



**The 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 benefitting society.**

AFME Board						
Fixed Income	Equities	Prudential	CCA	Technology & Operations	Cross cutting	Global
Credit	Equities Capital Markets	Regulation	Accounting	Technology & Operations	MiFID	Foreign Exchange
High Yield	Equities Trading	Resolution	Compliance		Sustainable Finance	Commodities
Primary Dealers	Post Trade					
Securitisation						

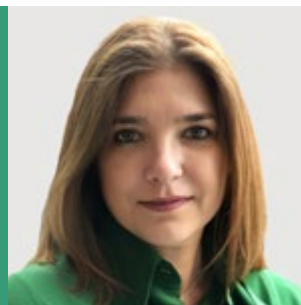
Advocacy

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# Message from the Chair

Thalia Chryssikou  
Chair of AFME Board, Head of Global Sales  
Strats and Structuring, Goldman Sachs



European banks and capital markets have experienced another eventful year marked by much uncertainty.

With so many significant geopolitical and economic developments to contend with, it is even more important that financial markets in Europe remain open and interconnected to ensure capital market financing can support the real economy.

A further challenge is the continual evolvement of European capital markets and regulatory frameworks in the post-Brexit environment. Major legislative proposals are under consideration that may have far-reaching impacts on Europe's financial system.

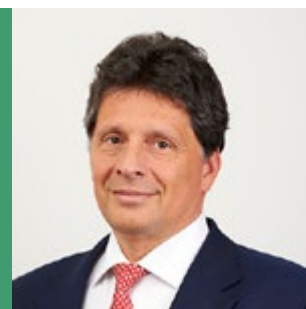
In light of such changes, regulatory outcomes that not only preserve and reinforce financial stability and investor protection but also encourage increased participation in capital markets from both local and international players, are crucial. Increasing the competitiveness of Europe's financial markets on a global scale will be vital for Europe's economic prospects and overall strategic goals.

As the voice of Europe's wholesale financial markets, AFME continues to advocate for policies that promote an interconnected and competitive financial system. I look forward to acting on behalf of all of our members to deliver outcomes on these and AFME's other policy files.

***“Major legislative proposals are under consideration that may have far-reaching impacts on Europe’s financial system”***

# Message from the CEO: Strengthening the competitiveness of European financial markets

Adam Farkas  
Chief Executive Officer, AFME



**A**t the time of writing AFME's Annual Review last year, we could not have anticipated finding ourselves on yet another unpredictable course of events. Europe is in the midst of another crisis – the invasion of Ukraine, rising inflation and fragmentation of capital markets are all causes for concern. To combat such a sudden economic shock, Europe even more than before needs a resilient and diversified financial system.

Over the last year, AFME has focused on key policies aimed at strengthening European capital markets, to ensure their growth and competitiveness.

The green and digital transition remains one of our main priorities. The financial sector plays a crucial role in underpinning the transition to zero greenhouse gas emissions, notably by helping to allocate capital and providing long-term investment in ways that are consistent with achieving key climate objectives.

With current estimates by the European Commission that Europe will need around €645bn of financing per year for the green and digital transition, it becomes increasingly obvious that capital market financing will need to lend its support.

To promote the growth of EU capital markets, AFME continues to support the completion of the Capital Markets Union (CMU) and Banking Union (BU) in the EU. These initiatives will contribute to the strengthening and integration of EU financial markets, but the political push to deliver these policies is still needed.

Currently, EU legislators are also debating a set of major proposals for Europe's secondary markets in the ongoing review of the Markets in Financial Instruments Regulation (MiFIR), which governs how markets function. In this context, AFME has put forward recommendations to recalibrate the legislation so that it is geared towards EU equity and fixed income markets that work for investors, corporates and other capital market users.

In the meantime, the UK has also embarked on its own review of the current financial services regulatory framework and set out detailed objectives in the context of the UK Wholesale Market Review. AFME contributed detailed recommendations to the Review and welcomed the majority of final proposals.





To support this, AFME has continued to produce fact-based research to give policy makers hard evidence of how policy decisions impact markets. For example, over the past year we have published two key reports on fixed income markets. The first assessed the rising costs of fixed income market data, finding that costs had soared by 50%. The second was a first of its kind study consolidating fixed income trading data provided by FINBOURNE Technology and showing that inadequate deferral calibrations could have potentially significant negative implications for market liquidity.

As debates continue to advance and the EU and the UK review their markets legislation, it is important to consider the wider international context. If there is a move towards a market structure that does not provide the best outcomes for investors, issuers and other end users, then this could ultimately dissuade global market players from participating in European capital markets.

An attractive, well-regulated trading ecosystem can nurture innovative, world-leading market infrastructures and promote enlarged liquidity pools. The promotion of market efficiency, competition among service providers and strong outcomes for investors and corporate should be at the forefront of the debate around these proposals for Europe's market structure. To succeed in these goals AFME continues to advocate on its members' behalf to reduce fragmentation and ensure that European markets remain safe and resilient for the future.

***“As debates continue to advance and the EU and the UK review their markets legislation, it is important to consider the wider international context”***

# Key Issues

EU & UK Wholesale  
Markets Regulation



EU Banking Package



Sustainability Frameworks



EU Digital Finance Package



Capital Markets Union





*Key issues:*  
**EU & UK  
Wholesale  
Markets  
Regulation**





**D**uring this past year, AFME played a leading role in shaping the future of the EU and UK wholesale capital markets regulation, working closely with members to develop credible policy positions informed by strong research and data driven analysis, and supported by a robust advocacy strategy across the continent and in the UK.

In the lead up to the publication of the [review of MiFIR](#), AFME extensively engaged with the European Commission to advance proposals and ideas that will eventually lead to more competitive and attractive wholesale financial market ecosystems in the EU.

To help policy-makers navigate through the complex Commission proposal, AFME organized a [series of educational webinars](#) (“Navigating the MiFIR Review”) in cooperation with buy-side trade association EFAMA, starting with an equity and fixed income market structure and transparency session, followed by a second event on the consolidated tape and market data. These webinars contributed to AFME’s objective of setting out the issues at stake ahead of extensive advocacy outreach with member states and with key MEPs offices.

This advocacy work culminated with the publication of [AFME’s recommendations on the MiFIR review](#) to help our interlocutors understand AFME’s high-level positions on the review and its vision for the future of EU wholesale financial markets.

AFME developed further advocacy materials on wholesale markets regulation, including an educational report on “[Understanding EU Bond Market Structure and Dynamics](#)” (in cooperation with Redlap), a research report on “[The Rising Cost of European Fixed Income Market Data](#)” (in cooperation with Expand Research) and a report on “[Corporate Bond Trade Data Analysis and Risk Offset Impact Quantification](#)” (in cooperation with Finbourne Technologies).

In 2021/2022, AFME also responded to [key public consultations published by ESMA](#) focusing on aspects related to the MiFIR Review such as a consultation on pre and post-trade transparency regimes for equities and non-equities, as well as a consultation on the best execution reporting regime. AFME also provided a substantiated response to ESMA’s key Consultation on its opinion on the trading venue perimeter, which remains of high interest for the industry given its potential to trigger wide-ranging market structure adjustments across different asset classes.

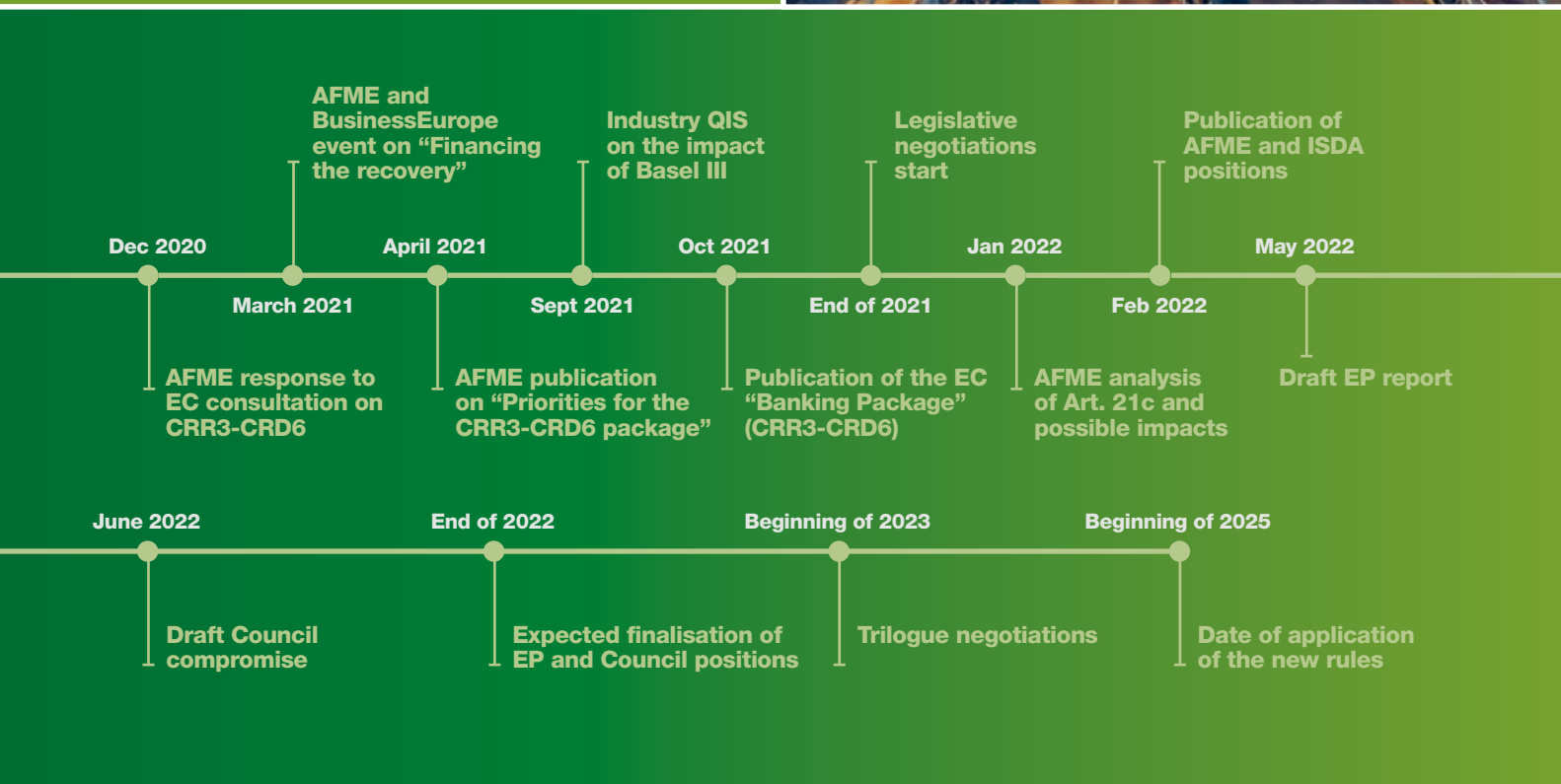
AFME also continued its strong UK engagement participating in the UK HM Treasury’s comprehensive review of the UK regulatory framework for capital markets, which was outlined amongst other initiatives in its [Wholesale Markets Review](#) consultation document.

To further promote discussions on the future of UK wholesale financial markets, AFME organized a [cross-industry high-profile event](#), which featured keynote speeches from the (then) Economic Secretary to the Treasury and City Minister John Glen as well as Edwin Schooling-Latter, Director of Markets and Wholesale Policy at the UK Financial Conduct Authority.

***“AFME played a leading role in shaping the future of the EU and UK wholesale capital markets regulation”***

*Key issues:*

# EU Banking Package



**D**uring 2021, AFME has remained a key interlocutor to European policymakers on the implementation of the December 2017 Basel III rules in the EU. AFME has promoted a constructive dialogue with EU authorities to ensure that Basel implementation is done in a way that is consistent with top priorities such as preserving banks' ability to support the economic recovery, upholding the commitment to avoid any significant further increases in capital requirements and reducing fragmentation of banking markets.

Building on the positions agreed with our members, in early 2021, AFME published a report on “[Priorities and industry recommendations for the CRR3/ CRD6 bank reform package - Implementing Basel III in the EU](#)”. The report presented our recommendations for a banking package that is faithful to the overarching objectives contained in Basel III for resilient banking systems but considers some European specificities and reflects the priorities outlined above.

Our cooperation with a broad range of stakeholders and end-users of financial services has allowed us to better explore and explain the potential impacts of the planned reforms. Particularly important has been the work with BusinessEurope, which included a public event on “[Financing the Recovery: The Role of Financial Markets in Rebuilding the European Economy](#)”.

During the period leading up to the publication of the legislative proposals we engaged in extensive outreach with policymakers across Europe. During our discussions we presented our positions, as well as an industry quantitative impact study (QIS). The study highlighted the areas where the potential impacts were particularly significant, under different scenarios and “what if” options, helping the legislators identify measures to mitigate disproportionate impacts.

The European Commission’s “banking package” was published in October 2021, and DG FISMA accepted to present it to AFME members shortly after. The package, recognising the validity of our recommendations and concerns, includes transitional measures aimed at spreading out the impact of the reform and provisions reflecting limited European specificities while remaining faithful to the Basel principles.

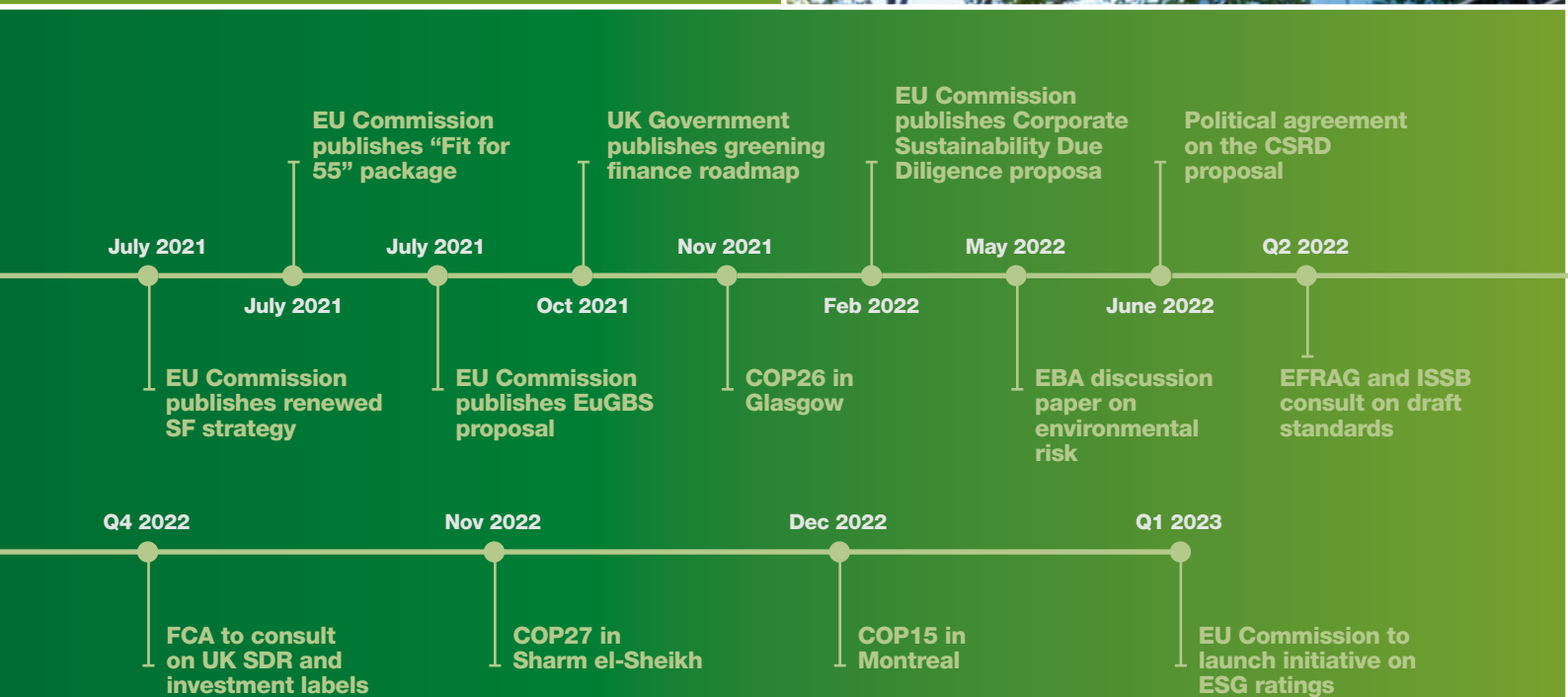
After the publication of the proposals, AFME updated its [positions](#) and produced an [analysis](#) of the new issues such as those related to the cross border provision of services – Art. 21c. We maintained a regular dialogue with all legislators and highlighted important areas where the legislative texts need to be carefully reviewed to avoid excessive impacts detrimental to the achievement of EU objectives.

AFME, in cooperation with members, has also promoted educational activities aimed at explaining the significance of the legislative package to a political (and less technical) audience. In particular, over the past months, we have been promoting the following principles: allowing flexibility on the duration of the above-mentioned transitional measures and avoiding a disproportionate impact on end-users’ ability to access – including on a cross-border basis - a broad range of important services like trade finance, hedging and trading. The negotiations are still ongoing – both in the Parliament and in Council – but have been moving in the direction recommended by our positions in important areas (transitional measures for the output floor, credit risk, market risk, cross-border aspects).

***“AFME has remained  
a key interlocutor  
to European  
policymakers”***

*Key issues:*

# Sustainability Frameworks





**I**mportant progress has been made in areas such as corporate disclosures. To name but a few: the EU finalised the Corporate Sustainability Reporting Directive (CSRD), the UK mandated TCFD disclosures and published a roadmap for Sustainability Disclosure Requirements, and further developments have occurred for the EU Taxonomy and the EU Green Bond Standard. The publication of the results of the Bank of England and ECB climate stress tests are other notable examples. AFME has continued to engage across all relevant aspects of the framework.

In November, as global leaders gathered in Glasgow for COP26, we partnered with Linklaters to publish our report “**Sustainable Finance in Europe: Regulatory State of Play**”. This report provides a practical guide to the wide range of initiatives relating to European sustainable finance in the EU, UK and Switzerland. It highlights how the banking and capital markets sectors are impacted and makes several recommendations to further the goal of developing sustainable finance in Europe.

We contributed **our members’ views** throughout the negotiations on the CSRD, and helped frame the discussions around the **international context** for corporate sustainability reporting. We will continue supporting the work of the European Financial Reporting Advisory Group (EFRAG) and the International Sustainability Standards Board (ISSB) to develop coherent and interoperable sustainability reporting standards.

AFME has highlighted the potential for green bonds and green securitisation to mobilise capital for green projects, making **recommendations for the EU Green Bond Standard** to become an effective tool to further develop EU markets.

Meanwhile, we continue advancing our work on a wide range of ESG topics such as biodiversity, transition planning, ESG ratings and sustainable corporate governance, while also supporting the delivery of key initiatives under the UK Greening Finance Roadmap which was published ahead of COP26. We have also continued to publish ESG quarterly data reports.

The prudential division has led on the prudential treatment of climate related risks, contributing to both global and EBA consultations, as well as following developments of this topic in the CRR3 negotiations. Alongside this, AFME is reviewing the recent climate risk stress tests of the BoE and ECB, with a view to establishing best practices and industry collaboration in future exercises.

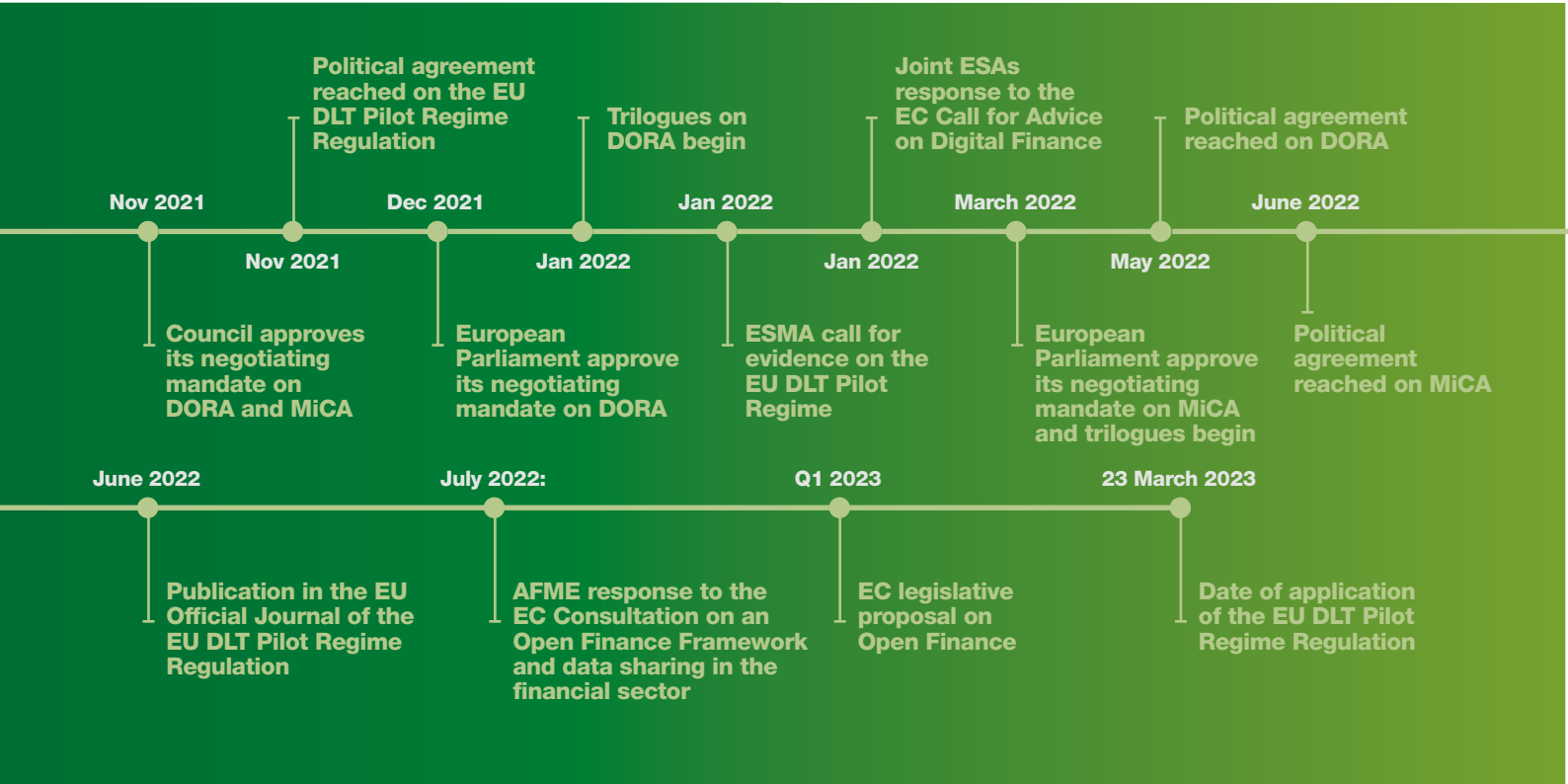
In the global context, we contributed our views to the GFMA’s recommendations to **unlock the potential of carbon markets** to achieve the net-zero emissions objective, and have become a reliable partner to the International Organisation of Securities Commissions (IOSCO), who involved us in their work on ensuring the development of healthy carbon markets. We have also engaged with the EU authorities seeking to ensure an effective EU Emissions Trading Scheme. In addition, we have responded to a number of global consultations from the BCBS and FSB with regard to the management of climate related risks. We expect further consultations on this in the coming year.

In May, we hosted AFME’s inaugural European Sustainable Finance conference in Amsterdam. Over two days, policymakers, regulators and industry experts came together to discuss **the future of sustainable finance**. EU and global standard-setters provided insights on sustainability reporting and the quest against “greenwashing”. Participants exchanged views on a wide array of topics including climate risk management, due diligence, securitisation and taxonomies, among many others. We look forward to next year’s conference.

***“Important progress  
has been made  
in areas such  
as corporate  
disclosures”***

*Key issues:*

# EU Digital Finance Package



**A**mid significant technological change and the rapid pace of innovation, 2022 has been yet another eventful year for AFME's very active digital finance agenda. Further to the work done in 2020 and 2021 on the EU Digital Finance Strategy, and its associated proposals for a Digital Operational Resilience Act (DORA) and for a Regulation for Markets in Crypto-Assets (MiCA), AFME engaged with EU policy makers to ensure members' priorities were reflected in the final legislations.

In this context, in May, AFME welcomed the agreement reached by the Council and the European Parliament on DORA. In particular, AFME has successfully advocated for a risk-based approach to be adopted. The final text reflects key AFME concerns in areas like: use of critical third-party providers, mandatory termination of contracts, intra-group ICT providers. This is a positive development that will enable financial entities to implement ICT controls in a manner that is increasingly cost-effective and proportionate to risks, while maintaining alignment with existing European standards and guidelines.

In June, AFME welcomed the pragmatic approach taken by the EU legislators in ensuring the EU regulatory framework for crypto-assets is future proof. In particular, AFME's technical knowledge and fact-based work has been a key factor in ensuring that the custodial liability provisions in MiCA are proportionate, ensuring AFME members will be able to participate in this rapidly growing market. Positive results have been achieved on the scope of the regulation and on the sustainability aspects.

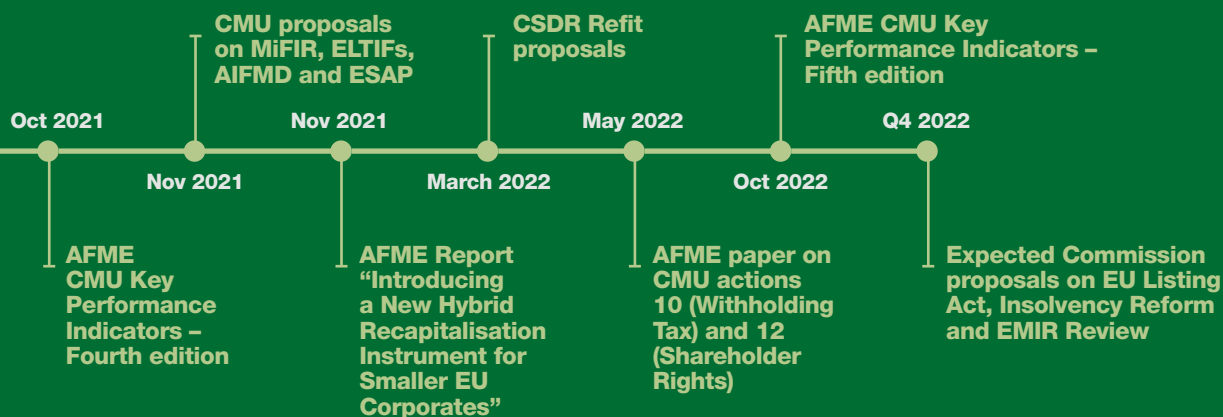
AFME has also continued its delivery against its strategic themes and, in particular, has been supporting members ahead of the implementation of the pilot regime for market infrastructures based on distributed ledger technology (EU DLT Pilot Regime), which focuses on tokenised securities.

With the legislative phase (level 1) of the Digital Finance Package approaching its conclusion, AFME is shifting its focus on the implementation of the new rules and on the definition of the more technical rules (level 2), the impact of which will in several cases be significant and will require effective industry engagement with regulatory bodies.


***“Amid significant technological change and the rapid pace of innovation, 2022 has been yet another eventful year for AFME’s very active digital finance agenda”***

*Key issues:*

# Capital Markets Union





 FME has remained very engaged on the development of the Capital Markets Union (CMU) project. We have been active on a number of workstreams impacting on primary and secondary markets, the capital raising ecosystem, post-trading issues and securitisation, among others. Our work has focused on the objectives to expand the size, capacity, efficiency, liquidity and level of integration of the EU's capital markets.

We have sought to maintain a strong level of political ambition and momentum towards the delivery of the CMU priorities. The promotion of competitive EU capital markets has been an important theme for AFME this year. In February 2022, we submitted an open letter to EU finance ministers calling for the principle of competitiveness to be at the core of the EU's financial services strategy and emphasising the importance of the MiFIR Review in this regard.

In October 2021 we published the fourth edition of AFME's CMU Key Performance Indicators report "Capital Markets Union – Measuring progress and planning for success", with support from other European and international associations. The publication featured detailed analysis and country-by-country data tracking progress on the advancement of the CMU objectives against 8 key performance indicators on metrics such as access to market finance, levels of bank lending, transition to sustainable finance and a supportive fintech environment. As a special feature, the report included an analysis of the current variations between Member States in their procedures for withholding tax relief, which have a significant negative impact on cross-border investment, cost of capital and GDP.

We continued to explore alternative types and sources of funding to support European businesses in their recovery from the effects of the Covid-19 pandemic. Following our first report on the Recapitalisation of EU businesses in January 2021, we published a second report in November 2021 providing a practical guide for European authorities and Member States looking to introduce a new hybrid recapitalisation instrument that could help provide funding for smaller corporates.

We have also contributed to discussions on the evolution of core EU-level frameworks underpinning the functioning of capital markets. In May 2022 we published a paper on CMU actions 10 (withholding tax relief) and 12 (exercise of shareholder rights) as the European Commission considers initiatives in these areas.

As we approach the advanced stages of this EU legislative cycle, much remains to be done to successfully complete the 16 legislative and non-legislative actions set out in the 2020 CMU Action Plan. AFME will continue to provide fact-based analysis and support robust outcomes that deliver tangible progress on the CMU.

***“AFME has remained very engaged on the development of the Capital Markets Union project”***

## Division Updates

*“AFME has focused on key policies aimed at strengthening European capital markets, to ensure their growth and competitiveness”*



**Equities Trading**



**Equity Capital Markets**



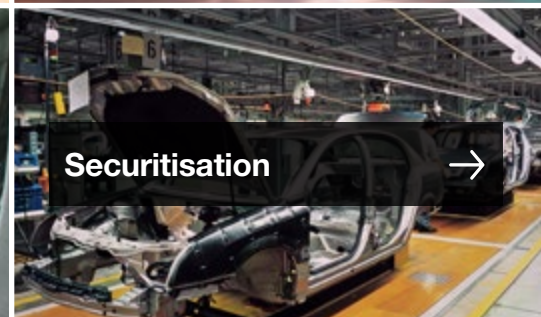
**Fixed Income Trading**



**High Yield**



**Post Trade**



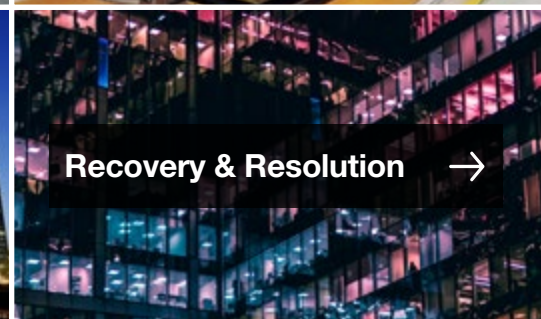
**Securitisation**



**Commodities**



**Prudential Regulation**



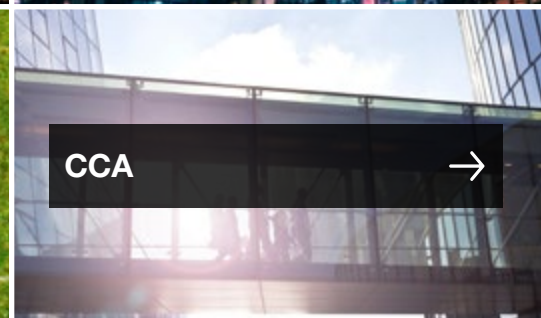
**Recovery & Resolution**



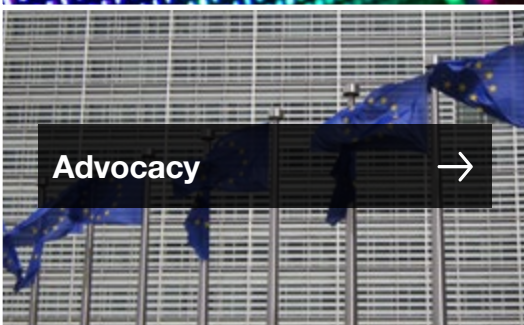
**Technology & Operations**



**Sustainable Finance**



**CCA**



**Advocacy**



**GFMA: Global Foreign Exchange**





# Equities Trading

April Day  
Managing Director, Equities Trading


Find out more



*“AFME’s leadership has contributed to industry consensus on the key principles which should underpin the successful delivery of a pre- and post-trade consolidated tape”*

- Driving the future of European equities market structure
- Leading industry discussion on the consolidated tape
- Engaging with stakeholders on market outages



 FME continued its focus and engagement on the key topics impacting cash equities markets. This work has predominantly been structured around the ongoing review of MiFID II/MiFIR taking place in both the EU and UK.

With respect to changes within the EU, AFME has focused its work on reacting to the Commission's legislative proposals on the MiFIR Review which threaten to limit diversity and competition through applying a minimum size threshold for systematic internalisers (SIs) executing trades at midpoint and trading venues using the reference price waiver as well as a significantly increased minimum quote size for SIs. AFME has engaged with interlocutors to push back heavily on these proposals.

The EU MiFIR Review also contemplates the creation of an EU Consolidated Tape (CT) which is a topic where AFME has been a thought leader, having produced multiple papers on the appropriate structure and governance of a CT. This included a joint industry paper setting out the key principles to be applied in order to construct a CT which delivers for both EU investors and companies as well as being commercially successful.

Regarding amendments to UK MiFIR, AFME responded to HM Treasury's Wholesale Markets Review consultation and sought the implementation of a number of established AFME positions including the removal of the share trading obligation and the double volume cap, the removal of restrictions on midpoint trading, tick sizes and the reference price waiver as well as the introduction of proposals for a designated reporter regime for the purposes of post-trade transparency. AFME's response was very well received, and all key positions were adopted in HMT's Final Report.

As the EU seeks to pursue its digital agenda, AFME has been pleased to contribute its views on the DLT Pilot Regime including the way in which distributed ledger technology and related infrastructures could be shaped to support the trading of tokenised assets in the future.

Although AFME has been pleased to witness technological developments seeking to bring positive benefits to European markets, we are mindful that market outages will still occur on incumbent trading venues. AFME remains at the heart of industry dialogue on how market outages can be managed more efficiently in the future.

***“A diverse market structure and a well calibrated transparency regime are key to the development of European equity markets. AFME continues to work with policymakers to ensure these aims are delivered.”***

# Equity Capital Markets

Gary Simmons  
Managing Director, High Yield and  
Equity Capital Markets

[Find out more](#)



*“The division has been actively representing the views of wholesale market stakeholders and engaging with regulators in the endeavour to strengthen the competitiveness of UK and European public equity markets”*

- Increase the attractiveness and competitiveness of UK and European equity markets
- Reduce the complexity, burden, and costs, associated with listing, whilst retaining strong levels of legal certainty and investor protection

**T**his year the Equity Capital Markets division has focused on driving the attractiveness and competitiveness of UK and European equity markets and lowering the burden and cost of preparing for listing both through the process of prospectus production and the steps required to ensure that the company is able to operate effectively in the listed environment. The division has taken positions in relation to key consultations, calls for evidence and discussion papers, as well as producing industry guidelines and templates, and has been actively engaged in further advocacy efforts.

AFME has been actively representing the views of wholesale market stakeholders and engaging with regulators in the endeavour to strengthen and increase the competitiveness of UK public markets. Looking at domestic performance over the recent years, commentators have highlighted the decline of listed companies, despite London's traditional perceived quality, citing examples of complexity and burdensome requirements to listing. The initiatives that followed The Lord Hill UK Listing Review – which identified several of these short comings – are the first stage of beginning to implement the Recommendations in the Review. The UK has also issued a review of Secondary Capital Raising to which the ECM has contributed and on which we continue to engage with policymakers. AFME is responding to and providing market intelligence relating to other UK initiatives, including the UK Primary Market Effectiveness, and proposed changes to the UK PRIIPs regime.

As Europe competes with other global markets for listings, the European Commission sought to reform EU public markets by harmonised listing rules and support access to market finance for EU companies. The targeted consultation regarding the EU Listings Act bundled together various assessments of European markets, generally following a similar series of assessments that had been conducted by the UK. Members agreed that some steps have been taken towards harmonisation, but the requirements for a listing remain disproportionately cumbersome, time consuming and costly when measured against the relative increasing attractiveness of other markets such as the US Capital Markets or private alternatives (both for equity and debt funding). AFME has also analysed and responded to other EU proposals related to the Prospectus Regulation, Wholesale Market Review and Consumer Duty.

The AFME ECM division has also published a regulatory guide, and engaged with both EU and UK policymakers, on issues related to special purpose acquisition companies (SPACs).

Additionally, the division is coordinating AFME's engagement on the implementation of ESAP, which we believe will support the objectives of the CMU action plan as intended, and more broadly, the European Commission's Strategy for financing the transition to a sustainable economy. These were well-received opportunities to enhance UK and European public markets as a whole, and to reduce the differences between pan-European markets in the application of rules and different practices adopted by different regulators.

***“There were well-received opportunities to enhance UK and European public markets as a whole”***

# Fixed Income

Victoria Webster  
Director, Fixed Income

[Find out more](#)



- Engaging with regulators on key issues such as bond consolidated tape, non-equity transparency regime, market data and pre-hedging.
- Monitor and formulate responses to developments in regulation, policy and market structure affecting the government, corporate and covered bonds markets.
- Responding to multiple consultation papers, including the European Commission's ongoing consultations on MiFID II review and ESMA's separate papers on non-equity Transparency and more technical RTS2 aspects, also trading and market data.
- Publication of valuable reference works such as the AFME Primary Dealer Handbook and Harmonised Reporting Framework table which assists members with their DMO reporting requirements.



**T**he fixed income trading division continues to monitor and formulate industry-wide responses to developments in regulation, policy and market structure that affect the government, corporate and covered bond markets.

AFME maintains a high level of active engagement with European regulators in relation to the ongoing MiFID II Review on key issues such as the development of a bond consolidated tape, non-equity transparency regime (with a particular focus around post-trade deferrals), market data and pre-hedging, which have a significant impact on the functioning of fixed income markets.

Over the past year AFME's Fixed Income MiFID Policy and Market structure Workstreams submitted responses to:

- ESMA's CP on MiFID II/R market data obligation
- ESMA Call for Evidence on RTS2
- ESMA's final report on MiFID II/MiFIR review
- ESMA CP on functioning of OTFs

And are currently responding to:

- HMT Wholesale Markets review
- ESMA CP on review of RTS2

Key themes focus around AFME's support for a well calibrated transparency framework for bond markets that protects investors and does not put committed liquidity providers at any undue risk.

***“AFME maintains a high level of active engagement with European regulators”***

AFME has been engaged in the work of the ECB's Debt Issuance Market Contact Group (DIMCG). Which is identifying and formulating recommendations to address the obstacles to debt issuance and distribution (covering the full transaction chain from pre-issuance to post trade) through greater efficiency and integration. The groups work will result in a publication of the findings and recommendations expected October 2021.

Although the Primary Dealer handbook update will commence later this year the HRF table provides a valuable resource for members to assist with their monthly reporting to DMOs, this also feeds into the AFME quarterly government bond data report providing information around the number and changes of primary dealers within a jurisdiction. However, since Brexit the reporting format has become less harmonised and work is currently ongoing to address this.

Planning is underway for the 17<sup>th</sup> Annual European Government Bond Conference, which will be held virtually, on the 16<sup>th</sup> November and focuses on around sustainability/ sovereign green bond market, NGEU infrastructure and the outlook post pandemic.

The Credit Board noted with interest the recent European Commission Central Securities Deposit Regulation (CSDR) regime review where they are considering proposing amendment to the framework regarding mandatory buy-ins, subject to an impact assessment. The board will continue to feed into the post trade division's advocacy efforts.

The Covered Bond trading group continues to track developments towards the EU-wide covered bonds framework and any unforeseen impacts on trading or secondary markets that may materialise either generally or as a result of MiFID II review proposals.

# High Yield

Gary Simmons  
Managing Director, High Yield and  
Equity Capital Markets

[Find out more](#)



*“The division has worked with members to tackle European High Yield and Leveraged Finance market practice issues and streamline market practice, as well as host key events in London, Paris, Frankfurt and Madrid.”*

- Providing members with a platform that plays a key role in the development of High Yield and Leveraged Finance, bringing them visibility and value

**T**he High Yield division has been active in tackling European market practice issues, aiming to reduce the costs and timelines associated with executing High Yield and Debt Capital Markets transactions. Industry guidelines and standard form documents play a vital role in streamlining these processes.

The AFME High Yield division is in the process of conducting another review and update of the AFME high yield market practice guidelines for the European market, which will require a comprehensive analysis of market, legal, regulatory and other practices and developments across a wide range of subjects, and corresponding revisions to relevant sections of the document. The document is intended to be a primer for those that have little or no experience or knowledge of high yield transactions, and also to provide the industry with recommended good practices for such transactions. Additionally, the division is currently drafting an underwriter NDA industry template to standardise the approach and cut down the lengthy negotiation of definitions and carveouts in HY transactions.

Other projects include monitoring and discussing the ongoing changes to the European Insolvency regime, ESG ratings, KYC procedures, SFDR, CSDR, FSMB, and the implementation of the European single access point (ESAP) and of distributed ledger technology (DLT).

Over the course of the year, the division has worked with members to host key in-person Leveraged Finance and High Yield events in London, Paris, Frankfurt and Madrid. These events range from seminars and conferences to the Annual AFME Black Tie dinner held at The Savoy, and provides members with a great opportunity to network with peers and share experiences in regards to the latest developments in the high yield and leveraged loans markets. Additionally, AFME is collaborating with ELFA to produce a series of online 'teach-in' sessions, with the first being a well-received insight into certain covenant calculations in relation to covenant capacity and other financial calculations. Events such as these are key to the development of High Yield and Leveraged Finance, educating market participants, and bringing value to AFME members.

***“We have been active in tackling European market practice issues, aiming to reduce costs and timelines”***

# Post Trade

Pete Tomlinson  
Director, Post Trade and Prime Services

[Find out more](#)



*“CSDR and T+1 have heightened focus on the need to improve market settlement efficiency. AFME continues to support members with initiatives to reduce settlement fails”*

- Leading industry advocacy on the CSDR Settlement Discipline Regime
- Engaging with Market Infrastructures and public authorities to promote harmonisation
- Developing thought-leadership on digital assets and new technologies



**O**ver the course of 2022, the Post Trade division has continued its focus on the Central Securities Depositories Regulation (CSDR) settlement discipline rules.

Phase three of the CSDR came into force on the 1<sup>st</sup> February 2022, with the introduction of cash penalties provisions. AFME has assisted members with the implementation of cash penalties, and engaged on members' behalf with market infrastructures and public authorities to address implementation issues. AFME has also led the industry's advocacy initiatives which successfully resulted in the postponement of mandatory buy-ins (MBIs). We will continue to advocate for an improved Settlement Discipline Regime through the CSDR Refit process.

AFME also successfully advocated to secure a further extension to the equivalence period for UK CCPs, until June 2025, avoiding a significant financial stability risk and providing medium-term certainty for EU market participants.

The Post Trade division has continued delivering thought leadership on harmonisation initiatives in the EU, notably with the publication of a paper reflecting AFME's views on Capital Markets Union Actions 10 (withholding tax) & 12 (shareholder rights). We also continue to monitor the implementation of the EU's Shareholder Rights Directive (SRD II), and will be publishing an analysis on its effectiveness in early 2023.

Following the announcement from various jurisdictions of an acceleration of the settlement cycle to T+1, the Post-Trade division is working on a paper to set out the considerations on whether a similar migration could take place in Europe. This paper will identify the preliminary conditions that would need to be met prior to an eventual move to T+1 will be investigated.

Further advocacy efforts will be focused on the improvement of settlement efficiency rates in European markets, an area of significant focus and attention in the context of CSDR and possible T+1 settlement.

The Post Trade division has also continued work on the digital agenda, through the establishment of the Post Trade Digital Forum, which is reviewing opportunities for improving the efficiency and structure of the post trade ecosystem, supported by new technologies.

***“We have worked on the digital agenda, reviewing opportunities for improving the efficiency and structure of the post trade ecosystem”***

# Securitisation

Shaun Baddeley  
Managing Director, Securitisation

Find out more



*“We support the introduction of the third country equivalence framework in the Financial Services & Markets Bill which will increase UK investors’ choice”*

- Engaged extensively with the European Supervisory Authorities on the review of the securitisation prudential framework in the context of the European Commission’s Call for Advice and argued for the improvement of securitisation’s treatment under the Liquidity Coverage Ratio and the recalibration of the Capital Requirements Regulation and Solvency II
- Helped rationalise the template requirements under the ECB Guide on the notification of securitisation transactions
- Made recommendations on the EU Green Bond Standard to ensure that it applies effectively to securitisation structures and promotes the growth of the EU green securitisation market
- Engaged extensively with the UK authorities in relation to the Future Regulatory Framework review and regularly discussed the existing market liquidity stresses

I am delighted to present below the last 12 months' activities of the AFME Securitisation Division having spent only half of that time in my role as managing director.

We have engaged extensively with the European Supervisory Authorities ("ESAs") on the review of the securitisation prudential framework in the context of the European Commission's ("EC") Call for Advice ("CfA"). We have held several open discussions with the ESAs including a meeting with José Manuel Campa, Chairperson of the EBA, and have systematically argued for the improvement of securitisation's treatment under the Liquidity Coverage Ratio ("LCR") and the recalibration of the Capital Requirements Regulation ("CRR") and Solvency II. We have provided strong evidence to counter the ESAs' assumption that the securitisation prudential framework is fit for purpose, and we firmly believe that their recommendations to the CfA must be the product of a comprehensive and evidence-based analysis.

We participated in numerous Level 2 consultations, such as the ESMA consultation on STS notifications of on-balance-sheet securitisations, the EBA consultation on performance related triggers for synthetic STS securitisations, the ESAs consultation on sustainability disclosures for STS securitisations, the EIOPA consultation on Solvency II and the EBA consultation on NPL transaction data templates. Our interventions specifically in the ECB consultation on the [guide](#) on the notification of securitisation transactions helped rationalise the template requirements across different transaction types. Through our continuous engagement we have also influenced ESMA to commence a review of the disclosure templates.

In respect of sustainable securitisation, AFME has made several recommendations to ensure that the EU Green Bond Standard ("EuGBS") applies effectively to securitisation structures and supports the growth of the EU green securitisation market. We engaged heavily with the European Parliament in relation to the Markus Ferber amendment, which relates to the "use of proceeds" approach in case of securitisation, and provided the EC with further drafting suggestions and clarificatory language in order to support their work through the ongoing trilogue negotiations. Recommendations supported by AFME were also reflected in the [EBA's report](#) on the development of a framework for sustainable securitisation.

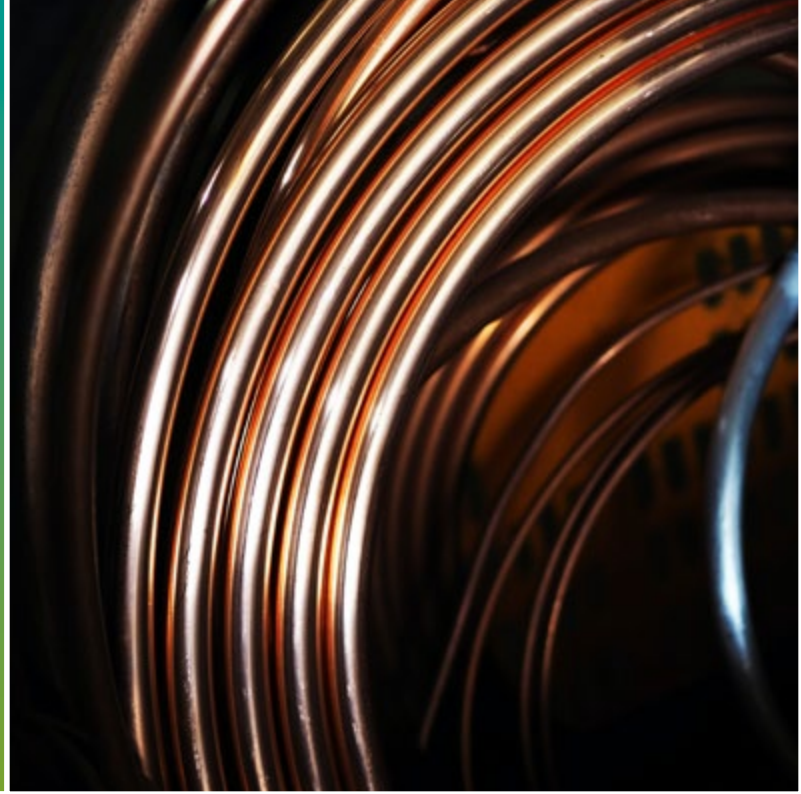
Lastly, we continuously engaged with the UK authorities in relation to the Future Regulatory Framework review, and in respect of the Financial Services & Markets Bill, we support the introduction of the third country equivalence framework which should result in recognition of EU STS securitisations in the UK and will therefore increase UK investors' choice. We have held discussions with the UK regulators and AFME members on the existing market liquidity stresses, and we will continue to liaise with the UK authorities and the Bank of England in order to promote the growth of securitisation in the UK market.

***"We have provided strong evidence to counter the ESAs' assumption that the securitisation prudential framework is fit for purpose"***

# Commodities

Sean Barwick  
Director

[Find out more](#)



*“Robust, competitive and efficient commodities markets remain the core objective for the CWG which has been reflected in our engagement with EU and UK policymakers”*

- Engaging with policymakers on the future regulatory approach in commodity markets
- Leading the industry reaction to changing rules in metals
- Supporting work on the EU ETS legislative review



**T**he Commodities Working Group (CWG) has undergone a transition from GFMA to AFME with members acknowledging the focus on European regulatory issues and seeking to further leverage the expertise provided by AFME's connections and operations across the EU and UK. It is hoped that this transition will also encourage other AFME members who are active in commodity markets to join the group.

From a policy perspective, the CWG has focused on key issues impacting commodity markets including the LME's Consultation and Decision Notice on OTC position reporting and accountability levels which sets out the LME's newly established powers to force the reduction of OTC positions in addition to visibility over these OTC positions via a reporting regime. The CWG has strongly pushed back through the consultation process and raised its concerns to the FCA, resulting in an extension to the LME's implementation timeframe. On this topic, the CWG also responded to IOSCO's Consultation on its Principles for the Regulation and Supervision of Commodity Markets. In its response, the CWG raised concerns around the growing powers of exchanges.

Separately, the CWG has been engaged on developments relating to the EU ETS having liaised with several other associations when responding to the EU ETS legislative review. This has also included attending IOSCO roundtables on compliance and voluntary carbon markets which were chaired by senior representatives from the CFTC and ESMA.

***“The CWG’s leadership in reacting to LME rule changes has led to improved implementation timelines and a broader discussion on the role of exchanges in supervising commodity markets”***

# Prudential Regulation

Caroline Liesegang  
Head of Prudential Regulation and Research

Find out more



*“Regulation that supports the real economy, encourages financial innovation whilst preserving financial stability continues to be the core objective we pursue at national and international level”*

- Continuing to advocate on members' CRR3 and Basel 3.1 priorities, reacting to new and alternate proposals through the legislative process.
- Responding to regulatory consultations in areas of increased focus, such as crypto assets and climate risks.
- Advocacy in relation to the development of a robust and proportionate macroprudential framework with sufficient countercyclical capacity, including thought leadership around the use of liquidity buffers.
- Engagement with supervisory authorities to influence and improve the development of stress testing, including climate risk stress testing.
- Continuing our engagement with the ECB on prudential supervision.
- Representing members' evolving interests in EU and UK prudential policy developments, including high levels of often complex and sensitive Level 2 and implementation topics.
- Participating and providing input in key international workstreams that can have an impact on bank capital requirements, structures and trading businesses.

### European prudential work

AFME's prudential team has focused on CRR3 proposals published by the European Commission on 27 October 2021, implementing the final Basel III standards. It should be noted these proposals include topics beyond the Basel III standards, such as ESG risks and the treatment of cross border business and third country branches. We have assessed the proposals and published ten position papers covering the key issues (e.g. the Output Floor, Credit risk, Market risk, Operational risk etc.) as well as prepared suggested amendments on all our priorities. We have provided feedback of industry views to the draft report of the rapporteur of the European Parliament, Jonas Fernandez (Spanish S&D MEP), as well as to compromise proposals of the Presidency of the European Council. In addition, the team has assessed and reacted to proposals of individual MEPs and member states as the European Parliament and Council have sought to negotiate and finalise their respective positions over the summer.

### Lessons learned from COVID-19

The Basel Committee outlined as part of its lessons learned from COVID-19 that the functioning of buffers was an area that warranted further attention. Within the EU, the ECB and other European institutions have published their responses to the European Commission's call for evidence on the review of the macroprudential framework. AFME has prepared a position that outlines why banks did not draw on capital and liquidity buffers during the Covid-19 pandemic and changes which could address them, specifically rebalancing and re-arrangement of the current buffers. This position is the basis of advocacy which is being undertaken with the ECB and other EU authorities, where AFME is exchanging views on the framework, buffer usability and the interaction of the macro-capital and micro-prudential framework ahead of discussions by Member States on this topic anticipated in Q1/Q2 2023.

***“The team has assessed and reacted to proposals of individual MEPs and member states as the European Parliament and Council have sought to negotiate and finalise their respective positions over the summer”***

### UK work

As in the EU, the focus has been on implementing the final Basel III standards, referred to as Basel 3.1 within the UK. Proposals have not yet been published in the UK, and the PRA and HMT are expected to publish related consultations in Q4 2022. Work has included the development of six positions, which largely align to related positions on the EU CRR package. These positions have been shared and discussed with the PRA and HMT in order to input into the proposals being worked on. We expect our priorities, including transitional measures and calculation methodology related to the Output Floor, to be duly considered in the proposals.

Aside from this, a QIS is being undertaken to establish the true cost and impacts of implementing Basel III in the UK, which should demonstrate the additional capital banks will be required to hold beyond the minimum regulatory requirements. In addition, we continue to respond to relevant PRA consultations, such as the discussion paper on the prudential liquidity framework: "Supporting Liquid Asset Usability".

### Other European work

Aside from Basel III, the prudential division has responded to over 13 consultations relating to banking regulation and supervision over the past year. Climate and crypto risks have increased in focus as there is greater urgency surrounding developing regulatory solutions.

The prudential team has launched a workstream relating to stress testing – whilst this topic was covered previously, it did not have a dedicated working group, which has now been established. This is in response to recent remarks by several senior authorities on the increased role of stress-tests in the future regulatory capital frameworks. The stress testing working group has overall responsibility of developing consultation responses and advocacy materials on European stress-testing. This workstream will include an AFME-led advocacy approach to follow the methodological and scenario development of the next EU-wide stress-test exercise.

We have continued our close engagement and dialogue with the ECB Banking Supervision on supervisory planning for 2022. This has included meetings with Mario Quagliariello, Director of Supervisory Strategy and Risk, on the SSM's supervisory priorities for the coming years, as well as continued engagement via virtual industry fora with the ECB to discuss key supervisory topics. Throughout the year, we provided feedback to the ECB on emerging supervisory activities such as digitalisation, leveraged finance, and the climate risk stress test. Additionally, we have answered consultations on options and discretions work and the supervisory review and evaluation process.



We also held a workshop with the European Commission in July to provide input into the second review of the SSM Regulation, highlighting member concerns including on the organisational structure of the SSM as well as recommendations on how to streamline internal SSM processes. We continued our engagement with the ECB on its supervisory expectations for banks on Brexit and participated in roundtables on key risks and challenges to the SSM banking sector.

AFME held regular member calls on the ECB's climate risk stress test and engaged with the ECB, for example, by highlighting challenging deadlines and data requests. Work has already commenced to provide feedback and lessons learnt from the exercise to the ECB. We have started to conduct an industry survey to gain feedback on members' experience of how the stress test was conducted by the SSM, so that we can engage in an active dialogue on the topic with the ECB to influence and improve the development of climate risk stress testing in future. AFME will also seek to draw some comparison with the Bank of England's Climate Biennial Exploratory Scenario (CBES).

There is continued and on-going high levels of detailed implementation work with member firms and policymakers in relation to reporting and other Level 2 matters, including complex on-going work on CRR2 related topics such as the RTS on connected counterparties and significant continued work on liquidity and treasury matters.

#### **Global prudential work**

AFME and GFMA have worked on several prudential topics over the past year. We have responded to key consultations on climate risk, from the BCBS and FSB respectively, as well as provided feedback to the FSB's wider NBFI work programme, including IOSCO's draft report on corporate bond market liquidity during the COVID-19 market stress. In addition, we are working on a response to the BCBS's second consultation on the prudential treatment of crypto assets which includes considerable conservatism following extreme volatility in crypto markets.

***“Throughout the year, we provided feedback to the ECB on emerging supervisory activities such as digitalisation, leveraged finance, and the climate risk stress test”***

# Recovery and Resolution

Sahir Akbar  
Managing Director, Prudential Regulation  
and Head of Finance

[Find out more](#)



*“We continue to be support the development of an effective recovery and resolution framework in Europe, development of TLAC and related issues”*

- Continuing to advocate for member priorities across recovery and resolution policy and its implementation
- Highlighting priorities for the upcoming review of the crisis management framework within the European Union
- Representing members both regionally and globally in ongoing policy initiatives in the resolution space

Over the previous twelve months AFME's Recovery and Resolution Committee (RRC) have focused on the fast-tracked legislative proposal concerning the issuance and subscription of indirect internal MREL – aka 'Daisy Chaining'. This concluded with some reflection of member priorities in the final legislative text, including a much-delayed entry into force date (1 January 2024 vs end-2022), and review clauses to revisit those areas where we have raised concerns before the relevant provisions go-live.

AFME has also engaged the Single Resolution Board on the issue of MREL volatility, to avoid substantive impacts on firms' MREL requirements resulting from the withdrawal of certain COVID-19 support measures. As a result, AFME has worked with the SRB to ensure a full mitigation of related impacts and public messaging to help explain the flexibility being utilised in calibrating MREL to bank stakeholders and investors.

We continue to monitor developments on the anticipated Crisis Management and Deposit Insurance (CMDI) review, delayed under H2 2022, and the interaction with continued political discussions on the completion of the Banking Union. Discussions appear to be breaking down around the key issues of sovereign risk exposure and the development of a European deposit insurance scheme. This lack of agreement at the political level on other technical areas is now prompting a need for the Commission to revisit its level of ambition within any future CMDI proposal.

Separately the RRC has focussed on the implementation of key level 2 guidelines and requirements, and the temporary Single Resolution Board policies that have been introduced to bridge gaps in the framework as the relevant level 2 is finalised. This includes the significant piece on redemptions of eligible liabilities and the amendment of rules surrounding prior permission regimes. Additionally, we have engaged actively with the EBA in industry roundtables on work surrounding ESG bonds own funds and eligible liabilities, as well as the broader review of TLAC / MREL monitoring.

Elsewhere we have remained active in the UK. This has included regular engagement with relevant officials, including responding to the PRA's consultation on trading activity wind-down. We have continued to track relevant publications, such as the BoE's Resolvability Assessment and review related conclusions and implications for member banks.

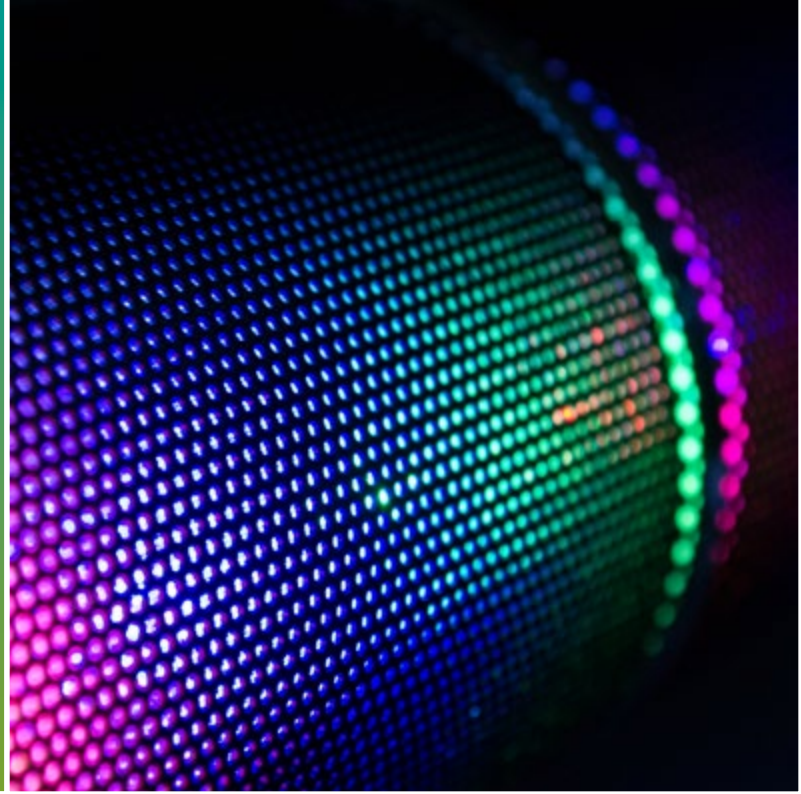
Looking ahead, we expect a very active year with the upcoming CMDI review, and continued work to finalise and implement level 2 technical standards.

***“We expect a very active year with the upcoming CMDI review, and continued work to finalise and implement level 2 technical standards”***

# Technology and Operations

Ian Waterworth  
Director, Technology and Operations

[Find out more](#)



*“AFME welcomed the agreement reached by the Council and the European Parliament on DORA, as well as the pragmatic approach taken by EU legislators in ensuring the regulatory framework for crypto-assets is future proof”*

- Operational resilience
- New technologies
- Data



**A**s well as the Digital Finance package, the Technology and Operations division has also continued its delivery against its priority themes and, in particular, through the support of its members responded to the ESMA call for evidence ahead of the implementation of the pilot regime for market infrastructures based on distributed ledger technology (DLT Pilot Regime), the EU plans for an open finance framework, an ECB public consultation on Outsourcing Registers and the ongoing legislative debate on the proposed Artificial Intelligence Act.

We also led, and took part in, alongside our sister trade associations, several initiatives across the year focused on providing the perspective of Capital Markets on global developments such as CBDCs and the oversight of third party-providers (including Cloud Service Providers), as well as 2nd cyber exercise known as Quantum Dawn VI. Leveraging on the last few years' successful Technology and Operations Conference and our Post Trade annual event, AFME is launching in 2022 its Operations, Post-Trade, Technology & Innovation Conference (OPTIC) – which brings together practitioners and technologists to discuss how European capital markets, and the operational framework that underpins them, are evolving – where new tech meets old tech.

The Division has also, in light of recent UK developments, intensified engagement with the Bank of England, FCA and PRA on the UK. In particular, AFME is working closely with UK policy makers on their work on DLT Tokenised securities, on a supervisory framework for crypto-assets and stablecoins, and on the future UK framework on the oversight of Critical Third Party Providers.

***“We led several initiatives across the year focused on providing the perspective of Capital Markets on global developments”***

# Sustainable Finance

Oliver Moullin  
Managing Director, Sustainable Finance  
General Counsel

[Find out more](#)



*“We have strengthened our focus on a broader range of ESG topics including carbon markets, transition planning, and sustainable corporate governance”*

- Advocating for an effective policy and regulatory framework in support of sustainability goals
- Providing a forum to address sustainability and ESG issues

**T**he Sustainable Finance Steering Committee has continued to drive our work to advance sustainable finance in Europe and address the significant number of policy and regulatory developments. It provides a forum for members to discuss and guide AFME's wide-ranging work on sustainability-related issues.

Sustainability has remained a key priority for policymakers and regulators with a wide range of important initiatives with significant implications for members. Key areas of focus over the last year include progress in the development of corporate sustainability reporting, the further development of taxonomies and financing tools including the EU Green Bond Standard and addressing regulatory proposals and implementation challenges.

The Steering Committee has continued to work closely with other relevant AFME committees on sustainability issues including the incorporation of climate risk into the prudential framework, climate stress tests, furthering the development of ESG securitization amongst others. We have also strengthened our focus on a broader range of ESG topics including carbon markets, financing biodiversity, transition planning, ESG ratings and sustainable corporate governance.

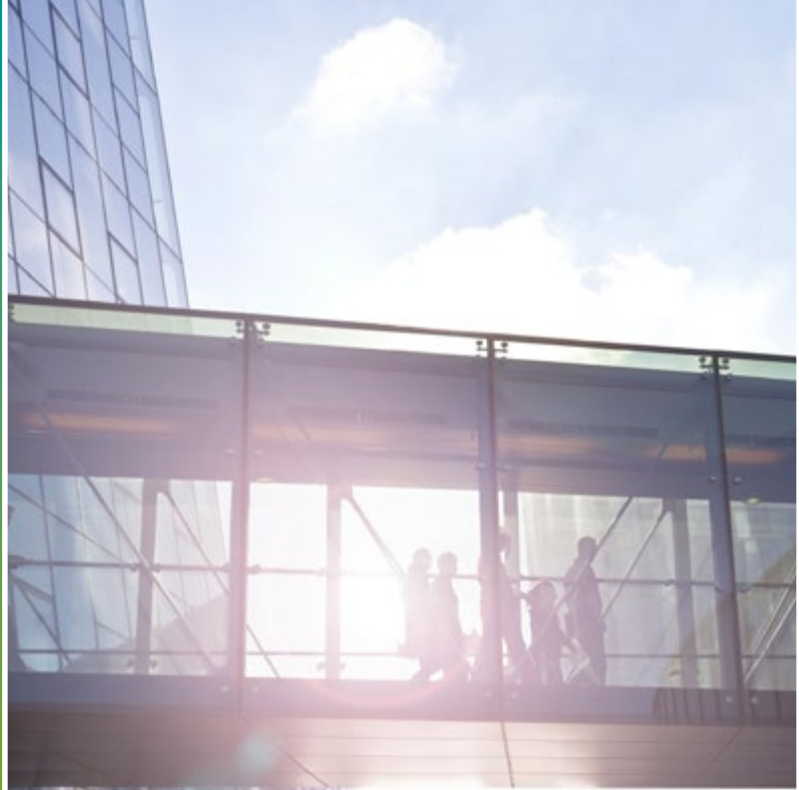
Alongside our European work, the last year has also seen a renewed focus at the global level including the focus on the role of financial services at COP26, establishment of the International Sustainability Standards Board and an increased focus amongst global standard-setters including the Basel Committee and the Financial Stability Board.

***“Sustainability has remained a key priority for policymakers and regulators with a wide range of important initiatives with significant implications for members”***

# Compliance, Control & Accounting

Richard Middleton  
Managing Director,  
Head of CCA

[Find out more](#)



*“We conducted a Workplace Models Survey to provide members with an industry-wide perspective on possible future models for hybrid working”*

- Compliance and control environment
- Conduct regulation and corporate governance
- Accounting and independent valuation control
- Tax



**O**ur Compliance work programme focuses on supporting Members develop their compliance and control environment, engaging with conduct supervisors to understand priorities and supervisory expectations, and influencing the European and UK regulatory environment to promote a culture of integrity and effective conduct regulation.

We conducted a Workplace Models Survey in Q1 to provide Members with an industry-wide perspective on possible future models for hybrid working. The detailed findings help Members to benchmark and assess their practices in relation to hybrid working and the control framework.

The division also published an industry paper on [Recording requirements for Mobile Devices, Electronic Communications and Videoconferencing](#), in collaboration with Latham & Watkins, and a paper on [Conduct Analytics - Insights-led and Data-driven: The Future of Conduct Risk Management](#), in collaboration with PwC.

On conduct regulation and corporate governance, we advocated on a range of topics including investor protection, senior managers, market abuse, short selling, financial crime and sanctions.

In relation to investor protection, we reviewed the FCA proposal to introduce a new consumer duty. We identified a series of concerns that would affect wholesale firms involved in the design, manufacture, and distribution of products (directly or indirectly) with an end retail consumer. We advocated for a full carve-out for primary market activities, and for alignment of the definition of non-complex financial instruments.

On senior managers, we supported Members with ongoing compliance with SMCR, and advocated at European level in connection with the CRD package, where we proposed amendments with the aim of preserving flexibility in the timing of suitability assessments of members of the management body, to ensure consistency with national laws.

***“We advocated on a range of topics including investor protection, senior managers, market abuse, short selling, financial crime and sanctions”***

Concerning market abuse, following our response to the ESMA consultation, the final guidelines reflected our advocacy position that there should not be a presumption that Pillar 2 Guidance is price sensitive.

On short selling, ESMA undertook a review and published a final report proposing some targeted changes, reflecting a number of our advocacy positions, including those on the scope of long-term bans, the number of exempted shares, and the rules relating to settlement.

Regarding financial crime, we engaged with key Members of the European Parliament to provide views and suggested amendments on the legislative proposal for an EU AML Regulation, and in the UK, we successfully advocated for changes relating to correspondent banking, enhancing efficiency of compliance procedures.

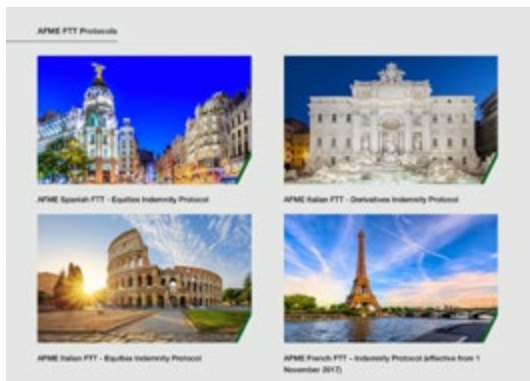
On the application of financial sanctions, we collated questions from Members and submitted them to the European Commission. Through updated FAQs, we now have some clarity on how the EUR 100,000 prohibition applies to Russian nationals for new and existing deposits and interest payments.



***“We engaged with key Members of the European Parliament to provide views and suggested amendments on the legislative proposal for an EU AML Regulation”***

The AFME Accounting Forum engaged with the IASB on key accounting policy issues, in particular on IFRS 9, where we advocated for a review of the definition of basic lending arrangements to include features consistent with ESG lending. The IASB staff paper reflected a number of our comments and acknowledges the need for additional guidance on how to apply the SPPI requirement to financial assets with ESG-linked features. On independent valuation controls, we continued to provide Members with a helpful platform for discussion of technical standards relating to fair value accounting principles and regulatory developments in prudent valuation.

On tax, we continued to develop and maintain our suite of FTT Protocols, covering equity markets in France, Italy and Spain. The FTT protocols minimise the need for complex and inefficient bilateral arrangements. There is a high take-up rate from market participants, with over 500 adhering parties, thereby providing a strong network effect. We also started to build out our wider tax work programme, for example in relation to withholding taxes. We prepared a position paper to explain the key practical issues relating to the beneficial ownership requirement, and responded to two consultations from the European Commission.



AFME hosted the 5<sup>th</sup> Annual European Compliance and Legal conference, bringing supervisors from ESMA and National Competent Authorities together with the industry. We had in-depth sessions on market abuse, surveillance, recording requirements, MiFIR market structure, investor protection, conduct, culture and accountability, financial crime, and ESG compliance. Keynote speeches were given by Natasha Cazenave (ESMA), Laura van Geest (AFM), Robert Ophele (AMF) and Rodrigo Buenaventura (CNMV).

***“We continued to provide Members with a helpful platform for discussion of technical standards relating to fair value accounting principles and regulatory developments in prudent valuation”***

# Advocacy

Jaqueline Mills  
Head of Advocacy

[Find out more](#)



*“The advocacy team has enabled extensive and impactful engagement with the EU & UK regulatory communities against a backdrop of political and economic uncertainty”*

The advocacy team works alongside policy divisions to ensure the effective delivery of AFME positions to the official sector and helps our members anticipate policy developments in the EU and UK.



**W**e held several hundred meetings with the EU and UK regulatory communities this year, focussing on the many ongoing reviews of existing banking and market regulations, as well as on the completion of new regulatory frameworks for sustainable and digital finance. As can be seen from previous sections, our carefully structured and wide-reaching engagement programmes have resulted in tangible outcomes for members across these priorities.

Accompanying dossier-specific work, our high-level messages have particularly emphasized the need for increased competitiveness of wholesale markets to become an explicit policy priority, and we continued to highlight the benefits of expanding market-based finance as a necessary means to enable transition and facilitate post-pandemic recovery. With energy supply and cost of living concerns arriving at the top

of the policymaking agenda, we have been promoting the role of members and markets as being part of the solutions to address these issues, and will continue to focus on this in the months to come.

The institutional and geographical advocacy coverage model developed last year is now fully embedded in our approach, and facilitates structured and efficient engagement with the official sector against the ever-evolving political and economic backdrop.

We have continued to build on our alliances with end-user, buy-side and other financial services industry representatives, thereby giving further weight to our positions, and ensured that the official sector remains an integral part of AFME's conference offering. Finally, together with our communications and research teams, we have contributed to the successful delivery of impactful media and educational campaigns.

## Reports from AFME's Tier 1 country coverage leads

### Update from the United Kingdom

In the UK, AFME has connected with official sector interlocutors at the highest level with our CEO taking meetings throughout the year with the Chancellor of the Exchequer, the Chief Executive of the FCA and the Governor of the Bank of England, amongst others, on our key UK advocacy priorities. These CEO level engagements have been complimented at staff level through a full series of frequent, coordinated and targeted engagements on key policy topics.

The former Economic Secretary to the Treasury, John Glen MP, took the opportunity to announce proposals resulting from the Wholesale Markets Review at the AFME Future of the Wholesale Markets event in London in March 2022.

Our CEO joined others in welcoming the UK Financial Services and Markets Bill 2022 in a Financial Services Trade Associations Common Statement. The Bill removes onshored EU financial services regulation in

view of transferring the rules and rule-making powers to UK regulators. It notably takes forward proposals from the Future Regulatory Framework Review and Wholesale Markets Review (WMR). This will be a crucial workstream for the coming year as the Bill progresses through both Houses and, ultimately, Royal Assent. AFME is working with members to ensure this Bill successfully delivers positive policy outcomes which are in line with AFME's long standing position in support of high regulatory standards, financial stability, competitive markets, sustainable growth, appropriate levels of investor protection and responsive legislation for financial services.

Given the frenetic Financial Services policy pipeline in the UK, and considerable political turbulence, we are continuing to work together with local trade associations to further increase AFME's visibility and to ensure strong and efficient coordination across industry and the official sector on our advocacy priorities.

## Update from Germany

Following the appointment of two staff members in the Frankfurt office last year, we continue to expand our advocacy outreach in Germany. We communicated high-level messages on the role of financial markets to members of the Bundestag during the negotiations for the coalition agreement following the federal elections in September 2021, and conducted extensive CEO-level engagement with the German Federal Ministry of Finance, BaFin and Bundesbank. This was followed by operational engagement on key regulatory files throughout the year.

We recently held our European Financial Integration Conference in Frankfurt, which we are committed to run on an annual basis to bring together the European financial services policy making community. We also took a speaking role at this year's Finanzmarktklausur, a conference bringing together key German financial markets decision makers in Berlin to further AFME's visibility and outreach.

AFME is continuing to work together with other local trade associations in Germany, and is developing our links to the German financial ecosystem with the help of the Frankfurt Forum, our local member group that provides strategic guidance on our future activities in Germany.

We plan to extend our engagement with policy makers in light of the recently published strategy paper on the German future financing act, which is aiming to facilitate companies' access to financial markets and strengthen the German capital market.

***“We are developing our links to the German financial ecosystem with the help of the Frankfurt Forum”***



## Update from France

- Successfully engaged the French Presidency of the Council of the EU
- Reinforced AFME's presence in the French national financial services ecosystem
- Held a successful event on securitisation in Paris

The French government took over the presidency of the Council of the European Union in the first half of 2022. AFME accompanied this key presidency with regular meetings across the French official sector to understand and influence the direction of travel on our priority legislative files.

Senior level engagements focused on the Presidency's priorities and its expectations as the recovery efforts following the COVID-19 crisis continued, as well as on the renewed emphasis from the French government on the international competitiveness of the EU.

These senior engagements were complemented by several more technical meetings on key priority files for AFME, including the French Presidency teams on MiFIR, Prudential and Digital issues. These engagements have proved fruitful as efforts were made to accelerate and close a number of discussions on some key legislative proposals (e.g. CMU, digital and sustainable finance agenda).

AFME has also been working to strengthen its relationships with French stakeholders outside of the official sector, including with buy and sell side organisations, think tanks and ParisEuroplace which promotes the French financial center. Together with ParisEuroplace we held a successful High-Level Forum "Securitisation: Last call for Europe in the context of economic recovery and European Financial Autonomy" in Paris, with the participation of 200 senior official sector and industry speakers and delegates. We were also pleased to resume physical meetings of the Paris Forum with the AFME CEO attending.



***“AFME has had regular meetings across the French official sector to understand and influence the direction of travel on key legislative files”***

# GFMA: Global Foreign Exchange

James Kemp  
Managing Director

[Find out more](#)



*“We are committed to promoting  
an efficient, robust, and well-  
functioning global FX market”*





**G**FMA's Global FX Division is committed to promoting an efficient, robust, and well-functioning global FX market. The Division currently has 24 member firms, representing the majority of the international FX inter-dealer market.

The Division has been active on several areas throughout 2022. In the EU we delivered our advocacy messages in relation to MiFID, resulting in the increased harmonisation of transparency reporting with other jurisdictions while also focusing on amendments to EMIR and together with AFME colleagues, continued engagement with regulators in relation to MAR and CRD6. More generally, we have promoted the wider harmonisation of FX trade reporting, responding to consultations and advocating in America and Australasia.

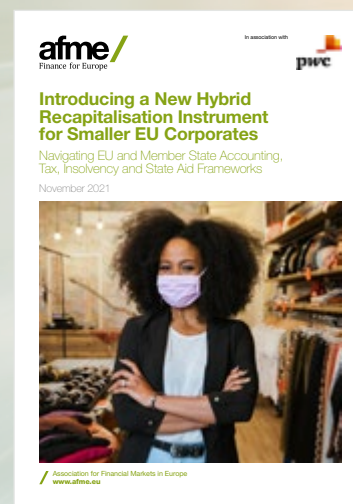
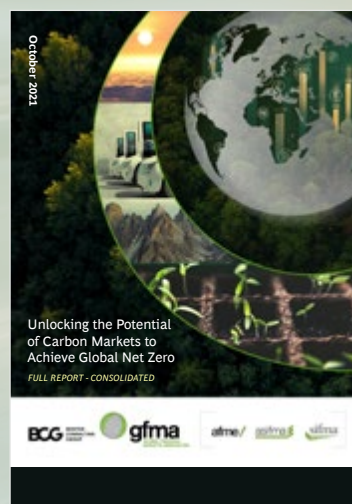
From a global perspective, GFXD continues to focus on improving efficiency in market operations. We published a paper outlining potential solutions to reduce settlement risk in FX transactions, including the standardization of various settlement processes. Accordingly, we continue to engage with FSB and CPMI to enhance cross-border payments. Furthermore, we published a white paper supporting increased automation in the trade confirmation process. With regard to margin, we have successfully advocated for a three-year exemption from EU margin requirements of third-country intragroup trades. Finally, we continue to monitor the impacts from moving to T+1 settlement for US transactions for FX.

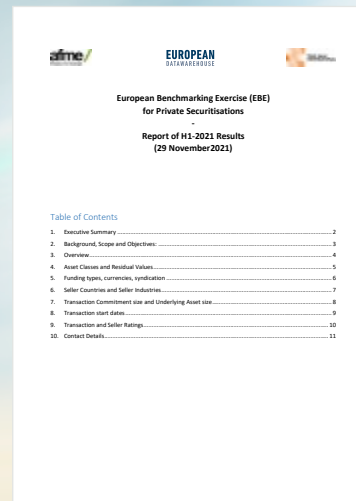
Considering market disruptions in Emerging Markets, we facilitated discussion across member firms and worked to develop an EM Playbook to be used for disruption events. More specifically, this became highly topical as we supported members through the market upheaval caused by the Russian invasion of Ukraine and the impact of sanctions on key areas – such as nostros – and on the contractual challenges to close out transactions.

In support of members' strategic planning, we completed the refresh of our original 2018 "Future of FX" project in partnership with EY, highlighting several new FX themes and opportunities. We published the FX Prime Brokerage "Recommended Practices" to enhance credit allocation and reduce risk and we are now progressing this to work with providers investigating potential API/data feeds to implement this. Finally, with institutions looking to their investment bank counterparties for the development of an institutional-grade crypto market, we have undertaken a significant project to understand the legal framework in a number of key jurisdictions along with detailed analysis of the crypto life cycle and control framework, designed to help members assess how they might deliver services and support the development of a robust institutional crypto market.

***“We have promoted the wider harmonisation of FX trade reporting, responding to consultations and advocating in America and Australasia”***

# Publications







# Membership

## Join us

AFME membership is open to all wholesale financial market participants. Membership is on a corporate, not individual, basis and all applications are reviewed and approved by the AFME Board.

Find out more: [www.afme.eu/membership](http://www.afme.eu/membership)



**81** Full members

**95** Associate members



Over **3,500**  
members from  
176 firms

## Full members

Global, regional and national banks, corporate finance advisors and brokers with access to all divisions.

## Associate members

Law firms, accounting firms, stock exchanges, rating agencies, service and data providers and investors with access to the High Yield and Securitisation divisions plus CMU and Sustainable Finance workstreams.

## Premium associate members

Technology firms and consultancies with access to the Technology & Operation division.





# Media Profile

This year AFME has continued to expand its media reach across the EU. This reflects both our steady output of content by way of reports, webinars and thought leadership, as well as a targeted approach to gaining press coverage on certain areas of AFME advocacy.

For example, AFME has published 17 expert reports and 28 data reports over the past year. These span a range of complex regulatory topics providing evidence-based research and positioning AFME as a thought leader in key areas of capital markets regulation.

AFME has also increased its social media presence through thought leadership based content to further engage with our audiences and promote our evidence based research to a wider readership. This approach has resulted in AFME's LinkedIn account growing by 37% since September 2021 to 16,047 followers. Over the same period, AFME's Twitter has grown by 5% to reach 3,997 follower. Our social media presence helps support AFME's image as thought leaders in the capital market sphere.

## Key areas



**180%**  
MiFID



**170%**  
Post Trade



**86%**  
Sustainable Finance



**56%**  
Securitisation

## Snapshot of AFME's media profile

### Engagement



**16,047**  
LinkedIn followers



**3,997**  
Twitter followers



**222,393**  
average unique page  
views per month



**169,407**  
Total EU  
website visitors

### Impact



**60**  
Consultations  
responded to



**17**  
Expert publications  
produced



**28**  
Data reports  
each year



**+21%**  
Increase in overall  
media coverage



**+47%**  
Coverage in  
European media

## Conferences and Events

Our comprehensive events programme continues to provide high level educational content and senior networking opportunities for the European capital markets community. The ongoing pandemic impacted the first few months of the year where we continued to deliver our events in a virtual format, with Covid also pushing some events to later in the Spring.

In November, together with S&P Global Ratings, we ran *The Future of Sustainability in the European Securitisation Markets Virtual Conference*. The event focused on two of the biggest questions asked about sustainability in European markets: what is going to drive the development of sustainable securitisation markets? and how is ESG incorporated into credit factors for securitisation ratings? Over six hundred people registered to join the webinar.

*“We are committed to creating events that are inclusive and promote the talent that exists across the diversity of people within our industry”*

In the same month, our *16th Annual European Government Bonds Conference* took place with 59% of the speaker line up made up of female industry experts. This marked a 28% increase in female representation on the 2020 event and demonstrates our commitment to creating events that are inclusive and promote the talent that exists across the diversity of people within our industry.

GFMA's *2nd Annual Global Capital Markets Sustainable Finance Virtual Conference* took place in December. This year it was AFME's turn to work with GFMA to produce the event which was broadcast across three time zones and attracted speakers from the IMF, Bank of England, American Airlines, and a number of the major international banks.

We also partnered with the Italian Banking Insurance and Finance Federation (FeBAF) once again on the virtual *Rome Investment Forum 2021*, and delivered two webinars, one with Linklaters on *The Sustainable Finance Landscape* and one for the High Yield team on *Investment Company Act section 3(c)(7) - Considerations for non- US issuers*.



In late Spring we saw the welcome return of in-person events. We ran our three annual dinners, the Financial Services Policy Dinner which supports our Brussels advocacy, the [5th Annual Equities Dinner](#) and the [16th Annual High Yield Black Tie Dinner](#), all of which were very well attended and enjoyed by all present. And we supported the business's advocacy efforts by delivering a seminar on the [UK Wholesale Financial Markets](#) where Secretary John Glen, Economic Secretary to the Treasury and City Minister, HM Treasury, delivered a keynote address highlighting key elements of a Wholesale Markets Review report his department released that morning.

In May, we launched our new [European Sustainable Finance Conference](#) in Amsterdam and ran the 13th edition of our [Annual Spanish Capital Markets Conference](#) in Madrid. Both in-person events attracted more participants than expected and were well covered by the press.

June was a busy month with five events running: European Government Bond Off-site, Brussels; Global ABS, Barcelona; High Yield & Leveraged Finance in Europe Seminar, Paris; European Financial Integration Conference, Frankfurt; and a breakfast seminar with the Bank of England on Market Intelligence and Policymaking, and AFME Members on Rates Forecasts.

The return of [Global ABS](#) to Barcelona was a tremendous success, with over 4,000 delegates in attendance, representing over 1,000 companies from forty countries. Keynote speakers included Elizabeth McCaul, Member of the Supervisory Board at the European Central Bank and Jose Manuel Campa, Chairperson at the European Banking Authority.

Our autumn schedule includes our annual conferences for [European Leveraged Finance](#) and also [European Compliance and Legal](#). And we have launched a new conference, [Operations, Post-Trade, Technology & Innovation Conference 2022 \(OPTIC\)](#), which will bring together practitioners and technologists to discuss how European capital markets, and the operational framework that underpins them, are evolving.



***“Our events programme continues to provide high level educational content and senior networking opportunities for the European capital markets community”***



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 NORTHERN TRUST

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