

---

## Press release

### **AFME reaction to the European Commission's proposals on post-COVID-19 recovery**

24 July 2020

---

Following the publication of the European Commission's proposals regarding financial markets regulations to facilitate the economic recovery post-COVID-19 crisis, Rick Watson, AFME's Managing Director, Capital Markets, said:

"We welcome the Commission's initiative to improve market conditions to allow capital markets to manage the challenges and support the recovery from the Covid-19 pandemic.

"Today's proposals are a step in the right direction. We welcome the proposed exclusion of corporate bonds with "make-whole" clauses from MiFID 2 product governance rules. Such clauses protect investors from losses that would flow from an issuer's early repayment of a bond by compensating them for the amount of interest they would have received if the bond had been paid at maturity. This exclusion is expected to increase the flow of capital to the real economy.

"We also welcome the proposed temporary suspension of requirements to publish best execution reports. Proposals to move towards digital disclosure of information will contribute to reducing costs and advancing the sustainability agenda.

"However, some proposals will require further consideration. We look forward to considering the proposals regarding the regime for research on small and mid-cap issuers and fixed income instruments, with a view to providing the best support to businesses, investors and providers of research while maintaining regulatory standards."

"While we very much welcome the inclusion of proposals on MiFID 2 costs and charges disclosure in this package, we support a full disapplication of requirements in relation to professional clients and eligible counterparties."

"Synthetic securitisation is particularly helpful to securitisation of large/midcap corporate, consumer and SME loans. A prudent, well-designed STS framework for synthetic securitisation should be supported as it will provide opportunities for banks to manage their credit risk and capital requirements so as to support lending to small businesses."

"A broader review of MiFID 2/R and the securitisation framework, together with the general advancement of the Capital Markets Union, remain essential to improve the efficiency of Europe's financial markets."

– Ends –

#### **Association for Financial Markets in Europe**

**London Office:** 39<sup>th</sup> Floor, 25 Canada Square, London E14 5LQ, United Kingdom T: +44 (0)20 3828 2700

**Brussels Office:** Rue de la Loi 82, 1040 Brussels, Belgium T: +32 (0)2 788 3971

**Frankfurt Office:** Neue Mainzer Straße 75, 60311 Frankfurt am Main, Germany T: +49 (0)69 153 258 963

[www.afme.eu](http://www.afme.eu)

**AFME Contacts**

Patricia Gondim

Interim Head of Media Relations

[patricia.gondim@afme.eu](mailto:patricia.gondim@afme.eu)

+44 (0)20 3828 2747

**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](http://www.afme.eu).
2. Follow us on Twitter [@AFME\\_EU](https://twitter.com/AFME_EU)