

## **Notice of ESMA's Product Intervention Renewal Decision in relation to contracts for differences**

On 23 January 2019, the European Securities and Markets Authority (ESMA) adopted a [Decision](#) under Article 40 of Regulation (EU) No 600/2014 to restrict the marketing, distribution or sale of contracts for differences (CFDs) to retail clients. The Decision renews and amends ESMA Decision (EU) 2018/7962 on the same terms as the previous renewal decision, ESMA Decision (EU) 2018/16363.

In accordance with Article 40(5) of Regulation (EU) No 600/2014, this Notice provides details of the Decision and the time from which the measure will take effect. The [full text of the Decision](#) is published in the Official Journal of the European Union.

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## **Antitrust: Commission sends Statement of Objections in European government bonds cartel**

The Commission has concerns that, at different periods between 2007 and 2012, the eight banks participated in a collusive scheme that aimed at distorting competition when acquiring and trading European government bonds ("EGBs"). Traders employed by the banks exchanged commercially sensitive information and coordinated on trading strategies. These contacts would have taken place mainly – but not exclusively – through online chatrooms.

EGBs are sovereign bonds issued in Euro by the central governments of the Eurozone Member States.

If the Commission's preliminary view were confirmed, such behaviour would violate EU rules that prohibit anticompetitive business practices such as collusion on prices ([Article 101](#) of the Treaty on the Functioning of the European Union and Article 53 of the EEA Agreement).

The Commission's investigation relates to certain traders at eight banks and does not imply that the alleged anti-competitive conduct was a general practice in the EGBs sector.

The sending of a Statement of Objections does not prejudice the outcome of an

investigation.

### **Background on bond markets**

Bonds are debt securities paying a defined rate of interest, which enable entities to raise funding in international financial markets, and which are subsequently held as investments or traded like any other financial instrument.

Bonds are first issued on the “primary market” for sale through auctions or syndicates. Subsequently, bonds are traded between banks, brokers and investors on the “secondary market”. Bonds can be distinguished by the identity of the issuer and the currency in which they are denominated. The trading desks of banks are organised accordingly.

### **Background on procedure**

A Statement of Objections is a formal step in Commission investigations into suspected violations of EU antitrust rules. The Commission informs the parties concerned in writing of the objections raised against them. The parties can then examine the documents in the Commission’s investigation file, reply in writing and request an oral hearing to present their comments on the case before representatives of the Commission and national competition authorities.

If, after the parties have exercised their rights of defence, the Commission concludes that there is sufficient evidence of an infringement, it can adopt a decision prohibiting the conduct and imposing a fine of up to 10% of a company’s annual worldwide turnover.

There is no legal deadline for the Commission to complete antitrust inquiries into anticompetitive conduct. The duration of an antitrust investigation depends on a number of factors, including the complexity of the case, the extent to which the undertaking concerned cooperates with the Commission and the exercise of the rights of defence.

More information on this case will be available under the case number AT.40324 in the [public case register](#) on the Commission’s [competition website](#).

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## **[ESMA Q&As clarify prospectus and transparency rules in case of no-deal Brexit](#)**

The Q&As clarify the application of certain provisions in these Directives in case the UK withdraws from the European Union (EU) on 29 March 2019 with no

withdrawal agreement in place (no-deal Brexit). These Q&As will only apply in case of a no-deal Brexit.

The Q&As provide the following clarifications in the event of a no-deal Brexit:

- When issuers of equity securities and non-equity securities below 1,000 EUR who currently have the UK as their PD home Member State choose a new home Member State, they should choose between the EU27 Member States / EEA EFTA States in which they have activities after 29 March 2019 (either offers/admissions made after the withdrawal or admissions made before the withdrawal which continue after the withdrawal).
- Issuers admitted to trading on a regulated market within EU27 / EEA EFTA who currently have the UK as their TD home Member State should choose and disclose their new home Member State without delay following 29 March 2019.
- As the UK will be a third country, prospectuses and supplements approved by the UK FCA before 29 March 2019 cannot be used in EU27 / EEA EFTA after a no-deal Brexit.

The purpose of the Q&As is to promote common supervisory approaches and practices in the application of the PD and TD in case of a no-deal Brexit.

## **Background**

The PD harmonises requirements for the drafting, approval, and distribution of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market in the EU / EEA EFTA.

The TD aims to ensure transparency of information about issuers whose securities are admitted to trading on a regulated market through a regular flow of disclosure of periodic and on-going information and the dissemination of such information to the public.

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## **[EU report: Georgia making clear progress on its reform agenda](#)**

Today, the [3<sup>rd</sup> Association Implementation Report on Georgia](#) was released. This report sets out the state-of-play of Georgia's implementation of its commitments under the EU-Georgia Association Agreement over the past year, ahead of the EU-Georgia Association Council, to be held in Brussels on 5 March 2019. The report highlights that continued legislative reform and steady implementation of rules and standards in line with the Association Agreement are crucial to allow Georgian citizens to fully reap the benefits of this close relationship between the EU and Georgia.

*“The European Union and Georgia have excellent relations that we further intensified over the past year. Since March 2017, more than 300,000 Georgian citizens have been able to travel visa-free to the Schengen area for short stays, and since 2009, more than 63,000 businesses and farmers have received loans. The European Union will continue to accompany and support the Georgian authorities in implementing important reforms under the Association Agenda, which provides priorities for our joint work until 2020 – reforms that are bringing more and more benefits to Georgian and EU’s citizens alike”,* said the High Representative/Vice-President, **Federica Mogherini**.

*“The implementation of the Association Agreement continues to bring positive results to Georgian and EU citizens. The implementation of the [agreed actions](#) of our [High-level Meeting](#) back in November will provide further momentum to our relationship. The EU is Georgia’s largest trade partner and we will cooperate to further develop Georgia’s export potential. In September 2018, the first European School outside the EU was launched in Tbilisi, and Georgia is stepping up its participation in programmes such as Erasmus+, encouraging student and youth exchanges”,* said the Commissioner for European Neighbourhood Policy and Enlargement Negotiations, **Johannes Hahn**.

This 3<sup>rd</sup> Report takes stock of Georgia’s implementation of the Association Agreement and in particular the Association Agenda since the last EU-Georgia Association Council of 5 February 2018. Overall, Association Agreement commitments, including as regards its Deep and Comprehensive Free Trade Area, have been implemented in line with agreed timelines. Over the past year, Georgia has made progress in strengthening its democratic institutions, in the framework of the constitutional reform process and public administration reform. The Presidential elections were [held in an overall competitive environment but also raised some shortcomings](#). Modest progress was made in reforming the justice sector, but challenges remain to consolidate the results achieved and to make further progress in this area. In that regard, it is noteworthy that the 4<sup>th</sup> wave of legislative reform was initiated upon establishment of the Parliament-led platform for judiciary reforms. Going forward it is important for the Georgian government to continue fostering an open dialogue with all political actors and civil society. In the past reporting period, Georgian authorities also continued their efforts to tackle the issues regarding irregular migration.

The report underlines the benefits for Georgian citizens of the country’s economic integration with the EU through the implementation of its Deep and Comprehensive Free Trade Area commitments. With the progressive approximation of technical regulations and standards with those of the EU, Georgia has been increasingly able to strengthen its participation in international value chains. Regarding external trade, the EU continued to be the most important partner of Georgia, with a 27% share in the country’s overall trade in 2017. Preliminary data for 2018 suggests a continuation of this trend. The opening of the EU market to new animal-origin products from Georgia was an important milestone in this regard.

Last year marked the [10 year anniversary of the conflict between Russia and Georgia](#). The European Union continues to firmly support Georgia’s sovereignty and territorial integrity within its internationally recognised borders. The

European Union's commitment to peaceful conflict-resolution remains as strong as ever, through the work of the [EU Monitoring Mission in Georgia](#) and the EU Special Representative for the South Caucasus and the crisis in Georgia. In June 2018, the Georgian Parliament adopted a legislative package "A Step for a Better Future" to promote peace and opportunities for the people in Abkhazia and South Ossetia. Georgia also continues to be an important partner of the EU in the area of security, the fight against terrorism and transnational organised crime. Georgia also participates in the EU-led missions and operations, which contribute to increasing the resilience of countries worldwide and strengthening the EU's role as a global security provider.

**More information:**

[Full text of the 3<sup>rd</sup> Association Implementation Report on Georgia](#)

[Full text of the EU-Georgia Association Agreement](#)

[Association Agenda between the EU and Georgia](#)

[EU-Georgia AA/DCFTA in brief](#)

[EU-Georgia AA/DCFTA Myth buster](#)

[EU-Georgia relations factsheet](#)

[High-level meeting continues to bring Georgia and the European Union closer together](#)

[Key outcomes of the EU-Georgia high-level meeting factsheet](#)

[Full outcomes of the EU-Georgia high-level meeting](#)

[Website of the European Union Delegation to Georgia](#)

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## [\*\*ESMA appoints new chair of the Investment Management Standing Committee\*\*](#)

The Board of Supervisors of the European Securities and Markets Authority (ESMA) has appointed the following individual to serve as chair of its Investment Management Standing Committee (IMSC):

- Gabriela Figueiredo Dias, Chair of the Comissão do Mercado de

Valores Mobiliários (CMVM) of Portugal.

The appointment is effective immediately and will run until 30 October 2020.

The standing committees are expert groups drawn from ESMA staff and the national competent authorities for securities markets regulation in the Member States, and are responsible for the development of policy in their respective areas.