



Brussels, 11 January 2019

EU WILL NOT RENEGOTIATE IN CASE OF BREXIT DEAL DEFEAT IN UK PARLIAMENT,

With just a few days before Theresa May takes her Brexit deal to the UK Parliament for a 'meaningful vote', the European Commission reiterated that whatever the outcome "there cannot be renegotiation", only clarification of the Withdrawal Agreement. The UK government is widely expected to lose the 15 January vote, which the Prime Minister had already deferred in December. If the vote is indeed lost, under the EU (Withdrawal) Act the Prime Minister is required to present her 'plan B' by 21 January, after the Parliament passed an amendment this week.

TRILOGUES ON THE INVESTMENT FIRMS REVIEW TO BEGIN AS COUNCIL AGREES ITS POSITION

EU Ambassadors endorsed the Council's position on a new regulatory framework for investment firms. Until now, all investment firms have been subject to the same capital, liquidity and risk management rules as banks. The so-called Investment Firms Review (IFR), comprised of a Regulation and Directive, aims to introduce more proportionate and effective prudential and supervisory framework for investment firms. The Council text further strengthens the MiFID II equivalence regime, including third country investment firms in scope and granting additional powers to the Commission. Trilogues between the Council and the Parliament will begin shortly with a view to finalising negotiations before the European parliamentary elections.

PARLIAMENT ADOPTS REPORTS ON ESAs REVIEW PACKAGE

After several postponements of the vote, the European Parliament's ECON Committee adopted the reports reviewing the European Supervisory Authorities (ESAs). The ESAs review aims to adjust and upgrade the ESAs framework notably in terms of powers, governance and funding. The key changes proposed by the Committee to the original proposals include lighter delegation provisions, strengthened product intervention powers and no more direct financial contributions from supervised financial institutions to the ESAs' budget. Looking forward, the ECON Committee's adoption will not lead to the immediate start of trilogues as the Council is yet to adopt a General Approach on the package.

WORK ON COMMISSION'S SUSTAINABLE FINANCE ACTION PLAN CONTINUES

The Commission published draft rules on how investment firms and insurance distributors should integrate Environmental, Social and Governance (ESG) considerations and preferences into investment advice, portfolio management and insurance-based investment products. The rules, which the Commission will adopt once the co-legislators agree on the new framework for 'sustainability disclosures', are proposed through changes to delegated acts under MiFID II and the Insurance Distribution Directive (IDD). Separately, the Technical Expert Group on Sustainable Finance set up by the Commission in July 2018 published its first report on companies' disclosure of climate-related information. Reports on the ESG taxonomy, carbon benchmarks, and green bonds will be released by June 2019.

NEW PLATFORM TO SUPPORT AI IN EUROPE TO COME ONLINE IN JANUARY 2019

The project AI4EU aims to mobilize the European artificial intelligence (AI) community and help realize AI promises for society and the economy held its kick-off meeting in Barcelona. It brings together 79 top research institutes, SMEs and large enterprises in 21 countries to build a focal point for AI resources, including data repositories, computing power, tools and algorithms. The platform, which was announced in the European Commission's strategy on AI, is led by the French company Thales and receives a total of EUR 20 million of EU funding over the next 3 years.

COMING UP NEXT WEEK

- **14-17 January: European Parliament Plenary.** On the agenda: Romanian Presidency, InvestEU Programme, fundamental rights in the EU, Future of Europe.

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