

3 April 2020

## Overview of AFME COVID-19 workstreams

We are working with our members and the authorities across Europe to help ensure that markets continue to function effectively and our members can continue to support their clients in the difficult circumstances arising from the COVID-19 outbreak. An outline of our current key workstreams is set out below. Alongside these we have emphasised the importance of markets remaining open.

### Contingency planning and compliance

We have assessed the implications of COVID-19 for members' contingency planning, including trading and compliance. We have discussed challenges such as telephone recording in a remote working environment with the regulators and welcome the statements from ESMA and national supervisory authorities. We are also addressing issues including short selling, understanding EU-wide designation of employees as "essential workers"; implications of compliance challenges for the UK senior managers regime; IFRS 9 accounting policy; and DAC6 Tax.

### FMI BCP planning and implementation

We are surveying European based Financial Market Infrastructure and Technology Providers to understand their BCP planning/implementation. This supports a global assessment together with ASIFMA, SIFMA, FIA and ISDA. It has been agreed with the FMI interviewees that the results of the report will only be available to banks.

### Regulatory implementation challenges

We are working to identify challenges stemming from upcoming regulatory implementation deadlines in the context of COVID-19. We have highlighted initial priorities including operational and/or stability risks in implementing obligations stemming from tick size regime changes, SFTR and margin requirements for non-centrally cleared swaps.

We welcome the announcements from the ESAs and authorities to date. We will be communicating further with the Commission on other upcoming regulation where implementation delays may be necessary. We are also preparing a letter to the ECB, the Commission and the ESAs on the need for further support to the European securitisation market in the current environment.

### Consultation timelines

We are identifying outstanding consultation papers and upcoming reviews at EU and national level where deadlines are posing challenges in the current situation and have, in cooperation with other trades, encouraged authorities to adopt longer timeframes in specific priority areas.

We welcome the announcements to date from authorities including the ESAs. We also welcome the extensions to the deadlines for the Commission's consultations on the review of the MiFID II/MiFIR regulatory framework and the revision of the non-financial reporting directive. The four-week extension is a positive development in the current Coronavirus environment when both banks and regulatory officials are stretched. A further review of the new deadline may still be needed to provide sufficiently detailed and meaningful responses.

## **Prudential Regulation/Supervision & Resolution**

We are assessing existing and upcoming prudential rules and of changes required to ensure that member firms are able to maintain their ability to serve clients and finance the economy. We are addressing issues including utilising capital and liquidity buffers, implications of national payments moratoria and forbearance provided to clients, the need to address MREL requirements, and review annual contributions to the Single Resolution Fund. We welcome the timely action taken to date by the SSM, EBA and others and are following up on outstanding issues including how to deal with the procyclicality of prudent valuation adjustments and market risk capital, as well as identifying where operational delays will be required (e.g. FRTB SA reporting).

We will continue to assess implications for our members and follow up with you and your colleagues as appropriate. We also understand that the Commission and other authorities are also facing their own challenges. Please don't hesitate to get in touch if we can be of further assistance.