Press release

AFME publishes “Post Trade explained: The role of post-trade services in the financial sector”
9 February 2015

In "Post Trade Explained: The role of post-trade services in the financial sector", a report published today, AFME argues that further reform of post trade regulations is necessary to achieve integrated and efficient European capital markets, one of the most important and ambitious projects underway in the EU.

The report provides a comprehensive overview of post trade processes, explains why they are critical for creating developed, integrated and efficient capital markets, and outlines the need for further reform.

Commenting on the publication, Werner Frey, Managing Director Post Trade at AFME, said:

"Although less well-known than trading activities, post trade processes are just as important for the proper functioning of modern capital markets, as they allow buyers and sellers to trade securities safely, knowing that the transaction will be cleared and settled.

"While important milestones have been achieved in the reform of post trade, we still don't have an integrated low risk and low cost post trade environment in Europe. In AFME's view, a synthesis of efficiency and safety and the combination of public sector authority and private sector expertise and experience is crucial to conclude the process of European post trade reform successfully.

In the report, AFME argues for the following gaps to be closed:

- Create a recovery and resolution regime for Central Counterparties (CCP) and Clearing Houses and Central Securities Depositories (CSD), which would be an important element of risk mitigation
- Enact enforceable solutions to withholding tax procedural issues
- Resolve outstanding legal uncertainties and create a consistent conflict-of-laws regime

The full report is available here and on the AFME website:

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Contact
David Waller, +44 (0)207 743 9504, david.waller@afme.eu
Anna Schoeffler, +44 (0)207 743 9367, anna.schoeffler@afme.eu

Post trade processes comprise the services that are performed subsequent to the execution of a trade, and include: clearing, settlement (including processes preparing for settlement such as affirmation, confirmation, allocation and matching), custody and asset servicing, related activities such as collateralisation.
Notes:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, www.afme.eu

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