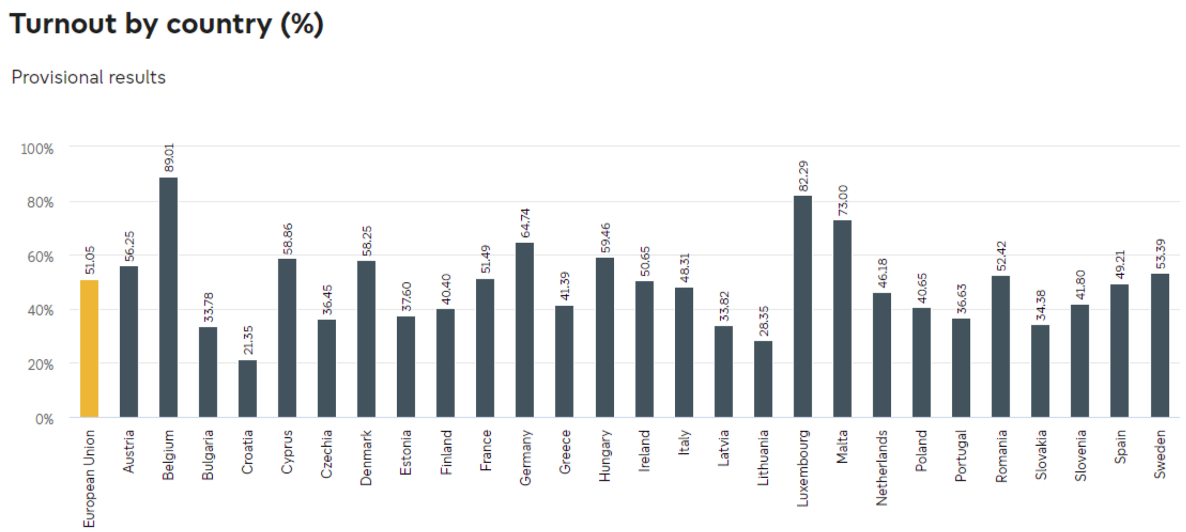
July 2024

European elections corner – outcomes

Political groups in the European Parliament	Number of seats	% of seats
EPP – Group of the European People's Party (Christian Democrats)	188	26.11%
S&D – Group of the Progressive Alliance of Socialists and Democrats in the European Parliament	136	18.89%
Patriots for Europe – Patriots for Europe	84	11.67%
ECR – European Conservatives and Reformists Group	78	10.83%
Renew Europe – Renew Europe Group	76	10.56%
Greens/EFA – Group of the Greens/European Free Alliance	53	7.36%
The Left – The Left group in the European Parliament – GUE/NGL	46	6.39%
NI – Non-attached Members	27	3.75%
Others – Newly elected Members not allied to any of the political groups set up in the outgoing Parliament	32	4.44%



Institutional affairs and leadership change

- On July 1, **Hungary took over the Presidency of the European Council**. Hungary is focusing on seven thematic areas for its work during the presidency:
  - enhancing the EU's competitiveness
  - reinforcing the EU's defence policy
  - making the enlargement policy consistent and merit-based
  - stemming illegal migration
  - shaping the future of cohesion policy
  - promoting a farmer-oriented EU agricultural policy
  - addressing demographic challenges (Read more).
- **ESMA** has appointed new members of its Securities and Markets Stakeholder Group (SMSG).
- The **European Commission** has appointed members of and observers to its Data Expert Group. Nasdaq Nordic has been appointed observer to this Group.
- The The European Council has adopted the **new agenda for 2024-2029** which is based on three pillars: a free and democratic Europe; a strong and secure Europe; a prosperous and competitive Europe. Every five years, EU leaders agree

on a new strategic agenda to guide the work and priorities of EU institutions for the upcoming mandate (Read more).

- The General Assembly of FESE appointed **Rosa Armesto as the new Director General of FESE**. As of 1st July 2024, she will be leading the federation. Armesto has been the Deputy Director General of FESE since 2018 and has extensive experience in EU affairs for financial services, covering the exchange and insurance industries.
  Moreover, the General Assembly elected the following FESE Board members for a 3-year term:
  Niels Brab, Chief Regulatory Officer at Deutsche Börse;
  Ian Cornwall, Head of Market Structure at SIX Group;
  and Tomasz Bardziulowski, Chief Executive Officer of the Warsaw Stock Exchange.
  Roland Chai, President of European Market Services at Nasdaq, is a member of FESE Board. The FESE Board is composed of 10 members, representing the diversity of FESE's membership across Europe.
  The General Assembly also nominated Ludovic Aigrot, VP Government Relations Europe at Nasdaq, as the new Chair of the FESE Management Committee, succeeding Niels Brab.

Capital Markets Union

- The European Commission released a call for tender for a study on CMU, entitled "Study on the scaling up of funds investing in innovative and growth firms and on consolidation and reducing fragmentation in trading and post-trading infrastructures in Europe". The study should be released mid/third quarter 2025.
- The ECB has published a report on Financial Integration and Structure in the Euro Area (FISEA) which argues that Capital markets integration is crucial for facilitating the investments needed for the green, digital and defense transitions, as well as for bolstering the EU's productivity and competitiveness in the face of challenging geopolitical dynamics (Read more).

Market Data

- ESMA held a hearing on revised rules following the MiFIR review. It focused on the review of Regulatory Technical Standards (RTS) 2 on transparency for bonds, structured finance products and emission allowances, draft RTS on reasonable commercial basis for market data, review of RTS 23 on supply of reference data and Technical Standards related to Consolidated Tape Providers (CTP) and other Data Reporting Services Providers (DRSP). Replay here.

Investor Protection

- The European Banking Authority (EBA) and ESMA published a discussion paper on the potential review of the **investment firms' prudential framework**. The discussion paper aims at gathering early stakeholder feedback to inform the response to the European Commission's call for advice (CfA).

Sustainable Finance / ESG

- ESAs published a joint Opinion on the assessment of the **Sustainable Finance Disclosure Regulation (SFDR)**. The ESAs call for a coherent sustainable finance framework that caters for both the green transition and enhanced consumer protection, taking into account the lessons learned from the functioning of the SFDR. The ESAs focus on ways to introduce simple and clear categories for financial products. The simplifications consist of two voluntary product categories, "sustainable" and "transition", that financial market participants should use to ensure consumers understand the purpose of the products.
- ESAs published their Final Reports on **Greenwashing in the financial sector** (See ESMA, EBA, and EIOPA reports).
- ESMA has published a **Final Report on the Guidelines on Enforcement of Sustainability Information (GLESI)** and a **Public Statement on the first application of the European Sustainability Reporting Standards (ESRS)**. These documents are intended to support the consistent application and supervision of sustainability reporting requirements.
- The Taskforce on Nature-related Financial Disclosures (TNFD) and the European Financial Reporting Advisory Group (EFRAG) have jointly published **a mapping of the correspondence between the CSRD European Sustainability Reporting Standards (ESRS) and the TNFD's recommended disclosures and metrics**, illustrating the high level of commonality achieved. This assessment highlights that all 14 TNFD recommended disclosures are reflected in the CSRD ESRS.

Post Trade

- ESMA organised a public hearing on the shortening of the settlement cycle. This event gave ESMA the opportunity to share preliminary thoughts and get further input on its ongoing assessment on shorter securities settlement cycles in the European Union, get the views of key panellists and answer questions from online participants (Read more).

Digital finance

- The European Banking Authority and ESMA published joint guidelines on the suitability of members of the management body, and on the assessment of shareholders and members with qualifying holdings for issuers of **asset**

reference tokens (ARTs) and crypto-asset service providers (CASPs), under the Markets in Crypto Assets regulation.
- ESAs announced that they have concluded a multilateral Memorandum of Understanding (MoU) to **strengthen cooperation and information exchange with the European Union Agency for Cybersecurity (ENISA)**. This multilateral MoU formalises the ongoing discussions between the ESAs and ENISA to strengthen their already close cooperation, as a result of the Directive on measures for a high common level of cybersecurity (NIS2 Directive) and the Digital Operational Resilience Act (DORA).

AML

- **EU Regulation on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing** has been published on 19 June in the Official Journal of the EU and entered into force 20 days after. The specific provisions of the regulation itself will only be applicable on 10 July 2027. To access the text of the regulation click here.

MiFID/MiFIR

- ESMA published a new package of public consultations with the objective of increasing transparency and system resilience in financial markets, reducing reporting burden and promoting convergence in the supervisory approach. The deadlines for responding to the consultations are 15 September 2024 (RTS 1, RTS 2 and the draft RTS on input/output data in relation to CTPs) and 15 October 2024 (RTS 3 and RTS 7) (Read more).
-

Publications and Events

- **ESAs**
  - ESAs published its 2023 Annual Report, providing an account of the joint work completed over the past year.
- **FESE**
  - FESE, EuropeanIssuers and Insurance Europe released a Joint Statement on the Exposure Draft CSRD ESRS for Listed SMEs (ESRS LSME ED) (Read more)
  - FESE, EACH & ECSDA issued a joint high level principles on DORA implementation (Read more).
  - FESE replied to IOSCO's consultation on the Evolution in the operation, governance and business models of exchanges.

Calendar

July

10	ESMA Public hearing on shortening the settlement cycle.
16-19	First Plenary session of the new European Parliament after the European elections.

August

23	ESMA consultation on the amendments to certain technical standards for commodity derivatives closes.
28	ESMA consultation on MiFIR Review Package (non-equity trade transparency, reasonable commercial basis and reference data) closes.
28	ESMA MiFIR Review Consultation Package (Consolidated Tape Providers and Data Reporting Service Providers) closes.

September

11-13	EUROFI Budapest.
26	European Commission Roundtable on Consolidation.