

April 2014



# ITALY REGULATORY UPDATE 2/2014

Giovanni Carotenuto

Partner

**Orrick, Herrington & Sutcliffe**

*Piazza della Croce Rossa, 2, Rome (Italy)*

+39 0645213900

*gcarotenuto@orrick.com*

## SUMMARY

<b>1. ITALIAN LAW .....</b>	<b>5</b>
<b>1.1 Primary legislation.....</b>	<b>5</b>
<b>1.2 Implementing measures.....</b>	<b>7</b>
<b>2. EC/EU LAW.....</b>	<b>8</b>
<b>2.1 Primary legislation.....</b>	<b>10</b>
<b>2.2 Implementing measures.....</b>	<b>15</b>

### *List of abbreviations*

“ <b>AGCM</b> ”: <i>Autorità Garante della Concorrenza e del Mercato</i> (the Italian competition authority)
“ <b>AML Law</b> ”: Legislative Decree 21 <sup>st</sup> November 2007, no. 231, as amended (the Italian anti-money laundering law)
“ <b>CONSOB</b> ”: <i>Commissione Nazionale per le Società e la Borsa</i> (the Italian financial services authority)
“ <b>Consolidated Banking Act</b> ”: Legislative Decree 1 <sup>st</sup> September 1993, no. 385, as amended
“ <b>Consolidated Financial Act</b> ”: Legislative Decree 24 <sup>th</sup> February 1998, no. 58, as amended
“ <b>COVIP</b> ”: <i>Commissione di Vigilanza sui Fondi Pensione</i> (the Italian pension funds authority)
“ <b>EBA</b> ”: European Banking Authority
“ <b>ECB</b> ”: European Central Bank
“ <b>EIOPA</b> ”: European Insurance and Occupational Pensions Authority
“ <b>ESA</b> ”: European Supervisory Authorities
“ <b>ESMA</b> ”: European Securities and Markets Authority



“**IVASS**”: *Istituto di Vigilanza sulle Assicurazioni* (the Italian insurance services authority)

“**NCAs**”: National Competent Authorities

“**OG**”: Official Gazette of the Italian Republic

“**OJ**”: Official Journal of the European Union

“**UIF**”: *Unità di informazione finanziaria* (the Italian anti-money laundering authority)

ITALY REGULATORY UPDATE NO. 2/2014 – APRIL 2014

1. ITALIAN LAW

1.1 Primary legislation

SUBJECT-MATTER	RELEVANT LAW PROVISION(S)	SUMMARY	ENTRY INTO FORCE	IMPLEMENTATION DETAILS
Use of third parties by the Bank of Italy for supervision on credit institutions	Law Decree 14 <sup>th</sup> March 2014, no. 25 Article 6 of Council Regulation (EU) 15 <sup>th</sup> October 2013, no. 1024/2013 (“ <b>SSM Regulation</b> ”)	On 12 <sup>th</sup> March 2014, the Italian Government issued a decree authorising the Bank of Italy to avail itself of third parties (e.g. auditors, consultants, etc.) in order to carry out inspections on credit institutions aimed at collecting information to be transmitted to the ECB, pursuant to the SSM Regulation. Such information is needed for completing the “ <i>comprehensive assessment</i> ” of the EU credit institutions, essential for the launch of the Single Supervisory Mechanism.	15 <sup>th</sup> March 2014 (OG 14 <sup>th</sup> March 2014, no. 61)	In the next few months, the Bank of Italy and the Ministry of Economy and Finance are expected to adopt provisions setting out the modalities for the sharing of information within the ambit of the afore-said “ <i>comprehensive assessment</i> ”.

<p><b>Implementation of AIFMD</b></p>	<p>Legislative Decree 4<sup>th</sup> March 2014, no. 44, implementing Directive 2011/61/EU (<i>Alternative Investment Fund Managers Directive</i>; “AIFMD”)</p>	<p>On 4<sup>th</sup> March 2014, the Italian Government issued a decree transposing AIFMD into national law. The underlying purpose of the new provisions being to enhance transparency of Alternative Investment Funds (“AIF”) and regulate risks associated with alternative investment management. As a result, several amendments have been made to the Consolidated Financial Act, in particular with regard to (i) collective asset management (by introducing a new type of investment company, that with fixed capital; “SICAF”), (ii) supplementary pension schemes (as to the role and competences of the custodian in respect thereof), and (iii) tax provisions applicable to real estate funds, whilst harmonising the tax regime applicable to mutual funds.</p>	<p><u>9<sup>th</sup> April 2014</u> (OG 25<sup>th</sup> March 2014, no. 70)</p>	<p>The Bank of Italy and Consob are expected to shortly issue the related implementing measures.</p>
<p><b>Consumer protection</b></p>	<p>Legislative Decree 21<sup>st</sup> February 2014, no. 21, amending Legislative Decree no. 206/2005 (“<b>Consumer Code</b>”)</p>	<p>On 21<sup>st</sup> February 2014, the Italian Government issued a decree transposing into national law Directive 2011/83/EU, which amends the Consumer Code. The main novelties can be summarised as follows:</p> <ul style="list-style-type: none"> <li>- standardisation of the provisions regarding door-to-door and distance contracts, by setting forth a 14-day <i>jus poenitendi</i> rule for both types of contract;</li> <li>- extension of the range of pre-contractual information to be provided to consumers;</li> <li>- inclusion of the contract for the supply</li> </ul>	<p><u>26<sup>th</sup> March 2014</u> (OG 11<sup>th</sup> March 2014, no. 58)</p>	<p>The new provisions will apply to contracts entered into with consumers as from 13<sup>th</sup> June 2014.</p>



		of water, gas or electricity (save made for a <i>de minimis</i> exemption) within the category of distance contracts.		
<b>1.2 Implementing measures</b>				
<b>SUBJECT-MATTER</b>	<b>RELEVANT LAW PROVISION(S)</b>	<b>SUMMARY</b>	<b>ENTRY INTO FORCE</b>	<b>COMPLETION/IMPLEMENTATION DETAILS</b>
<b>Ministry of Economy and Finance</b>				
<b>Procedure for granting the legality rating to enterprises</b>	Article 5- <i>ter</i> , paragraph 1, of Law Decree 24 <sup>th</sup> January 2012, no. 1, converted with amendments into Law 24 <sup>th</sup> March 2012, no. 27	On <u>7<sup>th</sup> April 2014</u> , the Ministry of Economy and Finance published a decree laying down the procedure to be followed in order to assign the " <i>legality rating</i> " to enterprises, which would enable the latter to be granted loans by public administrations and gain access to banks' credit. The decree only applies to businesses with over 2 million euro of revenues, which have been assigned the legality rating by AGCM on the basis of certain information such as traceability of payments, adherence to ethical codes, and compliance with corporate liability rules.	<u>8<sup>th</sup> April 2014</u> (OG 7 <sup>th</sup> April 2014, no. 81)	N.A.
<b>Bank of Italy</b>				
<b>Consultation on covered bonds</b>	Bank of Italy Circular 17 <sup>th</sup> December 2013, no. 285 (the " <b>Circular</b> ") Regulation (EU) 26 <sup>th</sup> June 2013, no. 575 ( <i>Credit</i> )	On <u>4<sup>th</sup> April 2014</u> , the Bank of Italy launched a public consultation on the revision of its supervisory provisions relating to covered bonds, aimed at harmonising national law with the new definition of capital introduced by CRR	N.A.	The consultation runs until 19 <sup>th</sup> May 2014.

	Requirements Regulation; "CRR")	(which entered into force on 1 <sup>st</sup> January 2014). Among the proposed new rules, a revised set of requirements for the issuance of covered bonds, and provisions aimed at ensuring the full effectiveness of the CRR's disclosure to investors.		
<b>Updated instructions for supervisory reports</b>	Bank of Italy Circular 17 <sup>th</sup> December 2013, no. 286	On 1 <sup>st</sup> April 2014, the Bank of Italy published an update to Circular no. 286/2013 introducing new disclosure schemes related to transitional arrangements for own funds, providing some examples on how to prepare supervisory reports, and clarifying some aspects on the transmission of information by holding companies.	N.A.	N.A.
<b>Anti-money laundering: restitution of money/securities due to the impossibility to complete the customer due diligence</b>	Article 23, paragraph 1- <i>bis</i> , of AML Law	On 10 <sup>th</sup> March 2014, UIF issued some instructions on the report to be made following restitution of money/securities to those clients for whom it was not possible to complete the due diligence required under AML Law. According to UIF, a report is due for each transaction exceeding 5000 Euro, whilst information on transactions of a lower amount must be acquired and kept on records. The afore-said report must be transmitted within 15 days from restitution through the Internet portal "INFOSTAT-UIF".	N.A.	N.A.
<b>Fiscal treatment of the shareholdings in the Bank of Italy's stock capital</b>	Law Decree 30 <sup>th</sup> November 2013, no. 133, converted with amendments into Law 29 <sup>th</sup> January 2014, no. 5	On 4 <sup>th</sup> March 2014, the Bank of Italy, CONSOB and IVASS, published a joint document clarifying the fiscal treatment to be given to shareholdings in the Bank of Italy's stock capital. In brief, taking into account the	N.A.	N.A.

		complexity of the above-mentioned operation and the on-going assessment on the application of the new rules, directors and internal auditors of those companies holding Bank of Italy's shares must follow, in the preparation and approval of 2013 financial statements, the international accounting standards ("IAS").		
<b>Anti-money laundering: new patterns for identifying anomalous conducts</b>	Article 6, paragraph 7, letter b), of AML Law	On <u>18<sup>th</sup> February 2014</u> , UIF issued a communication providing new patterns for the detection of anomalous conducts in payment cards' transactions. An operational scheme has been set out, which will help AML Law's addressees to identify (and report) anomalous conducts.	N.A.	N.A.
<b>CONSOB</b>				
<b>Transparency on top executives' golden handshakes</b>	Article 114, paragraph 5, of the Consolidated Financial Act	On <u>10<sup>th</sup> March 2014</u> , CONSOB launched a public consultation on the information that listed companies (in particular, those with the highest market capitalisation) must provide to the public in relation to the golden handshakes granted to their top executives. Accordingly, methods of payment and repayment clauses (if any) must be disclosed to the public without delay, together with the decision-making process followed for the attribution of such treatment.	N.A.	The consultation runs until 10 <sup>th</sup> May 2014.
<b>Anti-money laundering: customer due diligence to be carried out with regard to public interest</b>	Article 7, paragraph 2, of AML Law	On <u>21<sup>st</sup> February 2014</u> , after having heard the Bank of Italy and IVASS, CONSOB published resolution no. 18802 providing implementing measures on customer due diligence to be complied with by statutory auditors and auditing	<u>1<sup>st</sup> June 2014</u> (OG 3 <sup>th</sup> March)	N.A.



<b>companies</b>		companies of companies of public interest, taking into account the specific nature of the audit to be carried out.	2014, no. 51)	
<b>Timing of publication of supplements to prospectus</b>	Article 7, paragraph 1, of CONSOB Resolution 14 <sup>th</sup> May 1999, no. 11971 (the “Issuers Regulation”)	On 10 <sup>th</sup> February 2014, CONSOB issued communication no. 0010807 aimed at harmonising national law with ESMA’s opinion no. 2013/317 on prospectuses. According to CONSOB, any additional information concerning the offer at issue must be contained in a supplement to the prospectus to be published before the approval of the latter, save made for final data, such as price and amount of the securities issued.	N.A.	N.A.
<b>IVASS</b>				
<b>Simplified procedures for insurance companies</b>	Article 22, paragraph 15- <i>bis</i> , of Law Decree 18 <sup>th</sup> October 2012, no. 179, converted with amendments into Law 17 <sup>th</sup> December 2012, no. 221	On 18 <sup>th</sup> March 2014, IVASS published a consultation paper on a draft regulation aimed at simplifying business relationships among insurance companies, through the use of IT tools (certified email address, digital signature, electronic means of payment, etc.).	N.A.	The consultation runs until 22 <sup>th</sup> April 2014.
<b>2. EC/EU LAW</b>				
<b>2.1 Primary legislation</b>				
<b>SUBJECT-MATTER</b>	<b>RELEVANT LAW PROVISION(S)</b>	<b>SUMMARY</b>	<b>ENTRY INTO FORCE</b>	<b>IMPLEMENTATION DETAILS</b>
<b>Adopted Directives and Regulations</b>				
<b>MAD 2 and MAR</b>	Article 83 (2) of Treaty on	On 14 <sup>th</sup> April 2014, the EU Council adopted the	N.A.	Following publication in the OJ,

	the functioning of the EU (“TFEU”) Directive 2003/6/EC ( <i>Market Abuse Directive</i> )	amended Market Abuse Directive (“MAD 2”) and Market Abuse Regulation (“MAR”), aimed at restoring confidence in the EU financial market whilst establishing an harmonised framework for criminal sanctions related to market abuse. The new rules provide for tougher criminal penalties, including imprisonment for serious offences (with a minimum jail sentence of four years), such as unlawful disclosure of information, insider dealing or market manipulation.		expected for next June, a 24-month period is envisaged for the adoption of implementing measures by the Commission in respect of the Regulation and by Member States with regard to the Directive.
<b>Legislative proposals</b>				
<b>MiFID II</b>	Directive 2004/39/CE (“MiFID”)	On 15 <sup>th</sup> April 2014, the European Parliament agreed, in plenary session, on the text of a new directive amending MiFID, with the aim to strengthen the EU financial market by (i) introducing new disclosure requirements for non-equity instruments (such as bonds and derivatives), (ii) reinforcing the requirements for equity instruments, (iii) improving competition in the trading and clearing of financial instruments, (iv) introducing controls on algorithmic trading, and (v) harmonising administrative sanction regimes among Member States.	N.A.	The directive will be formally adopted by the Council and published in the OJ. It will enter into force on the twentieth day following its publication in the OJ.
<b>UCITS V Directive</b>	Directive 2009/65/EC of 13 <sup>th</sup> July 2009 (“UCITS IV”)	On 15 <sup>th</sup> April 2014, the European Parliament agreed, in plenary session, on the text of a new directive amending UCITS IV, aimed at (i) enhancing investors’ confidence and protection by introducing further safeguards with regard to depositary functions, (ii) avoiding excessive risk taking by establishing appropriate remuneration	N.A.	The directive will be formally adopted by the Council and its publication in the OJ is expected for the second quarter of 2014.

		policies, and (iii) harmonising administrative sanctions at European level.		
<b>Banking union: European Parliament backs Commission's proposals (Single Resolution Mechanism, Bank Recovery and Resolution Directive, and Deposit Guarantee Schemes Directive)</b>	SSM Regulation	<p>On <u>15<sup>th</sup> April 2014</u>, the European Parliament agreed, in plenary session, on the text of three key directives, thereby completing the legislative work underpinning the banking union, which can be summarised as follows:</p> <ul style="list-style-type: none"> <li>- Bank Recovery and Resolution Directive ("<b>BRRD</b>"), which provides that EU banks must prepare recovery plans in order to overcome financial distress, whilst NCAs must lay out plans to resolve failed banks and avoid taxpayers having to bail them out;</li> <li>- Single Resolution Mechanism ("<b>SRM</b>"), which implements the BRRD and the SSM, ensuring that if a bank subject to the SSM faces serious difficulties, its resolution can be managed efficiently with minimal costs to taxpayers and the real economy; and</li> <li>- Directive on Deposit Guarantee Schemes ("<b>DGS</b>"), aimed at ensuring that depositors will continue to benefit from a guaranteed coverage of €100,000 in case of bankruptcy, which will be backed by funds to be collected in advance from the EU banks.</li> </ul>	N.A.	The directives must be still formally adopted by the Council, and published in the OJ.
<b>Bank Account Directive</b>	N.A.	On <u>15<sup>th</sup> April 2014</u> , the European Parliament agreed, in plenary session, on the text of a new directive concerning transparency and comparability of payment account fees, payment account switching and access to a	N.A.	The directive must be still formally adopted by the Council, and published in the OJ.

		basic payment account, providing that all EU consumers, without being residents in the country where the credit institution is located, and regardless of their financial situation, must have the right to open a payment account that allows them to perform essential operations (such as receiving their salary, pensions and allowances, etc.).		
<b>PRIPs KID Regulation</b>	N.A.	On <u>15<sup>th</sup> April 2014</u> , the European Parliament agreed, in plenary session, on the text of a new regulation on the contents of the “Key Information Document” (“ <b>KID</b> ”) to be supplied by providers of investment products with regard to related risks and expected returns so as to enable small investors to compare packaged retail and insurance-based investment products (“ <b>PRIPs</b> ”), and thus make an informed investment choice.	N.A.	The introduction of the KID for PRIIPs is expected for the end of 2015.
<b>Omnibus II Directive</b>	Directive 2009/138/EC of 25 <sup>th</sup> November 2009 (“ <b>Solvency II</b> ”)	On <u>4<sup>th</sup> March 2014</u> , the European Parliament agreed, in plenary session, on the text of the so-called “Omnibus II” Directive, which completes the legislative framework introduced by Solvency II for the purpose of creating a modern risk-based regulatory and supervisory regime in the insurance services sector. The directive clarifies the role of EIOPA in ensuring the adoption by EU insurance companies of an harmonised technical approach in the calculation of technical provisions and capital requirements, and lays down measures on the treatment of long-term guaranteed insurance products.	N.A.	The directive must be still formally adopted by the Council and published in the OJ. It will enter into force on the day following publication in the OG.

Open consultations				
<b>EMIR: draft RTS on risk mitigation techniques for non-centrally cleared OTC derivatives</b>	Article 11 of the Regulation (EU) no. 648/2012 ( <i>European Market Infrastructure Regulation</i> ; "EMIR")	On <u>14<sup>th</sup> April 2014</u> , ESA launched a public consultation on draft Regulatory Technical Standards ("RTS") concerning risk-mitigation techniques under EMIR for over-the-counter ("OTC") derivative contracts not cleared by a central counterparty.	N.A.	The consultation runs until 14 <sup>th</sup> July 2014.
<b>Major shareholdings disclosure</b>	Directive 2013/50/EC of 27 <sup>th</sup> November 2013 ("Transparency Directive")	On <u>21<sup>st</sup> March 2014</u> , ESMA launched a public consultation on draft RTS relating to the notification of major shareholdings and an indicative list of financial instruments subject to notification requirements under the revised Transparency Directive. The underlying purpose being to harmonise the aggregation of shareholdings and financial instruments, the calculation of notification thresholds, and the exemptions from notification requirements.	N.A.	The consultation runs until 30 <sup>th</sup> May 2014.
<b>Supervisory practices for financial conglomerates</b>	Article 11 of Directive 2002/87/EC ("Financial Conglomerates Directive")	On <u>12<sup>th</sup> March 2014</u> , ESA launched a public consultation on draft guidelines introducing supervisory coordination arrangements for financial conglomerates.	N.A.	The consultation runs until 12 <sup>th</sup> June 2014.

<b>Draft RTS on data waiver</b>	Articles 180(1)(h) and 2(e), 181(2) and 182(3) of CRR	On <u>7<sup>th</sup> March 2014</u> , EBA launched a public consultation on draft RTS concerning the conditions according to which NCAs may grant to credit institutions permission to use relevant data covering shorter time series (2 years instead of the required 5 years), when estimating risk parameters.	N.A.	The consultation runs until 7 <sup>th</sup> June 2014.
<b>SSM Framework Regulation</b>	SSM Regulation	On <u>7<sup>th</sup> February 2014</u> , ECB launched a public consultation on a draft SSM Framework Regulation, setting out the regulatory basis for SSM, which is expected to start operating in November 2014. Among the main provisions, it is worth mentioning (i) the assessment of a bank's significance in order to determine whether it falls or not under ECB's direct or indirect supervision, (ii) the cooperation between ECB and NCAs, (iii) ECB's oversight of the whole SSM system, and (iv) the arrangements for close cooperation with EU Member States outside the Euro-zone.	N.A.	The final version of the SSM Framework Regulation will be published in the OJ by 4 <sup>th</sup> May 2014. The consultation closed on 7 <sup>th</sup> March 2014.

## 2.2 Implementing measures

<b>SUBJECT-MATTER</b>	<b>RELEVANT LAW PROVISION(S)</b>	<b>SUMMARY</b>	<b>ENTRY INTO FORCE</b>	<b>COMPLETION/IMPLEMENTATION DETAILS</b>
<b>EBA final draft RTS on prudent valuation</b>	Article 105(14) of CRR	On <u>31<sup>st</sup> March 2014</u> , EBA published its final draft RTS setting out the requirements related to prudent valuation adjustments of fair valued positions, aimed at setting out prudent values that can achieve an appropriate degree of	Not yet published in the OJ	Following adoption by the Commission, these standards will enter into force on the twentieth day after their publication in the OJ.



		certainty while taking into account the dynamic nature of trading book positions. These standards will be part of the EU Single Rulebook in banking.		
<b>EBA final draft implementing technical standards on liquidity requirements</b>	Article 419(4) of CRR	On <u>28<sup>th</sup> March 2014</u> , EBA published its final draft Implementing and Regulatory Technical Standards (“ITS” and “RTS”) on liquidity requirements, concerning (i) currencies for which the justified demand for liquid assets exceeds their availability, (ii) derogations for eligible currencies, and (iii) currencies with an extremely narrow definition of central bank eligibility. Once adopted, these standards will be part of the Single Rulebook in banking.	Not yet published in the OJ	Following adoption by the Commission, these standards will enter into force on the twentieth day after their publication in the OJ.
<b>EBA final draft RTS on additional collateral outflows</b>	Article 423(3) of CRR	On <u>28<sup>th</sup> March 2014</u> , EBA published its final draft RTS on additional collateral outflows (which will be part of the EU Single Rulebook in banking), setting out calculation methods for additional collateral outflows arising from the impact of an adverse market scenario on a credit institution's derivatives positions, financing transactions and other contracts, if material.	Not yet published in the OJ	Following adoption by the Commission, these standards will enter into force on the twentieth day after their publication in the OJ.
<b>EBA guidelines on the notional discount rate applicable to the variable remuneration of staff whose professional activities have a material impact on the risk profile</b>	Article 94(1)(g)(iii) of Directive 2013/36/EU of 26 <sup>th</sup> June 2013 (“CRD IV”)	On <u>27<sup>th</sup> March 2014</u> , EBA published its final guidelines on the calculation of the discount rate for variable remuneration, aimed at supporting EU Member States in the identification of a reliable ratio between variable and fixed components of the total remuneration to be awarded to those staff categories whose professional activities have a material impact	N.A.	N.A.



		on the risk profile of the credit institution they work for, in respect of services or performances provided from 2014 onwards.		
<b>Good practices for structured retail product governance</b>	N.A.	On <u>27<sup>th</sup> March 2014</u> , ESMA published an opinion setting out good practices for investment firms when manufacturing and distributing structured retail products, with a particular focus on (i) the complexity of such products, (ii) the nature and range of investment services and activities undertaken in the course of business, and (iii) the type of investors they target.	N.A.	N.A.
<b>ESMA guidelines on NCAs cooperation arrangements and information exchange</b>	Article 16(3) of the Regulation (EU) no. 1095/2010 (“ <b>ESMA Regulation</b> ”)	On <u>27<sup>th</sup> March 2014</u> , ESMA published guidelines for NCAs in respect of the updated multilateral memorandum of understanding (“ <b>MMoU</b> ”), which will enter into force on <u>29<sup>th</sup> May 2014</u> , which establishes a general framework for cooperation arrangements and information exchange amongst NCAs and between NCAs and ESMA in the fulfilment of their responsibilities under EU law.	N.A.	N.A.
<b>AIFMD: technical advice on information to be provided by NCAs to ESMA</b>	Articles 67(5) and 67(3) of AIFMD	On <u>26<sup>th</sup> March 2014</u> , ESMA issued a technical advice to the Commission on the information that NCAs must provide quarterly to ESMA itself pursuant to AIFMD, in relation to the functioning of the passport for EU AIFMs, as well as of national private placement regimes for non-EU AIFs and non-EU AIFMs.	N.A.	N.A.
<b>ESMA Q&amp;As on EuSEF and EuVECA Regulations</b>	Regulation no. 345/2013 on European Venture Capital Funds (“ <b>EuVECA</b> ”);	On <u>26<sup>th</sup> March 2014</u> , ESMA published some Q&As on the application of EuSEF and EuVECA Regulations, aimed at promoting a	N.A.	N.A.

	Regulation no. 346/2013 on European Social Entrepreneurship Funds (“ <b>EuSEF</b> ”)	common supervisory approach and good practices in the application thereof by NCAs.		
<b>ESMA final report on guidelines on ETF and other UCITS issues</b>	N.A.	On <u>24<sup>th</sup> March 2014</u> , ESMA, following a public consultation ended on 31 <sup>st</sup> January 2014, published its final report on the revision of guidelines on <i>Exchange Traded Funds</i> (“ <b>ETF</b> ”) and other UCITS issues, which modifies the rules on collateral diversification in paragraph 43(e) of the existing guidelines (ESMA/2012/832) for the significant adverse impact they have on UCITS’s collateral management policies.	N.A.	Within 2 months following publication of the guidelines’ translation into national language, NCAs must notify ESMA as to whether they intend to comply (or explain why in case they do not).
<b>Amended draft of the Fourth Money Laundering Directive (“MLD4”)</b>	Third Money Laundering Directive 2005/60/EC of 26 <sup>th</sup> October 2005 (“ <b>MLD3</b> ”)	On <u>11<sup>th</sup> March 2014</u> , the European Parliament’s Committees on Economic and Monetary Affairs and on Civil Liberties, Justice and Home Affairs approved an amended draft of MLD4, according to which: <ul style="list-style-type: none"> <li>- public registers will contain information on the ultimate beneficial owners of various legal arrangements (including companies, foundations and trusts);</li> <li>- EU Member States could exclude the application of MLD4 with respect to low-risk financial activities, and may extend its scope where there is a high risk of money laundering and terrorism financing; and</li> <li>- provisions on “politically-exposed persons” will include both “domestic”</li> </ul>	N.A.	The new EU Parliament, to be elected this coming May 2014, will negotiate with the Commission and the Council of Ministers of the EU on the final text of MLD4 in the second half of 2014.

		and “foreign” ones. The above rules will apply to banks, financial institutions, auditors, lawyers, accountants, notaries, tax advisors, asset managers, trusts and real estate agents.		
<b>RTS on the identification of material risk takers subject to remuneration rules</b>	CRD IV	On <u>4<sup>th</sup> March 2014</u> , the European Commission issued RTS setting forth identification criteria of those employees whose professional activities may have a material impact on financial institutions’ risk profile (the so-called ‘material risk takers’), with the aim to strengthen the EU harmonised rules on staff remuneration in banks and investment firms.	Not yet published in the OJ	The European Parliament and the Council have one month time to exercise their right of scrutiny, with the possibility to extend such period for other 2 months, at their initiative. Following the expiry of this scrutiny period, the RTS will be published in the OJ, entering into force on the twentieth day after publication.
<b>EBA Q&amp;As on the single rulebook under CRD IV</b>	CRD IV; CRR	On <u>21<sup>st</sup> February 2014</u> , EBA published a final set of Q&As regarding the single rulebook under CRD and CRR (jointly referred to as “CRD IV”). The Q&As address a number of queries related to the liquidity coverage ratio outflow, own funds requirements, cash outflows and other liabilities.	N.A.	N.A.
<b>Procedure for the settlement of disagreements between NCAs</b>	Article 41 of Regulation (EU) 24 <sup>th</sup> November 2010, no. 1093/2010	On <u>20<sup>th</sup> February 2014</u> , EBA issued a decision setting out rules for the establishment and functioning of an independent panel, entrusted with the task of facilitating the impartial settlement of disagreements among NCAs.	<u>24<sup>th</sup> February 2014</u>	N.A.