



Stakeholders' Newsletter

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Benchmark Regulation: Response to European Commission Review

On 11 October 2019, the European Commission launched a Consultation on a review of the E.U. Benchmarks Regulation. The FMLC has long engaged with the Benchmark Regulation and benchmark reform and transition more widely. The FMLC has submitted a response drawing attention to key areas—some of which do not entirely fall into scope of the questions in the Consultation Paper—which have been the cause of legal uncertainty in respect of the BMR. Of these, the uncertainties arising from the interplay of Brexit and the transition from LIBOR might have been unforeseen at the time the BMR was being drafted but now give the FMLC greatest cause for concern. The Report which the FMLC submitted to the European Commission with the Consultation Response Form is available to download [here](#).

LIBOR Transition

Stakeholders have frequently raised with the FMLC Secretariat the residual risks arising in the context of the discontinuation of, and transition from, LIBOR. The FMLC has published prolifically on [benchmark reform](#), [benchmark transition](#), [LIBOR](#) and [SONIA](#) and the Committee's view of the risks can be found in those papers.

The Secretariat has been remitted now to examine remedies in this context. This would include action by the regulator, based perhaps on the Financial Stability Board's seminal [recommendations](#) from 2014; the enactment of legislation which could help ameliorate legal and operational uncertainty; and market-based remedies such as repapering and protocols.

Should you wish to contribute to this project, please email Venessa Parekh at research@fmlc.org.

Brexit

The result of the General Election held on 12 December has seemingly ensured that the U.K. will withdraw from the E.U. on 31 January 2020. Ahead of that date, Parliament must enact the European Union (Withdrawal Agreement) Bill which will implement the Withdrawal Agreement in U.K. law. It is only after this that the European Parliament will vote on the Withdrawal Agreement. Parliament is due to continue its scrutiny of the Bill this week.

Uncertainties remain around whether the Withdrawal Agreement will be approved in time by both the U.K. and the European Parliaments—and, if not, about what happens next. The FMLC has also raised questions in the past about the implementation period and the yet-to-be-negotiated future relationship.

The FMLC's Brexit Advisory Group will have a special meeting on 6 January to discuss these developments.

Contacting the Secretariat Email: contact@fmlc.org Telephone: +44 (0)20 7601 5118

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