Issue 22 - 11 February 2014

This newsletter is published by SOMO and WEED.

Subscribe to the EU Financial Reforms newsletter here >

Editorial – Euro crisis: gloomy perspectives for 2014

By Peter Wahl

Every year in January there is now the same ritual in the EU: many politicians want to make believe that the crisis is over or at least that the worst of it is over. This year they have an additional motivation to spread artificial optimism: elections for the European parliament will be held from 22 to 25 May.

Although in terms of real power and influence the European parliament does not fulfil the democratic standards of a true parliament, these elections have some symbolic importance compared to the previous ones in 2009: they are the first EU wide testing of public opinion after the breakout of the Euro crisis in 2010. All opinion polls predict an increase of Euro sceptical votes. Even in Germany, where no right populist movement of some relevance exists, the emerging neo-conservative party AfD (Alternative for Germany) might get 7 per cent. In France the forecasts are even predicting a disaster for the ruling party of François Hollande, while the right wing party of Marine Le Pen might become number one.

In this newsletter:

Contact us:

visit the SOMO website
m.vander.stichele@somo.nl
+31 (0)20 639 12 91

visit the WEED website
peter.wahl@weed-online.org
+49 (0)30 2758 2616

It is also unclear who will be the next commissioner responsible for financial reforms. The current Commissioner, Mr Barnier, is probably running as candidate for the presidency of the Commission. Compared to his predecessor, McCreevy, who behaved like a lobbyist of the financial industry, Barnier was inspired by the spirit of French etatism and at least tried to seriously regulate the markets. Apparently it matters who is leading the reforms.Of course, eventually any crisis is over, even in the Euro zone. When one day enough Portuguese engineers have migrated to Germany, when enough Spanish families have lost their homes and when Greek wages are down to the level of Egypt, the economic figures might be looking up.

But this crisis has not yet bottomed out. Without speaking about the deep-rooted structural reasons for the crisis such as the increasing gaps inside the monetary union a glance at basic indicators shows that there is no reason for optimism. Looking for instance at the public debt the IMF statistics show not only an increase of the debt rate in the crisis countries in 2013 – in Greece for instance from 154,8 to 172,6 per cent or in Spain from 73,5 to 80,7 per cent - but also a gloomy perspective for the next years. It is foreseen that until 2018 Spain will increase its debt ratio up to 91 per cent, Portugal will remain at 118 per cent until 2016 before a slight improvement and Ireland, which is always portrayed as the proof for successful crisis management, will still have a debt ratio of 100 per cent in 2018 (see the IMF website).

Looking at another indicator, which is highly relevant not only in macro-economic terms but also for the daily life of people, the picture is not better: the unemployment rate in the Euro zone was at 12 per cent in December 2013, which means 19 million jobless people, approximately as much as the entire population of Austria and Belgium taken together. Greece had an unemployment rate of 27,8 per cent and Spain 25,8 per cent. Looking at youth unemployment the situation is even more catastrophic. The Euro zone average is at 23,7 per cent with Greece (57,9 per cent) and Spain (55,25 per cent) on top (all figures from Eurostat).

Even the favourite indicator of mainstream economists, the growth rate, is too low to trigger an overall improvement, with 1 per cent forecasted for 2014. Jobless growth if growth at all, is the perspective. Even Germany, which is considered to be the economic engine of the Euro area, had a ridiculous growth rate of 0,4 per cent in 2013 and 1,6 per cent is predicted for 2014. This is not what the end of a crisis looks like.

Summaries of the articles and brief updates

A Paper Tiger: The new EU draft regulations on banking structure

A new draft bank reform published on 29 January 2014 to promote the separation of risky activities from commercial banking maintains the model of universal banking. Only up to 30 banks in the EU will be affected. Only trade on financial markets for bank's own profits and at own risk, are to be banned and split off. All other kinds of speculative and risky business continue to be allowed under the roof of the universal bank. Separation of risky activities in a separated legal entity is only an option, that can be imposed by national supervisory authorities, if they deem it necessary, from July 2018 onwards. This would make the new regulation a paper tiger which is not able to reduce the risks from too-big, too-interconnected and too-complex-to-fail.

For the full detailed article see below.

MiFID: some success in tackling food speculation and high speed trading

After four years of debates, a political compromise text on the review of the Markets in Financial Instruments Directive (MiFID) was agreed by the European institutions. In some respects, the law will strengthen the regulation of the EU markets, for example by trading limits at commodity derivative markets, rules on high speed trading, more transparency, obligations to trade on well-regulated markets for certain financial products, and a better supervision by the authorities. However, on top of many necessary reforms not even on the agenda, important proposals have been rejected or watered down in the law-making process. This includes prohibitions of commodity finance products, comprehensive consumer protection, and a real shrinking of the financial markets. There is also the possibility that the new MiFID will lead to a further fragmentation of the market by introducing a new type of market place. In general, the final impact will also depend on the implementation by the European Commission, the authorities and the Member States.

For the full detailed article see below.

European Long Term Investment Funds: the next privatisation vehicle?

The introduction of a new type of investment fund, the European Long-term Investment Funds (ELTIFs), which was already proposed by the European Commission in June 2013, is still being debated. Such a fund should be regulated to be safe enough to sell to individuals. The idea is to channel more money into projects that need a long time to return value to investors by denying investors to get their money before a specific date. The investments by ELTIFs which the Commission primarily has in mind include large scale infrastructure and buildings that are of public interest, such as water systems, schools, power plants, etc. Therefore, the regulation of ELTIFs, while having a laudable objective to deal with the shortage of needed long term investment, results mainly in another attempt to foster privatization of public services and public infrastructure.

For the full detailed article see below.

TTIP Negotiations in Financial Services

Notwithstanding hot public debates on the negotiations for an EU-US Transatlantic Trade and Investment Partnership (TTIP), the European Commission continued to promote a TTIP structure to harmonize financial regulation, which the US still opposes.

For the full detailed article see below.

Brief Update – New momentum for FTT but risks of watering down

By Peter Wahl, WEED

The process for a financial transaction tax (FTT) under the Enhanced Cooperation Procedure (ECP) has entered a new and decisive stage. After a period of stagnation due to the German elections, French finance minister Moscovici and his German counterpart, Schäuble, as well as the new minister for economic affairs and vice-chancellor, Sigmar Gabriel (social democrats) met on 27 January and agreed to prepare a common proposal for negotiations with partners in the ECP in the next months. This is a clear sign that the FTT will definitively go ahead.

However, the far reaching proposal of the European Commission, which is supported by Germany, will not get a consensus, as France wants to see several exemptions. In particular, Moscovici wants to tax only those derivatives, which he considers to be speculative, whereas Berlin wants to tax all. As derivatives account for two third of transactions, the revenues would shrink considerably if derivatives would be exempted. Furthermore, derivatives would be used to also avoid taxation of shares and bonds.

Inside the German government the social democrats put pressure on the ministers not to compromise too much with Moscovici. Also, European civil society organisations are mobilising to support the German position against France.

Full articles

A Paper Tiger: The new EU draft regulations on banking structure

By Peter Wahl, WEED

Photo by 'No Matter' Project, Some rights reserved

As the term of the present European Commission is ending with the European elections in May 2014, Michel Barnier, the responsible commissioner for financial reforms, has tabled on 29 January 2014 his last law project of this legislature: to reform the structure of big banks. The basic intention is to address whether to separate the risky investment banking business from commercial banking, and through this contribute to solve the problem of too-big-to-fail. As the 2008 financial crash had shown, the speculative risks of investment banking had badly affected the normal, 'boring' banking business, such as credit business for the real economy, and for savings and payments, to such extent that tax payers' money needed to prevent a total melt down. In so far the directive, although coming late, tackles a serious problem.

However, the future of the new legislative project is unclear. Given the usual pace of EU procedures, not much will happen before the elections, and nobody knows how the outcome might affect the reform process (see editorial of this newsletter). The momentum for reforms, which from the outset has met strong resistance from some members states and the finance lobby, has now — 5 years after the crash — become weaker while the banking lobby has become more impertinent. In his despair Barnier even instructed his civil servants last December to stop talking to lobbyists. But looking at the new draft directive, he was not very successful in preventing the financial lobby and other European Commissioners from undermining the proposal.

Weaker than the Liikanen report

The EU proposal on bank structures is based on a report, released in October 2012 by an expert group under the leadership of the head of the Finnish central bank, Mr. Liikanen (see newsletter n°15, December 2012).

The point of departure of the Liikanen report was the maintenance of the European model of universal banking. The members of the Liikanen expert group had not the courage to touch on this basic dogma, although the potential danger of too-big-to-fail as well as the dimension of too-complex-to-regulate and too-complex-to-save is inherent to the idea of universal banking as such.

The draft directive tabled now falls dramatically short of even the Liikanen standards. First, its scope reaches only to some 30 banks out of 8.000 in the EU, namely only to those with assets exceeding Euro 30 bn. and trading assets and liabilities exceeding Euro 70 bn. or 10 per cent of their total assets. Altogether these banks represent some 65 per cent of all banking assets in the EU. But the remaining 35 per cent of banking assets are not a negligible quantity and can be the source of a systemic crisis.

Furthermore, while the Liikanen report foresaw a mandatory separation into a separate legal entity of all risky business, both proprietary and for clients, including market making, investment and sponsorship of complex securitised products and OTC trading of derivatives, the present proposal only bans proprietary trading. Proprietary trading, which is trading in financial markets for the bank's own profits (and at its own risk), is defined in the proposal in a very narrow way: it requires the existence of a special desk, unit, division, platform or traders specifically dedicated to such business. Hence, if a desk, unit, division, etc. is designed for dual use – proprietary and for clients – it would not fall under the rule. It is therefore not surprising that the Deutsche Bank, the biggest player in the Euro zone, could already declare that they would have no proprietary trade at all. The EC's proprietary trading ban also means that banks cannot invest in hedge funds and trade in physical commodities.

The decisive flaw: separation as an option only

The decisive flaw of the new directive, however, is the following: the separation of risky non-proprietary trade activities is not mandatory but only an option. National supervisory authorities can impose separation of a specific type of trading in case they deem it necessary and it poses a systemic risk, but they are not obliged to do so. This means in practice, that for instance the UK banking authorities allow a bank in the City to trade certain products which a German bank might not. Already today it is possible for supervisors to ban activities, if they consider them to be a systemic risk. Moreover, the banking unity would be able to lend to the trading entity. In so far the new regulation is a paper tiger.

Finally, there is a very generous transition period. The proprietary trading ban would apply as of January 2017 and the optional separation of other trading activities would not have to be started before July 2018 and be implemented by 2020.
This weak and overly complex draft directive will not have the lightest impact on the structure of the banking system if it would become law. Those banks, which are too big, too interconnected and too complex to fail will remain so. They would thus continue to benefit from billions of indirect subsidies and pose a threat to governments budgets. Nevertheless, the banking industry has already announced its resistance to the proposal. Once the legislative process starts, it can be expected that as usual the first draft will be further watered down in the legislative process, as pressure from the finance lobby and respective governments will emerge. The outcome could be that the present paper tiger will even end as a paper cat.

Note
For more information or updates, see for instance Finance Watch website.

MiFID: some success in tackling food speculation and high speed trading

By Markus Henn, WEED

On 14 January 2014, a decision in the trilogue on the review of the Markets in Financial Instruments Directive (MiFID) was taken by the European Parliament and the Council of Finance Ministers with support of the European Commission. The final approval in the Parliament and the Council is now only a formality. But important details are still being settled until mid February 2014. The revised MiFID then will be implemented through national legislation no earlier than 2017. The new Markets in Financial Instruments Regulation (MiFIR) will be applied immediately throughout the EU. A comprehensive overview cannot be given here (for further information see here and for the former debate the October 2012 newsletter), but some outcomes will be highlighted in this article.

Commodity speculation: certain limits, but no prohibitions

There will be obligatory position limits on commodity derivatives' trading which is more than the Commission initially proposed and which was contested by some member states until the last days of the trilogue while being called for by civil society. The details are:

- The limits will be decided by the national authorities. The best solution would have been to have it set by European authorities, given the danger of national competition. This was also the EP's position but the final compromise is that national authorities will have to use a 'methodology for calculation' by the European Securities Regulator ESMA. How this methodology and thus the limits will be defined and set remains to be seen.
- The limits have to be applied at all commodity derivatives trading venues and also for 'economically equivalent' over-the-counter (OTC) contracts. The inclusion of OTC contracts was not in the Commission's and EP's draft but only came due to pressure by civil society. The wording on the equivalence is the same as in the U.S. where regulators already had bad experiences with not covering the OTC markets.
- The limits apply to the 'net position'. This means that a trader can internally calculate two opposite positions of the same commodity derivative contract as a zero position. This is clearly not the best solution, however, it is not clear how big the effect of this will be.
- A position includes those derivatives 'held by a person and those held on its behalf at an aggregate group level'. So a corporation cannot evade the limits just by setting up many separate legal entities.
- The limits shall apply to all the different months at which a contract is delivered (spot month and other months) as well as to all types of contracts (physically and cash settled). Both were called for by civil

society and came into MiFID only after the Commission's proposal.

- The limits shall 'prevent market abuse' and 'support orderly pricing and settlement conditions, including prevention of market distorting positions and ensuring, in particular, convergence between prices of derivatives in the delivery month and spot prices for the underlying commodity'. This complex wording is the result of various amendments. It may be helpful to tackle some harmful speculation, but is not as effective as to state clearly that the limits shall prevent 'excessive speculation', which was proposed by civil society.
- The limits will not apply to the trading of non-financial firms that are insuring against the risk of price changes 'related to their commercial activity'. While such an exemption is generally acceptable, the text says that it also relates to positions held 'on behalf' of such a non-financial firm. This might create a loophole for the financial industry.

The result means that there will be certain limits but with loopholes. Furthermore, there will be no prohibitions of commodity financial products as it was proposed by some fractions in the European Parliament.

High frequency trading: can price intervals solve the problem?

To regulate high-speed (high frequency) trading, there will be a refined prescription that trading venues can only quote prices in certain intervals (tick sizes). This will hinder some high-speed trading techniques that require small price changes to be profitable. Positive, too, is that the trading venues will have to test all high frequency trading techniques in their systems and will need to have a "circuit breaker" which means that they can stop the trading, if there is a problem with the prices.

On the other hand, some rules aimed for by the Parliament or some of its fractions did not survive. This includes the prohibition of all high frequency trading or at least of certain forms, in which there is direct access to trading venue computer systems. This measure, which should have prevented a speed advantage for certain traders, was not agreed upon, but it was decided that all traders should have equal access to the systems. There will also be no strong provision to discourage the massive cancellation of orders. This is disappointing given that high frequency traders often quickly cancel the vast majority of their orders to move prices or distract other traders. Proposals for a specific limitation of cancelled orders in relation to executed ones finally were not agreed, but only that venues will be 'able' to intervene in this respect. There is also no minimum holding time for orders as proposed by the Parliament. This could have slowed down trading significantly but the Council could not be convinced of this measure.

Transparency, consumer protection and supervision improved

Various transparency requirements in MiFID II both at the moment before the conclusion of a trade (of shares, etc.) on a financial market and after it, shall improve supervision and lessen the risks for investors. There will be a weekly public report displaying the trade by different types of traders (banks, funds, other firms, e.a.) on commodity derivatives trading venues and even a daily reporting to the authorities.

Firms are no longer allowed to promote their investment advice as 'independent' if they obtain fees, commissions or any other benefits from third parties. However, minor non-monetary benefits do not need to be disclosed. After all, the Directive does not contain a prohibition of any hidden third party benefit even though this was proposed by some parliamentarians. At least investors shall receive an annual report about all aggregated (hidden) cost of their investments.

MiFID II also calibrates the line between 'non-complex' and 'complex' products which is important because selling the latter to individual investors is more restricted. Now some funds, which are regulated by the major EU funds directive UCITS and whose assets consist of financial products ('synthetic funds'), may be seen as complex products because it is hardly possible to know where their money ends up.

Supervision will be strengthened in the MiFIR by harmonizing sanctions and by giving European and national supervisors the ability to intervene and ban certain products if they are dangerous. This can even happen on a 'precautionary basis', so before the product will be sold.

Market fragmentation might be enforced, but financial actors forced to trading venues

The trilogue also agreed to create a new type of trading venue, the Organized Trading Facility (OTF). This will be the third type next to the existing Regulated Markets, i.e. the well-regulated stock exchanges, and the Multilateral Trading Facilities, introduced in 2007 with the first MiFID. The OTF will have certain liberty ('discretion') about the trades, but the OTF manager will not be allowed to trade with its own capital against his clients. In the Parliament, there was some resistance to introduce the OTF

Finance Watch also argues that introducing OTFs is not necessary to fulfill G-20 commitments on derivative regulation. But finally there was a compromise to create the OTF and only limit it to bonds and derivatives. The defendants of the OTF argued that it will bring some of the opaque 'over the counter' trading to more transparent trading venues. However, the OTF might also attract money from Regulated Markets. This would mean that the effective oversight of the EU financial markets will be even more difficult. However, the trading in transparent trading venues will be encouraged by a rule that limits the activity of so-called dark pools. As Reuters commented, 'established exchanges such as Deutsche Boerse, NYSE Euronext and the London Stock Exchange have won over anonymous or "dark" platforms and the banks'. However, these exchanges fully opposed the OTF and a dark pool operator said to the press that they were 'relatively unaffected'.

MiFID II will also force banks and financial firms to trade almost all shares and derivatives on multilateral trading venues. This provision complements the rules in the European Market Infrastructure Regulation (EMIR) to have mandatory clearing for financial trading in OTC derivatives.

The access to clearing houses, that provide administration of and insurance against default on payment of a contract, will be liberalized to foster competition. This was very contentious between the German and the British government as Deutsche Boerse has a model to force all Deutsche Boerse to be cleared at the clearing house Eurex. The British clearing houses wanted to have access to this huge market. While they did not get immediately what they wanted, there will be a phase out of the Deutsche Boerse model in five years.

Level 2 and beyond

While the MiFID law is not even fully finalized yet, the next discussions start on the implementation of the many technical details that still need to be worked out and decided. These so-called 'level 2' rules will be mainly decided by the ESMA and the European Commission. Furthermore, the member states will have to transform the Directive into national law to make it legally binding, and apply and enforce many rules. All these implementations mean that the effectiveness and final result of the MiFID review is not yet clear. What is clear is that MiFID II and MiFIR will not lead to a really ambitious re-regulation and shrinking of the financial markets. However, the new laws include some important improvements on market transparency and oversight as well as on tackling commodity speculation and harmful high-speed trading.

European Long Term Investment Funds: the next privatisation vehicle?

By Markus Henn, WEED

Investment funds are mainly regulated by two EU laws, the Undertakings for Collective Investments in Transferable Securities Directive (UCITS, 2009) and the Alternative Investment Fund Managers Directive (AIFMD, 2011). UCITS-managed funds are relatively highly regulated investment funds for individuals and institutional investors whose money is then invested in all kind of assets the value of which is assumed to increase. In November 2013 UCITS funds managed 6,923 billion Euros, or approximately 71 per cent of all European money held in funds. The AIFM directive was introduced after the financial crisis to regulate indirectly (through the managers) 'alternative investment funds' (AIF) which are often based in tax havens. Typical AIF include private equity funds, hedge funds(some of which run commodities funds) and real estate funds, which manage money from well capitalised investors. Compared to UCITS funds, AIFs take high risks and provide less investor protection since they are less regulated.

The Commission's proposal for an ELTIF Regulation

On 26 June 2013, the European Commission proposed a new law on funds with a specific purpose: a Regulation on European Long-term Investment Funds (ELTIF) which would be directly valid within the EU. The legislative process is unlikely to be agreed upon before the European Parliament (EP) elections in May 2014. However, the European Parliament's ECON committee shall vote on its proposed changes on 17 February 2014, and in plenary on 15 April. The Ministers of Finance have not yet reached their position. The Parliament also issued a report on the 'Long-term financing of the European economy' in which they welcome the ELTIF proposal.

Long-term investments are considered by the Commission to be investments with a time frame of several years to several decades. Similar initiatives came from the G20 and the World Bank.

The Commission justifies its proposal by stating that investors should have more opportunity to invest in assets that have value in the long term. Existing fund directives provide little incentives for long-term investment and investor protection, since the UCITS Directive focuses on securities trading and allows short-term retrieval of funds by investors. This deprives the real economy from accessing additional sources of financing. Moreover, the Commission states that the 'regulatory fragmentation' between the EU Member States prevents the collection of larger amounts of capital, though this is indispensable for the realisation of large scale projects. ELTIFs should therefore bring together investors from across the EU. Accordingly, there would be – as for UCITS funds – a 'retail passport' for ELTIF making them available for private investors and not only for professional ones.

To encourage long-term investments, individual and retail investors could not get back their money from an ELTIF before the end of the ELTIF term (i.e. end of the long term project it invests in). The retention period is not set in stone, but must be specified by the fund itself. However, ELTIF shares can be traded on secondary markets, such as on stock exchanges.

In terms of the assets in which the ELTIF can invest, the Commission is specifically thinking of real assets like ships with an initial investment of over 10 million Euros and certain 'undertakings' (firms and projects) which are not traded on the stock exchange. Specifically, the following are mentioned, which can be within or outside the EU:

- schools, hospitals or prisons
- social infrastructure such as social housing
- transport infrastructure such as roads, mass transit systems or airports
- energy infrastructure such as energy grids
- climate adaptation and mitigation projects
- power plants or pipelines
- water management infrastructure such as water supply systems, sewage or irrigation systems
- communication infrastructure such as networks
- waste management infrastructure such as recycling or collection systems.

In addition to the newly targeted long-term assets, ELTIF shall be permitted to invest up to 30 per cent in other assets such as the ones allowed for UCITS (market-listed securities, deposits with banks and recently issued transferable securities) but also investments in other funds, within certain limits. However, there are some important exceptions for ELTIFs compared to the eligible UCITS assets. Unlike UCITS and AIF, ELTIFs are much more restricted to trade derivatives. ELTIFs can only invest in financial derivatives that are used to hedge or protect against the risks of changing value of the respective ELTIF investments. Commodity trading is prohibited in all forms. There are also regulations stipulating the assets must be spread between various investments (e.g. not more than 10 per cent of all assets in one firm) to reduce the concentration of risks. The ELTIF is allowed to borrow from banks up to 30 per cent of its capital.

Investors shall be protected through various rules. In particular, investors must be provided with leaflets with comprehensive information about the fund and its costs. Legally, ELTIFs are designed to be classified AIFs. So the fund must first be registered as an AIF before it can additionally take on the status of ELTIF.

A new way to promote privatisation of public services and institutions

The Commission rightly points out that the financial markets favour short-term, speculative investment, which is not financing particular needs of the economy but rather potentially leading to crises. Promoting financing of infrastructure projects is a laudable goal.

But promoting private capital in infrastructure that serves the public interest is a major step in the wrong direction. The list of concrete examples above shows that the Commission has learned nothing from bad experiences with privatisation, which showed that capital markets are unsuitable for financing prisons, public transport, energy networks, schools or sewage systems. Profit making goals of the investors often contradict the needs of the population and democratic control.

Importantly, the ELTIF regulation would also have ripple effects beyond the EU, as the assets in which ELTIFs can invest explicitly include non-European countries. This could enable the long-term returns of European investors to occur at the expense of the inhabitants of poorer countries – for example, through sewage fees.

Another point of critique is that the proposal does not adequately protect small individual investors. Despite diversification regulations on the ELTIFs assets, significant risks remain.

TTIP Negotiations in Financial Services

By Myriam Vander Stichele, SOMO

Photo from FLickr by Downing Street

The negotiations for a Transatlantic Trade and Investment Partnership (TTIP) have been the subject of heated public and political debate since October 2013. Especially controversial is the inclusion of an investor-to-state dispute settlement (ISDS) system, that would allow companies, including banks and other financial firms, to claim compensation from governments. This could for instance allow investors to sue governments for measures taken during a financial crisis – as is already the case for Belgium, Greece and Spain – or for introducing new laws that will result in less profit making. The European Commission (EC) announced to temporarily halt the negotiations on ISDS, and to start a public consultation from March to May 2014.

On 27 January 2014 the EC published a briefing paper on why it wants to set up a cooperation framework on financial services regulation under TTIP. This would allow the EU and the US to continuously discuss financial regulation after the negotiations are over. The aim is to remove regulations that are considered to be trade barriers and to create an EU-US harmonized regulatory regime, which the EC considers to promote financial stability. Under this framework, EU and US authorities would:

- Hold mutual consultations in advance of any new financial measures that may significantly affect trade and the laws of the other party;
- Jointly examine the existing rules to analyse whether they create unnecessary barriers to trade;
- Have a process towards mutual recognition of each other's rules, and harmonization;
- Cooperate to implement and promote high international financial standards.

In its publication the EC left out some important details that it did explain to the member states (in a secret paper). The financial industry is lobbying in favour of this regulatory framework because it would avoid the costs of double application of rules. It would also have more possibilities to undermine existing and new strict regulation because the framework would include mandatory consultation with stakeholders, in practice with the financial industry.

The US, however, continued to state that it does not want to create a regulatory framework on financial services in TTIP. It wants to continue to cooperate on financial regulation in the existing EU-US Financial Markets Regulatory Dialogue which meets twice a year, as was the case on 30 January 2014. On 17-18 February 2014, the EU and US chief negotiators will make a political statement on how they want to move forward, which might give an indication how they will deal with their differences on this issue.

Calendar of official events

For background to the official agenda of European institutions, see the following websites:

- The European Commission (EC)
- The Economic and Financial Affairs Council (ECOFIN)
- The European Council
- The Economics and Monetary Affairs Committee (ECON) of the European Parliament
- The Financial Stability Board

The links below give the website with updates and overviews of documents and dates related to the EU decision making process.

2014

February

- **13, ECON (Brussels):** Vote scheduled on Money Market Funds and on Money laundering and terrorist financing
- **17, ECON (Brussels):** Meeting; Vote scheduled on Indices used as benchmarks in financial instruments and contracts and on European Long-term Investment Funds
- **17-18, TTIP (Washington):** EU and US chief negotiators decide on way forward
- **18, ECOFIN (Brussels):** Meeting
- **20, ECON (Brussels):** Meeting
- **22-23, G20 (Sydney, Australia):** Finance Ministers and Central Bank Governors Meeting
- **24-27, EP (Strasbourg):** Plenary vote scheduled on MiFID-II / MiFIR and on Long-term financing

March

- **3, ECON (Brussels):** Meeting
- **10-14, TTIP:** Fourth negotiation round
- **11, ECOFIN (Brussels):** Meeting
- **11, EP (Strasbourg):** Plenary, 1st reading/single reading scheduled on Money laundering and terrorist financing and European Supervisory Authorities
- **13-14, Alter Summit Network (Brussels):** General Assembly
- **17-18, ECON (Brussels):** Meeting, vote scheduled on Taxation of parent companies and subsidiaries, Hearing on TTIP
- **20-21, European Council (Brussels):** Meeting of EU heads of state
- **24-25, ECON (Brussels):** Meeting
- **28-29, Conference (Helsinki):** Global Green-Left Conference on the Future of the Union: “Alter-EU: Beyond the Social Dimension of the EMU

April

- **1, ECON (Brussels):** Meeting
- **1-2, ECOFIN (Athens):** Informal meeting
- **2-3, EP (Strasbourg):** Plenary
- **3, EP (Strasbourg):** Plenary, 1st reading/single reading scheduled on Indices used as benchmarks in financial instruments and financial contracts
- **7, ECON (Brussels):** Meeting
- **10-11, G20 (Washington):** Finance Deputies, Ministers and Central Bank Governors meeting
- **12-13, World Bank / IMF (Washington):** Spring Meeting
- **14-17, EP (Strasbourg):** Last plenary session before elections
- **15, EP (Strasbourg):** Plenary, 1st reading/single reading on Money Market Funds and onEuropean Long-term Investment Funds
- **16, EP (Strasbourg):** Plenary, 1st reading/single reading on Recovery and resolution of credit institutions and investment firms and on Taxation of parent companies and subsidiaries

May

- **6, ECOFIN (Brussels):** Meeting
- **15-16, European Council (Brussels):** Meeting
- **22-25, EP (Europe):** Elections

June

- **4-5, G8 (Sochi, Russia):** Heads of State Summit
- **20, ECOFIN (Brussels):** Meeting
- **20-21, C20 (Melbourne, Australia):** Summit civil society organisations in the G20 process
- **22-23, G20 (Melbourne, Australia):** Finance and Central Bank Deputies meeting
- **26-27, European Council (Brussels):** Meeting of EU heads of state

July

- **22, ECON (Brussels):** Meeting

August

- **19-24, Attac (Paris):** Summer Academy

September

- **3-4, ECON (Brussels):** Meeting
- **18-21, G20 (Cairns, Australia):** Finance and Central Bank Deputies meeting
- **22-23, ECON (Brussels):** Meeting
- **30, ECON (Brussels):** Meeting

October

- **7, ECON (Brussels):** Meeting
- **9-10, G8 (Washington):** Finance Deputies, Ministers meetings
- **13, ECON (Brussels):** Meeting

November

- **3-4, ECON (Brussels):** Meeting
- **11, ECON (Brussels):** Meeting
- **13-15, G20 (Brisbane, Australia):** Deputy Finance Ministers and Central Banks communiqué drafting
- **15-16, G20 (Brisbane, Australia):** Heads of State Summit
- **17, ECON (Brussels):** Meeting

December

- **1-2, ECON (Brussels):** Meeting
- **8, ECON (Brussels):** Meeting

FORDFOUNDATION
Working with Visionaries on the Frontlines of Social Change Worldwide

This newsletter has been produced with the financial assistance of the Ford Foundation. The contents of this newsletter are the sole responsibility of SOMO and WEED and can under no circumstances be regarded as reflecting the position of the Ford Foundation.

This newsletter is produced by SOMO and WEED and is intended for wide circulation to interested parties. We appreciate receiving feedback as well as announcements of research reports, campaign actions, and meetings, which can be sent to m.vander.stichele@somo.nl.

SOMO weed