

[REDACTED] (MARKT)
22 May 2014 11:19
[REDACTED] (MARKT)
FW: Meeting with Leaseurope (05/02/2014)

Dear all,

Please find below a short summary of our meeting with Leaseurope. Unsurprisingly, Leaseurope continues to oppose putting all leases on the balance sheet because they think it will deter companies from leasing and, as a result, damage their industry. Leaseurope expects the Commission will take these economic factors into account when deciding on whether to endorse the final standard.

- 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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- MARKET/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 MARKET/F3 produced some statistics on how the 2013 exposure draft would impact balance sheets of companies. This analysis informed the discussions of TEG members.

Policy officer

European Commission

DG Internal Market and Services

Unit F3 Accounting and Financial Reporting

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Tel

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Ref. Area(2014)1631534 - 04/08/2014

From: [REDACTED] (MARKT)
Sent: 28 March 2014 11:03
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT)
Subject: Réunion CNCE - 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 JOURNAL
- 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]

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. Summary1. 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-ups

- EGIAM 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.
- EGIAM will aim to continue balancing the influence of the Big Four within IFAC.

IV. Participants

- Representatives from EGIAM (Chairman [REDACTED], Executive Director [REDACTED] and [REDACTED] Focus Group Leader)
- European Commission [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-EXT); [REDACTED] (MARKT); [REDACTED]
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 POOTSI 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
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Sender

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(MARKT)
30 April 2014 10:57
(MARKT); (MARKT);
(MARKT); (MARKT); (MARKT);
(MARKT); (MARKT); (MARKT);
(MARKT-EXT); (MARKT);
(MARKT); (MARKT); (MARKT); (MARKT);
(MARKT); (MARKT); (MARKT);
(MARKT); (MARKT);
AUDIT: Visitors from Spanish ICCE (Auditors' Representative Body), 29 April 2014

Case
Subject:

Subgroups

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

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

FROM MARST/P4:

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 Madrid 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 ICICE 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 ICICE 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: 26 May 2014 18:34
To: [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] (Mark.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 ratings: 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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CM 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]

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From: [REDACTED] (MARKT)
Sent: 28 May 2014 10:37
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
 (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED]
 [REDACTED] (MARKT)
Subject: summary of the conference call with [REDACTED] (S&P) Managing Director and
 Chief Rating Officer, Sovereign Ratings
Attachments: FW: Sovereign ratings

OG Mark: [REDACTED] Director H: [REDACTED] F4
S&P: [REDACTED] (S&P) Managing Director and Chief Rating Officer, Sovereign Ratings

Background: Following the approval of BRRD, DGS and SRM, S&P reduced the outlook (not yet the rating) of most European banks claiming that "as the state guarantee is now taken away their risk is greater".

DG Markt

- (1) Highlighted that the approval of the BRRD, DGS and SRM is a big achievement that (a) will ensure that banks are managed efficiently and thus limit in the future the likelihood of a new financial crisis due to bank failures and (b) even in case of such failures, the resolution will borne minimal costs to taxpayers;
- (2) challenged S&P asking them to explain why the approval of the EU framework for bank recovery and resolution
 - has triggered only a negative effect (ie. reduced the outlook of most European banks) and
 - a symmetric increase in the outlook of the sovereign did not happen.

S.A.P. argued that:

- following the adoption of the BARD, the risk will be greater for banks in the absence of implicit support from the governments;
- the withdrawal of the implicit state guarantee means potential savings in the future for the governments; However, in S&P's view, these potential savings will not be sufficiently significant as to justify an increase of the outlook for sovereigns (size is big for banks, but small for states) (S&P methodology works by steps);
- even if the amount of funds provided by the governments to bail out banks during the financial crisis was high in absolute terms, in most cases, this amount was not sufficiently significant as to lead to a negative adjustment of the sovereigns rating, except for rare circumstances such as Ireland and Greece. S&P concluded that if the old regime (allowing bail out of banks) had no negative rating implications for sovereigns (except rare cases), removing the old regime would not have positive ones either;
- S&P highlighted that: (i) the direct bail-out costs incurred by the governments during the crisis made up for a relatively small part of the overall economic and financial cost of the financial crisis and (ii) in contrast, the indirect costs of banking crisis (i.e. rising deficits due to less tax revenues and higher spending for unemployment benefits) weigh much more heavily than direct bail-out costs on sovereign's finances and in turn on their credit ratings. (Personally, with regard with this last S&P argument regarding indirect costs of

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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]

[REDACTED]

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[REDACTED] ec.ecuora.eu

[REDACTED] (MARKT)
 From: [REDACTED] (MARKT)
 Sent: 04 June 2014 11:28
 To: [REDACTED] (MARKT)
 Subject: FV: 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 Adviser, [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 as 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.

[REDACTED]
Policy Officer

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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.

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[REDACTED] (FISMA)

From: [REDACTED] (MARKT)
Sent: 28 February 2014 16:17
To: MARKT LIST G3
Cc: [REDACTED] (MARKT); [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] 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.

[REDACTED]
Policy Officer


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From: [REDACTED] (MARKT)
Sent: 30 January 2014 17:33

To: [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
[REDACTED] (MARKT); [REDACTED] (MARKT);

Subject: Meeting with LSE

Subject: Meeting with LSE

██████████ and ██████████ met with ██████████ and ██████████ of LSE on 30 January 2014.

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

Benchmarks

- They broadly supported the direction that the Rapporteur was taking in relating to introducing proportionality into the scope through e.g. major benchmarks but were not convinced the mechanism as currently drafted worked.
- They were concerned about the transparency requirements and supported most of the EP amendments.
- They had concerns about the third country regime – in particular the authorisation condition in the equivalence assessment.

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

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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.

[REDACTED] | Policy Officer | Securities Markets Unit | DG Internal Market and Services | Phone : [REDACTED]
[REDACTED] | Mobile [REDACTED] [REDACTED] @ec.europa.eu

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[REDACTED] (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); MARK 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 [REDACTED] 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.

[REDACTED] ([REDACTED]@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 [REDACTED]

[REDACTED]

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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

14

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)

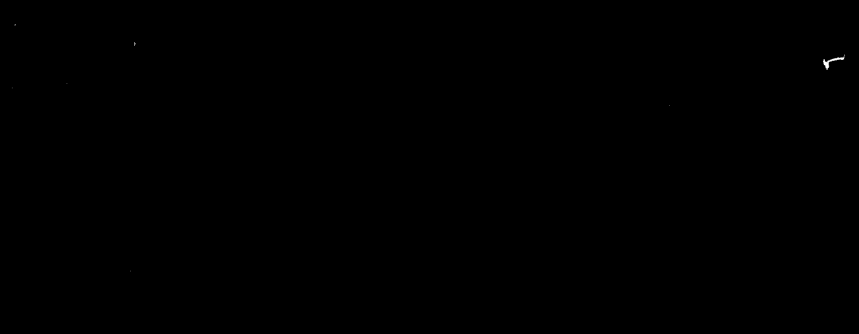
[REDACTED]

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

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Mention Report for the record

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.



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

3061

1565

Cc: MARK LIST G4; (MARKT); (MARKT); (MARKT); (MARKT);
(MARKT); (MARKT); (MARKT);
Subject: Meeting with JP Morgan, CEU asset mg, 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'.

MMP

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]

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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 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 UCITS V level 2

17

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[REDACTED] (FISMA)

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

From: [REDACTED] (MARKT)
Sent: Friday, April 04, 2014 2:54 PM
To: MARKET LIST H2; [REDACTED] (MARKT); [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.

<<...>>

17 b's

39 b's

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.

[Redacted]
Head of Unit

<<...>>

Banks and financial conglomerates II

DG Internal Market and Services
European Commission
Mail: European Commission [Redacted], 1049 Brussels
Office: 2 rue de Sol, 1000 Brussels
Tel: [Redacted]

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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416

[REDACTED] (MARKT)

From:
Sent:
To:

[REDACTED] (MARKT)
05 March 2014 20:27
[REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); FAULL
Jonathan (MARKT); [REDACTED] (MARKT); [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 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. Blessing, 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 H3 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

46 bis

18 bis

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.

19 b5

47 b5

Calvine 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 held by other financial institutions). Mrs Azevedo also said that in her view FED will soon disclose their plans on gone-concern loss absorbency capacity (GLAC).

Best regards

[REDACTED]

43

From: [REDACTED] (MARKT)
Sent: 04 April 2014 10:23
To: MARKET LIST H2; [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
Cc: CALVINO Nadia (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT);
Subject: Structural reform: Recap of meeting with the Wallenberg Family/Investor/SEB

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

Participants on behalf of DE MARKET: Nadia Cahino; [REDACTED] (G); [REDACTED] (F2); [REDACTED] (G3); [REDACTED] (H2).

- Concerns about the timing of the proposal: why put forward a proposal on how to structure banks without first having studied the effect of recently adopted financial legislation. Concerns about the macro-economic risks of such an approach. More investment in business is needed not the opposite and cannot be ruled out that slow economic recovery is related to how banks' are structured to lend out to the real economy.
- Concerns about the aim of the proposal: Swedish experience from having gone through two crises is that SE banks have been very fortunate to have several "legs" to stand on. Keeping several business lines within a bank = beneficial. Liikanen agreed that there is a strong case for keeping universal banks. The proposal goes in the opposite direction - why? Puzzling.
- 70 percent of SEB's business is in trading. Large part of balance sheet is govies. SE has more multinational companies per capita than any other EU country. SE large companies need a counterpart to do hedging. [REDACTED] trading for liquidity purposes (particularly in derivatives), providing hedging services and so on. Not practical for customers to have to work with different subsidiaries and persons in deals that clearly go together.

- More focus on setting up appropriate procedures for handling derivatives (clearing houses) would have been better than regulating the structure of banks. It's impossible to find the right structure for banks.
- Concerns about supervisory discretion and divergent outcomes.

Main points made by Nadia:

2p b's

4p b's

- 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.

[REDACTED]

[REDACTED]

[REDACTED]

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

[REDACTED]

2006.04.08.04

62

(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
Categorien: [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



Bruxelles, 22/10/2014
MARKT/F1/ [REDACTED]
markt.ddg2.f.1(2014) 3852852

Meeting report

Meeting date: 20/05/2014

List of participants:

CEO:

- [REDACTED], Corporate Europe Observatory (CEO)
- [REDACTED], Project Coordinator at Transnational Institute
- [REDACTED], Programme Officer at Dutch NGO "BothEnds"

MARKT F1:

Name INTEREST GROUP/STAKEHOLDER: Corporate Europe Observatory (CEO),
Transnational Institute, Both Ends (NGOs)

If applicable: n° Transparency Register of Interest Representatives: respectively
5353162366-85, 35237447968-05, 15018461696-11

Most important information transmitted by stakeholder:

The stakeholder presented to MARKT.F1 representatives their concerns as to the existing ISDS mechanisms in intra-EU BITs, which are further detailed in their position papers available on-line (see for example CEO reports:

http://corporateeurope.org/sites/default/files/profitting-from-crisis_0.pdf and
<http://corporateeurope.org/trade/2012/11/profitting-injustice>).

[REDACTED]
From: [REDACTED] (FISMA)
Sent: 19 January 2015 13:49
To: [REDACTED] (FISMA)
Subject: FW: Meeting with Deutsche Börse on disclosure of non-financial information

Nicolas

From: [REDACTED] (MARKT)
Sent: Thursday, June 05, 2014 4:50 PM
To: [REDACTED] (MARKT); [REDACTED] (MARKT); [REDACTED] (MARKT)
Cc: [REDACTED] (MARKT)
Subject: Meeting with Deutsche Börse on disclosure of non-financial information

Dear colleagues,

[REDACTED] I have been meeting informally with representatives of Deutsche Börse to review the Directive on disclosure of non-financial information.

Attendants from Deutsche Börse: [REDACTED]
[REDACTED]

Deutsche Börse is interested in the guidelines that the Commission will develop as mandated by the Directive. They have been working with DE investors and companies to develop guidance on sustainability reporting. They delivered their initial document in September 2013, and it is still too early to assess how many listed companies intend to follow this guidance. They consider that the guidance sets out high level recommendations, and is therefore compatible with more detailed national or international guidelines.

We explained the state-of-play of the Directive and presented the usual line.

... would you please register?

Thanks a lot,

[REDACTED]
Policy Officer

[REDACTED] (FISMA)

From: [REDACTED] (FISMA)
Sent: 21 May 2014 15:15
To: [REDACTED] (FISMA); [REDACTED] (FISMA)
Cc: [REDACTED] (FISMA)
Subject: Informal contact with tje JBCE

Follow Up Flag: Follow up
Flag Status: Flagged

Categories: Purple Category

Dear colleagues,

[REDACTED] and I met informally this morning with [REDACTED]
[REDACTED] from the Japan Business Council in Europe (JBCE).

They presented their organisation and current priorities. JBCE representatives asked for feedback on how we see their interaction with the institutions, and where their input could be helpful. We explained that we consider JBCE is a stakeholder with a long-term view, and technically competent. We mentioned that JBCE is in a good position to follow up on the moving to international accounting standards - IFRS - in Japan.

would you please register? Thanks

[REDACTED]
Policy Officer


European Commission
[REDACTED]

Brussels, 13.06.2014

Note from the meeting with CFO Forum of European Insurers representatives

Participants:

██████ (AXA), ██████ (AXA), ██████ N (Prudential UK) ██████ (Allianz),
██████ T (DG MARKT), ██████ (DG MARKT)

Key points discussed:

- Current IASB deliberations on IFRS4 and related concerns of the insurance industry. Although certain tentative decision seem to be going in the right direction the ones on the presentation of revenue failed to take into account comments of the industry.
- Key concerns relate to the treatment participating contracts, which for certain insurers account a significant proportion of business. The 'mirroring approach' proposed in the Exposure Draft was widely criticized by criticized in the consultation. The industry came up with an alternative proposal for accounting for participating contracts that in their view better represents their long term business model.
- Participating contracts will be discussed by the Board in the summer and the industry is afraid that the Board could rush into taking decisions without taking the time necessary to thoroughly discuss these very complex issues.
- Another concern of the industry is the timing of the insurance contracts standard relative to IFRS 9. The IFRS 9 is scheduled to be issued in July 2014 and to become effective as of 1 January 2018. The IFRS 4 is planned to be issued late 2015 and not expected to be effective until at least 1 January 2019. The industry would like to avoid having to significantly adjust their financial statements twice within a short period.

----- Meeting with the IAASB-----
 12 June 2014, 16h00-17h00
 Rue de Spa 2, Room 01/089

Participants:


- European Commission, DG MARKT F4 (COM)
 - o [REDACTED] F4 [REDACTED]
 - o [REDACTED] F4 [REDACTED]
 - o [REDACTED] F4 [REDACTED]
- International Auditing and Assurance Standards Board (IAASB)
 - o [REDACTED] IAASB Chairman
 - o [REDACTED] IAASB Technical Director

The meeting took place following IAASB's request as part of their regular outreach activities. The previous meeting took place on the 9th January 2014.

Issues discussed:

- **James Gunn new position:** COM congratulated James Gunn for his new post as IFAC Managing Director of Professional Standards. He briefly explained that despite the fact that the IFAC will still be in charge of the payment of his salary, the assessment and feedback regarding his new tasks will still be made by the 3 chairs of the IFAC Boards (the IAASB, the IESBA and the IAESB). He will also be in charge of relations with the Monitoring Group and the PIOB.
- **IAASB availability to assist the COM:** Arnold Schilder stressed the IAASB readiness to support COM in whatever it would be deemed necessary in the context of the adoption of the ISAs.
- **State of play of the audit reform:** Nathalie Berger informed the IAASB on the recent steps with regard to the implementation of the audit reform:
 - o Preparatory work already being undertaken with the MS in the context of the EGAOB, including the foreseeable creation of a working group on the adoption of ISAs;
 - o Transposition workshops to be organised in the autumn are now being prioritised
- **Adoption of ISAs:** Nathalie Berger stressed that the EU legal framework does not impose on COM the obligation to adopt the ISAs, it simply sets out criteria for COM to be able to adopt them, and these criteria cover both content/substance and governance:
 - o Timing: first of all, although COM has been empowered to adopt the ISAs, the legislator has not imposed any obligation on it to do so, so there is no specific deadline.
 - o Substance: special attention needs to be paid to the standards on the audit report, as there are now detailed rules at the EU level and COM cannot contemplate adopting the ISAs if they are not in line with the EU law. This also means that for future ISAs it is important to keep them in line with the EU legal framework.
 - o Governance: COM stressed that this is a key issue. For instance, if the current structure (IFAC / IAASB) is maintained, some attention should be paid to the fact that the IFAC is now appointing a member of the PIOB. Also the fact that the IAASB Chairman attends the meetings of the CAGs is perceived as a problem; an alternative could be perhaps to provide the IAASB Chairman a slot of time to made remarks, etc.

- **Fees for publication and translation:** Nathalie Berger pointed out that some Member States are quite concerned with the fact that they have been asked to pay fees for the publication of the adopted ISAs, unlike what happens in similar situations – for instance, with the IFRS.
- **Possible difficulties in the process of adoption of the ISAs:** Juan Arteagotia drew the IAASB attention to the fact that there are several aspects that will need to undergo a thorough technical analysis, notably the ones posed by the fact that the ISAs are principle based whereas the EU law is more prescriptive, or for instance the fact that the ISAs contain references to the Code of Ethics.
- **Auditor Reporting Exposure Draft:** Arnold Schilder informed that in the following week there will be an IAASB regular meeting which will include a discussion on the Auditor Reporting Exposure Draft. The IAASB would welcome a kind of “fatal flaw review” by COM, in order to have a preliminary view on whether the direction they are heading to is compatible with the new EU law. COM highlighted the need to remain ambitious in the context of the Exposure Draft and not to diverge from the requirements recently set out under the EU law. Specifically on the need to report on the going concern assumption The IAASB informed that some changes regarding their initial proposal were due to the comments received from regulators, IOSCO, agencies, *inter alia*, who advised the IAASB not to proceed alone before analysing what happens in the context of accounting standards in this regard.



From: [REDACTED] (FISMA)
Sent: 15 May 2014 15:26
To: [REDACTED] (FISMA); [REDACTED] (FISMA);
Cc: [REDACTED] (FISMA); [REDACTED] (FISMA); [REDACTED] (FISMA); [REDACTED] (FISMA);
[REDACTED] (FISMA); [REDACTED] (FISMA); M [REDACTED] (FISMA);
Subject: C4; FISMA C4 [REDACTED] (MARK I); FISMA LIST
Enregistrement ARES- summary of the meeting with Societe General on PRIIPS and MiFID level 2

Please, find below a summary of the meeting with Hugues Saillard and Phillippe de Soumagnat from Société Générale which took place today.

Meeting of 15/05/2014

Société Générale: [REDACTED]
MARKT G4: [REDACTED] and [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'.
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 USCIT V level 2



[REDACTED] (FISMA)

From: [REDACTED] (FISMA)
Sent: 16 May 2014 17:22
To: [REDACTED] (FISMA)
Cc: [REDACTED] (FISMA); [REDACTED] (FISMA); [REDACTED] (FISMA); [REDACTED] (FISMA); [REDACTED] (MARKT); [REDACTED] (FISMA); [REDACTED] (FISMA);
Subject: RE: Meeting with JP Morgan. [REDACTED]
Follow Up Flag: Follow up
Flag Status: Flagged

Meeting report for the record

[REDACTED]

JP Morgan is not particularly concerned whether ELTIF offers retail access or not, they would not market ELTIF to retail investors [REDACTED]. 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.

The core of the debate was their choice of Luxembourg as a central export platform. They use Luxembourg as their export platform for the EU and would like to do likewise in relation to third countries. [REDACTED]

[REDACTED]. They believe that China is an ageing society that will face enormous pension liabilities in the next 20 years and will go there, [REDACTED]. They believe that Luxembourg does not compete on tax alone, it has the first mover advantage as a fund domicile because it saw the commercial opportunities in UCITS before others did.

[REDACTED]

JP Morgan wants to position itself as a retail-oriented fund provider, increasingly catering for pension needs. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] (FISMA)

From: [REDACTED] (FISMA)
Sent: 10 June 2014 16:54
To: [REDACTED] (FISMA); [REDACTED] (FISMA)
Subject: Meeting with CAPITAL GROUP and CITIBANK 10 June 2014

Follow Up Flag: Follow up
Flag Status: Flagged

1. lorence, please file and register where we normally file these reports. Thanks Ulf

We had a meeting with [REDACTED]
[REDACTED] all
from Citibank. From us [REDACTED] and myself participated.

This was a courtesy visit organised by Citibank for their valued customer Capital Group, one of the world's largest asset managers. All funds used outside the US are UCITS.

They were particularly interested in:

- AIFMD: as long as there are uncertainty about the third country passport and its timing, [REDACTED] through national placement regimes [REDACTED]
- UCITS: main obstacle is the new remuneration rules. These have no corresponding rules in the US or Asia.
- G-SiFis: as a low leveraged operator, they could not conceive why they should be considered systemically important. Examples from the US show that also a large fund manager can have its business retaken by other managers in a short time frame.

They also have a meeting dedicated to MiFID and FX with G3 tomorrow.

[REDACTED]



[REDACTED]

(MARKT)

██████████:53

MARKT LIST H4

meeting of Olivier Guersent with HSBC: SRF

Dear all,

Today I attended a meeting between Olivier Guersent and ██████████ (managing director, public sector banking) and Simon Jowers (head of financial sector policy, Europe) of HSBC.

The only point concerning us on the agenda was the SRF. No questions were raised on contributions. The only matter discussed was the borrowing capacity, and in particular they asked how likely it is that it will be used, especially at the beginning and in a preventative fashion. Olivier hinted at the fact that Germany in particular would not view it favorably. They also inquired about who would make the actual decision to borrow, and I replied it would be the Board. Olivier added that ultimately the ESM should play a role in the borrowing. They seemed quite keen on this aspect, as they said that HSBC is the largest counterparty to the ESM.

I have taken notes also on all the other issues that were discussed, not specifically related to our Unit, and would be happy to share them if you are interested.

Best,