

Olivier Guersent
Director General
Directorate General Financial Stability,
Financial Services and Capital Markets
Union
European Commission
1049 Brussels
Belgium

Ref: RTS 2 annual review report

Dear Mr Guersent,

I am writing to you in reply to your letter dated 1 August 2019¹ regarding the postponement of the first annual review report foreseen under Article 17 of the Commission Delegated Regulation (EU) 2017/583 (RTS 2).

Having discussed the matter also between our staff, I believe that the European Commission and ESMA agree that due to the remaining uncertainties around a potential no-deal Brexit it is not advisable to perform the annual review of RTS 2 in the year 2019.

ESMA however intends to perform the annual review of RTS 2 ahead of 30 July 2020, incorporating an analysis of the empirical data available to ESMA and looking specifically into what effects the UK leaving the Union may have on bond market liquidity. This analysis should also allow for an assessment of whether the phase-in schedules embedded in RTS 2 require any adjustment due to the UK's withdrawal which you are referring to in your letter of 1 August.

¹ FISMA.C3/EB/psc - (2019) 5550872

I trust that this way forward is agreeable to the European Commission and I am looking forward to our continued cooperation in this matter.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'S/M' with a flourish.

Steven Maijor

cc.: Irene Tinagli MEP, Chair of the Committee on Economic and Monetary Affairs,
European Parliament

Mika Lintilä, President of the ECOFIN Council, Council of the European Union

Jeppe Tranholm-Mikkelsen, Secretary-General of the Council of the European Union