



# Annual Review 2014

Revitalising Europe's capital markets

## / About AFME

The Association for Financial Markets in Europe (AFME) is the voice of Europe’s wholesale financial markets.

We represent the leading global and European banks and other significant capital market players.

We believe that liquid capital markets and a well-functioning banking system are central to any successful modern economy.

We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society.

### Focus

on a wide range of market, business and prudential issues

### Expertise

deep policy and technical skills

### Strong relationships

with European and global policymakers

### Breadth

broad global and European membership

### Pan-European

organisation and perspective

### Global reach

via the Global Financial Markets Association (GFMA)



## Policies and products

### Fixed Income

Primary Dealers

Covered Bonds Trading

Credit

High Yield

Securitisation

Prime Services

Post Trade

### Equities

Equities Trading

Equity Capital Markets

Corporate Finance

### Prudential

Regulation

Resolution

### Policy and Compliance

Compliance

Accounting

Tax/VAT

### Global

Foreign Exchange (FX)

Commodities

## Message from the Chairman

### By Frédéric Janbon

My first year as AFME Chairman has proven an eventful one – both for financial markets and the organisation.

The EU's great post-crisis regulatory drive reached a watershed with the end of the 2010-2014 parliamentary cycle and European elections in May. By then, most of the main proposals affecting the financial sector – including MiFID 2 and Banking Union – had reached the end of the Level 1 legislative phase, during which their main principles were agreed. Now, with a new Commission and European Parliament in place, the hard work of detailed implementation of these proposals, Level 2, is well underway, with AFME continuing to make the case for evidence-based, effective reform.

The European elections also saw the success of many populist parties of both left and right. Although such parties did not achieve a majority in the parliament, the message of Europe's voters was clear: after years of austerity, there is widespread disenchantment with the EU's ability to deliver economic growth and jobs. AFME's view that capital markets are essential to fund growth is hence more relevant than ever. It is a view now gaining real traction among Europe's regulatory and political communities.

Securitisation is a good example. A string of public figures, including Yves Mersch of the European Central Bank, have begun to advocate the use of high-quality securitisation as an alternative to bank funding for Europe's businesses. In June, the Bank of England and the European Central Bank published a joint paper, which argued that high-quality asset-backed securities could help kick-start sluggish European growth rates. This is something AFME has long argued for. AFME published its own report, High-quality securitisation in Europe: the market at a crossroads, at the Global ABS conference in June.

Not all policy and regulatory developments have been so positive. Eleven Eurozone countries are still backing the proposed financial transaction tax. AFME believes that this is an unnecessary and counterproductive tax, which will impose considerable costs on end users such as companies, investors and governments. AFME will continue to argue against this initiative. Equally, proposals for further structural reform of the banking sector in Europe are a major concern, particularly in respect of the threat to market making.

Through our extensive contacts with key international regulators, AFME and its members are playing a full part in working for global economic growth. Earlier this year, during the EU-US Transatlantic Trade and Investment Partnership (TTIP) talks, AFME, through the GFMA, reiterated its view that financial services should be brought into the scope of the agreement. We remain convinced that such a move would benefit the world's economy by harmonising regulations and increasing trade flows.

This year saw changes in the GFMA leadership. In May, by rotation, SIFMA's CEO, Ken Bentsen, took over from Simon Lewis as GFMA Chief Executive. At the same time, Samir Assaf, Chief Executive of Global Banking and Markets, HSBC, became GFMA Chair, replacing Blythe Masters.

Finally, I would like to thank the AFME Board members for all their hard work and commitment over the past year: the active engagement of senior practitioners who are close to the markets gives AFME special relevance with interlocutors, including policy-makers and regulators. I extend a special thanks to Gaël de Boissard of Credit Suisse, my predecessor as Chair, for the dedication and thoughtfulness he brought to the role, and for creating a strong platform for AFME's continuing success.

### Frédéric Janbon

Chairman

Association for Financial Markets in Europe

September 2014



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AFME's view that capital markets are essential to fund growth is more relevant than ever. It is a view now gaining real traction among Europe's regulatory and political communities  
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## Revitalising Europe's capital markets

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### Key reforms in the past year

In Europe, the past 12 months have marked not only the culmination of a historic wave of new regulation for banking and the capital markets, but also the creation of a Banking Union. These developments will shape the industry for many years – if not decades. The EU institutions were highly active in pushing through new legislative proposals, with a broad package of reforms adopted on 15 April – Europe's own 'Super Tuesday'. For AFME and for our members, the past year has seen sustained technical work and continued close engagement with policymakers and regulators, which will continue into the Level 2 rule-making phase.

In several vital areas, there are important regulatory outcomes that reflect constructive input from AFME and the wider industry:

- on CRD4, we helped make the case for a broader scope of eligible assets to be included in the liquidity coverage ratio; particularly high quality securitisations;
- on MiFID, we secured liquidity-sensitive pre- and post-trade transparency requirements for fixed income, and ensured that the third country regime enables more open and accessible EU markets than was originally proposed;
- we secured the inclusion of a broad statutory bail-in power in the Bank Resolution and Recovery Directive (BRRD). This reform is consistent with AFME's longstanding policy position and is vital to protecting taxpayers from the cost of any bank failures in the future; and
- on Banking Union, we established AFME as a leading industry interlocutor, and made constructive contributions to the operation of cross-border supervision and the design of the Single Resolution Mechanism.

Over the past year, we have remained closely involved in the debate on the Financial Transaction Tax (FTT), which is being developed by 11 Eurozone nations. We are clear that such a tax would damage capital markets, harm investors and corporates and impair the funding of the European economy. We also remain unconvinced of the need for an additional EU-level measure on structural reform of the banking sector – given that any potential benefits in terms of financial stability would be heavily outweighed by the damage to market liquidity and product availability, and the increased cost of capital across Europe.

European Commission President-elect Jean-Claude Juncker has declared Capital Markets Union (CMU) in Europe a policy priority. While the details need to be worked out, AFME supports the goal of an efficient CMU, as this would offer competition and choice to savers, investors and firms throughout Europe. Policymakers and industry should work together to identify gaps that impede growth in areas such as securitisation and SME funding – areas where AFME is already very active in promoting practical measures to support integration.

Beyond the EU, major reform proposals continued to emerge from the Basel Committee and Financial Stability Board. The Basel work on the leverage ratio was a key workstream for the GFMA, with the industry helping to secure significant improvements in the Final Proposal, published in January. I would like to express my gratitude to all members who contributed to this major GFMA project. In particular, I would like to thank Blythe Masters for her leadership and commitment in chairing the GFMA from 2012 to 2014. In May, Samir Assaf of HSBC took on the GFMA Chair role, supported by Ken Bentsen of SIFMA as CEO, and I am delighted that they are continuing to build on the success of GFMA.

### Taking stock of regulation

When we survey the big picture on regulation, it is clear that the work done by policymakers and financial institutions since the crisis has helped make the financial system more resilient. For example, the amount of capital banks need to hold has increased 10 times for the largest banks, while banks' core tier one capital has doubled since 2010. Leverage ratios for the biggest banks have almost halved since the crisis, while liquidity has increased significantly. Through the BRRD, Europe now has the framework and tools to deal with a failing bank without resorting to taxpayer bail-outs or threatening financial instability through disorderly liquidation. In November, the ECB will take on a leading role in supervising the largest banks in the Eurozone; working closely with national authorities through the Single Supervisory Mechanism.

However, there is further work to be done. Resolution is top of the agenda for the G20 meeting in Brisbane in November 2014, as policymakers seek to develop a framework for the cross-border resolution of globally significant banks. More widely, issues such as market conduct, benchmarks and indices will remain on the agenda in 2015; at national, regional and international level.

### Advancing a growth agenda

The dominant theme of the past five years has been introducing broader and tougher regulation of financial services, with Michel Barnier, the outgoing Internal Market Commissioner, leading this drive in Europe. The new Commission President, Jean-Claude Juncker, has already signalled his intention to pursue a growth agenda; highlighting the role financial markets can play in facilitating and financing growth and creating jobs and prosperity in Europe. AFME strongly supports these goals and we look forward to engaging with the new Commission and Parliament on the EU policy agenda over the next five years. Our guide to the role of banks and financial markets in the EU economy was sent to all MEPs before the summer recess, and we have a programme of events and further publications to build links and help the new group of EU policymakers get quickly up to speed on financial regulation.

We continue to campaign actively for the revival of Europe's securitisation market as a centrepiece of the growth agenda. Our report, High-quality securitisation for Europe, was published in June, just as policymakers and central banks were increasingly calling for the revival of the European securitisation market. Our view received backing from Mario Draghi, strong support from the ECB and Bank of England, and increasing interest from other European governments, such as France. Momentum is building behind securitisation as a financing technique that will help unlock lending for European SMEs and create interesting investment opportunities for institutional investors. We will continue to strive, through dialogue with policymakers and through the European media, to promote the revival of securitisation in Europe's capital markets.

### Reshaping AFME for new challenges

Alongside our full work programme on regulatory and markets issues, we have also worked over the past year to review our operating model and adapt our organisational and committee structures to the changing demands on AFME. This summer, we concluded our committee review, which has yielded a significant reduction in the number of AFME working groups and closer coordination between our key committees.

We can be proud of how much AFME and our members have done to help ensure that the new regulatory settlement for the industry is sustainable and promotes sound and effective capital markets for Europe. With a new Commission and policy agenda, there is much to play for, and I am confident we are well placed to work on behalf of the industry to support Europe's policymakers in developing and delivering an agenda for growth.

I would like to thank the AFME staff for all they do on behalf of the organisation and their support for our chosen community charities, to which they generously donate their time and money. You can read more about their activities on page 13.

I would also like to thank Frédéric Janbon for his leadership of the Board and all the members of the AFME Board for their support during the past year. I look forward to working with them on our agenda for 2015.

We have recently lost a dear colleague, James Kotsomitis, who was Managing Director of our Primary Dealers, Credit and Covered Bonds divisions. James passed away on 12 September after a long illness. He had been at AFME since June 2011 and was enormously well liked and respected both by members of AFME and colleagues. James will be sorely missed by all who worked with him.

#### Simon Lewis

Chief Executive  
Association for Financial Markets in Europe

September 2014



## Building on achievement

### Growth

In 2013, AFME asked Oliver Wyman to survey 75 corporates, investors and their associations to identify possible obstacles to funding. The conclusions resulted in nearly 50 recommendations, described in the AFME/Oliver Wyman report, *Unlocking Funding for European Investment and Growth*.

Based on positive feedback from a variety of policymakers, AFME is taking forward some of these suggestions – taking account of recommendations of the European Commission and European Parliament – to produce action steps aligned with projects already agreed at the political and regulatory level.

As part of this process, a series of relevant member groups has been established, covering broadly: investor issues, infrastructure, private placements and SME finance. Each group has taken several recommendations from the *Unlocking Funding* report and worked towards producing a publication focused on practical methods of implementing growth.

With private placements, for example, AFME is actively supporting an umbrella pan-European industry group – led by the International Capital Market Association (ICMA) and including several other national and pan-European groups.

The infrastructure group, where AFME also works with ICMA, is focusing on materials that will make it simpler for infrastructure issuers to understand the steps required to tap capital markets investors. In addition, an investor-focused research publication will focus on market-related investor preferences. The SME group is focused on practical steps on how to improve access to funding for this important growth-focused sector.

Policymakers and central banks are increasingly calling for the revival of the European securitisation market to unlock vital long-term financing and fuel growth



AFME's 2014 Securitisation report

### Securitisation

Policymakers and central banks are increasingly calling for the revival of the European securitisation market to unlock vital long-term financing and fuel growth. In May 2014, for example, the Bank of England and the European Central Bank (ECB) published a joint paper, setting out 'The case for a better-functioning securitisation market in the European Union'. This was followed in June by the Basel Committee on Banking Supervision/International Organization of Securities Commissions (BCBS/IOSCO) survey to review securitisation markets and identify factors that might hinder their development.

At AFME's Global ABS conference in June, speeches calling for the recovery of a sustainable, high-quality securitisation market in Europe were made by Yves Mersch, member of the Executive Board of the ECB; and Adam Farkas, Executive Director of the European Banking Authority.

AFME has produced a well-received report, *High-quality securitisation for Europe – the market at a crossroads*, which contains insights from representatives of key sectors of the real economy – including the car industry, small and medium-sized enterprises (SMEs) and mortgage lenders – who joined with investors to voice concerns over their access to capital, and to call for well-balanced regulatory treatment.

As well as undertaking public advocacy, AFME has continued to engage constructively with regulators regarding key regulatory proposals affecting securitisation. In many cases, our concerns have been noted and reflected in changed proposals.

Through our parent body the GFMA, we responded to the BCBS' re-proposal for new risk weights for asset-backed securities (ABS). We followed this up with a presentation to the BCBS working group in Washington DC in April.

On Solvency 2, following our detailed engagement with the European Commission and EIOPA, several reductions in proposed capital weightings were made. In addition, regulators recognised the concept of "high quality securitisation" for the first time.

Regarding the liquidity coverage ratio, we continue to push for the recognition of a wider range of high-quality securitisations – including auto, consumer and SME loans, and not just some types of residential mortgages – as high-quality liquid assets. We are cautiously optimistic that we are making progress.

While greater senior policymaker recognition is welcome, as is the progress made in the technical detail of regulations, much work remains to be done. Serious concerns remain in the derivatives regulation of securitisation swaps, as well as in the regulation of money market fund investment in securitisation. Regulation of transparency and disclosure, which is already very good in securitisation, needs to take more account of the rules already in place, as well as the work already done by the industry.

Overall, progress has been good, and a more positive regulatory attitude to securitisation can now be discerned. However, a great deal remains to be done before high-quality securitisation in Europe is treated on a level playing field with other fixed-income instruments, and properly calibrated to the risk of the underlying assets.

## MiFID II

Early in 2014, the European Parliament, Commission and Council reached agreement on the Level 1 MiFID and MiFIR texts. This agreement was a major step towards ending regulatory uncertainty while supporting the ability of Europe's financial markets to meet the needs of investors and issuers.

Major steps forward have been made – for example in liquidity-sensitive transparency requirements for bonds; and

a regime for non-European firms that maintains more open and accessible EU markets while still protecting investors.

AFME believes, however, that the agreed text falls short in certain areas, such as the curtailment of execution options for equity investors and the limitations on competition and choice between clearing houses and trading venues. Significant challenges lie ahead in terms of developing the regulatory detail necessary to make these primary provisions operational.

The final Level 1 texts envisage almost 90 separate secondary (Level 2) measures in areas such as: conditions for deferred post-trade transparency for non-equity instruments; conditions whereby access could be denied or granted by a trading venue; and data standards and formats related to information published by consolidated tape providers.

In preparing for Level 2, we have, with our members, undertaken a strategic review of our policy priorities, governance structure and advocacy strategy. Focusing on priority areas – including the structure of equity, bond and derivatives markets and the transparency requirements applying to those markets – we will continue to engage with policymakers and other stakeholders as Level 2 measures are developed and finalised.

## Policy priorities 2014

CRD IV – ensuring the effective development of Level 2 technical Standards

MiFID II – achieving positive outcomes at Level 2 on priority issues to ensure MiFID promotes stable, liquid and transparent markets

Financial sector taxation – positioning AFME as an influential voice against the European FTT through objective evidence gathering and end-user engagement

Banking Union – serving as a positive and practical voice in the policy debate on the future supervisory framework for banking in Europe

Resolution and crisis management – providing strong intellectual input to the draft EU directive and encouraging policy coherence at global level

Market infrastructure – analysing the broad regulatory agenda and advancing industry-led initiatives to promote well-integrated market infrastructure

Reputational repair – working with AFME members on responding positively to the reputational challenges to the industry

## Bank structural reform

The European Commission published its proposal for a regulation on structural measures in January 2014. This mandated prohibition of proprietary trading and engagements in hedge funds, as well as requirements for ring-fencing of market-making and high-risk trading activities, subject to meeting a set of undefined metrics.

The provisions apply to all G-SIB European banks, as well as banks that have held total assets of over €30bn for three consecutive years, and have trading activities of over €70bn (or at least 10% of total assets). The rules will also apply to branches and subsidiaries of third country banks.

AFME responded to the proposals with a statement that the need for additional EU bank structure legislation was unproven. Chief Executive Simon Lewis said: "There is a significant risk of conflict with broader regulatory objectives. The new proposed measures are likely to lead to an extended period of business and funding model uncertainty for European banks, investors and the wider economy. The banking industry is already undergoing significant structural change as a result of major reforms underway to strengthen the safety and resilience of banks and ensure all institutions are resolvable without threat to the financial system and the real economy or losses to the taxpayer."

According to the Commission's timeline, banks will have to comply with the proprietary trading ban from 1 January 2017, while the provisions on separation of trading activities from credit institutions will become effective from 1 July 2018.

AFME has set out its position that while a voluntary structural reform driven by regulatory and market factors is underway, a one-size-fits-all solution in Europe is likely to impair the functioning of capital markets. This is because separation of significant trading activities will lead to withdrawal of capacity, with detrimental impacts on the liquidity of secondary markets and banks' ability to provide hedging services.

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There is a significant risk of conflict with broader regulatory objectives. The new proposed measures are likely to lead to an extended period of business and funding model uncertainty for European banks, investors and the wider economy

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**Simon Lewis, Chief Executive, AFME**

As part of our strategy, AFME prepared a note for engagement with the Member States and other key stakeholders that questioned the need and timing of the Commission's proposal, and explained our concerns over its potential impact. We have also stressed the importance of diversity in the European funding model, and that any structural proposals should not reduce the ability of capital markets to fund the European economy nor limit banking sector diversity.

The industry needs to provide a robust and evidence-based response to the Commission's assertions around the level of implicit subsidy, systemic risk in the banking sector, and the high levels of risk associated with market making and hedging services.

## Market reviews

In May, AFME welcomed publication of the final report of Sir Richard's Lambert's Banking Standards Review in the UK. The report clarified the relationship between the regulatory regime and monitoring professional standards, and clearly defined the remit of the new body, both geographically and organisationally. We have discussed the report with our members, and will be liaising with the new body in future.

The following month, AFME responded to the UK Treasury's announcement of a 'Fair and effective markets review' with a comment from Chief Executive Simon Lewis. In his statement, Simon welcomed "measures designed to preserve and increase confidence in the fixed income, currency and commodity markets", while adding that the review should "take account of the broad regulatory agenda so that any further proposals dovetail with measures already in place at the European and international level".

The Bank of England subsequently named AFME Chair Frédéric Janbon as a member of its steering committee for the review – together with AFME Board member Michael Cole-Fontayn and former Board member Jonathan Moulds. In addition, James Kemp, Managing Director of GFMA's Global FX division, will chair the review's expert group for currencies. AFME Board member Peter Nielsen of RBS chairs the fixed income, rates product expert group, while Samir Assaf, Chair, GFMA, has also been appointed to the steering committee.

## Advocacy

Before the European Parliament elections in May 2014, much of our focus was on the upcoming changes in EU institutions, and the importance of progressing key files before the end of the 2010-2014 term.

We held meetings with the offices of Commissioner Barnier, President Van Rompuy and Andrea Enria, Chairman of





**AFME funding booklet**

the European Banking Authority, to discuss issues including Banking Union, structural reform, securitisation, resolution and growth.

The changeover of the European institutions provided much impetus to several of our key dossiers, with mid-April marking European Parliament votes on Banking Union, MiFID and other files. Our

focus on these dossiers then shifted to technical work and advocacy in the Level 2 phase, and we continued to engage closely with the EBA, ESMA and national regulators as the rulemaking phase picked up speed.

In one of its final sessions before the election, the outgoing European Parliament adopted landmark reforms aimed at improving market transparency through the MiFID II reforms, and preventing taxpayer-funded payouts of banks. MEPs also approved measures paving the way for Banking Union by establishing a mechanism for restructuring or winding down troubled banks, and for banks themselves to guarantee deposits of under €100,000 in the event of a run. In addition, the Parliament enshrined the "bail-in" principle, under which banks' shareholders and bondholders must accept losses incurred by the bank before external financial resources can be called upon.

As of 1 July 2014, the European Parliament comprises 751 MEPs from some 150 political parties across the political spectrum. The elections saw a significant rise of anti-EU party strength, with France's Front National party winning nearly 25% of the vote, while the UK Independence Party (UKIP) registered 27.5%. Although the attitude and views of most populist groups towards the financial services sector are unlikely to be supportive, those parties' MEPs are not expected to be heavily involved with work on technical legislative files such as financial services regulation.

President-elect Jean-Claude Juncker announced his nominations for his new European Commission on 10 September. The most relevant posts for AFME were: Jonathan Hill (Commissioner for Financial Stability, Financial Services and Capital Markets Union); Jyrki Katainen (Vice President (VP) Project leader for Jobs, Growth and Investment); Valdis Dombrovskis (VP, Project leader for Economic and Monetary Union); and Pierre

Moscovici (Commissioner for Economic and Financial Affairs, Taxation and Customs). We welcomed the Commission's focus on driving economic growth, and its recognition of the importance of financial markets in achieving that goal. We also congratulated Jonathan Hill on his nomination.

### **Too big to fail**

AFME has been heavily engaged in the substantial amount of legislation addressed at solving the problem of "too big to fail". This includes several initiatives aimed at reducing the probability of failure and increasing the resilience of banks – such as the significant numbers of Level 2 measures implementing CRDIV, supported by the Asset Quality Review (AQR) and stress tests; and work towards establishing the Single Supervisory Mechanism (SSM).

Over the past year, we have seen finalisation of the key legislation to deal with the impact of failure and ensure that banks can fail without causing systemic disruption or exposing taxpayers to loss. This includes: finalisation of the BRRD, the Deposit Guarantee Schemes Directive (DGSD) and the Single Resolution Mechanism (SRM).

The BRRD establishes a comprehensive framework for the recovery and resolution of banks and large investment firms in the EU, comprising resolution authorities and requirements for recovery planning, resolution planning and resolvability assessments. It also provides a toolkit of resolution powers, including bail-in to enable banks to be resolved effectively.

The DGSD seeks to strengthen and harmonise deposit guarantee schemes throughout the EU and enhance confidence in the protection of insured depositors, while the SRM centralises resolution decision-making within Banking Union.

AFME has been extensively engaged in the development of each of these important files, and numerous AFME positions were reflected in the final texts. We have begun our work on the substantial number of Level 2 standards, and this work will continue over the next year.

Substantial progress has been made towards bringing an end to "too big to fail", and the tools are now in place to ensure banks are less likely to fail. In the event of failure, they can be resolved without causing systemic disruption or exposing taxpayers to losses. As Commissioner Michel Barnier has said, "With these new rules in place, massive public bail-outs of banks and their consequences for taxpayers will finally be a practice of the past". AFME also produced a pamphlet on the progress made in addressing "too big to fail", aimed at the new European Parliament.

## Events update

AFME's programme of events brings together members and other stakeholders to increase member engagement, drive thought leadership and raise our profile in Europe. AFME hosts an annual programme of approximately 30 high quality and reputable events each year. Combined, these attract over 250 speakers and 5,000 delegates and are held in major European cities such as Barcelona, Berlin, Brussels, London, Madrid, Milan, Paris and Rome.

Our speakers have included:

- **Ulrich Bindseil**, Director General-Market Operations, European Central Bank
- **Sharon Bowles**, former MEP, Chair, European Parliament's Economic and Monetary Affairs Committee (5)
- **Andrea Enria**, Chairperson, European Banking Authority
- **Adam Farkas**, Executive Director, European Banking Authority
- **Jonathan Faull**, Director General, DG Internal Market and Services, European Commission
- **Íñigo Fernández de Mesa**, General Secretary of Treasury and Financial Policy, Ministry of Economic Affairs and Competitiveness
- **Steven Maijor**, Chair, European Securities and Markets Authority (6)
- **Lord Mandelson**, Chairman, Global Counsel (3)
- **Yves Mersch**, member of the ECB executive board, European Central Bank (1)
- **Urs Rohner**, Chairman of the Board of Directors, Credit Suisse Group
- **Verena Ross**, Executive Director, European Securities and Markets Authority (7)
- **Paul Tucker**, former Deputy Governor, Financial Stability, Bank of England (2)
- **Lord Turner**, former Chairman, Financial Services Authority and Senior Fellow, Institute for New Economic Thinking (4)



## Highlights from AFME's events calendar: 2013-2014

### 2013

#### 24 September

**Financing Growth: Capital Markets, Investment and the Economy Conference**  
London

#### 10-11 October

**Markets and Investment Banking Conference  
Securitisation and Covered Bonds**  
Milan

#### 7-8 November

**8th Annual European Government Bond Conference**  
Brussels

#### 13 November

**8th Annual European High Yield Conference**  
London

#### 18 November

**Banking Union Conference**  
Brussels

#### 29 November

**AFME/vdp Covered Bonds Market Conference**  
Berlin

### 2014

#### 14 January

**12th Annual High Yield Black Tie Dinner**  
London

#### 3 February

**AFME/ICMA Capital Market Lecture with David Lawton, Director of Markets, Financial Conduct Authority**  
London

#### 13 February

**5th Annual Spanish Funding Conference**  
Madrid

#### 25 February

**9th Annual European Market Liquidity Conference**  
London (8)

#### 6-7 May

**ABI Funding & Capital Markets Forum**  
Milan

#### 7 May

**7th Annual European Post-Trade Conference**  
London

#### 10-12 June

**AFME/IMN Global ABS**  
Barcelona

#### 17 September

**Italian Banking Conference**  
London

#### 25 September

**MiFID Education Seminar**  
London

#### 30 September

**AFME/ICMA Capital Markets Roundtable and Dinner Debate**  
Brussels

To view the latest events in AFME's calendar, please visit:  
[www.afme.eu/Events-Calendar](http://www.afme.eu/Events-Calendar)



## For our members

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AFME continues to develop its services and resources to give members a greater voice and help them make sense of a rapidly changing regulatory landscape.

Member firms engage with AFME through our divisional boards, committees and working groups – the basis for our influence at EU level. Such groups enable our members to take an active part in the consultation process, and get their voices heard by regulators. In addition, they provide regular opportunities for networking and exchange of information.

Our events and publications keep members informed of government initiatives and regulatory and industry developments. This helps members save costs and improves effectiveness when dealing with compliance and regulatory issues.

### Events, conferences and workshops

Members benefit from the many AFME events, conferences and workshops. These range from intimate briefings and round tables featuring leading industry figures, to highly targeted conferences in areas such as securitisation, market liquidity, and high yield, government and covered bonds. Our agenda-setting events included 2013's Financing Growth: Capital Markets, Investment and the Economy Conference.

AFME continues to build its portfolio of established annual events, with both the European High Yield and European Government Bond conferences in their tenth year in 2014. We also develop innovative event opportunities for members, including our inaugural Italian Banking Conference and MiFID seminar.

For more details about AFME's Events programme, see pages 10-11.

### Publications and website

Our monthly **Member Newsletter** alerts members to the developments in different divisions and provides an overview of AFME's work. It also provides details of the key regulatory activities and policy decisions in Europe and beyond.

Members also receive complimentary subscriptions to the **GFMA Global Weekly Update** and **SmartBrief**, which offer weekly and daily digests of the top industry news affecting global capital markets, securities and financial services. These are published in coordination with our US and Asian affiliates, SIFMA and ASIFMA.

AFME's accessible **reports and guides** explain key financial issues for audiences from the financial community, to policymakers and politicians, to the general public. Our 2014 publications have included: High-quality securitisation: the market at a crossroads; and Funding the EU economy: the role of banks and financial markets.

We have also introduced **AFME in Vision** – a series of on-camera interviews in which our experts give an in-depth analysis of their areas of expertise. Subjects covered to date include: the AFME agenda, securitisation, extraterritoriality, the role of capital markets and banking structural reform.

AFME's blog, **The View from AFME**, is available online, comprising feature-length analyses of financial issues, written by AFME's experts.

### Member briefing calls

AFME offers its members the opportunity to take part in members-only **briefing calls** on topical regulatory issues, led by policy experts and specialists from within our member community. These calls provide analysis and insight into proposed regulations and developments that affect the wholesale financial services industry. They also offer an interactive platform for members to engage with each other and discuss the key issues at stake.

Some examples of topics covered over the past year include: the European Parliament elections, the EU's Level 2 legislative process, extraterritoriality, resolution, MiFID, Banking Union, and securitisation. We often join with other organisations such as SIFMA, ICMA or ISDA to host these calls.

## Full and associate membership

Full members can take part in the entire range of AFME activities, including global and regional banks, corporate finance advisors and brokers.

Associate members tend to have more specific interests, and can participate in the high-yield and securitisation divisions and other selected divisional working groups. Typical associate members include: accountancy and law firms, data and services providers, investors, ratings agencies, and stock exchanges and trustees.

To see which organisations have joined us, please see our website:  
[www.afme.eu/About/Membership/Membership.aspx](http://www.afme.eu/About/Membership/Membership.aspx)

## Why join AFME?

### Be at the cutting edge of policy development

- Influence regulatory reform
- Take part in working groups
- Be part of the single, coherent European industry voice that speaks to regulators and policymakers

### Keep up with the news on regulatory reform

- Stay informed on proposed reforms across all asset classes
- Get weekly and monthly updates on proposals and progress

### Shape the development of best practice and standardisation

- Help develop processes and standard practices
- Be at the forefront of market developments

### Access events and professional networking opportunities

- Participate in regular AFME forums, conferences and seminars
- Meet with European peers in similar roles
- Be part of a thriving and supportive wholesale capital markets community

## Contact us

For more details of AFME Membership, email: [membership@afme.eu](mailto:membership@afme.eu) or visit:  
[www.afme.eu/About/Membership/Membership.aspx](http://www.afme.eu/About/Membership/Membership.aspx)



## Charity update

AFME recognises it has a responsibility to participate in – and contribute to – the wider community in which we work. We do this by making corporate donations to charities in our local area, supporting individual charitable giving through our matching donations scheme, and encouraging local charitable and community involvement by AFME employees.

Our active Charities Committee develops initiatives throughout the year for employee involvement, culminating in our annual summer 'Charity Week' of fund-raising and community activities.

Over the past year, groups of AFME employees have volunteered at a children's hospice, served breakfasts at a day centre for the homeless, gardened at a local school, and supported a hostel for young people in need. A variety of office-based fund-raising initiatives have also taken place, with proceeds directed to charities nominated by employees.

## Building global resilience

The Global Financial Markets Association (GFMA) represents the common interests of the world's leading financial and capital market participants, and speaks for the industry on the most important global market issues. GFMA's mission is to provide a forum for global systemically important banks to develop policies and strategies on issues of worldwide concern within the regulatory environment.

The GFMA brings together three of the world's leading financial trade associations to address the increasingly important global regulatory agenda, and to promote coordinated advocacy efforts. The Association for Financial Markets in Europe (AFME) in London and Brussels, the Asia Securities Industry & Financial Markets Association (ASIFMA) in Hong Kong and the Securities Industry and Financial Markets Association (SIFMA) in New York and Washington are, respectively, the European, Asian and North American members of GFMA.

During 2013-2014, AFME was an active member of the GFMA. In May 2014, as part of GFMA's regular leadership rotation, Samir Assaf, Chief Executive of Global Banking and Markets, HSBC, took over as the new GFMA Chairman, replacing Blythe Masters, Head of Global Commodities, J.P. Morgan Chase. At the same time, Simon Lewis stood down as GFMA Chief Executive, succeeded by Kenneth E. Bentsen, Jr., President and CEO of SIFMA.

In 2014, GFMA prioritised issues including: the Basel capital and liquidity standards; cross-border regulation coordination and consistency; the global legal entity identifier (LEI) initiative; and shadow banking.

### Global FX Division

The Global FX Division of the GFMA promotes efficiency and international consistency of regulation in the global FX market, the world's largest financial market. The Division now has 24 members in North America, Asia Pacific and Europe, accounting for over 90% of the global FX market. In 2014, it welcomed its first Chinese member – the Shanghai Pudong Development Bank.

The Division has maintained its focus on regulatory issues, but is now increasingly broadening this to include member implementation support for new regulations such as Dodd Frank and EMIR. The team was heavily involved in the EU go-live of trade reporting requirements, as well as with discussions and responses to reporting regimes in Hong Kong, Singapore and Australia, as their regulators move forward on their G20 commitments.

The group has led the way in discussions on issues such as the feasibility of clearing deliverable FX products, with the OTC FX options project providing key insights for all market participants including CCPs and supervisors. Other projects range from analysis highlighting the detrimental impact of the proposed EU FTT on FX end users, to our work in China to increase our understanding of the growing RMB market.

We remain committed to ensuring a well functioning, global FX market. Clearly, the recent – and current – industry headlines have raised a number of questions that require analysis and investigation. As a leading trade body, we remain ready to support all aspects of industry reviews by the regulators to ensure confidence in the market.

### Commodities Working Group

GFMA's Commodities Working Group (CWG) worked for a level regulatory playing field – advocating consistency and avoiding duplication among legislative measures.

The Group built on its previous achievements, with particular emphasis on European proposed legislation and implementation issues – particularly MiFID II/MiFIR, EMIR and the Regulation on wholesale Energy Market Integrity and Transparency (REMIT).

CWG wrote various comment papers regarding the MiFID II regime throughout the year, culminating in a formal response to ESMA's Discussion and Consultation Papers in August 2014. These focused on priority areas such as the regime's definition of financial instruments, scope of exemptions, and the criteria and methodology to be used in the new position limits regime.

As proposals for REMIT's detailed implementation emerged during the year, CWG continued to engage directly with the Agency for the Cooperation of the Energy Regulators (ACER), commenting specifically on its draft Trade Reporting User Manual (TRUM); and on the Commission's reporting requirement plans. The Group has strongly advocated avoiding duplication with existing regimes and ensuring REMIT consistency with them.

The Group also monitored G20 issues such as commodity benchmarks, at both the European and IOSCO levels. CWG commented on IOSCO's oil Price Reporting Agency (PRA) Principles – welcoming IOSCO's review to ensure smooth market functioning and transparency.

## Board member firms

 <b>BANCA IMI</b>	<b>Bank of America Merrill Lynch</b> 	 <b>BARCLAYS</b>
<b>BBVA</b>   CORPORATE & INVESTMENT BANKING	 <b>BNP PARIBAS</b>	 <b>BNY MELLON</b>
 <b>citi</b>	 <b>CRÉDIT AGRICOLE</b> CORPORATE & INVESTMENT BANK	<b>CREDIT SUISSE</b> 
 <b>Deutsche Bank</b>	<b>Goldman Sachs</b>	<b>HSBC</b> 
<b>ING</b> 	<b>J.P.Morgan</b>	<b>LLOYDS BANKING GROUP</b> 
<b>Morgan Stanley</b>	<b>NOMURA</b>	 <b>RBS™</b>
 <b>SOCIÉTÉ GÉNÉRALE</b>	 <b>UBS</b>	 <b>UniCredit</b>

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Global Head of Fixed Income

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**Vice-Chairman:** **Kostas Pantazopoulos**,  
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