



# Stakeholders' Newsletter

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## COVID-19: Legal uncertainties for the wholesale financial markets

The novel coronavirus (COVID-19) is having an immense, if rapidly evolving, impact on individuals, communities, and organisations. Given the response by governments around the world to COVID-19, which has included steps such as closing down places of business and restricting the movement of people, several legal issues are likely to arise in the context of the financial markets.

The FMLC convened for a closed meeting via teleconference last week to discuss these issues. The discussion spanned contractual issues—including *force majeure*, material adverse change clauses and events of default, the need for wet signatures and issues relating to insurance contracts; institutional issues, including collateral-related difficulties for OTC derivatives and Directors' duties in case of insolvency; and market issues arising from unscheduled holidays, payment moratoria/relief measures and negative interest rates.

The FMLC has resolved to publish a note setting out such issues for the information of government and regulators. The note, along with any further updates about the FMLC's work in this area, is available on [this page](#) of the FMLC website.

The Secretariat is considering convening a stakeholder teleconference to discuss such issues in the first half of April. Should you wish to join such a call or to draw the Committee's attention to another area of legal uncertainty affecting the wholesale financial markets, please email Venessa at [research@fmlc.org](mailto:research@fmlc.org).

## Response to European Commission Consultation: Framework for Markets in Cryptoassets

In December 2019, the European Commission published a Consultation Document on an E.U. framework for markets in cryptoassets (the "Consultation"). The Consultation covers three broad areas: (1) whether and how to classify cryptoassets; (2) cryptoassets that currently fall outside the scope of the E.U. financial services legislation; and (3) cryptoassets that currently fall within the scope of E.U. legislation. The FMLC has drafted a response to the Consultation in the form of two complementary reports, which were submitted as appendices to the questionnaire. [Part I](#) comprises comments drafted for the FMLC in-house, by the Secretariat, on the classification of cryptoassets. [Part II](#) comprises comments—gathered with the advice of members of the FinTech Scoping Forum—in response to the section of the Consultation dealing with cryptoassets which fall within the E.U. regulatory perimeter.

## Stay in touch

The Secretariat is working at full capacity from home and would appreciate, as ever, to hear from you. We have also begun updating the FMLC's social media platforms more regularly to keep you apprised of its work. Follow us: [@fmlcsecretariat](#) on Twitter and Financial Markets Law Committee on LinkedIn.

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