could require 2 research reports.

Kind regards,

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1049 Brussels
[REDACTED]@ec.europa.eu

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15 January 2014

**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.

II. Summary

1. Questions raised by EGIAN:

- What are the risks facing the reform at the plenary vote?
- How do you anticipate MSs will react to the options outlined on rotation? How many will go for shorter duration periods? How many will apply the joint audit option? Are these options not an obstacle to the Single Market for audit?
- Do companies need to tender after 10 years if they want to go with joint audit?
- Will the audit reform have an impact on legislations in other countries (US)?
- Will the role devoted to ESMA in audit oversight help consolidate the balance of powers with the PCAOB?

2. Points made by EGIAN:

- No one can doubt that the reform will have an impact on the market, even though it may be less ambitious than envisaged. It will allow opportunities in terms of market access and competition. The challenge is to what extent investors will be willing to drive change, and EGIAN is pushing them to play a more active role in dealing with auditors.
- Mandatory rotation and the black list will introduce a change in the audit culture impacting not only auditors but also the management, investors, stakeholders, etc. In the NL the introduction of a black list has been significant in that regard: the auditor is no longer the one that should play all the roles. It has had a quicker impact on the market than rotation.
- The incentive for joint audit is key but the challenge is whether MSs will make use of the proposed option. EGIAN will aim to promote joint audit further.
- The expertise and contribution of the audit committee have to be closely watched.
- Market trends: It is unlikely that the Big Four will voluntarily stop doing audit, as this offers some cachet as highly responsible firms. With the reform, the audit arm of the Big Four is likely to be more independent from the rest of the firms. However it appears that the lead partners are no longer the ones that do audit – tax advisers have become the 'big boys'.

3. Commission's key messages:

- The Commission will remain vigilant until the reform is adopted in plenary.
- The adoption of ISAs at EU level raises not only technical issues, but also significant governance opportunities (e.g. with regard to IFAC & IAASB).

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- International cooperation will be a priority in light of the reform, notably with the US and as part of the regulatory dialogue with the PCAOB on audit oversight. A new round of adequacy decisions is also foreseen.

III. Follow-up:

- EGIAN will explore options to set up an event, possibly in London, on the added value of joint audit, with suggestions welcomed from the Commission on possible interested parties.
- EGIAN will aim to continue balancing the influence of the Big Four within IFAC.

IV. Participants

- Representatives from EGIAN (Chairman [REDACTED], Executive Director [REDACTED] and [REDACTED], Focus Group Leader)
- European Commission ([REDACTED])

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(MARKT)

From: [REDACTED] (MARKT)
Sent: 04 June 2014 10:29
To: [REDACTED] (MARKT)
Subject: FW: Summary meeting Experian 03.12.2013

From: [REDACTED] (MARKT)
Sent: Wednesday, December 04, 2013 5:03 PM
To: MARKT LIST F4
Subject: Summary meeting Experian 03.12.2013

Dear colleagues,

On 3 December 2013 I participated in a meeting with [REDACTED] Assistant General Counsel at Experian, a UK credit reference agency/credit bureau, together with [REDACTED] and [REDACTED] from G1 and [REDACTED] from O2.

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. He put forward the following points:

- Innovation in credit referencing would start from the consumer lending side, due to the presence of big data, but that this will carry over to SME lending as more data is collected.
- The presence of different models (private vs. public) increases competition and generates better outcomes.
- Data held by reference agencies helps prevent over-indebtedness and contributes to responsible lending.
- In the UK limited rules are in place for credit bureau at the moment (though data protection applies to their activities), but from next year they will fall under the remit of the Financial Conduct Authority (FCA). The change of the UK supervisory architecture for consumer lenders to the FCA will also impact how banks can use the data held by Experian. This is a move away from self-regulation to formal laws.
- When asked about positive data (such as utilities, phone companies, etc.) – he responded that the UK has a more 'open' approach to the use of personal data than many other EU countries.
- The rise in pay-day lending in the UK – likely to expand to other EU markets.
- On the ongoing negotiations on the Proposal for a Data Protection Regulation: concern that the rules on profiling (automated decisions) would impose the obligation for human intervention in decision making. At the moment automated risk analysis and credit referencing ensure that lending decisions are unbiased and based on risk. Experian will send its position paper on this point.

Miguel stressed that the Commission is evaluating the market and does not want to create barriers of entry. Market failure would have to be identified for the Commission to put forward regulation on these issues.

If you have any questions, please let me know. I will continue to liaise with the colleagues in G1 and O2 working on the follow-up to the workshop.

Best regards,

[REDACTED]

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Ref. Ares(2014)1831451 - 04/06/2014

From: [REDACTED] (MARKT)
Sent: 04 June 2014 17:25
To: [REDACTED] (MARKT)
Subject: FW: FOR INFO / Highlights from [REDACTED] meeting

And here's the one for April.

From: [REDACTED] (MARKT)
Sent: Monday, May 05, 2014 11:57 AM
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT-EXT)
Subject: FOR INFO / Highlights from [REDACTED] meeting

Dear all,

[REDACTED] asked [REDACTED] for a meeting at the end of April. Please find below the key highlights, with feedback on the impact of the reform from their perspective.

[REDACTED]

Meeting with [REDACTED] International – Thursday 24 April
Key highlights

[REDACTED]'s key points:

- Professional bodies speak against rotation. Australia and Canada are under pressure from the big networks to speak against a possible 'contagion' of the EU audit reform.
- Do you know whether Member States will consult on the options of the Regulation at the same time as for the Directive?
- [REDACTED]
- The UK is considering a **stricter black list for FOOTsie 350 companies**, prohibiting the most flexible aspects (materiality test). It is considering consulting on the black list, on the back of the Ethics Code ban for NAS. The UK is also thought to be willing to activate the option of joint audit – either to the full 24 or to a party level with the tender option (i.e. 20 years).
- Similarly, according to a shareholder coalition, **the cap could be down from 70 to 40-50% in a couple of years.**
- The Commission should help to facilitate a **consistent implementation of rotation rules.**

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

Commission's key messages:

- Implementation is our priority and transposition workshops with MS will take place soon.
- In addition, the Commission will start looking into the criteria for a possible adoption of ISAs at EU level.
- Southern countries such as Italy, Spain, Portugal, are considering establishing shorter rotation periods, and could be followed by Slovenia, Romania and Bulgaria.

Participants:

- GTI: [REDACTED]
- Commission: [REDACTED]

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From: [REDACTED] (MARKT)
Sent: 30 April 2014 10:57
To: [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT-EXT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT);
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: AUDIT: Visitors from Spanish ICJCE (Auditors' Representative Body), 29 April 2014

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

Visitors: [REDACTED] (ICJCE President) and [REDACTED] (ICJCE Vice-President and ex-FEE Vice-President)

From MARKT/F4: [REDACTED]

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.

Exchange of Views

- Visitors explained the outcome of elections held in the ICJCE in July 2013 in which SMPs representatives won. The share of votes was 60 % (SMPs) vs 40% (Big 6 + some others). They also referred to some problems concerning the previous leadership and the transfer of power
- This result will allow them to discuss new initiatives such as possible joint audits (not used in Spain)
- We discussed their co-operation with the FEE and on whether they find their views properly represented in that organization
- They informed us about some cases in Spain of big companies inserting big-4 type clauses in their search for auditors and how the ICJCE managed, on competition grounds, to de-activate those discriminatory clauses
- We discussed some specific examples on the transitory periods related to audit firm of PIEs

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- We informed them about our document with FAQ – to be checked by the LS- which will be released around the time of publication of the new directive + regulation (publication around 27 May, entrance into force around mid-June)
- We told them we will always be open to new possible interpretative questions on our new regulatory framework (they participated at the stakeholders' meeting of 11 April 2014)
- They said to be ready to organize presentations of our new regulatory framework in Spain if we deemed it useful
- Concerning our possible participation at the Mallorca congress we told them it is too early to respond

Follow-up

- We will be wait for an advance draft of their bi-annual congress programme before we decide whether to participate in it
- Mr [REDACTED] will send us a copy of a new book he published on auditing in Spain

[REDACTED]
EUROPEAN COMMISSION
Directorate General Internal Market and Services
Audit and Credit Rating Agencies

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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 28 May 2014 18:34
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT)
Subject: Summary report of the meeting with Moody's (27 May 2014)

Dear colleagues,

Please find below a summary report of yesterday's meeting with Moody's.

Participants:

Moody's: [REDACTED]
COM: [REDACTED] (Markt.F4)

Main topics discussed:

1. High Quality Securitisation:

Moody's asked information about the ongoing developments on high quality securitisation (if there would be criteria for identifying high quality instruments etc).
COM said that reflection on high quality securitisation is at preparatory stage and avoided to provide any specific information.

2. Ongoing work of FSB and IOSCO on reducing reliance on credit rating: Moody's argued that as the FSB is failing to identify alternatives to credit ratings, one of the risks they have identified would be a move towards forcing CRAs to adopt a more quantitative approach

3. Future orientations of the policy on credit ratings/Sovereign ratings:

In response to Moody's question on future orientations of policy making, COM said that:

- a. future orientations on CRAs will need to be considered in light of the newly elected EP and priorities fixed by newly appointed college
- b. in any case the persistence of significant deficiencies in the ratings process (as those highlighted by the recent ESMA's report on sovereign ratings) may be a reason of concern for the future Commissioner/Parliament, who could push for a more far-reaching policy on credit ratings

COM took this opportunity to highlight the need for rating agencies to learn the lessons from the deficiencies pointed out by ESMA's Report. Moody's said: (i) they are aware that issuing sovereign ratings is a huge responsibility (given the potential effects on the market) and (ii) explained the processes they have in place in order to ensure a high quality rating process for sovereigns. They also proposed to arrange us a meeting with their experts in sovereign ratings to further discuss this topic.

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OM asked if the adoption of the EU framework for bank recovery and resolution is expected to have a positive impact on the outlook for EU sovereign ratings. Moody's said that they are currently analysing all the implications of this new legal framework and that the picture is more complex.

Diversity of the market/SMEs report:

According to Moody's: (i) SMEs are quite interested in credit ratings (as ratings would give them more credibility to access financing) (ii) the SME's market could be interesting for Moody's if they could find an appropriate model. They also acknowledged that other players (such as small CRAs) are interested in the SME market. Moody's also enquired about the expected follow-up of the Commission's recent report on the feasibility of a network of smaller credit rating agencies in the EU. [REDACTED] said that we intend to organize a regulatory dialogue, but the timing is not yet defined.

Follow-up: Moody's will arrange for a meeting with their experts on sovereign ratings to further discuss this topic.

Kind regards,

[REDACTED]

(MARKT)

From: [REDACTED] (MARKT)
 Sent: 04 December 2013 17:32
 To: MARKT LIST F4
 Subject: Minutes from Meeting with S&P's

Dear all,

Today, [REDACTED] and I had a meeting with Standard & Poor's, represented by [REDACTED] a Vice President, Regulatory Policy, [REDACTED] (Fleishman-Hillard) and [REDACTED] (Senior European Regulatory Counsel for Standard & Poor's Ratings Services).

Issues discussed:

- Investigations carried out by ESMA and the publication of the Report on Sovereign Debt Ratings:
 - o S&P's declined from providing us with details on findings. However, they raised (+/- negative) concerns on the way the ESMA carried out investigations and the communication of the headlines as well as the press release on the report.
 - o In the meantime, in general terms, S&P's highlighted a good cooperation experience with ESMA. They also noticed ESMA's increasing professional experience with regard to supervision of CRAs.
- CRA3 implementation: S&P's told us that they should release a Calendar on Sovereign debt ratings already before the end of 2013. S&P's is expecting for Q&As publication from ESMA ASAP in order to clarify some practical issues on CRA3 implementation.
- Overreliance:
 - o Money Market Funds. S&P's raised concerns on current legislative proposal which bans solicited credit ratings.
 - o The US experience. S&P's stressed that the US banking industry is facing difficulties to fully eliminate references to the external credit ratings due to the Basel rules.
- SFIs:
 - o S&P's briefly informed us on the latest US regulatory policy developments with regard to the transparency on SFIs, especially on 17g5. The SEC would probably come soon with amendments in order to unlock unsolicited credit ratings (initial aim of 17g5) and enhance competition in the credit rating industry.
 - o S&P's is in favour of more transparency on SFIs and they support article 8b of CRA3.
 - o S&P's noticed some limited but positive signs on new issuances of SFIs. Particularly, they highlighted the US capital markets, i.e. CMBS, ABS and RMBS.

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Kind Regards,

Policy Officer
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banking financial crisis, I believe this should be rather an argument in favour of a positive outlook of sovereigns, given that the adoption of the new framework will ensure a more responsible management of banks and will thus reduce the probability of a future financial crisis linked to bank failures (and if no more banking crisis, no more indirect costs linked to such crisis)

S&P concluded that they do not expect to improve the outlook of European sovereign as a result of the drop in direct bank support (further to the adoption of the new framework on bank recovery and resolution).

For more details: see attached papers they sent yesterday evening

[REDACTED]

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Meeting with wp.net on 17.12.2013

On 17.12.2013, [REDACTED] and [REDACTED] 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.

We talked to [REDACTED] in his function as Director of the Executive Board and [REDACTED], one of the wp.net members.

The main concerns were following:

- Current regulations focus more on controlling instead of turning attention to quality assurance. The consequence is the audit concentration on the market and so the reduction of the number of small audit firms;
- Quality assurance should be limited. Quality requirements should take more into account the structures of small and medium-sized auditing firms, otherwise the principle of proportionality would be violated.
- There are immense concerns regarding the independence of German Oversight system, namely the 'Apak' (Abschlussprüfungsaufsichtskommission), and the transparency. Wp.net asked if there was a common definition of what does 'independency' mean or if common criteria existed on European level. They also invited the Commission to create a kind of European 'Ethic code' which would be applied by an Ethic officer, and thus could guarantee an objective inspection of Oversight Bodies' independence.

Other concerns of wp.net were such as the intended establishment of a scale of fees and charges for auditors in Germany as well as the over-regulation in the German audit oversight system. The Commission pointed out that all these points are national issues and that the EC cannot intervene in and arbitrate national disputes.

Moreover, Wp.net asked how to get the information about the current national regulations of the Member States. The Commission referred to the website ec.europa.eu/internal_market/auditing.

Furthermore, Wp.net announced that [REDACTED]

[REDACTED] they wished to know how they ensure getting the right information about the audit issues on the European level. The Commission encouraged them to address their written questions to the Commission and to ask for a formal response.

Finally, Wp.net asked for clarification why the Apak as a technical oversight body plays a political role within the EGAOB and stays in touch with the Commission. The Commission explained that the EGAOB had been created on proposal of the Member States and made clear that the cooperation of the oversight bodies all over the European Union and the contact with the Commission in order to ensure common approach was actually the idea of the EGAOB.

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(MARKT)

From: [REDACTED] (MARKT)
Sent: 04 June 2014 11:29
To: [REDACTED] (MARKT)
Subject: Fw: Summary meeting with S&P

Follow Up Flag: Follow up
Flag Status: Flagged

From: [REDACTED] (MARKT)
Sent: Thursday, May 08, 2014 2:36 PM
To: MARKT LIST F4
Cc: [REDACTED] (MARKT)
Subject: Summary meeting with S&P

Dear colleagues,

Please find a summary of the meeting we had with S&P on Tuesday below.

Best regards,
[REDACTED]

Meeting with S&P
6 May 2014

Participants: S&P [REDACTED] European Policy Advisor, [REDACTED] President CMS France,
[REDACTED] Head of Southern Europe), COM (NB, PHC, AD)

Points discussed:

- **Equivalence** – we informed them of the adopted on 28 April 2014 of the equivalence decisions. The jurisdictions where S&P is active that are not equivalent to the EU include Russia, Turkey, the Emirates and India.
- **ESMA Q&A** – S&P stressed the importance of an answer on shareholdings. S&P had recently discussed the publication time for sovereign ratings on Friday's with CONSOB. We outlined our position on this (publication to be done on Friday after close of business). This will also be covered in the next ESMA Q&A to be published shortly.
- **Sovereign calendar** – based on S&P's experience, investors favour the calendar, whilst issuers not as much. Main difficulty lies in convincing sovereigns to give the CRA the information it needs on time for the rating to be published in line with the calendar. Some debt managers have raised concerns about the calendar coinciding with their auctions, though the calendar is announced well in time, which should allow them to schedule auctions accordingly. S&P will share with us their updated calendar which also provides information on deviations (examples thus far: Ukraine and Turkey).
- **ESMA Report on Sovereign Ratings Processes** – following our questions, S&P stated that it was 'shocked' by the findings of the report and that some of the instances set out in the report (such interference by senior board members with rating committees) are not conceivable in S&P. Remedial actions have been put in place.
- **Licensing agreements** – S&P confirmed that users of their ratings (such as for regulatory purposes, or for advising their clients) conclude a licensing agreement with S&P as this is use of S&P's intellectual property. Fees depend on the type of access, number of users and range of data to be accessed. There is a fee policy in place, such as for issuing ratings. S&P argued that by concluding a licensing agreement, users have access to more information (types of ratings) than are available to the public on their website. While a general investor

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can just consult the ratings without a licensing agreement, professional users are required for concluding such a licensing agreement.

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The views expressed in this e-mail are my own and may not, under any circumstances, be interpreted as stating an official position of the European Commission.

1-16

Ref: Ares(2014)1683064 - 23/05/2014

From: [REDACTED] (MARKT)
Sent: 22 January 2013 14:12
To: [REDACTED] (MARKT); MARKT LIST G3
Subject: Meeting with the Association for Financial Markets in Europe, "AFME" re MiFID/R.

On 17/1-2013 [REDACTED], [REDACTED], [REDACTED] and [REDACTED] met with the Association for Financial Markets in Europe, "AFME" re MiFID/R.

General Issues

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.

Issues discussed in more detail

Equity

AFME's key concern is the removal of the OTF for equity. This is a well-defined set of trading that merits a dedicated section in MiFID/R. At the same time AFME queries why current business models cannot be maintained (albeit regulated through safeguards). Also, distinction should be made between proprietary trade for third parties and that from own capital. AFME is also worried about the discussion on the OTC definition and its possible unintended consequences.

Pre-trade transparency: Reference price waiver

AFME provided their views on the background to reference price waivers (RPW). When introduced RPW was seen as a positive development allowing for better execution price for asset managers. At the time of level 2 discussion under MiFID 1, there was very little discussion regarding RPW (contrary to the other waivers) and now some regulators are concerned about the consequences. Hence, there is still room for clarifications of its scope. AFME considers that there are good reasons to keep it: 1. Investors need protection for block trade and the lack of transparency caused by RPW is not a problem given the still small volumes of BCN trade compared to lit trade (statistics available). 2. Competition policy: it is not a problem to be price takers (analogy to reference (discount) pricing of super markets). 3. exchange prices are not IP right protected. Any lack of pre-transparency is compensated by post trade transparency/consolidated tape.

Post-trade transparency and fixed income

AFME gave account of on-going project on fixed income post-trade transparency whose calibration framework is almost finished. AFME supports the COM proposal in this regard but

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queried whether a dynamic approach is sufficiently articulated in the current wording. At level 2, one should use a step-by-step method (i.e. instrument by instrument, issuer by issuer etc.) to avoid unintended consequences on a large scale and to take into account that the same instruments can present different liquidity during its life cycle. This is particularly relevant for non-equity instruments, including certain sovereign bonds.

Other issues touched upon

Open access: AFME in favour.

Commodities (position limit/position management): AFME against absolute limits given the need for discretionary decision making. Thus one may sometimes need to go beyond limits.

3rd country regime: AFME agrees with the equivalence approach provided it is outcome focused (equivalence has been challenging under EMIR).

Policy Officer



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(FISMA)

From: [REDACTED] (MARKT)
Sent: 28 February 2014 16:17
To: MARKT LIST G3
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: For info: Meeting with Bloomberg - SEFs & equivalence

On 28/2-2014 [REDACTED] and [REDACTED] met with [REDACTED] and [REDACTED] of 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 (CDS (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.

The problem that has emerged following SEF registration in the US is legal uncertainty as to the status of SEF across EU jurisdictions. While in some EU member states its status as US SEF is recognised as equivalent, in other Member States Bloomberg's regulatory status is unclear or it is prevented from providing access to EU customers fully or partially absent an MTF authorisation. MTF registration would defeat the objective of providing access for EU customers to its US/global liquidity pool, since separate EU pools would have to be established. This problem will be addressed by MIFID II with the equivalence rules for third country trading venues for the purposes of the derivative trading obligation; but Bloomberg would like to find an interim solution allowing it to operate in the EU on the basis of a temporary SEF equivalence recognition. They said Australia and Canada have recognised SEFs. Europe is also an important market and they want it to be a part of a global pool of liquidity.

Bloomberg has contacted all major jurisdictions on this including DE, UK, IT, FR ES with very different response. It queried what the Commission can do to help and has also tried to engage ESMA in the process. We explained that absent EU jurisdiction, the Commission is prevented from acting on this issue. This will be the case until the trading obligation takes effect, ie end 2016. We asked however to be kept informed about further developments.

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From: [REDACTED] (MARKT)
Sent: 03 December 2013 18:49
To: MARKT LIST G3
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: For info: Meeting with CME re MIFID (transparency) & EMIR (third country issues)

On 2/12/13 [REDACTED] met with Mr [REDACTED] and Ms [REDACTED] of CME to discuss third country issues under EMIR and transparency under MIFID/R.

OTC derivatives and equivalence regime

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 (i.e. this definition considers exchange traded derivatives executed in third countries as OTC, unless those third countries are listed as equivalent pursuant to MIFID 19.6, and no such list has been produced by the Commission).

For CME's "non-financial+" customers (e.g. large energy companies with a financial arm) this is not a real problem but for its non-financial customers it is. Although this will be resolved in MIFID II, CME considers this to be an urgent problem in the interim period, which must be addressed; one possible way forward being to amend EMIR in MIFID II.

Pre-transparency in derivatives

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. They suggested that the block sizes would be raised to increase transparency and so CME sees a large risk of regulatory arbitrage if G-20 commitment implementation is not aligned both in substance and time-wise in the US and the EU. This is a real risk if the CFTC follows the expected approach and if the current positions of the EU co-legislators will prevail.

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From: [REDACTED] (MARKT)
Sent: 03 December 2013 16:49
To: MARKT LIST G3
Subject: Meeting with the Index Industry Association (IIA) on benchmarks on 03/12/13

[REDACTED] and [REDACTED] met [REDACTED], CEO of the Index Industry Association (IIA), introduced by [REDACTED] (FTI Consulting) concerning the proposal on benchmarks proposal on 03/12/13.

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.

IIA member's main concerns on the proposal on benchmarks relate to:

- Lack of express mention to the right to appeal and other protections against sanctions on the proposal. Although there is a mention to it on Art. 33.3 and this right applies under general law, they would appreciate more concrete wording on it on the text.
- Interpretation of 10% turnover for sanctions. They would like to clarify whether turnover should be interpreted as revenue.
- Confirmation on the registration process being carried out per administrator and not per benchmark.
- IPRs
- Timeline of the negotiations

Subject: Meeting with LSE

MiFID

- ## Benchmarks

- ██████████ | Policy Officer | Securities Markets Unit | DG Internal Market and Services | ██████████
 | Mobile : ██████████ ██████████ @ec.europa.eu

From: [REDACTED] (MARKT)
Sent: 09 April 2013 15:12
To: MARKT LIST G3
Subject: Meeting with MFA re MIFID/R & MAR

On 9/4-2013 [REDACTED] met with [REDACTED] of
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. As regards OTF, they are opposed to the ban on proprietary trading as in their view conflict of interest can be managed; in addition this ban would lead to more liquidity fragmentation as this liquidity provision role would have to take place under the SI regime. As regards transparency, MFA queried about the COM's views on volume cap for reference price waivers and stated that although they understand the COM position, they are favourable to the use of waivers generally. As regards access, MFA has no formal opinion but would see favourably an open access market structure due to beneficial effects on costs. Other queries concerned high frequency/algorithmic trade, straight through processing and third country regime.

As regards MAR, MFA expressed concern that the scope must be a clearly defined; the current wording by the EP of the list of instruments in scope is too open-ended. The definition of what constitutes insider info is also too broad. Finally, the definition of market manipulation in the EP text is too "harsh" since the mere failure to report a modification of an algorithm could constitute a violation. Intent must be factored in.

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From: [REDACTED] (MARKT)
Sent: 03 February 2014 12:43
To: [REDACTED] (MARKT); [REDACTED]
(MARKT); [REDACTED] (MARKT)
Subject: Meeting with Soc Gen

[REDACTED] met with [REDACTED] and [REDACTED] of 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

- **Scope:** they believed that purely formulaic non-discretionary benchmarks should not be covered.
- **Regulated data benchmarks:** regulated benchmarks used as inputs to an investment benchmark should be treated in the same way as regulated data in the regulation e.g. no code of conduct. They also believed that NAVs provided by asset managers, since they are regulated, should also be treated as regulated data.
- **Notification procedures:** the notification period of 30 days is too long for some instruments they deal in and should be reduced to 7 days. Article 25 should also not provide a right of refusal to benchmark administrators – who were often happy for their indices to be used to reference upside instruments but not be used for downside purposes.
- **Requirements:** the provisions of in particular annex 1 were too onerous and were designed for dedicated providers rather than asset managers, where functions were often more spread out. They would provide some detailed comments on annex 1.
- **3rd country regime:** the use of third country benchmarks was very important to them.

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From: [REDACTED] (MARKT)
Sent: 17 December 2013 15:24
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
(MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
(MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
(MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
(MARKT); [REDACTED] (MARKT)
Subject: Meeting on electricity markets with Steptoe: Mr L [REDACTED] and Mr [REDACTED]

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.

Mr [REDACTED] announced that he will become the CEO of the Swiss Bankers Council that will start operating as a lobbyist for the big Swiss banks in Brussels in 2014.

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(FISMA)

Subject:

FW: Meeting with [REDACTED], CEO PIMCO

From: [REDACTED] (MARKT)
Sent: Tuesday, March 25, 2014 9:32 PM
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); MARKT LIST G4
Subject: Meeting with [REDACTED], CEO PIMCO

[REDACTED]:

As per your request, [REDACTED] and I met Mr [REDACTED] this afternoon. Mr [REDACTED] is the newly appointed CEO of PIMCO, the world's largest bond manager. PIMCO has recently got quite a bit of media coverage on account of their [REDACTED]. 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.

1. On SIFIs PIMCO believes that investment funds are wrongly targeted on the basis of their assets under management as opposed to their investment strategies. PIMCO would think it more appropriate to target funds as systemically relevant on the basis of their investment strategies and notably on the amount of leverage they employ. PIMCO is also concerned that capital based rules from the banking sector are slowly migrating toward asset management which, as Mr [REDACTED] points out, is not a "balance-sheet activity".
2. Mr [REDACTED] is very enthusiastic about developing UCITS as a global standard for investment funds. As opposed to, e.g., [REDACTED]
[REDACTED] PIMCO realises that the 1940 Act funds established in the US cut no ice internationally and is thus a supporter of EU efforts to get EU UCITS recognised throughout Asia. They do not share the ICI's (the US equivalent to EFAMA) advocacy for basing international trade relations on national treatment between jurisdictions.
3. As expected, the only cloud in the sky is that UCITS nowadays come attached with harmonised EU remuneration rules (introduced in UCITS V). [REDACTED]
[REDACTED] Mr [REDACTED] acknowledged that this would not always be a problem, [REDACTED] but sometimes expertise was closely linked to a particular asset class. [REDACTED]

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████████████████████ Should PIMCO's high yield portfolio funds be made available in the EU, by means of a UCITS platform, the US high yield specialists would not work for the EU UCITS when having to comply with EU remuneration principles. Hence, EU investors would not benefit from these funds and these funds could not be pass-ported internationally. Upon question, Mr ██████████ conceded that this reticence might not be linked to the overall pay to be expected but to the highly regulated way that remuneration has to be paid in the EU; hence the reticence might prove transitory.

██████████ (██████████@pimco.com), responsible for legal and compliance in the executive office would like to keep in touch on SIFI developments, so I plan to put her in contact with ██████████

██████████

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Tel: ██████████

25

(MARKT)

From: (MARKT)
Sent: 05 December 2013 18:09
To: (MARKT); (MARKT)
Cc: MARKET LIST G4; (MARKT)
Subject: videoconference Assogestioni on ELTIF/AIFMD

Follow Up Flag: Follow up
Flag Status: Flagged

Assogestioni is the Italian asset managers' association (like IMA in the UK or AFG in France).

Main perspective of Italian asset managers on ELTIF

1. Advocate the inclusion of all types of SMEs as eligible assets, whether listed or not;
2. Do not advocate an SME definition on the basis of market capitalisation but on the basis of liquidity of the (listed) securities (maybe ESMA empowerment?);
3. Advocate a relaxation of the diversification rules for ELTIF that are marketed to professional investors exclusively (a bit like Union in Germany).

Main perspective on AIFMD

- Believe that the AIFM authorisation should cover all types of alternative investment strategies, not be limited to a particular strategy
- In consequence, do not want ESMA to define a more precise typology of AIFM (along the lines of investment strategies). This latter point may be shared by the wider AIFM community and might explain ESMA's reticence to go to the heart of the matter in the Article 4.4 RTS.

Conclusion

This videoconference saved over € 1000 but we should occasionally also go to Italy (Milano) in person.



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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 12 February 2014 15:55
To: [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: MARKT LIST G4
Subject: Social Innovation Bank - Meeting report
Attachments: SocialInnovationBankPresentationEnglish.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Meeting report for the record

We met with Ms [REDACTED]. 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.

[REDACTED]
In attendance:

[REDACTED]
Chairman of the Social Innovation Bank

[REDACTED]
Portuguese Permanent Representation

[REDACTED]
European Commission

(FISMA)

To:

(FISMA)

Subject:

RE: Ares(2013)14991 : Stakeholder Mtg Report : BlackRock

From: (MARKT)**Sent:** Monday, January 07, 2013 8:38 PM**To:** (MARKT); (MARKT)**Cc:** (MARKT); (MARKT); (MARKT); (MARKT); (MARKT);

(MARKT); MARKT LIST G4; (MARKT)

Subject: Stakeholder Mtg Report : BlackRock

Unit concerned: G4 – Asset management

Date 7 January 2013

Stakeholder: BlackRock Investment Management Ltd.

Topic: UCITS VI – Use of securities Lending and repurchase agreements by investment funds

Purpose of the meeting: Fact finding for an impact assessment on UCITS reform (UCITS VI)

Stakeholders (Videoconference):

, Securities lending, BlackRock, San Francisco

, Government affairs, BlackRock, Brussels

*Members of unit G4 present***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?

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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.

Regulatory constraints in the US

The only relevant restriction that currently applies in the US in relation to securities lending is that not more than 50% of a fund's portfolio may be on loan at any given point in time. Securities lending is mostly undertaken by index tracking funds. Actively managed funds are less engaged in this activity.

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?

[REDACTED] 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.

What are the key insights taken from the meeting?

BlackRock acknowledges that the link between securities lending and a counterparty shorting the borrowed stock are not sufficiently explored. [REDACTED]

[REDACTED]

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

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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.

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28

(MARKT)

From: [REDACTED] (MARKT)
Sent: 02 April 2014 18:20
To: [REDACTED] (MARKT); MARKT LIST G4
Subject: Meeting BVI

BVI concerned that UCITS V level 2 would contain further detail on material risk takers affecting the overall 'risk profile' of a fund. They argue that not all portfolio management delegated to an external manager is susceptible to affect this risk profile. Some of the mandates are so narrowly circumscribed that individual choices left to the discretion of the delegate would not affect the overall risk profile of a fund. COM states that this is not a view reflected in the ESMA remuneration guidance adopted under AIFMD where every portfolio manager is deemed as susceptible of affecting a fund's risk profile.

BVI welcomes PRIIPS but harbours doubt as to the exclusion of nationally certified pension products. They fear that more and more insurance or other schemes will obtain this certification although their link with provisioning for retirement is rather remote (Wohn-Riester, etc.). On the other hand, they have no interest in obtaining a national pension certification for their investment fund products.

BVI indicates a certain openness to limit retail access to ELTIF by means of an entry ticket. In that scenario, the redemption debate should become moot.

BVI, on behalf of EFAMA, encourages Commission services not to issue or let stand transposition advice that casts doubt on the reformed scope of the passport contained in Article 6 and 33 AIFMD. The Commission is invited to ensure that the competent authorities operate notifications respecting the new scope at least from the entry into force of the reformed Article 33 AIFMD.

Present:

[REDACTED] (BVI)
[REDACTED] the undersigned (COM)

[REDACTED]

[REDACTED]
European Commission
DG Internal Market and Services - Unit G4
Asset Management
rue de Spa 2 [REDACTED] - 1000 BRUSSELS
Tel.: [REDACTED]

29

(MARKT)

From: [REDACTED] (MARKT-EXT)
Sent: 20 November 2013 17:51
To: MARKT LIST G4; [REDACTED] (MARKT)
Subject: Meeting Minutes - Morgan Stanley 11.11.2013

Dear all,

Below I have attached a brief report of the meeting with Morgan Stanley, based on my written notes.

Kind regards,

[REDACTED]
Stagiaire


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Directorate General Internal Market and Services
Unit G.4 Asset Management
1049 Brussels, Belgium

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11.11.2013
Unit concerned: G4 – Asset Management
Stakeholder: Morgan Stanley (London, UK)
Topic: Proposal for Money Market Funds (MMFs) Regulation
Purpose of this report: Record of the meeting minutes
Stakeholders present: [REDACTED], Director Government Relations
Members of Unit G4 present: [REDACTED]
Excused: [REDACTED]

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 and enquired on the following topics:

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. CNAV's 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 CNAV's and VNAV's 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 CNAV's 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

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common rule on internal rating included in the proposal will provide assurance to the investors with regard to the fund instruments.

Market-to-market cost: Morgan Stanley underlined the importance of CNAV's for their business and enquired on the amortized cost in relation to the market-to-market value. The degree of discrepancy between the two was taken into account in the discussion and it was agreed that the difference is not substantial.

Overall conclusion: Morgan Stanley supports the COM proposal on MMFs, agrees with the introduced requirements on liquidity, transparency and credit rating agencies, and expresses readiness for further cooperation in the collection of relevant data and preparation of analyses.

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(MARKT)

From: [REDACTED] (MARKT)
Sent: 16 May 2014 17:22
To: [REDACTED] (MARKT)
Cc: MARKT LIST G4; [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
(MARKT-WASHINGTON)
Subject: RE: Meeting with JP Morgan, CEO asset mgt, EMEA
Follow Up Flag: Follow up
Flag Status: Flagged

Meeting report for the record

Another instalment of the regular dialogue we are having with JP Morgan's CEO for asset management, EMEA

JP Morgan is not particularly concerned whether ELTIF offers retail access or not, they would not market ELTIF to retail investors (reputational risk of being unable to redeem is to great). On the other hand, they are happy to have ELTIF as a marketing vehicle to institutional clients of the type mentioned below. If given a choice, they would accept an entry ticket rather than have provisions on early redemptions.

[REDACTED]
European Commission
DG Internal Market and Services - Unit G4
Asset Management
rue de Spa 2 [REDACTED] - 1000 BRUSSELS
Tel.: [REDACTED]

From: [REDACTED] (MARKT)
Sent: Thursday, September 12, 2013 3:26 PM
To: [REDACTED] (MARKT)

30615

Cc: MARKT LIST G4; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
(MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: Meeting with JP Morgan, CEO asset mgt, EMEA

This was a follow-up meeting with Mr [REDACTED], who wants to engage in regular 'dialogue' on asset management issues - he insists that this is a dialogue as opposed to lobbying.

ELTIF

JP Morgan AM very supportive of ELTIF as an investment vehicle for pension funds, charities, insurance, endowments and foundations who need to have a well-regulated 'retail suitable' vehicle to enter the sphere of 'alternative' asset classes. AIF does not provide such a vehicle. It is important that the vehicle remains closed ended in structure, both admitting new investors and redeeming existing ones would cause insuperable challenges in the valuation of assets and the management of the requisite level of liquidity. Although structured as a retail label, ELTIF should not be sold to retail investors who cannot afford make a long-term (15 year) commitment. The only 'retail' audience that the JP Morgan infrastructure (equity or debt) funds targets are 'family offices'.

JP Morgan promises to supply data on their current estimates concerning the scale of the 'illiquidity premium'.

MMF

Mr [REDACTED] believes that stable NAV will not survive with the current proposal on capital buffers. His analysis is, however, a bit more nuanced than the usual cries that 3% is exorbitant. All US headquartered investment banks, by virtue of the Volcker rule, cannot make a capital commitment to an investment fund that exceeds one year in duration. Regardless of the sums involved, investment banks will thus not be able to "sponsor" their fund operations with long-term reserves. This scenario would only change if the Commission prevails in its efforts to exempt UCITS funds from the scope of Volcker.

[REDACTED], in the context of our Volcker strategy, we discussed the UCITS carve-out earlier. What is the latest news on this front?

[REDACTED], in case I forgot to mention it in our briefing: this is one of our EU/US issues in the area of asset management.

Regards

[REDACTED]

From: [REDACTED] (MARKT)
Sent: 15 May 2014 15:26
To: [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); MARKT LIST
Subject: Enregistrement ARES- summary of the meeting with Societe General on PRIIPS and
MiFID level 2

Société Générale: [REDACTED] (Brussels representation) and [REDACTED] (GBIS Regulatory Strategy)
 MARKT G4: [REDACTED] (HoU), [REDACTED]
 MARKT G3: [REDACTED]

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)
3. SG raised a concern related to MiFID 2 that the EU wide volume cap for the use of waivers from pre-trade transparency in equity is not workable in view of the six months suspension of dark trading
4. SG was provided with information about the timing and procedures related to work on USCIV level 2



3.- In the scenario of a long delay in the application of Solvency II IE would advocate interim measures on Pillar 2 only. They think that the guidelines prepared by EIOPA on pillar 3 (reporting templates) are too cumbersome and will need to be adjusted in view of the final calibration of solvencyII. It would

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therefore be desirable just to implement pillar 2 and to wait until next year to start regulating reporting requirements.

On IORPs IE is worried that the initiative announced by the Commissioner for the summer will be delayed and that (not well calibrated) pillar one measures will only be applied to insurance. The message will then be that insurance will have pillar one and pensions will not. We need to get the requirements right and then apply it to both. There is a risk of distortions because insurance companies provide services to IORPs.

Finally, they are concerned about the delay in FICOD review, which in their view maintains a loophole in CRD4 for the double counting of capital in banks and insurance. It would be good that we signal that this will be addressed by the BTS by EBA and EIOPA.



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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 26 September 2013 16:54
To: MARKT LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
[REDACTED] (MARKT)
Subject: Meeting with Association of German banks

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

Present:

- [REDACTED], Head of the Brussels Liaison Office; [REDACTED] and [REDACTED],
from the Association's Economy Department in Berlin;
- [REDACTED], [REDACTED] and [REDACTED].

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

→ [REDACTED] replies that it will be a question of political ambition.

They would prefer any supervisory measures resulting from EU law to be taken ex-post and individualised bank by bank

→ [REDACTED]: this is among the scenarios we are assessing, but there also may be different solutions according to the activities concerned.

They ask for the implementation schedule

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

They are afraid of thresholds that would fail to capture small banks carrying great risk.

Conversely, they fear that including certain large groups with relatively little market risk would result in US banks purchasing newly separated businesses at a low price.

They worry about the viability of the separated entity.

→ [REDACTED]: banks would be free to separate more than just the activities required in order to ensure such viability. Not a problem if such a reform helps smaller players emerge and grow, although effects are difficult to predict.

[REDACTED] asks them about the DE reform.

They complain [REDACTED]

They do not know what implementing measures BaFin will be taking, but say that 11 banks will be concerned by national SR: 4 private banks and 7 Landesbanken.

[REDACTED]

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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 31 May 2013 10:54
To: [REDACTED] (MARKT); MARKT LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (COMP); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: Meeting with Santander representatives, 30/V/2013
Importance: High

Santander are worried that, contrary to what they took from the Liikanen report, our consultation paper could imply that they now be caught by a future proposal, even though 65% of balance sheet is retail, and most of their derivatives positions in the trading book are retail-related (e.g. hedging interest rate risk for variable rate mortgages, which routinely occurs for sound management purposes and not at clients' request).

They are therefore uncomfortable with the initial **UK approach**, although they are confident that it can still evolve

They insist that the difference between Vickers and the rest is not just optical, since Vickers requires more capital for the deposit entity (based on essentiality) whereas other approaches do the contrary (based on risk). They recall that this relaxed prudential approach towards trading activities is specifically tailored to the need to preserve the City's competitiveness as a global financial hub.

They think **thresholds** should be set along the precise type of activities to be separated, not along e.g. accounting data, which mainly reflect size not risk.

They consider that sending us consolidated data (or even EU-level data) is meaningless since they are organised *à la* HSBC with self-standing subs in each major geographical market. Therefore, they propose sending separate spreadsheets for each major European subsidiary of theirs (ES, UK, PT, DE).

They favour Avenue 1 of the report and, generally, prefer as much **supervisory discretion** to be left for performing – or not – *ex post* separation.

Extraterritorial effects are a particular concern, as they have important activities in Latin America.

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EUROPEAN COMMISSION

Directorate General Internal Market and Services

FINANCIAL INSTITUTIONS

Banks and financial conglomerates II

H2/ML/j's D(2013)819193

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

EBF:

[REDACTED], Executive Director – Wholesale & Regulatory Policy
[REDACTED], Head of Public Affairs
[REDACTED], Policy Adviser

Commission: [REDACTED] and [REDACTED], H2

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.
- EBF expressed further concerns on the viability of the trading entity, and on the preservation of universal banking model.
- EBF has tried to assess impacts of mandatory separation, but this has proved difficult due to the reluctance of their members to provide data.
- EBF follows carefully also different national reforms and EP discussions. Concerned that there will be more and more national initiatives.
- EBF asked if the Commission will assess the overall impact of different initiatives (mentioned MIFid and FTT), and the effects of the resolution regime in Cyprus.

Commission:

- COM explained the state of play of EU initiative:
 - It is clear that Commission will come up with a proposal. Premature to discuss about the content but HLEG report is the starting point.
 - Internal Market is an important consideration; it is the joint interest of European banks and the Commission to do something and to co-operate for a justifiable and solid outcome.
 - Commission is working on an Impact Assessment with a view of adopting a proposal towards the end of the summer.

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- De minimis threshold, activities to be separated, type of separation, as well as complementarity are important issues and will be carefully assessed.

Follow-up:

- EBF offered their help both in terms of substance and in arranging targeted stake-holder meetings.
- COM will come back if there are specific issues where more information is needed.
- COM informed EBF that subject to confirmation a stakeholder hearing will be arranged on 17 May.

[REDACTED]

Contact:

[REDACTED], Telephone: [REDACTED] [REDACTED]@ec.europa.eu

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(MARKT)

From: (MARKT)
Sent: 22 October 2013 20:53
To: (MARKT); MARK LIST H2; (MARKT);
(MARKT); (MARKT)
Subject: Meeting with the European Private Equity & Venture Capital Association (EVCA) - 22/10/2013

Follow Up Flag: Follow up
Flag Status: Flagged

Participants:

- EVCA: , Public Affairs Director, and its lawyer, ;
- H2:

EVCA's main message is: Private Equity (PE) Venture Capital (VC) should not be separated from deposit banks because they are good for the economy, according to objective criteria that are already recognised by EU law:

- such funds are not leveraged (even if their target companies are);
- they are closed-ended, which protects them from procyclicality.

These two criteria trigger a favourable treatment under AIFMD: Article 3(2)(b) exempts from most requirements those "AIFMs which (...) manage portfolios of AIFs whose assets under management in total do not exceed a threshold of EUR 500 million when the portfolios of AIFs consist of AIFs that are unleveraged and have no redemption rights exercisable during a period of 5 years following the date of initial investment in each AIF." If those two criteria are not respected, the threshold is only €100m.

Additionally, there is a specific level 2 rule on leverage that is tailored to PE & VC: "For AIFs whose core investment policy is to acquire control of non-listed companies or issuers, the AIFM shall not include in the calculation of the leverage any exposure that exists at the level of those non-listed companies and issuers provided that the AIF or the AIFM acting on behalf of the AIF does not have to bear potential losses beyond its investment in the respective company or issuer." (Article 6(3) of COM Delegated Regulation).
[On the precise meaning of "closed ended" for a fund, there is a draft RTS from ESMA currently undergoing an ISC.]

EVCA thinks that transposing such criteria into the draft legislation will close the loopholes while preserving the economic benefits of PE & VC.

The FR law allows deposit banks to invest capital through PE & VC, as it only separates leveraged operations: "Toute opération conclue par l'établissement de crédit pour son compte propre avec des organismes de placement collectif à effet de levier (...), lorsque l'établissement de crédit n'est pas garanti par une sûreté."

The US Volcker rule also allows banks to have capital links with PE funds, though limited ones:

"SEC. 13. PROHIBITIONS ON PROPRIETARY TRADING AND CERTAIN RELATIONSHIPS WITH HEDGE FUNDS AND PRIVATE EQUITY FUNDS

(...)

"(d) PERMITTED ACTIVITIES.—

"(1) IN GENERAL.—

(...)

"(G) Organizing and offering a private equity or hedge fund, including serving as a general partner, managing member, or trustee of the fund and in any manner selecting

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or controlling (or having employees, officers, directors, or agents who constitute) a majority of the directors, trustees, or management of the fund, including any necessary expenses for the foregoing, only if—

(...)

“(iii) the banking entity does not acquire or retain an equity interest, partnership interest, or other ownership interest in the funds except for a de minimis investment subject to and in compliance with paragraph (4);

(...)

“(4) DE MINIMIS INVESTMENT.—

(...)

“(B) LIMITATIONS AND RESTRICTIONS ON INVESTMENTS.—

“(i) REQUIREMENT TO SEEK OTHER INVESTORS.—

A banking entity shall actively seek unaffiliated investors to reduce or dilute the investment of the banking entity to the amount permitted under clause (ii).

“(ii) LIMITATIONS ON SIZE OF INVESTMENTS.—Notwithstanding any other provision of law, investments by a banking entity in a hedge fund or private equity fund shall—

“(I) not later than 1 year after the date of establishment of the fund, be reduced through redemption, sale, or dilution to an amount that is not more than 3 percent of the total ownership interests of the fund;

“(II) be immaterial to the banking entity, as defined, by rule, pursuant to subsection (b)(2), but in no case may the aggregate of all of the interests of the banking entity in all such funds exceed 3 percent of the Tier 1 capital of the banking entity.

The latter US 3% rule is in accordance with EVCA's estimate that in Europe some 0.5-2% of banks' Tier 1 capital is currently invested in PE funds.

However, on the former 3% rule, EVCA considers that 10% of PE & VC funds are provided by banks. The banks' importance is set to rise since Solvency II has triggered divestments by insurance companies, and one day pension funds may face similar legal requirements.

Finally, they stress that PE default rates (under 3%) are below those of other funds (6%).



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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 25 June 2013 12:22
To: MARKT LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: Meeting with Finnish Federation of Financial Services on 18 June

Meeting with the Finnish Federation of Financial Services (FFFS) on 18 June 2013

Participant: [REDACTED], Chief economist and [REDACTED], senior legal advisor
[REDACTED] and [REDACTED], H2

Main concerns of the FFFS:

- Universal banking model is very important in Nordic countries. Finnish banking sector is composed of strong groups.
- Regulatory burden -> normal functioning of banking is becoming difficult.
- BRRD already gives some tools, SR not necessary
- The four options presented for the consultation based on accounting data does not take into account the riskiness of activities.

Point of interest:

- Nordea has a large balance sheet in Finland. As Finland is part of the Eurozone, most of the derivatives trading is done there.
- Not a lot of political discussion in Finland. However, the recent report from the Government to the Parliament on the general EU policy contains language supporting SR.

- That the intention is not to break the universal banking model.
- Focus will be on the most risky activities.
- Internal market aspects important.
- IA and proposal after the summer.
- Agreed text not expected during the mandate of this EP.

[REDACTED]
European Commission
DG Internal Market and Services
Unit H2 Banking and Financial Conglomerates II
tel. [REDACTED]
[REDACTED] DGEC.europa.eu

(FISMA)

From: GROW DOSSIERS ACCES
Subject: RE: Mission report: Paris, 3/4/14 (HSBC & OECD)

From: [REDACTED] (MARKT)
Sent: Friday, April 04, 2014 2:54 PM
To: MARKT LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: Mission report: Paris, 3/4/14 (HSBC & OECD)

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

Participants: [REDACTED] - Managing director ; Chief Operating Officer Global Markets Paris

[REDACTED], Directeur des Activités de Marchés

[REDACTED], Head of Balance Sheet Management

and others

HSBC made extensive presentations of both Balance Sheet Management (internal risk, liquidity and funding) and client-oriented trading operations. (Slides attached.) Constructive discussion. HSBC offered further information e.g. on metrics, distinction between BSM and other trading activities. Two main operational requests at this stage:

- broadening the derivatives that CCI can sell in Art 12: HSBC reps argued that risk-management services to customers can require use of non-standardised derivatives, e.g. for project finance. I pointed out that proposal already foresees possibility to allow other derivatives, that we should not create loopholes and must avoid vague language à la "simple derivatives." If they have specific suggestions we can look at them, but these would need to allow clear identification of what we are talking about. Did not commit beyond that.
- Replacing exemption for sovereign bonds (Art 8.2) with an exemption for primary dealers (they are concerned that the exemption as currently drafted will disappear during negotiations). They have in mind a passport-type system for PDs (which are currently authorised by each national debt-management agency). In effect, they want to kill two birds with one stone. I replied that this would be a major change to our proposal and would introduce an entirely new dimension in the negotiations. Made no commitment.

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.

<<...>>

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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:

- Adrian Blundell-Wignall 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.



<<...>>

Banks and financial conglomerates II

DG Internal Market and Services

European Commission

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Tel: ()

Single Market Scoreboard | Your Europe

The views expressed in this e-mail are my own and may not, under any circumstances, be interpreted as stating an official position of the European Commission.

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(MARKT)

From: [REDACTED] (MARKT)
Sent: 19 July 2013 12:07
To: [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT)
Subject: Meeting ING Group on Wednesday 10 July

Participants:

COM: [REDACTED]
ING: [REDACTED] (General Manager, Market Risk Manager), [REDACTED] (Public & Government Affairs ING Group).

Main points made:

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 which according to ING were not the appropriate way to measure the trading activities. More specifically:

- ING presented their position on Bank Structural Reform and confirmed they would respond to both qualitative and quantitative part (the latter in limited way);
- As regards thresholds for selecting banks, ING has fundamental doubts that the accounting-based approach. In its view, such an approach would be less robust than a risk-based approach (e.g. reclassification of assets);
- ING presented an alternative view based mainly on the risk-based approach where the supervisors are looking at the trading activities. This would be further outlined in their consultation reply;
- We updated ING on the SR state of play and reassured that COM is looking at all possible ways to consider different opinions on the Consultation. On thresholds' calculation will be difficult to start a new risk-based approach;
- ING handed over calculations on RWA Impact of Basel 2.5 and MRWA Ratio.

(MARKT)

From: [REDACTED] (MARKT)
Sent: 16 April 2013 16:40
To: [REDACTED] (MARKT)
Subject: FW: Short Debrief - Meeting ABBL
Attachments: 130415 ABBL Update comments Liikanen Report.docx; 130412 ABBL paper
 Luxembourg_Safe.pdf

From: [REDACTED] (MARKT)
Sent: Tuesday, April 16, 2013 4:13 PM
To: [REDACTED] (MARKT)
Subject: FW: Short Debrief - Meeting ABBL

please add to stakeholders meeting list as per usual. Thanks

From: [REDACTED] (MARKT)
Sent: Tuesday, April 16, 2013 4:12 PM
To: MARKT LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); MARKT H2
Subject: Short Debrief - Meeting ABBL


16 April - Meeting ABBL ([REDACTED], Senior Advisor, and [REDACTED], Head of European Affairs) - H2

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 Likanen's consultation in November last year. We have received an updated version today (attached).
- ABBL overall happy with Likanen approach. Does not agree with the Vickers approach of ring-fencing the deposit banks. The Avenue 1 proposed by the HLEG, consisting of a non-risk weighted capital buffer for trading activities combined with the contingent functional separation of significant trading activities is our preferred option. Nevertheless, if the Commission were to opt for the immediate mandatory separation prescribed in Avenue 2, then it should carefully consider the scope of the trading activities to be insulated in a separate legal entity. As a general principle, customer-related transactions, where the bank plays the role of an intermediary or of an adviser, should not be assimilated to trading activities, and they should remain in the deposit bank.
- ABBL members do not carry out proprietary business neither market making. Parent banks might but not the Luxembourg subsidiaries.
- All activities by ABBL members are customer related. Customer in the larger sense, this includes other banks, pension funds and financial firms. Activities mainly include depositary

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- banking, investment funds, UCITS and AIF, custodian, wealth management, leasing, international credit.... The subsidiary of BNPP is the largest bank in Luxembourg (retail).
- ABBL members do however provide financing to parent companies. Question here is how our proposal will affect intragroup transactions and large exposure (?) Recognise that ring-fencing will translate into some kind of restriction on economic and financial links with parent companies.
 - *We think that the distinction between banking and non-banking clients mentioned by the HLEG is not relevant, and that only the nature of the transaction should be considered when deciding the allocation to the "trading entity". It is indeed important that the banks, especially the smaller ones, continue to have access to the customer-related services provided by other banks, like any other non-banking client.*
 - *The HLEG proposes transferring to the "trading entity" any loan, loan commitment or unsecured credit exposures to hedge funds, and private equity investments. We do not understand why such transactions are assimilated to trading activities. At the very least, the benefits of the EU regulation in the area of hedge funds, i.e. the Directive on Alternative Investment Fund Managers, should be recognised.*
 - *Lux is not Cyprus ! Banking assets in Lux amount to 700 billion Euro, almost 20 times GDP (45 billion)! No worries, very well diversified and banks are capitalised better than average 17% solvency ratio ... Luxembourg's banking sector consists mainly of subsidiaries and branches of foreign banks. This means in practice that, assuming the insolvency of a Luxembourg based bank, the mother company, and possibly even the Government of the home country would step in to safeguard the solvency and the reputation of the ailing bank. The Luxembourg banks could only run into trouble in case the solvency or the liquidity of the mother company would be jeopardised. According to European Central Bank data, domestic banks in Luxembourg hold 7% of Luxembourg's banking assets. In the case of Cyprus, 71% of banking assets are held by domestic banks. This makes a huge difference (ABBL).*
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(MARKT)

From: [REDACTED] (MARKT)
Sent: 17 June 2013 10:38
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT-EXT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: For info: meeting with SEB, 14 June

Dear all,

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

Participants:

COM: [REDACTED]

SEB: [REDACTED] (CFO), [REDACTED] (Group financial management), plus another person from regulatory side.

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.
- Thresholds - liquidity buffer: concern from SEB that thresholds as adjusted in consultation document (i.e. exclusion AFS) still capture liquidity portfolio. That portfolio constitutes a very substantial part of SEB's balance sheet. SEB classify most liquid assets that match LCR definition as HFT. SEB queried intention as regards thresholds and liquidity buffer and proposed to elaborate on alternative ways of excluding those (e.g. a system inspired by G-SIB approach, where banks report specific metric that matches the trading activity we want, which is then vetted by supervisors and subsequently disclosed publicly; or linking an exclusion to LCR assets). Failing any of the above, SEB would review how it classifies the liquidity portfolio for accounting purposes, but this was perceived as much more complex given market reactions; furthermore, unlikely to only be a SEB issue. COM highlighted the importance of thresholds being calculated on the basis of publicly-available data
- Thresholds - insurance: SEB is a financial conglomerate. Questioned whether it should include its insurance assets in consolidated reporting, or whether to focus only on bank? Reasonable question, we did not take a position. Case for exclusion could be that insurance undertaking already in separately capitalised subsidiary and that insurance never has featured in debate. Nevertheless, this merits quick debate in-house.

[REDACTED]
Administrator


European Commission
DG Internal Market and Services
Unit H2 - Banking and Financial Conglomerates II

[REDACTED]
B-1049 Brussels/Belgium
[REDACTED]

43

(MARKT)

From: [REDACTED] (MARKT-EXT)
Sent: 03 May 2013 11:50
To: MARKT LIST H2; [REDACTED] (MARKT); [REDACTED]
(COMP); [REDACTED] (MARKT)
Subject: Barclays summary 02/05/2013
Follow Up Flag: Follow up
Flag Status: Completed

With thanks to [REDACTED] and [REDACTED] for contributions.

COM:

Barclays:

- Good and cooperative tone: *We are not here to argue against SR*
- Notion that HMT is relying heavily on the private sector for advice and guidance as to the banking reforms in the UK
- Legislation at Lords stage may become more stringent, esp with regards to leverage and reserve requirements (ie. Return to original Vickers strength)
- Separation is more of a legal headache than an operational one related to separation of any activity (-ies) in particular, given the legislative procedure in the UK to separate the entities/create new ones
- Adapting to structural reform is feasible but it will take time and transition costs will be high. They consider the Vickers deadline 2019 as tight.
- Adjustments or solutions they have found or created to accommodate compliance include
 1. Creation of an "operational subsidiary" that will preserve diversity (scope) and scale economies. The subsidiary will house IT, payment systems, all core infrastructures. It will be a legally separate shared services unit with its own capital and will serve the shared needs only of both the "DB" and the "TE." DB or TE getting into financial distress should not affect the operational subsidiary.
 - a. BofE, PRA, Fed have all given indications that this "adjustment" would be acceptable. If not, then the alternatives are very complex and costly (but not elaborate further). Their current cost estimates do not include such costs.
 - b. Dedicated systems would stay with the respective ring-fenced entities
 2. Funding solution [Barclays would suffer billions of £ in losses in funding costs due to the separation of (A+B) into (A) + (B) as there are economies of scale in obtaining funding] is to essentially adopt an HSBC-like/American holding company structure
 - a. subsidiary
HolCo would issue equity and debt and would own the TE, DB, and the operational subsidiary
 - b. "help from the government would make the transition bearable"
 - c. Enables single point of entry to satisfy the BofE and also multiple to satisfy supervisors

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- The most important costs are the on-going costs as these would have a lasting effect. They consider that funding costs are the most sizeable such costs (in the range of billion), operation costs (in the range of hundreds of millions) and pension costs (not quantified)

- Funding costs will rise not only for the TE but also for the DB, as the latter will have a lower rating, because of the "mono-line" nature of its business.
- Funding costs increase also due to less securitised funding and structural subordination arising from depositor preference;
- operational costs to look into would be VAT inefficiencies after ring-fencing
- Particular issue in the UK regarding defined benefit pensions: is a finite problem but could still last 15 years. Having common pools for the pensions may also be a source of contagion/exposure.
- In terms of the "grey area" of "permissible activities", Barclays propose to keep the DB narrow and only allow the essentials, ie. Individual and SME deposits. They believe everyone else in the UK to be leaning towards the broad DB model,

•

- Compatibility with EU SR:

- Barclays are concerned about the possibility of having to erect 3 ring-fences instead of 2, although UK government has told them Liikanen is fully compatible with Vickers
- Question of timing as well: they do not want to undo anything that will be done to satisfy Vickers
- Barclays operates only in branches in DE and FR, so are not affected by their national proposals

44

(MARKT)

From: [REDACTED] (MARKT)
Sent: 08 May 2013 09:49
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); MARK LIST H2; [REDACTED] (MARKT); [REDACTED] (COMP)
Subject: Main Points Meeting on Structural Reform with The Swedish Bankers' Association and SEB
Attachments: 20130509160206641.pdf; 20130509160237641.pdf

7 May, 2013 - Meeting on Structural Reform (SR) with The Swedish Bankers' Association and SEB - Swedish Bankers' Association - Mrs [REDACTED], Senior Advisor and capital requirements expert; [REDACTED], Adviser European Affairs; SEB - Mr [REDACTED], Global head of fixed income and DCM at SEB group- DG MARKT [REDACTED])

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 Liikanen 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).
- ~~The tone of the discussion was positive but persuasive and demanding from SE side~~
- [REDACTED] 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.
- SEB - Mr [REDACTED], global head of fixed income and DCM at SEB group presented himself as a very knowledgeable expert in banking, consulting, trading (oil trading) and expressed his negative opinion on the separation of the SE banks:
- Structural Reform (SR) is a very important issue for SE; Nordic market is very specific; disagree with criteria as proposed by Liikanen on separation; further tests and criteria on testing are needed
- Peripheral areas are neglected in the analysis - what is suitable for the EUR might not be suitable for the SEK, DKK, etc
- Bond markets are dominant in the Nordic currency areas and generally more illiquid than in larger currency areas - hence larger relative gross positions of bond holdings. But this doesn't mean Nordic banks have riskier strategies. By measuring holdings instead of exposures, banks in smaller currency areas are punished; Answer - this question came in Basel; its valid and will be addressed;
- SEB feels they were unfairly treated and when asked for a proposed solution they proposed more parts from Test 2 (as per SEB document attached, p.2) to be done

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already in Test 1 Answer [REDACTED] this does not address the "too big to fail issue"; complain about unproportionately large powers are given to the supervisor

- SEB and The Swedish Bankers' Association consider that a very good definition of Proprietary trading and Market making should be incorporated in the documents; More clear unified instructions for the banks;
- Asked for an update on the timeline; on the International debate for SR + Asian position (Answer: EU in close contacts within G20 with China, Singapore, Japan; this issue is now discussed also within IMF); how many banks will be assessed (answer less than 150 banks);
- SEB and The Swedish Bankers' Association are ready to cooperate and to provide details as per public consultations table;

[REDACTED]

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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 08 November 2013 14:10
To: MARKT LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: CALVINO Nadia (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: Nadia met this morning with Santander representatives on SR

Nadia met this morning with Santander representatives [REDACTED] DG Global Banking and Markets; and [REDACTED] Head of Corporate Affairs in the EU).

About Santander Global Banking and Markets

This division has an annual turnover of 5,600 million Euro a year, equal to 25% of the groups' total turnover, of which 60% is credit related business, 25% FX and rates swaps, 13% market making and 2% prop. trading.

Main points made by visitors (on bank structural reform):

1. Overall position: Santander is mostly a retail and commercial bank oriented to the real economy. Purely trading business is relatively small, compared to its total balance sheet (less than 15%, but still caught by EU SR). However, [REDACTED] as the reform will severely constrain Santander's capacity to serve its corporate customers. These activities, in order to survive need the support (and rating) of the entire group. Though Santander is a network of geographical legally independent subsidiaries, treasury management of the wholesale division is global. Thus, [REDACTED] Cost of Vickers and Liikanen reforms combined will be huge for the group, they argued.
2. The accounting based methodology is flawed: A method purely based on accounting data does not reflect the true level and nature of risk of a banking group. This method can lead to putting [REDACTED] and Santander on the same footing, whereas they have two completely different business models and risk profiles. [REDACTED] Better to look at open trading positions and compare them to loss and profit account (bank by bank individual assessment), rather than looking at total trading compared to balance sheet size. The non-accounting-based methodology would probably dis-qualify Santander for SR, however aware that exempting a banks like Santander from the reform would be extremely difficult to accept for its competitors.
3. Activities: Banning proprietary trading would be no problem for the group (tinny segment), the problem is how to differentiate PT from market making. Santander representatives believe this distinction is virtually impossible to make [REDACTED] and argued any bank can cheat on the supervisor to make PT look like MM.
4. EU competitors: Santander representatives argued that small investment banks (other than those based on purely consulting business, like [REDACTED] cannot survive as legally an economically independent units. A critical size is needed, but also the rating of the group. Thus, the reform as such is punitive on banks like Santander when compared with other EU banks with bigger market operations ([REDACTED]). Separation for these banks will be less of a problem because the resulting trading entities will still have a critical size and rating to survive. Paradoxically, SR [REDACTED]

45 bis

5. Foreign competitors: Other foreign competitors (visitors mentioned [REDACTED]) [REDACTED] Also worried about the territoriality treatment of the reform and concerned that 3rd country branches, if not covered, would be given a competitive advantage over locally incorporated banks.

[REDACTED] took note of Santander's position on the various points and asked visitors to closely cooperate with the SR team to achieve the best possible reform outcome. Santander made a substantial contribution to our public consultation in July, much along the lines of the above, and promised to send us more material if need be.

[REDACTED]

(MARKT)

From: [REDACTED] (MARKT);
Sent: 05 March 2014 20:27
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); FAULL
 Jonathan (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
 [REDACTED] (MARKT); [REDACTED] (MARKT);
 [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
 (MARKT); (MARKT); [REDACTED] (MARKT); [REDACTED]
 (MARKT); (MARKT); (MARKT); (MARKT); MARKT LIST H2;
 [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
 [REDACTED] (MARKT); CEYSSENS Jan (CAB-BARNIER); DUMONT Bertrand (CAB-
 BARNIER); MARKT REPEC1
Cc: CALVINO Nadia (MARKT); MARKT DDG2; [REDACTED] (MARKT)
Subject: Meeting with M. [REDACTED], CEO of Commerzbank

On behalf of Nadia, please find attached a short write-up of her meeting with [REDACTED], the CEO of Commerzbank (CMB) earlier today.

Highlights

- The crisis and the regulatory reform have changed the market landscape and CMB itself considerably. Since 2008, CMB has [REDACTED]
- BU/AQR – CMB currently employing [REDACTED] external auditors reviewing CMB books for the AQR purposes, the review is [REDACTED] more extensive/detailed than the normal end year audit! For CMB, it is more a communication exercise, that however should deliver credible results.
- SRM – concerns that the process is too complicated/complex, would like to see the first case working to be convinced.
- Bail-in able bonds and capital: different tax treatment for the issuers and investors is a major problem, but admitting that might be more a German problem. Wondered who will be the bondholders/investors in bail-in able bonds. Warned in particular about lack of clarity / confusion how the insurers and pension funds treat bail-in able bonds: either as a debt or an equity instruments.
[This relates to the current FSB workstream contemplating who should (and who should not) hold claims that count towards GLAC/MREL, to avoid disruption to the functioning of the wider financial markets. We need to consider to what extent the BRRD -requiring resolution authorities when setting/determining the MREL of an institution to take into account the adverse effect of its failure on financial stability, "including, due to its interconnectedness with other institutions or with the rest of the financial system through contagion to other institutions"- should be complemented by possible limits/caps eg for pension funds or insurers. H4 please follow up in cooperation with H5 and H1.]
- Critical about the bank structural reform, CMB does not see the case made for the separation requirement, won't solve anything. Won't help to prevent the next crisis (that could come ONLY through three channels: (i) real estate, (ii) interest rate mismatch and (iii) liquidity) and would not have helped to prevent the previous failures. We reminded CMB that one of the key purpose of the reform is to facilitate resolution/reducing its costs for everybody/make the process more speedy if there is better clarity how the banking business is structured. No convincing reply. CMB also warned that the separation will bring major costs [REDACTED]
[REDACTED] We clarified that the separation is not proposed to be a water tight separation but would allow some economic connections / links. Group wide risk

4b is

management could be adjusted. Follow up: [REDACTED] going to meet CMB team working on the bank structural reform issues in Frankfurt next week.

- CMB pointed to the trade off between regulatory workstreams with possible fragmentation consequences and the integration efforts / free movement of capital. Nadia explained our vision: The current size of banks is disproportionately high in national terms. The only answer is greater integration --> BU, supported by the industry. However, there is a need for an internal balancing to keep the largest consolidating banks manageable, hence the need for the bank structural reform.

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(MARKT)

From: (MARKT)
Sent: 07 March 2014 19:10
To: MARKT LIST H2
Subject: FW: Summary of meeting between Nadia Calvino and (PwC)

Fyi

From: (MARKT)
Sent: Friday, March 07, 2014 5:36 PM
To: CALVINO Nadia (MARKT); (MARKT); (MARKT); (MARKT);
(MARKT); (MARKT); (MARKT); (MARKT);
Subject: Summary of meeting between Nadia Calvino and (PwC)

Today DDG Nadia Calvino met with (MARKT), 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.

N. Calvino updated the interlocutor on the state of play concerning the CRD implementation, the SRM and the Structural Reform Proposal. With regard to the latter Mrs (MARKT) referred to a widespread perception that this will be voided by the advent of the new College and new Parliament. In response to that N. Calvino stressed that since the proposal has been formally adopted, it is now in the decision-making process and it will have to be negotiated in its current form with the new Parliament, when in place, and the Council.

Afterwards, Mrs (MARKT) pointed at the fact that overlapping and potential conflicting EU and US regulatory framework, including structural reforms, are a source of concern for banks that are active in both jurisdictions (MARKT)

(MARKT) N. Calvino reacted underlying that all different pieces of regulatory interventions are not intended to generate unjustified administrative burden and respond to a coherent and well defined policy objective, i.e. addressing all sources of risks and weaknesses for financial institutions as unveiled by the crisis and tackling all loopholes. She also agreed on the mounting relevance, particularly in big institutions confronted with several jurisdictions, of the compliance function. Finally on that point N. Calvino stressed that none of the recent legislative initiatives of the Commission is intended to promote a specific model or banking structure, including the holding company structure which is largely used by US SIFIs. She confirmed that the Commission remains neutral with regard to the optimal banking model.

Moving to the analysis of the US FBO rule, N. Calvino summarised the (MARKT)

On her side,

Mrs (MARKT) explained that at the origins of the rule lie in her view (MARKT)

(MARKT) expressed some doubts with regard to the fact that branches have been left outside the IHC remit and this could prove to be not optimal from a financial stability point of view with reference to large branches active in the wholesale banking market. She also referred to a potential FED initiative, as outlined by Governor Tarullo in a speech at the end of 2013, to limit short term wholesale funding risks. Mrs (MARKT)

47 bis

Calvino referred to past formal and informal exchanges with UK Authorities where that circumstance was always denied and invited Mrs [REDACTED] to share any evidence with the Commission

The final part of the meeting was devoted to an exchange on latest developments in the area of resolution, including SPOE vs MPOE strategies and different approaches to 'bail-in-able debt (with particular regard to the case of 'bail-in'-able debt hold by other financial institutions). Mrs [REDACTED] also said that in her view FED will soon disclose their plans on gone-concern loss absorbency capacity (GLAC).

Best regards

[REDACTED]

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(MARKT)

From: [REDACTED] (MARKT)
Sent: 25 November 2013 18:56
To: MARKT LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: debrief NC/SocGen meeting

Today, Nadia met [REDACTED] of Société Générale to discuss Banking Union, Derivatives and Structural Reform.

SG priority number 1 is Banking Union. Their impression from the ECB AQR is that [REDACTED]. The standards they apply appear ok, but SocGen expects ECB will find "something" in each bank. Nadia asked about the challenge to bridge time & expectations between now and autumn 2014 – [REDACTED] said that ECB promised CEOs to give banks ahead of autumn 2014 in case they spot problems. SocGen already now feels ACP is getting stricter and looks at problematic issues more closely, having in mind how ECB would see them. Upon question by [REDACTED]: On sovereign exposures, ECB told them that there would be no floors but possibly other ways of treating them.

[REDACTED]

On SRM, full support for the Single Authority, but doubts about the fund for the coming years as they are concerned to have to shoulder the costs of banks going down in other MS – would only make sense after a few years of common supervision. Also concerned about rating of European banks compared to their US counterparts – in spite of Dodd-Frank, for US banks Moodys still assumes public support due to past experience, while for the new EU framework there would be uncertainty due to unclear rules in BRRD etc.

On FBOs, IHC requirement is not a problem, we understand the logic behind. [REDACTED]

[REDACTED]

Nadia asked [REDACTED] to provide more detailed information on [REDACTED]

Volcker rule: SocGen has prepared the ground to be compliant but the final rule is not yet there. We do not understand what the problem is? Why the rule is not yet there? [REDACTED]
[REDACTED] But expects delivery by end of the year.

On EU Structural Reform: Market Making is useful to the economy and can be effectively controlled by the supervisor. Agree that in the years preceding the financial crisis (2005-2007), the growth of MM activities was not justified by the real economic dynamics. This is not the case anymore. Thus no need to segregate MM, as proposed by Liikanen report. We support the French approach, client driven MM is left in the bank, whereas a number of preventing measures are put forward to avert that hiding proprietary trading is carried out through MM. Also the power of FR Treasury to impose a ceiling in MM activities if there is an abnormal sudden growth of these activities. This is a good signal to the market and we support it. SocGen also supports French approach on subsidisation (not divestment obligation) of Proprietary Trading activities. Beware of risk transfer to shadow banking sector. Better to leave PT within the banking sector, under strict supervision of the supervisor, than push it out where nobody can control it. Nadia said that we are looking into all this, including substantive questions and the question of the right legal instrument but that she could not be more detailed at this stage.

On OTC Derivatives, SocGen was surprised by the CFTC's 14 November advisory extending the extraterritorial scope of US rules. Nadia explained that the EC is making progress on its own equivalence decisions but acknowledged that CFTC actions provide important context for our conclusions. G2 advised that it was hopeful substituted compliance

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determinations would be made by the CFTC before the expiry of exemptive relief for EU banks on December the 21st.

[REDACTED]

(MARKT)

49 b

- Most of financial legislation/proposal adopted by the Commission has been pushed by the international agenda. International cooperation and consistency = important. The financial legislation adopted by this Commission should be seen as an inter-linked package and the proposal was necessary to complete this package. It was also necessary to have one consistent European framework for structural reform.
- The Commission is strongly committed to the need to deal with risks related to the too-big-to-fail banks. Capital requirements framework not sufficient. At this point we cannot say how the EP and Council will take the proposal forward.
- The proposal foresees discretion for supervisors. Trading, e.g., market making, is certainly not forbidden and no intention to prevent it. The fence can be adjusted to circumstances. Banks that do much trading should still find it profitable. The separation is based on presumptions. Similarly, hedging and trading for liquidity purposes and to serve customers is not forbidden; the proposal looks at overall derivatives positions if a bank offers client clearing services in a CCP and does not require it to set up two separate entities. The Commission supports diversification.

European Commission
DG Internal Market and Services – H2 Banking and Financial Conglomerates II

EC: [redacted]@ec.europa.eu

(MARKT)

From: [REDACTED] (MARKT)
Sent: 10 April 2013 09:53
To: [REDACTED] (MARKT)
Subject: FW: 27 Mars 2013 - [REDACTED] met [REDACTED], General Delegate of European Institute of Financial Regulation (EIFR) and [REDACTED], Managing Director Paris-Europace
Attachments: FW: Paris Europace & EU financial competitiveness; RE: Paris Europace & EU financial competitiveness; AGEFI_EU Comp 1150213.pdf; Ind fi EU Comp 1 AGEFI_Fev 2013.pdf; loi bancaire Agefi 13 .pdf

From: [REDACTED] (MARKT)
Sent: Wednesday, April 10, 2013 9:53 AM
To: [REDACTED] (MARKT)
Subject: FW: 27 Mars 2013 - [REDACTED] met [REDACTED], General Delegate of European Institute of Financial Regulation (EIFR) and [REDACTED], Managing Director Paris-Europlace

Idem pour celle-ci, que j'avais oubliée

From: [REDACTED] (MARKT)
Sent: Wednesday, March 27, 2013 1:50 PM
To: MARKT LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: 27 Mars 2013 - [REDACTED] met [REDACTED] General Delegate of European Institute of Financial Regulation (EIFR) and [REDACTED] Managing Director Paris-Europe

27 Mars 2013 – On behalf of Nadia Calviño, ██████████ met this morning ██████████ ██████████, General Delegate of European Institute of Financial Regulation (EIFR) and ██████████ ██████████, Managing Director Paris-Europlace ██████████ from MARK.G3 and ██████████ from H2 also attended)

- 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. Visitors interested in Emil's views on the future of Europe: EP pointed at: 1) DE and FR need to go hand in hand, 2) Political leadership is key, we need a single Captain and avoid political cacophony, 3) focus on stimulating economic growth, 4) in particular with a positive and true European industrial policy;
- More specific:
 - Emil mentioned the top priorities for us right now: achieving the Banking Union, SSM and SRM in particular, also ideally mutualisation of DGS under 100 k Euro, but political consensus difficult. Need to correct the mishandling of the Cypriot crisis with positive decisions, recover insured-depositors confidence in the system. Bank structural reform needs to be tackled, bail-in is not enough to address "too big to fail" and disproportionate balance sheet growth of certain banks compared to national GDPs.
 - Bank Structural reform: Visitors against Liikanen recommendations. Let current reforms yield their results and protect universal banking model in Europe. Intrusive supervision, strict control of risks, and strong resolution tool box is enough (ref.

French draft law). In FR *"la restructuration du système bancaire est réglée, les 5 groupes restants sont désormais à peu près gérables"*. The FR law will tackle separation of some activities indeed, with some of them going out of the system (HFT, agri. commodity derivatives). These activities used to be 20% of the banks turnover before the crisis, now only 2% ! plus besoin d'y toucher... Countries like UK or Switzerland have an hypertrophic banking system compared to their national GDP, thus their legal reforms might not be appropriate for the rest of Europe, including FR.

- FTT is a "big problem", [REDACTED]
the asset management industry could be put at risk... [REDACTED]
[REDACTED]
- Green Paper on long term financing of the European Economy under preparation. Will look at how to stimulate investment in the real economy through funds (beyond 5 years investment)
- Shadow banking, money market funds and securities law: COM to adopt a balanced proposal, taking due account of EU diversity. Concerning Securities law, important to respect both continental law model and Trust model; concerning money market funds need to preserve interest of all MS systems (FR, Lux, IR...)
- EU-US FTA: Commissioner MB in favour of including financial services. In the US, agencies are generally against, but industry is in favour. Visitors "intuitively" in favour.

Happy to give more details for those interested

[REDACTED]

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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 12 July 2013 18:26
To: CALVINO Nadia (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
 [REDACTED] (MARKT); [REDACTED] (MARKT); MARKT LIST H4
Subject: SRM: Meeting with Association of German Banks

With [REDACTED], we had a meeting with Mr. [REDACTED] and Mr. [REDACTED] of the Association of German Banks. They are still at a preliminary stage of their evaluation of the Commission's proposal for the SRM, but they expressed the following considerations:

- The SRM, as proposed, is to be preferred to an ESM solution;
- On the legal basis, they consider that Article 114 can justify the Mechanism. But they have concerns on the establishment of the Fund because they consider the contributions to the Fund as taxes. This could be read in very positive terms because our main concern was with the establishment of the Mechanism itself. On the Fund, we can indeed rely on the Council's legal opinion on BRRD which states that those contributions are not taxes.
- On the Fund, their main concerns are:
 - they do not want that their banks contribute to both the Single Fund and to the (DE) national fund.
 - they would like to ensure that the amount they have already contributed to the DE fund is transferred somehow to the Single Fund.
 - they would also like to ensure that their contributions are not immediately used to resolve banks in other Member States where forbearance was permitted. They seem to suggest that a "political compromise" could be that until supervision is properly transferred to the SSM and banks' balance sheets are cleaned, the ESM or MSs could take care of the transition while the Single Fund builds up its capacity.

Another positive note is that they consider that if a Single Fund is established for "big banks," there will be a disincentives for "small banks" to contribute to national funds because of the bigger fire power of the Single Fund (which is fully in line with our argumentaire on the synergies created by a bigger fund and on the no to a two tier system).

[REDACTED] Financial Stability | DG Internal Market and Services | European Commission
 Phone : [REDACTED] | Mobile : [REDACTED] [REDACTED]@ec.europa.eu

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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 17 September 2013 19:07
To: MARKT LIST H4
Subject: meeting with BBVA

This morning [REDACTED] and I met with BBVA.

- Interested in the state of play on SRM and general directions, as well as on BRRD.
- Prone to ESM as a single resolution authority.
- Despite first hesitation, they would not mind anticipation of bail-in if it comes with the whole package SSM/SRM/SRF. At the same time, they fear not to be able to find enough interest in the market for bailinable liabilities.
- Concerned about multiple contributions to national RF/European RF/ Tax
- Don't favour a too high ex-ante funding.
- BBVA is one of the few banks with a MPE model (with Santander and HSBC). They find the text of the CGA does not allow for MPE (as it requires MRLE at consolidated level). If the intention is that it is neutral, it should be clarified.

Have a nice evening.

[REDACTED]

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(MARKT)

From: [REDACTED] (MARKT)
Sent: 30 January 2013 17:08
To: MARKT LIST H4
Subject: Meeting with Blackrock on non-banks' resolution

Guests: Blackrock [REDACTED] - managing director; [REDACTED] - managing director; [REDACTED] - vice president),
[REDACTED] - account director).
MARKT: [REDACTED] and myself

MARKT outlined the unit's work in 2013; recalls FSB principles; informs that a fdb statement on non-banks' resolution is to be published shortly;

Blackrock on asset fund managers:

- 3 trillion assets under management;
- No need for resolution regime for asset fund managers; agency model is fundamental in risk management - a third party acts as a custodian; no systemic risk;
- AIFMD is sufficient ([REDACTED] reminds of LTCM bankruptcy)

Blackrock on CCPs;

- would like to see more clarity and certainty in the resolution of CCPs;
- prefers a rapid and orderly liquidation of open positions at the CCP rather than enabling a CCP to continue to provide services;
- financial stability to be ensured by providing confidence to the market that outstanding positions retain full market and collateral value;
- concerned on the potential haircut on clients' collaterals, which should not be a way forward to deal with a crisis in a CCP.

Regards

[REDACTED]

From: [REDACTED] (mailto:[REDACTED]@blackrock.com)
Sent: Wednesday, January 09, 2013 12:15 PM
To: [REDACTED] (MARKT)
Cc: MARKT H4
Subject: RE: Quick question on non-bank resolution

Many thanks [REDACTED] This is confirmed from our side.

We would like to discuss CCPs certainly, and will confirm shortly regarding asset managers.

Best regards

[REDACTED]

Managing Director
Government Affairs & Public Policy

TEL: [REDACTED]
[REDACTED]@blackrock.com
BLACKROCK

From: [REDACTED]@ec.europa.eu (mailto:[REDACTED]@ec.europa.eu)
Sent: 09 January 2013 12:06
To: [REDACTED]
Cc: MARKT-H4@ec.europa.eu
Subject: RE: Quick question on non-bank resolution

59

(MARKT)

From: [REDACTED] (MARKT)
Sent: 02 June 2014 12:38
To: [REDACTED] (MARKT)
Subject: FW: Meeting with Blackrock - CCP recovery and resolution

Follow Up Flag: Follow up
Flag Status: Flagged

[REDACTED]
Administrative Assistant
Unit MARK/H4 - Financial Stability

From: [REDACTED] (MARKT)
Sent: Friday, September 27, 2013 7:06 PM
To: MARK H4
Subject: FW: Meeting with Blackrock - CCP recovery and resolution

Can you save this into the folder with meetings with stakeholders? thanks

From: [REDACTED] (MARKT)
Sent: Thursday, September 26, 2013 5:20 PM
To: [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: Meeting with Blackrock - CCP recovery and resolution

Dear [REDACTED]

Please find below the main issues raised by Blackrock in the meeting held on Tuesday, in line with the letter sent to IOSCO.

- Buy-side in general prefers CCPs entering into resolution as soon as possible instead of recovery because resolution allows for a better protection of clients' assets and the market has no trust in a CCP in recovery. Clients will not be willing to use a CCP in recovery since collateral might be affected.
- CCPs should have more skin in the game in loss sharing and clients should come at the end of the loss allocation waterfall.
- Variation margin haircutting. If there is any additional risk at a CCP, there will be an increase in margins. Clients would only expose themselves to a certain extent because for them variation margin haircutting is a loss.
- Only unmatched trades should be auctioned. The market will not be able to absorb auction of all trades.
- Some clients might not want to become shareholders of a CCP (as compensation to loss allocation in recovery) because it is not within their investment strategies. There may also be some ownership restrictions (legal or statutory).

55

(MARKT)

From: [REDACTED] (MARKT)
Sent: 18 June 2013 16:06
To: MARKT LIST H4
Subject: Lunch BBA 18.6.13

Categories: Purple Category

For the file on meetings with stakeholders

Official interventions:

SE ambassador – Institutions of the banking union are inadequate for euro-outs (voting in ECB, backstop in SRM); SE experience with crisis in 90s should be heeded in BRRD.

[REDACTED] – COM priorities are completing the banking union and finalising the regulatory overhaul, preserving the integrity of single market and a level playing field for financial actors in the process.

MEP [REDACTED] – ECON has to vote by 18 February 2014 (e.g. on SRM) to enable Plenary adoption before recess.

Other:

[REDACTED] – Her own initiative report on nonbank resolution will focus on CCPs and CSDs, and she may press to see that the latter are covered in our proposal. She will send us her draft report asap. However, it's not certain whether she'll retain the rapporteurship for the legislative text (or be re-elected, as the Conservatives are polling less well in her constituency – Wales – than in 2009).

MEP [REDACTED] – ECB was initially arrogant in discussions on accountability in the SSM context; keen to ensure that accountability in SRM will mirror the package currently being finalised.

HSBC – Main concerns in BRRD: spectre of minimum MREL (i) excluding eligible deposits and notably its impact in a Vickers-scenario on the deposit bank, and (ii) based on global consolidated assets (an issue for HSBC with its Asian operations)

57

(MARKT)

From: [REDACTED] (MARKT)
Sent: 16 May 2013 17:37
To: MARKT LIST H4
Subject: Meeting with Crédit Agricole

Yesterday [REDACTED] and I met with [REDACTED] head of Public Affairs at Crédit Agricole, and [REDACTED] head of EU Affairs.

Discussion revolved around DGS and Resolution. Their main point was a vehement warning against depositor preference for uninsured deposits. However they are receptive to the argument that the alternative might squarely be an exclusion of deposits!

They are in favour of expressing LAC as a percentage of RWA. They are aware that RWA current entail some shortcomings but believe they could be solved quickly, at least for the banking book.

They look forward to a resumption of the DGS negotiation but are eager to avoid an inflated target level for both DGS and RF. They claim that the target level laid down in the DGS proposal represents [REDACTED] and they fear any additional burden.

Enclosed a presentation of the group.



20130515

Présentation Cré...

N 56

NO

[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 19 July 2013 17:04
To: MARKT LIST H4; [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: RE: Short debriefing: Nadia's meeting with Council of Europe Development Bank(CEB) (preferred status in BRRD)

This time with the attachment.



20130719163216...

By the way, PYMES is the Spanish abbreviation for SMEs [REDACTED]

Best
[REDACTED]

From: [REDACTED] (MARKT)
Sent: Friday, July 19, 2013 4:48 PM
To: MARKT LIST H4; [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); CALVINO Nadia (MARKT)
Subject: Short debriefing: Nadia's meeting with Council of Europe Development Bank(CEB) (preferred status in BRRD)

Nadia and I met with [REDACTED] CEB Vice Governor + [REDACTED] Head of Cabinet, over EIB preferred status in BRRD.

- Interesting exchange of views with CEB.
- Nadia's line consistent with Cab's line: we are not favorable to preferential treatment of EIB (depositors are the priority + it would increase cost for senior creditors); but, if there comes to be a preference, it should apply equally to EIB and other development banks. Possible line to explore, but just a brainstorming for the moment: limiting liability to loans granted to SME projects (politically coherent with priority for SMEs/natural persons, but she would like to have numbers).
- CEB considerations:
 - o Understanding COM position on preferential status for EIB/development banks in BRRD. Some more details on their position attached.
 - o CEB goes to market approx. twice a year and raises 4 milliard euros (main buyers: Asian investors)
 - o [REDACTED]
 - o The Bank gives profit that goes mainly into a reserve, even though they do not have access to BCE liquidity (unlike BEI who has it).
 - o They grant 3 types of loans: to States, to under-State entities, to PYMES through financial intermediaries (private and public). The latter are sometimes upfront payments and sometimes payments upon identification by the intermediary of specific projects.
 - o [REDACTED]

[REDACTED]
Legal officer

<< OLE Object: Picture (Device Independent Bitmap) >>

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<< OLE Object: Picture (Device Independent Bitmap) >>

99 goals and 31 red cards -

Find out more in the Single Market Scoreboard

The views expressed in this e-mail are my own and may not, under any circumstances, be interpreted as stating an official position of the European Commission.

Las afirmaciones contenidas en este correo son personales y en ningún caso pueden considerarse una posición oficial de la Comisión Europea.

From: [REDACTED] (MARKT)
Sent: 01 February 2013 09:10
To: MARKT LIST H4
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT)
Subject: Meeting of Nadia with Mr [REDACTED] (ING Bank) - 31/01/2012

-follow up discussion on the conference they both attended the same day's morning.
-ING in their strategy already assumes the future banking union. [REDACTED]

-Discussion on the timing of bail-in. Nadia reports that [REDACTED] ESM might not be sufficient if no bail-in is in place.

-ING is wondering when it would be appropriate time to raise senior debt. Now their price is too high, potentially accounting for future losses. Nadia suggests issuing more unsecured debt. Mr T [REDACTED] adds other factors relevant for the price: ratings, bond coupons. ING asks for more clarity sooner, rather than later.

-ING states that due to uncertainty [REDACTED]

Compared to before the crisis, [REDACTED]

-ING [REDACTED]

Nadia expresses the view that banking union would solve this issue; ING also thinks that the banking union with the bail-in would play a big role.

-Liikanen (under control of [REDACTED]): Nadia hints that in the view of diverse national actions taking place on the possible ring-fencing of risky activities, the Commissioner would likely have to come up with a European solution. Specifically she underlines the possibility to ring-fence risky activities if they exceed a certain threshold of total assets. ING says in principle OK, but using total assets would be totally misleading; instead risk weighted assets should be used; Nadia questions the quality of risk weights. ING replies that it is still a better indicator than total assets; at the request from Nadia, ING agrees to make some simulations and designate a colleague as a contact point on the Liikanen report.

-after the meeting: Nadia urges us to include in CRD IV (CRR7) a point of non-viability (says that ING cannot convert bonds into equity due to this uncertainty): first WHAT can be converted AT1 and T2; second, what should be the TRIGGER and WHO should decide. [REDACTED] defends: it was already proposed and MS are unanimously against; should be solved via BRRD.

Regards

[REDACTED]

59

[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 17 September 2013 17:48
To: [REDACTED] (MARKT); MARKT LIST H4
Subject: Royal Bank of Scotland -today's meeting

Attendants: [REDACTED], myself on our side, [REDACTED] (Group Treasurer), [REDACTED] (public affairs manager), [REDACTED] (manager group regulatory developments) on their side.

RBS main concerns:

- On BRRD
 - Bail in: concerns about the consequences of applying the bail-in on the capacity to buy subordinated debt and its price
 - Unclear about single point of entry/multiple point of entry.
 - Funding: enquired about:
 - the size of the national funds and impact on the banks' contributions (concerns of contributions overlapping with FTT), and consequently the lending capacity of bank
 - about how those funds will be invested.
- On Basel: They favour 30 days for LCR.
- On Commission's priorities before the end of the current legislature, in particular the timeline for adopting the structural reform.

[REDACTED]

60

[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 24 October 2013 15:49
To: [REDACTED] (MARKT); [REDACTED] (MARKT); CALVINO Nadia (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); DEJMEK HACK Paulina (CAB-BARNIER); DUMONT Bertrand (CAB-BARNIER)
Cc: MARKT LIST H4; MARKT G1; MARKT DDG2
Subject: Phone call Nadia / EBRD.

Participants: Nadia Calvino, [REDACTED], [REDACTED]

This morning, Nadia had a very fruitful phone call with representatives of the EBRD, following on a common letter from EBRD, Council of Europe Development Bank, and the Nordic Investment Bank.

Most interestingly [REDACTED]
[REDACTED]

On the contrary they see strong drawbacks in introducing any preference, as this would affect unsecured funding for the receiving banks, and as Nadia put it, this would render these banks addicted to development bank funding and in the end make the preference useless. As they made very clear [REDACTED] and they are able to assess the appropriateness of putting their money in a given bank. if they

As a conclusion they would rather remove the preference at all.

They are still consulting internally, but they are even contemplating sharing these concerns with the Council and the Member States.

[REDACTED]

61

[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 12 July 2013 11:18
To: MARKT LIST H4; [REDACTED] (MARKT); CALVINO Nadia (MARKT); [REDACTED] (MARKT)
Subject: ING meeting
Categories: Purple Category

[REDACTED] and I met today with the [REDACTED] (ING Bank Vice-Chairman) and [REDACTED] (Public & Government Affairs ING Group).
In a nutshell:

ING's main concerns revolved around:

- o The MREL and SPE (single point of entry) in the Council General Approach (CGA) and ahead, mainly whether the MREL/SPE, as it stands, is compatible with the ING strategy or whether they need to start moving liabilities around to build MRLEs and to allow for SPE.
- o [REDACTED]
- o Full guarantee from the parent to the subsidiaries is currently requested.

COM signaled:

- o Text of CGA is not the final one. EP is now in the picture. The difficulties in the Council were due to the fact that the MREL was looked at as a home-host issue, and host countries requested safeguards to *go solo* if the group plan was to put them in a divestment list.
- o SSM resolves part of the ING concerns at least for the SSM area.

Best,

[REDACTED]
Legal officer

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[REDACTED]@ec.europa.eu

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[REDACTED] (MARKT)

From: [REDACTED] (MARKT)
Sent: 19 March 2014 11:20
To: MARKT H4
Subject: Meeting with AT federal economic chamber, 18 March - for the file
Categories: [REDACTED]

Main points

- They said contributions to the Single Resolution Fund should be deducted from the bank levy paid by AT banks
- Questions about the range of High Quality Liquid Assets in CRR/CRD delegated acts; e.g. treatment of intra-group exposures
- Follow-up to their letter to the Commissioner on the definition of financial holding companies in CRR/CRD
- Costs of participating in AQR are constantly rising
- General question about plans for European savings account as part of long-term financing actions