
Press release

AFME calls for greater harmonisation of EU regulations on Asset Segregation in new report

7 September 2016

AFME has today published a new report entitled **Principles of Asset Segregation, Due Diligence and Collateral Management**, which calls for greater harmonisation of asset segregation across European regulation.

Segregation of client assets currently falls under various pieces of EU regulation (including AIFMD, EMIR, CSDR, UCITS V and MiFID/MiFIR), however, the report finds there is currently no consistency in the meaning of “account segregation” across the regulations nor in the level of segregation required. The report, therefore, calls for a harmonised approach to ensure a high standard of securities account holder protection whilst also acknowledging the consequences of differing insolvency regimes.

Werner Frey, Managing Director of the AFME Post Trade division, said: “EU regulations currently create a fragmented approach to account segregation. Given this patchwork of legislation, asset segregation lacks coherence and creates a level of uncertainty and confusion among industry participants. This is why we have developed a list of principles to provide a holistic view of asset segregation for European policymakers and financial institutions.”

The AFME report contains a comprehensive analysis of existing and proposed regulations that impact client asset protection, focusing primarily on Europe, but with consideration of the broader global context, given the nature of the markets in question.

This is followed by a set of principles for segregation of client assets and client account holding structures, which are based on the conclusion of this analysis. These principles focus primarily on securities accounts, from a holistic operational, legal and compliance perspective, which simultaneously ensure adequate safety of client assets while minimising operational complexity and cost.

Among some of AFME’s key Asset Segregation Principles are:

- Internal accounts should be fully segregated and identify the immediate client for whom the assets are being held;
- External accounts should be segregated between proprietary assets and securities account holder assets;
- In the event of the insolvency of a securities account provider, client asset protection is of utmost importance.

Download [Principles of Asset Segregation, Due Diligence and Collateral Management](#)

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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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