

ESMA Discontinues its "Brexit Leveller" Committee

On 29 May 2020 the European Securities and Markets Authority ("ESMA") [announced](#) the winding down of its Supervisory Coordination Network ("SCN").

However, as we consider below, supervisory convergence remains a key priority for ESMA.

Role of the SCN

The SCN was established in May 2017 to help mitigate the risks to supervisory convergence from Brexit.

While ESMA recognised that financial centres in the EU27 were free to compete based on the strengths they can offer firms relocating from the UK as a result of Brexit, it was keen to ensure that the EU rulebook was always applied consistently.

The SCN provided a forum for reporting and discussions among national competent authorities ("NCAs") regarding market participants seeking to relocate entities, activities or functions to the EU27 post Brexit. Its main objective was to promote sound, efficient and consistent supervision across the EU.

In addition, the SCN discussed the relocation cases of firms, activities or functions into the EU27 before authorisations were granted.

The SCN facilitated open discussions and allowed supervisors reach practical common supervisory solutions. These solutions complemented ESMA guidance through other convergence tools such as Q&As.

Time Up

As the Brexit Withdrawal Agreement entered into force on 31 January 2020, the work of the SCN is coming to an end.

The SCN is due to hold a final meeting before the end of 2020 to take stock of the relocation situation and close its work.

Supervisory Convergence Remains a Priority

While the SCN is not being repurposed for other projects now the wave of Brexit relocations has passed, EU supervisory convergence remains a key priority for ESMA, as noted in its revised [annual work programme](#) released on 15 June 2020.

Focus on Costs

One of ESMA's supervisory convergence priorities for 2020 relates to achieving a common interpretation of rules in the area of investor protection, including cost and performance.

We have seen an example of this already in the form of the [new guidance](#) on fund costs reporting. For further details see our previous client update covering [ESMA's Pricing Process](#).

Further Information

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July 2020

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