

Coordinated arrests of international drug trafficking group

6 December 2019

The national authorities of Germany, Denmark, Spain, Italy, the Netherlands, Sweden, the UK and Norway, with the active support of Eurojust, have taken down an organised crime group (OCG) involved in drug trafficking. The investigation showed that a transport company based in the Netherlands was involved in smuggling large quantities of drugs to several European countries. Police suspect that the drugs were transported by truck, along with legal cargo, from Spain into the Netherlands, and redistributed to other countries.

As the result of an investigation lasting one year in many countries, coordinated arrests of the main suspects of the OCG were conducted. Dutch suspects were arrested in the following countries: one in the Netherlands, one in Germany, one in Spain, three in Italy, one in Sweden, one in the UK, and three in Norway.

Seizures were conducted in all countries, for a combined total of 4 tonnes of hashish, 200 kg of amphetamines, 64 kg of cocaine, 45 kg of MDMA, and 25 kg of heroin. As an expansion of the Eurojust case, 50 suspects were charged in Norway.



Photos © Norwegian National Criminal Investigation Service, KRIPPOS

Criminal activities of the OCG

In 2017, the number of violent activities, including shootings, increased in Oslo. The Norwegian authorities initiated an investigation into an OCG, with clear links between southern countries and Nordic countries, but also involving countries in central Europe. Due to the cross-border dimension of the investigation, a Eurojust case was opened in September 2018, which targeted the alleged Moroccan and Dutch main suspects, including Dutch trucking and transport firms.

Eurojust's crucial role

Eurojust's involvement was instrumental in coordinating the actions in all countries. Eurojust organised five coordinating meetings in one year, during which information was shared and strategic decisions were taken. To ensure an efficient investigation and prosecution, Eurojust assisted in overcoming legal obstacles by advising on jurisdictional issues and reaching an agreement on the best place to prosecute. Eurojust swiftly set up a joint investigation team (JIT), financed by Eurojust, with Norway, Denmark and Sweden to speed up the criminal investigations into the OCG and enable the swift gathering of evidence and sharing of information.

#Justice Done

A Norwegian court recently sentenced one of the main suspects to 19 years' imprisonment and confiscated more than EUR 4.5 million.

A Danish court recently sentenced two suspects to two and six years' confinement, respectively.

A German court recently sentenced one perpetrator to eight years' imprisonment for the possession of illicit drugs.

Italy: EIB and Iccrea Group provide EUR 200m for SMEs and agribusinesses

- **The operation concerns 14 cooperative banks that will manage loans to local SMEs**
- **The aim is to reach smaller businesses in rural areas far from large urban centres**
- **25% of the loans are reserved for the agricultural sector**

The aim of the agreement between the European Investment Bank (EIB) and Gruppo Bancario Cooperativo Iccrea (via Iccrea Banca) is to extend their influence within Italy's production fabric to rural areas, far from large production centres. This will enable 14 of the Iccrea Group's banks to provide EUR 200m in financing to Italian SMEs, including in the agricultural sector.

The new loans are intended for businesses with fewer than 250 employees operating in all productive sectors: crafts, industry, retail, tourism and services, with 25% reserved for agriculture. The loans can be allocated for the purchase, construction, extension and refurbishment of buildings; the purchase of plant, equipment, vehicles or machinery; expenses, additional charges and intangible assets connected to the projects, including research, development and innovation costs; and ongoing working capital requirements for operational purposes.

Technically speaking, the operation starts as a kind of securitisation deal where the participating banks transfer a loan portfolio to a financing vehicle, which then issues EUR 200m worth of bonds underwritten by the EIB. The 14 cooperative banks (BCC) can then generate the same amount of new funding (EUR 200m), passing on to the final beneficiaries the favourable interest rate and maturity terms of the EIB's funding.

EIB Director of Operations in Italy **Miguel Morgado** said: *"The EIB is particularly pleased to be able to operate via the Iccrea Group thanks to its 140 cooperative banks and 2 600 branches throughout Italy. Its member banks are often the only reference point for families and businesses in rural, hilly or mountainous areas not served by the sector's big players. In this*

respect, the favourable terms of the EIB's funding are truly available to all."

The 14 Iccrea Group banks concerned by the operation are as follows: EMIL Banca; BCC Umbria; Banca della Marca; BCC Abruzzese-Cappelle sul Tavo; Banca Alpi Marittime; Banca del Piceno; Banca d'Alba; BCC Ravennate, Forlivese e Imolese; BCC di Ostra e Morro d'Alba; Banca Patavina; BCC di Pontassieve; BCC di Recanati e Colmurano; BCC dei Colli Albani; Banca Mediocredito del Friuli Venezia Giulia.

ESMA updates its Q&As on MiFID II and MiFIR transparency and market structures topics

The new Q&As provide clarification on the following topics:

- Conversion of LIS/SSTI thresholds in lots;
- Member preferencing and pre-arranged transactions; and
- Scope of Commission Delegated Regulation (EU) 2017/584 (RTS7).

Background

The purpose of these Q&As is to promote common supervisory approaches and practices in the application of MiFID II and MiFIR. They provide responses to questions posed by the general public and market participants in relation to the practical application of level 1 and level 2 provisions relating to transparency and market structures issues.

ESMA will continue to develop these Q&As in the coming months and will review and update them where required.

EMIR RTS on various amendments to the bilateral margin requirements and joint statement on the introduction of fall-backs in view of the

international framework

The European Supervisory Authorities (ESAs) published today [joint draft Regulatory Technical Standards \(RTS\)](#) to amend the Delegated Regulation on the risk mitigation techniques for non-cleared OTC derivatives (bilateral margining) as well as a joint statement on the introduction of fallbacks in OTC derivative contracts and the requirement to exchange collateral. Both RTS and the statement were developed to facilitate further international consistency in the implementation of the global framework agreed by the Basel Committee on Banking Supervision (BCBS) and the International Organisation of Securities Commissions (IOSCO).

First of all, in view of the clarifications and changes of the global framework made over the past months by the BCBS and IOSCO, the report and related RTS clarify the expectations in relation to the threshold above which initial margin is expected to be exchanged, as well as introduce a further phase-in of one year for the smaller counterparties in scope for the initial margin requirements. Secondly, taking into account the progress made globally towards the implementation of the international framework as well as the risks that the BCBS and IOSCO framework was developed to address, a few amendments have been included in relation to the treatment of physically settled FX forward and swap contracts, intragroup contracts and equity option contracts. Lastly, the statement clarifies the view of the ESAs that amendments made to outstanding uncleared OTC derivative contracts for the sole purpose of introducing such fall-backs should not create new obligations on these legacy contracts.

Legal basis, background and next steps

The ESAs' RTS and the statement were developed in order to facilitate further international consistency in the implementation of the global framework agreed by the Basel Committee on Banking Supervision (BCBS) and the International Organisation of Securities Commissions (IOSCO).

The ESAs have developed the RTS under Article 11(15) of Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central counterparties and trade repositories (EMIR).

The ESAs have now submitted the draft RTS to the Commission for endorsement in the form of a Commission Delegated Regulation, i.e. a legally binding instrument applicable in all Member States of the European Union. Following the endorsement, they are then subject to non-objection by the European Parliament and the Council.

The ESAs cannot disapply EU law. However, in view of the remaining steps mentioned above that the draft RTS need to go through before being finalised

and entering into force, and in light of some of the soon approaching deadlines, with regards to the bilateral margin requirements and the treatment of physically settled FX forward and swap contracts, intragroup contracts, equity option contracts and the implementation of the last phase of the initial margin requirements as proposed in the draft RTS, the ESAs expect competent authorities to apply the EU framework in a risk-based and proportionate manner until the amended RTS enter into force.

Lastly, with regards to the statement in relation to fall-backs, the ESAs believe it useful to ensure legal certainty on this issue, in case or to the extent this is not already provided in some jurisdictions. While, neither the ESAs nor competent authorities possess any formal power to disapply directly applicable EU legal text, the ESAs are in contact with the co-legislators to see how a legislative change could be achieved to ensure this legal certainty.

[EMIR RTS on various amendments to the bilateral margin requirements and joint statement on the introduction of fall-backs in view of the international framework](#)

First of all, in view of the clarifications and changes of the global framework made over the past months by the BCBS and IOSCO, the report and related RTS clarify the expectations in relation to the threshold above which initial margin is expected to be exchanged, as well as introduce a further phase-in of one year for the smaller counterparties in scope for the initial margin requirements. Secondly, taking into account the progress made globally towards the implementation of the international framework as well as the risks that the BCBS and IOSCO framework was developed to address, a few amendments have been included in relation to the treatment of physically settled FX forward and swap contracts, intragroup contracts and equity option contracts. Lastly, the statement clarifies the view of the ESAs that amendments made to outstanding uncleared OTC derivative contracts for the sole purpose of introducing such fall-backs should not create new obligations on these legacy contracts.

Legal basis and next steps

The ESAs have developed the RTS under Article 11(15) of Regulation (EU) No 648/2012 of the European Parliament and Council on OTC derivatives, central

counterparties and trade repositories (EMIR).

The ESAs have now submitted the draft RTS to the Commission for endorsement in the form of a Commission Delegated Regulation, i.e. a legally binding instrument applicable in all Member States of the European Union. Following the endorsement, they are then subject to non-objection by the European Parliament and the Council.

The ESAs cannot disapply EU law. However, in view of the remaining steps mentioned above that the draft RTS need to go through before being finalised and entering into force, and in light of some of the soon approaching deadlines, with regards to the bilateral margin requirements and the treatment of physically settled FX forward and swap contracts, intragroup contracts, equity option contracts and the implementation of the last phase of the initial margin requirements as proposed in the draft RTS, the ESAs expect competent authorities to apply the EU framework in a risk-based and proportionate manner until the amended RTS enter into force.

Lastly, with regards to the statement in relation to fall-backs, the ESAs believe it useful to ensure legal certainty on this issue, in case or to the extent this is not already provided in some jurisdictions. While, neither the ESAs nor competent authorities possess any formal power to disapply directly applicable EU legal text, the ESAs are in contact with the co-legislators to see how a legislative change could be achieved to ensure this legal certainty.