
Press release

AFME publishes new report on impact of banking reforms on European capital markets and the real economy

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The Association for Financial Markets in Europe (AFME) has today published a new report highlighting the significant impact that key elements of the Commission's Risk Reduction Measures (RRM) legislative package can have on Europe's capital markets and the real economy.

The report entitled ***The links between the Risk Reduction package and the development of Europe's capital markets*** explains why the legislative proposals presented by the European Commission in November 2016 should not be considered in isolation, but rather in light of the significant links they have with capital markets and the broader economy.

Stefano Mazzocchi, a Managing Director and Deputy Head of AFME's Brussels office, said: "The Commission's Risk Reduction Measures package represents an important further step towards the completion of the regulatory efforts aimed at strengthening the resilience of banks and consolidating the stability and soundness of the financial system. It is therefore broadly supported by AFME and its members. At the same time, if some of the key elements of the legislative package are not addressed, it could have significant negative implications for market liquidity and run counter to the Commission's objective of further developing Europe's capital markets. As such, our latest report sets out to illustrate what a more appropriately calibrated approach could look like."

The report sets out 8 clear case studies which explore the potential impact of the RRM on capital markets, products and transactions – which are crucially important for market liquidity and for the end-users of capital markets – and presents proposals aimed at achieving a more proportionate treatment.

The report also gives a concise overview of the elements of the RRM package which are particularly significant for capital markets, such as the Net Stable Funding Ratio (NSFR) and the Fundamental Review of the Trading Book (FRTB). All these components are necessary and supported by AFME, however, without reconsideration of some specific aspects - including their calibration, the timing of their introduction, as well as safeguards for globally consistent implementation - the negative impact on the end-users of capital markets, and on the objective of developing deeper and more liquid bond and equity markets, would be significant.

The full report can be downloaded from the AFME website.

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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. Follow us on Twitter @AFME_EU