



Association for Financial Markets in Europe

AFME Members' Briefing

EU Institutional changeover and what it means for Financial Services

25 June 2019

Simon Lewis, Chief Executive, AFME

Donald Ricketts, Head of Financial Services, FleishmanHillard

Stefano Mazzocchi, Managing Director, Deputy Head of AFME Brussels office



Opening Remarks

Simon Lewis
Chief Executive
AFME



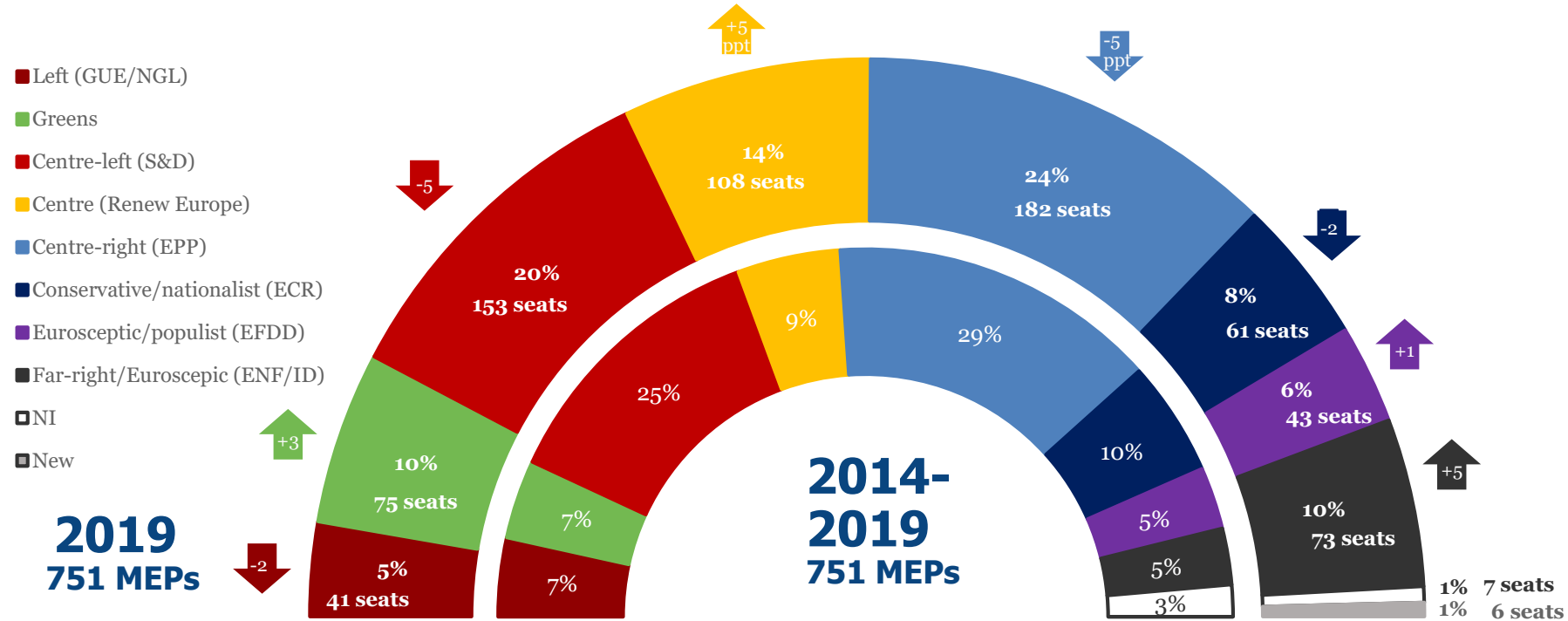
European Political Update

Donald Ricketts
FleishmanHillard
AFME Members briefing call

25 June 2019



EUROPEAN PARLIAMENT: A FRACTURED CENTRE



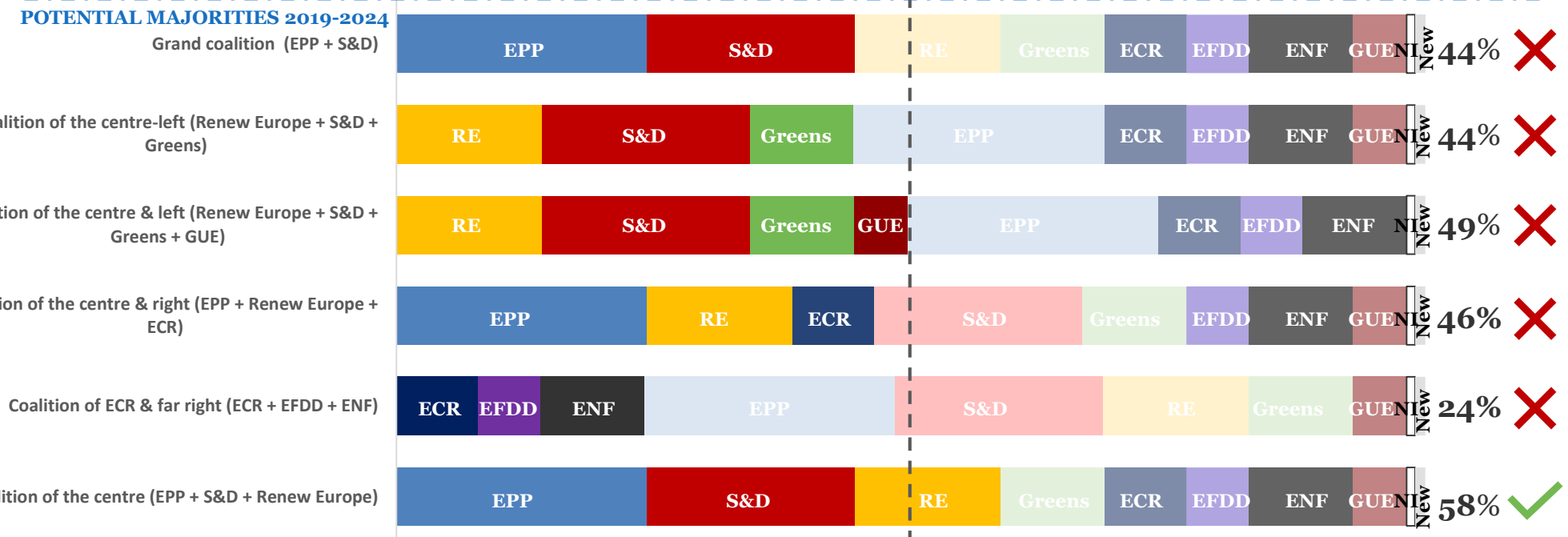
Key points

- Centre-right group remains largest group with centre-left second, with approximately similar drop in seats
- The liberal centrist group surges to third place with Macron's La République En Marche (LREM) as key delegation
- Greens see noticeable increase while extreme-left sees drop in support
- Increase of the far-right wing, largely due to Brexit Party, Rassemblement National (RN) and Lega
- Number of MEPs reduces from 751 to 705 MEPs post-Brexit – some countries gain extra seats
- The impact of Brexit close to neutral overall – centre-right incrementally gains some 2 ppt relative to the other groups
- Balance of power for the “pro-European” coalition would remain materially neutral

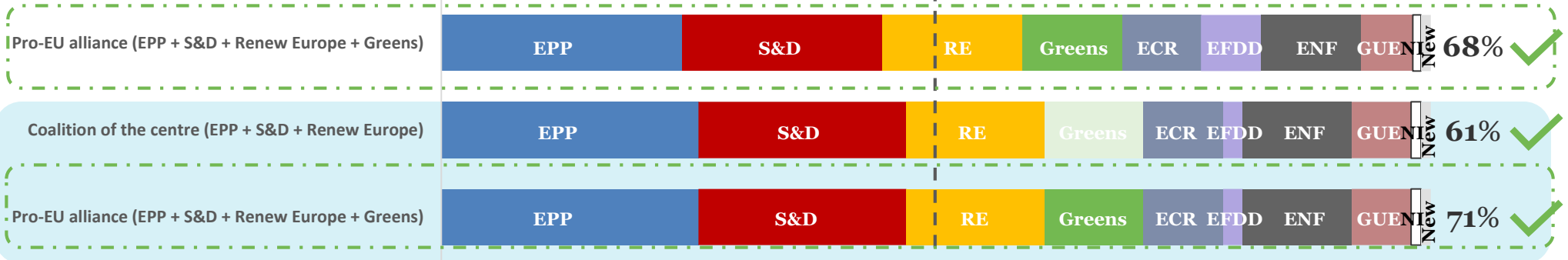
NB: numbers are estimations based on latest published results and current group affiliations

POTENTIAL MAJORITIES IN THE NEXT TERM

50%



POST-BREXIT





Macron Pr
23 AVRIL 2017







SPD



BREXIT?

#EUROPAISTDIEANTWORT

TOP JOBS: THE TRADING GAME

EUROPEAN COMMISSION



Manfred WEBER
EPP/DE

Margrethe VESTAGER
RE/DK

Charles MICHEL
RE/BE

Kristalina GEORGIEVA
EPP/BG

Frans TIMMERMANS
S&D/NL

Michel BARNIER
EPP/FR

HIGH REPRESENTATIVE



European Union
EXTERNAL ACTION

Frans TIMMERMANS
S&D/NL

Jean-Yves LE DRIAN
RE/FR

Josep BORRELL
S&D/ES

EUROPEAN CENTRAL BANK



Ardo HANSSON
EE

Jens WEIDMANN
DE

Erkki LIIKANEN
FI

François VILLEROY DE GALHAU
FR

Oli REHN
FI

EUROPEAN COUNCIL



Dalia GRYBAUSKAITE
LT

Kristalina GEORGIEVA
EPP/BG

Charles MICHEL
RE/BE

OTHER POSSIBLE CANDIDATES

Helle THORNING-SCHMIDT
S&D/DK

Alexander STUBB
EPP/FI

Andrej PLENKOVIĆ
EPP/HR

Lars LØKKE RASMUSSEN
RE/DK

Christine LAGARDE
EPP/FR

Maroš ŠEFČOVIČ
S&D/SK

Angela MERKEL
EPP/DE

Mark RUTTE
RE/NL

IMPLICATIONS FOR FUTURE EU HIGH LEVEL PRIORITIES





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AFME Update

Stefano Mazzocchi
Managing Director,
Deputy Head of AFME
Brussels office

AFME's objectives for competitive, resilient and well-integrated financial system

Efficient and well-developed capital markets

Expanding the size and capacity of EU capital markets


Removing fragmentation in credit markets. Achieving a sound implementation of Basel III

Build EU global leadership on sustainable finance

Fostering integrity and effective conduct regulation

Building a competitive Digital Single Market

Facilitating global regulatory convergence and cooperation



**Efficient and
well-developed
capital markets**

- **Undertake a targeted review of MiFID 2/R (or a “MiFID2/R Refit”)** with a view to improving outcomes for end-users and advancing the CMU objectives
- **Address impediments to an integrated post trade system** by dismantling the barriers identified by the European Post Trade Forum in 2017
- **Improve the functioning of corporate bond markets** by implementing key recommendations identified by the Commission's Expert Group on Corporate Bonds in 2017

Expanding the size and capacity of EU capital markets

- **Adopt a comprehensive strategy to promote retail investment in EU capital markets**
- **Foster better conditions for accessing private and public equity capital**
- **Work towards further convergence of national legal frameworks and supervisory practices**
- **Revisit the regulatory treatment of securitisation.**

Removing fragmentation in credit markets. Achieving a sound implementation of Basel III

- **Complete the Banking Union**, focusing on considering it as a single jurisdiction in terms of prudential requirements; achieving an effective depositor protection; allowing the free flow of capital and liquidity
- Respect the international commitment to **avoid significant increases in capital requirements**
- **Preserve the risk sensitivity of the framework**, ensuring that key areas of the package are evaluated to avoid disproportionate impacts
- Ensuring **global consistency** and continuous monitoring the **cumulative impact** of the various requirements.



Build EU global leadership on sustainable finance

- **Achieve a practical EU-wide taxonomy**, ensuring it is progressive, flexible and proportional, and promote convergence at global level
- **Enhance corporate reporting and disclosures** of climate related information as well as ESG information more broadly to end investors
- **Establish a common definition of green securitisation** to facilitate the development of a green securitisation market in Europe.



**Building a
competitive
Digital Single
Market**

- **Develop a pan-European cyber-crisis governance model** between public and private sector, consistent with global practices
- **Harness the potential of emerging technologies:** Cloud Computing; Artificial Intelligence; digital assets
- **Ensure a level playing field in the Digital Single Market**

**Fostering
integrity and
effective
conduct
regulation**

- **Improve the tools and frameworks to fight against money laundering;**
- **Review other important EU regulations** (including: the Market Abuse Regulation and the Short Selling Regulation).

**Facilitating
global
regulatory
convergence
and
cooperation**

- **Lead global efforts to tackle harmful instances of market fragmentation**, including in the work of the FSB, IOSCO and other organisations
- **Expand focus on well-functioning equivalence and supervisory cooperation frameworks** in support of open, well-regulated cross-border markets



Q&A

The Association for Financial Markets in Europe advocates stable, competitive and sustainable European financial markets that support economic growth and benefit society.

London Office

39th Floor
25 Canada Square
London, E14 5LQ
United Kingdom

+44 (0)20 3828 2700

Brussels Office

Rue de la Loi 82
1040 Brussels
Belgium

+32 (0)2 788 3971

Frankfurt Office

Skyper Villa
Taunusanlage 1
60329
Frankfurt am Main
Germany

+49 (0)69 5050 60 590

www.afme.eu