
Press release

AFME responds to European Commission Consultation on Post Trade in a CMU

15 November 2017

The Association for Financial Markets in Europe (AFME) has today responded to the European Commission's Consultation on Post-Trade in a Capital Markets Union (CMU). This important consultation will help the Commission determine the needs and priorities in European post-trade reform.

Werner Frey, Managing Director, Post Trade at AFME, said: "The European Post-Trade Forum (EPTF) Report and this consultation are an important milestone in much-needed European post-trade reform. As a next step, we are very much in favour of dismantling the narrowly defined EPTF Barriers with a view to promoting the global competitiveness of European capital markets. At the same time, a strategic plan for a comprehensive European post-trade reform should be developed."

AFME's consultation response finds that there are two interrelated parallel processes required to successfully promote European post-trade reform and a well-functioning CMU:

- the **swift dismantling of the EPTF Barriers** that have deliberately been narrowly defined to facilitate the implementation of the proposed solutions in the CMU context; and
- the **development and implementation of a longer-term strategy** for comprehensive European post-trade reform.

With respect to **dismantling the EPTF Barriers**, AFME:

- strongly supports the EPTF Report, its analysis and proposed solutions;
- advocates the inclusion of *all prioritised* EPTF Barriers in the CMU Action Plan;
- proposes to continue the close and *institutionalised* cooperation between the public and the private sector to monitor the dismantling of *all* EPTF Barriers;
- believes that the dismantling of the EPTF Barriers should start without delay and therefore should not be made dependent e.g. on possible future benefits derived from technological developments such as DLT or the outcome of Brexit negotiations;
- suggests intensifying the *dialogue with Member States* in a bespoke and targeted manner as part of the aforementioned public-private partnership.

With respect to the **development and implementation of a longer-term strategy** for comprehensive European post-trade reform, AFME:

- stresses the importance of progress on the EPTF barriers
- emphasizes that progress on the EPTF barriers will facilitate longer-term strategic steps
- refers to the [AFME Post-Trade White Paper](#)
- proposes the setup of a strategy group by the European Commission, the mandate of which should *inter alia* include:
 - the definition and the objectives of a comprehensive European post-trade reform;
 - an assessment of the likely impact of technological developments, based on an analysis to be performed of the conditions precedent, such as the legal and regulatory framework for such technological developments;
 - an assessment of the degree to which the successful dismantling of the EPTF Barriers achieves the defined objectives;
 - an analysis in regard of the timeliness of current post-trade processes including their rationale;

- high level proposals for achieving the defined objectives.

AFME finds that the following areas in particular require more in-depth work:

- systemic risk /risk transmissions in the settlement space
- harmonisation of tax processes
- collateral management

AFME's full consultation response can be found [here](#).

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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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