
Press release

AFME calls for further progress in European post trade reform

New White Paper outlines AFME's vision for integrated, safe and efficient post trade in Europe
23 May 2018

AFME's Post Trade Division has today published a new White Paper setting out a vision for a future post-trade system in Europe.

The paper explores the issues currently impeding progress in European post trade reform and outlines some key objectives for public authorities and the industry in the paper entitled '**A Roadmap for Integrated, Safe and Efficient Post Trade Services in Europe**'.

Areas of focus include: a sound legal basis for cross border holdings in book entry securities, an efficient method of reclaiming withholding taxes, ensuring open access and interoperability for European CCPs, ensuring collateral management is harmonised and unencumbered by unnecessary restrictions and continuing the process of fully embedding T2S as a low cost, pan-European settlement platform.

Stephen Burton, Managing Director of Post Trade at AFME, said: *"European post trade reform must go further if we are to build larger and more diverse capital markets in Europe. While the solutions put forward to date are necessary, they have not gone far enough in addressing the barriers to efficient post trade. In order to make progress towards an integrated, low-risk and low-cost post-trade eco-system in Europe, European and national authorities should prioritise reform. The overarching goals of post trade reform are well-established, the mandate and the foundations have been clearly set, now it's time for action."*

One of the paper's key recommendations focuses on the opportunities created by new technologies. With the advent of new technology, such as Artificial Intelligence, cloud-based applications and distributed ledger technologies, there is the potential to revolutionise how post trade services are delivered. The consequence for industry of not developing common standards and collectively maximising its benefits could be further fragmentation. Therefore, the paper calls for industry to work collaboratively on this.

The White Paper follows some major recent developments, such as the publication in August 2017 of the European Post-Trade Forum (EPTF) report, and the publication on 8 March 2018 of the European Commission's latest initiatives for its Capital Markets Union project, including Action Plans on Fintech and on Sustainable Finance.

AFME's vision is for:

- a truly integrated, harmonised, low-risk and low-cost post-trading system in Europe
- post-trade infrastructures and service providers that compete in a harmonised and standardised operational, legal and regulatory environment offering innovative and low-cost services to all users on a non-discriminatory basis.

To achieve the vision of low-risk and low-cost post trading in Europe, AFME's White Paper calls for:

- the barriers determined by the European Post Trade Forum (EPTF Barriers) in 2017 to be swiftly dismantled in the context of the European Commission's Capital Markets Union project (CMU);
- a longer-term strategy, based on detailed analyses, to achieve the targeted future state of the post-trading landscape to be developed, including responsibilities and timelines, and to be implemented accordingly;

- the opportunities created by new technology should be leveraged;
- close and institutionalised cooperation between the public and the private sector should be continued, including an intensified dialogue with European and national public authorities in a bespoke and targeted manner;
- post trade reform should be pursued across all European markets, including non-EU capital markets.

- ENDS -

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About AFME:

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. 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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