

## Annual Review 2016

The changing shape of Europe's capital markets



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



## AFME committees

### AFME Board

Fixed Income	Equities	Prudential	Compliance	Accounting & Tax	Cross cutting	Global
Covered Bonds	Corporate Finance	Regulation	Compliance	Accounting	Capital Markets Union	Foreign Exchange
Credit	Equities Capital Markets	Resolution		Tax & VAT	Growth	Commodities
High Yield	Equities Trading				MiFID	
Primary Dealers	Post Trade				Technology & Operations	
Securitisation	Prime Services					

### Advocacy

## Message from the Chairman

By Michael Cole-Fontayn

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**The UK electorate's decision will profoundly affect Europe's interconnected capital markets**  
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**Michael Cole-Fontayn**  
 Chairman  
 Association for Financial Markets in Europe

September 2016

My first year as AFME Chairman coincided with a historic moment for Europe when the UK voted to leave the European Union. No Member State has voted to leave the EU before, and the UK electorate's decision will profoundly affect Europe's interconnected capital markets. We now need constructive solutions.

AFME's aim in the post-referendum period is to minimise Brexit's potentially harmful impact both on European capital markets and the 500 million European citizens who save and invest. We are in close contact with our members and other trade associations to ensure the industry's voice is heard on the practical implications for Europe's financial centres and wider economic growth.

One significant challenge will be UK-based institutions' ability to passport services to the rest of the EU. Following our fact-based approach, we commissioned the AFME-Clifford Chance report, *The UK Referendum – Challenges for Europe's Capital Markets: A legal and regulatory assessment*. The document has already become required reading for policymakers and industry experts in all Member States seeking to understand the different options for UK access to the single market.

Brexit aside, the broader regulatory agenda remains. We remain committed to supporting Europe's wholesale markets in adapting to the current regulatory reform programme.

This year we have continued our work helping to implement the Basel programme at European level and have made significant contributions to major conduct reform measures. The work demonstrates the technical expertise and insight of AFME's staff in helping to shape the legislation that will underpin Europe's interconnected markets.

AFME looks forward to constructively engaging on CMU with Vice-President Valdis Dombrovskis and his colleagues as this vital project becomes a reality.

AFME has always been guided by the need to promote stable, competitive and sustainable financial markets that support economic growth and benefit society. These principles were reaffirmed at our first Board meeting after the referendum and will continue to inform us going forward.

Our role as a pan-European trade group gives us not just a unique insight inside the EU Member States, but an opportunity also to be a genuine voice for the capital markets industry in Europe in a time of uncertainty.

Finally, I would like to thank AFME Board members and staff members for their dedication and hard work over the past year. Special thanks go to Christophe Mianné from Société Générale and Jose-Luis Guerrero from HSBC, both of whom stepped down from the Board this year. Their insights have been invaluable in helping AFME tackle the issues at the heart of Europe's capital markets. We welcome their successors to the Board, Frank Drouet and Patrick George.

## Chief Executive Review

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**In a period of uncertainty, it is important to have a trusted, pan-European voice to represent all of Europe's capital markets.**

### EU referendum

On 23 June the UK electorate voted to leave the European Union. This historic decision will shape the future of Europe's capital markets for years to come. As the organisation representing Europe's wholesale markets, AFME will have a crucial role in helping manage the next steps following the referendum.

We have established a Board-level working group to identify the challenges the referendum poses for Europe's integrated capital markets.

A central strand of AFME's work focuses on the implications for UK-based institutions seeking to passport services into the EU27, and vice-versa. To examine the options we commissioned international law firm Clifford Chance to provide a detailed study of current market access arrangements in the EU, the scope of passporting arrangements and practical considerations for policymakers. We have also provided extensive analysis of the practical implications of the UK referendum result through expert-led seminars.

Our work on Brexit has a firmly fact-based approach. It is not for us to advocate how UK markets should interconnect with the EU27, but to help policymakers and market participants to evaluate different courses of action. We have three main workstreams underway on Brexit:

- the future of Europe's capital markets: what should be the capital markets' policy priorities for the EU27 and how the new architecture of Capital Markets Union (CMU) could be developed
- the impact of Brexit on capital market products used by corporates and other end users
- the operational impact of Brexit on capital markets business

Since the UK referendum result we have been working closely with trade groups across Europe, and are committed to maintaining this close cooperation through the Brexit process.

### Developing Europe's capital markets

Last autumn the Commission took a major step towards making a Europe-wide CMU a reality with the publication of its action plan on CMU. AFME has been a committed supporter of CMU since its inception and we are playing a constructive role on two of the main legislative proposals in the plan, covering securitisation and prospectus reform.

The UK's decision to leave the EU means the CMU initiative is more necessary than ever to diversify funding sources supporting economic growth and job creation across Europe. We are exploring how CMU could benefit the less developed capital markets within the EU and will publish a report this autumn with proposals to help inform the CMU agenda.

We welcomed the call for evidence on the cumulative impact of regulation as a major advance for EU financial markets. AFME made a detailed submission with a number of proposals to improve long-term financing and preserve vital market liquidity. We called for a period of reflection before any new regulatory burdens are imposed at Basel level, and have been encouraged by the signals from EU policymakers on this question.

We regard key CMU initiatives such as simple, transparent and standardised (STS) securitisation as vital to deliver increased financing and prudent risk transfer through the capital markets. On prospectus reform we fully support the Commission's aim to develop a simpler process which benefits all issuers, particularly smaller firms. In addition, we support a comprehensive look at insolvency reform.

Funding growth remains at the top of our agenda and we were delighted to launch a guide on Raising finance for Europe's small and medium-sized businesses, which we presented in workshops across Europe. We have also continued to promote our guide on infrastructure finance, produced jointly with ICMA, and are supporting the work of GFMA on green finance – an important topic for the future.



## // AFME's focus continues to be on the issues that affect Europe's integrated capital markets //

### A pan-European approach

AFME's focus continues to be on the issues that affect Europe's integrated capital markets. As such, we can look back on a number of notable achievements on pan-European issues, including:

- Insolvency reform – we published new research, Potential economic gains from reforming insolvency law in Europe, showing that European insolvency law reform could boost GDP by between €41 and €78 billion and create 600,000 – 1.2 million new jobs.
- Senior Managers Regime – AFME successfully advocated for the removal of reverse burden of proof provisions from the final legislation.
- Growth – we published the first pan-European guide to SME finance. This was supported by a number of SME finance workshops throughout Europe, with events in Rome, London and Brussels.
- Recovery and Resolution – we published model clauses for the contractual recognition of bail-in for the purposes of satisfying the requirements of Article 55 of the EU Bank Recovery and Resolution Directive (BRRD).
- Equities – we published Why Equity Markets Matter, a new report showing how Europe's equity markets can help deliver growth in the real economy.

AFME has also established a technology and operations committee. This new committee will focus on helping banks understand and adapt to the operational implications of regulation. Board members comprised technology leaders from major banks in this emerging priority area for AFME.

Through GFMA we are active in the implementation of the Basel Committee's ongoing regulatory programme at a European level. Work continued on issues such as Net Stable Funding Ratio, the final Fundamental Review of the Trading Book and TLAC. GFMA's Global FX division also led on the development of the BIS FX Global Code of Conduct – a new global code designed to promote good practice and restore trust in the foreign exchange markets.

### New offices

In November 2015 AFME relocated from its premises in the City to 25 Canada Square in Canary Wharf.

Located on the 39th floor, our new offices provide state-of-the-art facilities and modern meeting spaces. This move has given us a firm footing for the next phase of AFME, putting us closer to our members, many of whom are based in Canary Wharf.

AFME has also steadily increased its focus on Frankfurt since the creation of the European banking union. In order to ensure we maintain a close dialogue with the ECB and SSM we have taken the decision to establish a permanent base in Frankfurt, which we expect to be in place early in 2017.

Finally, I would also like to thank AFME's Chairman Michael Cole-Fontayn of BNY Mellon. Michael has been a highly engaged member of the Board since 2011 and is proving a very effective Chairman. I look forward to working with him and his Board colleagues to address the challenges of Europe's ever-changing capital markets.



**Simon Lewis OBE**

Chief Executive  
Association for Financial Markets in Europe

September 2016

## The changing shape of Europe's capital markets

### Prudential regulation

As the Basel Committee races to complete its programme before the end of 2016, AFME's prudential policy work this past year has focused on the Committee's initiatives to refine the denominator of the capital ratio. The changes, which include new capital rules for the trading book (FRTB), proposals to limit or remove internal modelling for credit risk, CVA and operational risk, and new standardised approaches for all risk categories, as well as capital floors, are far reaching and will severely reduce the risk sensitivity of the capital framework. If left unchanged, there is no doubt the Committee will breach its governing body's commitment that no significant overall increase in capital requirements should result from these proposals.

We have therefore conducted extensive advocacy to ensure European regulators and policy makers fully understand the implications of these proposals. Our messages have been heard, with European finance ministers officially calling for the Basel Committee to preserve risk sensitivity and look carefully at the consequences of the design and calibration of this reform package. The ministers' statement also stresses that capital levels should not increase significantly; nor should there be significant differences in jurisdictional impacts.

AFME has also been thinking ahead to the need to assess the interaction, coherence and calibration of all the Basel rules. We therefore led the GFMA effort to commission an important report from Oliver Wyman this year, equipping us with the evidence to assist the Basel Committee in their work. This analysis will be essential to ensure the right balance between financial stability and economic growth is achieved.

At European level, we dealt with a number of Pillar 2-type guidelines from the EBA as the bulk of their originally mandated programme drew to a close. We also contributed extensively to the Commission's CRR Review and its Call for Evidence on the EU financial services regulatory framework. In this instance, we made the case that additional regulatory layering would negatively impact banks' ability to support the EU's CMU and growth objectives.

Our work for the coming year will now turn to ensuring the issues raised in this context are fully addressed in the forthcoming CRD5/CRR2 – together with the appropriate implementation of the leverage ratio and NSFR in European legislation.

AFME responded to the FMSB draft standards for reference price transactions, with broad support for the core principles which will help ensure a strong framework is in place.

### Growth

AFME has continued to engage actively in the policymaker growth agenda – including access to finance for SMEs and infrastructure finance.

On SME finance, we actively helped improve awareness of Europe's SMEs in raising bank and non-bank debt and equity finance by launching our guide, Raising finance for Europe's small and medium-sized businesses.

The SME guide launch was supported by a series of workshops on funding opportunities for SMEs, organised jointly with the European Banking Federation and national banking associations. Events took place in Berlin, Brussels, London, Madrid and Rome, involving SMEs, speakers from national governments, the European Commission and European Investment Fund, and representatives of various industries involved in SME finance, such as stock exchanges, business angels, crowdfunding and venture capitalists.

In February 2016, we held our annual roundtable event in Brussels, jointly with the European Forum for Manufacturing. The event was attended by many MEPs, investors and corporates, with then Commissioner Hill providing the keynote address. Attending members also had the opportunity to develop their views in the area of encouraging long-term investments in SMEs and infrastructure.

AFME was a lead sponsor of the London Stock Exchange's June 2016 report, 1,000 companies to inspire Europe. At the launch, AFME presented its guide to SME finance and participated as a speaker alongside Commissioner Hill and several MEPs.

On infrastructure finance, the AFME/ICMA Infrastructure Working Group continued to promote our Guide to infrastructure financing, and engage with the European Insurance and Occupational Pensions Authority (EIOPA) and the European Commission on the definition and calibration of infrastructure investments, in both project and corporate forms. The group responded to various EIOPA consultations on infrastructure risk categories and supported the Commission's delegated acts to reduce capital charges for infrastructure project investments from insurers. This will help execution of transactions in the context of the Commission's Investment Plan for Europe.

On both SME and infrastructure finance, AFME is cooperating closely with global initiatives related to the growth agenda. This includes the participation of AFME in the G20 SME Development Task Force, as well as AFME staff speaking at senior-level IOSCO and Commission events on SME finance.

AFME will continue to engage closely across the European Commission's Growth agenda. We are planning two follow-up publications: a document to increase policymaker awareness of gaps in pre-IPO finance in Europe, and a guide to help Europe's small high-growth companies access such equity and venture debt funding. AFME staff have initiated qualitative and quantitative research to help highlight the pan-European shortage of pre-IPO finance for SMEs, entrepreneurs and high-growth companies. More than 25 interviews were organised with representatives of SMEs and businesses, business angels, venture capitalists, exchanges, crowdfunders, accountants and members.

We will also continue promoting the AFME/ICMA Guide to infrastructure financing to European procurement authorities.

Given the ever-increasing number of global, European and national initiatives on sustainability and green finance, AFME is planning to support GFMA on a new global workstream on green and climate-change related non-financial and financial disclosures, serving as a facilitator between the FSB Task Force on Climate-Related Financial Disclosures, which many AFME members are part of, and the GFMA/AFME Working Group. Separately AFME is discussing with ICMA possible cooperation on a variety of financing-focused initiatives, including green infrastructure, securitisation, lending and investor incentives.

### Capital Markets Union

CMU is the flagship financial services project of the current Commission. Vice-President Dombrovskis has confirmed his commitment to the initiative, notwithstanding the UK's eventual exit from the EU. CMU is a key initiative for AFME, and we have been able to maintain a leadership role in the debate over the past year.

We were pleased to see good alignment between the CMU Action Plan the Commission published in September 2015 and our input to the Commission's thinking. Over the past year, we have been active on a range of initiatives from the action plan. In particular, we submitted a detailed response to the Commission's call for evidence on the cumulative impact of regulation – drawing on the work of several AFME committees. We subsequently engaged with the Commission to ensure the key themes of long-term financing of the economy and efficient secondary markets remain high on the agenda.

In February 2016 we delivered a major study on the potential economic gains from reforming insolvency law in Europe. The report, developed jointly with Frontier Economics and Weil, has made an important contribution to the policy debate ahead of the Commission legislative proposal.

The Commission put forward a proposal to review the Prospectus Directive in December 2015. We have been extensively involved in providing input to co-legislators to make sure a new regime for preparing prospectuses works well for all market participants, and particularly SMEs. We also provided input to the Commission on other CMU work streams, including venture capital regulation, the Green Paper on Retail Financial Services, and the debt/equity bias.

We have undertaken an extensive outreach programme to meet with over 30 key policymakers and opinion formers on CMU. These include Commission officials, finance ministries and central banks, MEPs and think-tanks. We are now looking ahead to the publication in autumn 2016 of the Commission's response to the call for evidence and will continue to be active and closely engaged across the CMU agenda.

## Policy priorities 2015/2016

**Capital Markets Union** – to help define the priorities for a Capital Markets Union, focusing on practical measures to promote growth and integration of capital markets among the EU28

**Basel agenda** – ensure that risk sensitivity in the capital framework is retained and that the new Basel proposals are adjusted to respect the Governors and Heads of Supervision commitment that capital levels remain stable on average

**Growth** – maintain AFME's leading role in the European growth agenda by bringing forward firm proposals to improve access to finance in Europe's capital markets for SMEs and infrastructure investment

**Secondary market liquidity** – help secure progress towards liquid, transparent capital markets and open and efficient market infrastructure in Europe

**Resolution** – support members with the implementation of the BRRD, including MREL and contractual recognition of bail-in

**Conduct and behaviour** – engage closely with the conduct agenda to help shape workable proposals to restore public confidence in the wholesale markets

**Technology and operations** – build out a new technology and operations committee to address the regulatory changes and market conditions in this area, focusing on cyber-risk, fintech, developing industry utilities and improved resilience of infrastructure

**Taxation** – protect the banking industry from unintended consequences arising from the implementation of the OECD's work on Base Erosion and Profit Shifting

**European Supervision** – develop a broad and well-structured supervisory dialogue with the ECB and monitor the consistency of supervisory practices across Europe

## MiFID II

Against a background of ongoing policymaker discussions on the content of the Level 2 Measures, we have continued to advocate Members' key policy priorities, and are also taking steps to support member implementation of the regime. AFME's main recent priority issues have been the EU Commission's proposals on: 1. Bond transparency, including the determination of systematic internalisers and key data dependencies issues ahead of the forthcoming implementation; 2. Investment research for the purpose of the inducements regime; and 3. The role of the Systematic Internaliser for the future of equities trading.

While the EU Commission has submitted its final proposals for EU Parliament and Council approval on most of the MiFID Level 2 issues, a few topics remain open for discussion amongst the institutions, including issues around non-equities transparency and commodities derivatives.

With regards to the effective MiFID implementation date, AFME has been involved in persuading the Parliament and Council to agree on a one-year delay of the entry into application of the new regime from 3 January 2017 to 3 January 2018. This announcement was published in the official journal on 30 June 2016.

This legislation package will also delay Member States' national transposition deadlines, and will propose specific rules granting waivers from MiFIR's transparency regime to package transactions, and to certain securities financing transactions. AFME will also reconvene the AFME MiFID Compliance Issues Working Group, once the expected relevant European Securities and Markets Authority (ESMA) Level 3 guidelines and/or FCA CPs are published.

From an initial policy position categorising bonds on the basis of very broad classes, we now look set to attain a liquidity-sensitive bond transparency regime, where the rules will be implemented gradually over a four-year period with the significant positive development that rule tightening will be subject to ex ante assessments, rather than automatic annual progression, as ESMA had proposed.

In the light of prior policy proposals prohibiting the use of dealing commission to purchase investment research, we now look set to attain a regime that, subject to certain conditions, permits investment managers to continue to use the financial resources of their clients to pay for research. Details of the regime are yet to be finalised, including conditions for using client resources, impact on the VAT exemption, interplay with rules of third countries, and the likelihood of a cessation of continued provision of free FICC research. However, the use of the directive form (requiring national transposition) and the expectation that ESMA will provide further detail in the form of Level 3 Guidelines or Q&A provide meaningful opportunities further to shape the end-regime.

## Securitisation

Following the European Commission's September 2015 publication of its draft proposals for a framework to encourage the revival of 'simple transparent and standardised' securitisation, STS, as it is now known, has become firmly embedded in European policy as a key pillar of Capital Markets Union. Proposals for associated capital recalibration were also published in parallel.

The Commission's proposals were quickly adopted by the European Council, which moved quickly at the end of November 2015 to finalise its position. The Council's contributions to the text were in some ways beneficial, and in line with our advocacy.

AFME's attention is now focused on proceedings in the European Parliament where, in contrast, progress has slowed considerably and where more sceptical voices are being heard.

Nevertheless, we have continued our sustained and constructive advocacy to meet these challenges by consistently highlighting the benefits of securitisation for funding the real economy, widening and deepening capital markets and increasing the stability of Europe's banks.

Our engagement includes not just bilateral meetings with MEPs and their assistants, but also educational seminars. We continue to generate publications in varying styles – including position papers, detailed drafting comments on legal text and graphic-rich materials, that explain the complexities of securitisation in simple terms. Just as importantly, we continue to maintain a prominent position in the press, and demonstrate our leadership in securitisation regulation at conferences and other events in Brussels and elsewhere.

The latest timetable indicates that the new STS regulation will not be finalised until the first or second quarter of 2017. AFME continues to press for urgent action as, with every month that passes, individuals, firms and intellectual capital leave the market while securitisation outstandings shrink. Much work remains to be done to reach agreement on a regulation that is not only prudent, but which achieves its objective of revitalising the European securitisation market.





## Advocacy

AFME's European Public Policy Committee (EPPC) has provided continued guidance and support throughout 2016.

The pan-European membership of the Committee and its strong continental foothold have proved invaluable in engaging with policymakers and regulators across the Union; building narratives that resonate with the same and reinforcing the European dimension of AFME's advocacy efforts and mission.

Proper leverage of the EPPC members' extensive European affairs experience and network have allowed the adoption and timely execution of so-called 360-degree end-to-end advocacy strategies. These, according to our most recent membership satisfaction survey, are deemed particularly useful, and could explain why two more member firms joined the Committee in 2016.

Through numerous meetings with senior officials, the EPPC and its members have played a very significant role in getting AFME's views across in a convincing manner; be it at the level of the EU institutions (including the Council's Presidencies), the ESAs or relevant national authorities.

The role of the EPPC has also been instrumental in building alliances with like-minded trade associations – particularly those representing the users of the capital markets – as well as in prioritising and/or choreographing AFME's numerous objectives, given the often limited political capital available.

A newly-established 'buddy system' allows for more efficient and effective cooperation between AFME's London and Brussels teams. The role of the latter has become even more important in view of the anticipated Brexit.

## Post Trade and Prime Services

AFME published a paper, Principles on Asset Segregation Due Diligence and Collateral Management, which suggested there is consistent definition of asset segregation rules across European regulation, including AIFMD, CSDR and UCITS V. While fully supporting protection of a client's assets, we believe such protection is already afforded under existing regulation. These principles determine where and how asset segregation should be used for optimal effect within the custody chain, and establish how client asset protection is prioritised in the event of an insolvency.

In the context of CMU, the European Commission has set up an expert group on post trade, the European Post Trade Forum (EPTF), on which AFME is represented. The EPTF has produced a report that details the current post-trade landscape in Europe. The next phase will determine the gaps and barriers that prevent integrated, safe and efficient post-trade services in Europe. A final report, due spring 2017, will include an action plan targeted at policy makers in the context of the CMU project and at industry where solutions should be developed by the private sector.

## Compliance

The Market Abuse Regulation (MAR) came into application on 3 July 2016. MAR was seen initially by European legislators as a simple upgrade on rules that had previously existed through the Market Abuse Directive. However, there were significant changes to the rules around investment recommendations, surveillance and insider lists that could – depending on interpretation – have had a detrimental effect on the market environment.

One concern was the possibility that short-term sales conversations would automatically be considered as investment recommendations under MAR. They would then be subject to the onerous requirements originally envisaged for more formal pieces of investment research. Imposing these requirements would slow the flow of such conversations; reducing their value to clients as a result, which could have a negative effect on market liquidity.

AFME has worked with like-minded associations to ensure members' views on MAR have been heard. We prepared two industry Q&A papers that aimed to provide an industry-led clarification on the above issues, where the legislation did not provide adequate detail. We have engaged with policymakers including ESMA and several national competent authorities to discuss the relevant issues. Through these interactions, we have ensured that short-term sales conversations will not automatically be considered as an investment recommendation, and this has been welcomed by members.

The Level 3 process continues at ESMA. AFME will continue to engage with this and with other key European policymakers to ensure our members concerns are considered.

Over the past year, AFME has also supported members' implementation of the Senior Managers and Certification Regime (SMCR), which went live on 7 March 2016. A key success for us was the removal from the regime of the 'reversal of the burden of proof', which would have effectively seen senior managers considered guilty until proven innocent in the event of a breach. We continue to focus on practical implementation issues as the regime's scope extends and final rules in outstanding areas are published.

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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 global 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.

Much of the GFMA's work for the past year has been focused on global capital and liquidity initiatives such as TLAC, Net Stable Funding Ratio (NSFR) and the Fundamental Review of the Trading Book (FRTB), as well as Basel's new proposals to constrain the use of internal models – all of which have potential to significantly impact members' business models and trading capacity.

Other items on the agenda include: financial benchmarks, cybersecurity, shadow banking and the legal entity identifier (LEI). Cross-border issues such as these are more central than ever in a world with increasing threats of fragmentation. The GFMA Board has also been considering how to play a role in the emerging sector of green finance.



## Global FX division

The Global FX division of GFMA promotes efficiency and international convergence of regulation in the global FX market, the world's largest financial market. The division has 24 members, accounting for around 85% of the global FX market, in North America, Asia Pacific and Europe.

Market conduct has been at the forefront of our agenda over the past year, and we have been closely engaged with the BIS Global Code for FX; both in the drafting phase and as it moves towards final release in May 2017. We are working through our committees to consider implementation issues and are seeking engagement with the non-dealer community in support of the Code.

We continue to focus on the harmonisation and implementation of global regulations. With the finalisation of margin for uncleared derivatives, we have been working with regulators and GFXD members to identify and address significant implementation challenges (such as the practicalities of trading with non-netting jurisdictions). We were invited to join the global CPMI-IOSCO data elements workshops to provide technical input into the design of future reporting considerations. We led the FX stream of the ISO project to design ISINs for the incoming MiFID reporting requirements, and were also accepted onto the ESMA Market Data Standing Committee CWG.

With a more strategic focus, we have actively considered developments within the FX FinTech space and will continue to monitor this area closely. We have also commissioned a study on FX market structure in AsiaPac to identify opportunities for further regulatory dialogue. Our newly established China Development Forum brings together members to address key regional issues such as FTT, netting and clearing.

## GFMA Commodities Working Group

GFMA's Commodities Working Group (CWG) continued to advocate for a level regulatory playing field within the commodity markets, with banking issues and commodities as an asset class being the priorities.

Increasingly, our emphasis was on proposed European regulation and related implementation issues; especially as MiFID and the Regulation on Wholesale Energy Market Integrity and Transparency (REMIT) moves forward.

CWG responded to a number of MiFID consultations and continued its engagement with key policy makers, with particular focus on clarifying the scope of commodity derivative contracts within MiFID, appropriately drawn exemptions, the new position limit and reporting regimes, and transparency requirements for commodity derivatives trading. The Group highlighted the need for properly calibrated regimes, reflecting characteristics of the underlying markets.

Engagement with the Agency for the Cooperation of Energy Regulators (ACER) regarding the implementation of the REMIT trade reporting regime continued. The first phase dealt with 'standard contracts' and was launched in October 2015. Phase 2 was rolled out in April 2016, directed towards 'non-standard contracts' e.g. bilateral OTC transactions and transactions relating to transportation of electricity and natural gas. CWG prioritised clarification in the reporting requirements, as well as maintaining consistency with existing reporting regimes.

Over the course of the year, the Group continued to monitor developing legislation that could impact specific commodity markets; including IOSCO, EU and UK benchmarking as well as market abuse and securities financing transactions proposals.

# For our members

## Who we are

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.

## What we do

AFME acts as a bridge between the wholesale financial markets, politicians, regulators and the public.



## Who can join?

AFME membership is open to all wholesale financial market participants.

### Full members:

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

### Associate members:

Law firms, accounting firms, stock exchanges, rating agencies, services providers and investors with access to the High Yield and Securitisation committees.

Membership is on a corporate, not individual, basis and all applications are reviewed and approved by the AFME Board.

## What makes AFME different?

Focus on wholesale banking issues from a European perspective.

Direct participation by members, not an association of associations.

Deep in-house expertise from highly qualified staff with market backgrounds.

Influence and credibility enhanced by:

Unique member-led committees that address wholesale financial industry topics from a market, prudential and policy perspective.

Expertise in producing evidence-based research and content, including position papers, publications and events.

## Find out more about AFME membership

Email [membership@afme.eu](mailto:membership@afme.eu)

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

## AFME events

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 over 40 high-quality events with strong focus on content. Combined, these attract over 250 speakers and 5,000 delegates, and are held in major European cities.



Our speakers have included:

- **Marc Bayle**, Director General Market Infrastructure and Payments, European Central Bank
- **Niall Bohan**, Head of Unit, Capital Markets Union, Directorate-General for Financial Stability, Financial Services and Capital Markets Union, European Commission
- **Rodrigo Buenaventura**, Head of Markets Department, ESMA
- **Philip Coggan**, Buttonwood Columnist and Capital Markets Editor, The Economist
- **Carlos Echave**, Seconded National Expert, European Commission
- **Tim Harford**, World renowned behavioural economist and award-winning Financial Times columnist
- **Rt Hon Lord Hill**, former EU Commissioner for Financial Stability, Financial Services and Capital Markets Union
- **Cornelia Holthausen**, Principal Adviser in the Directorate General Market Operations, European Central Bank
- **Sir Christopher Meyer KCMG**, former British Ambassador to the US
- **Charles Roxburgh**, Director General, Financial Services, HM Treasury
- **Almoro Rubin de Cervin**, Head of Unit, Directorate General for Financial Services, European Commission
- **Pablo Sinausia**, Senior Economist, Bank of Spain
- **Dr Kay Swinburne**, Member, European Parliament
- **Dr Paul Tang**, Member, European Parliament
- **Gillian Tett**, US Managing Editor, Financial Times

## Charity update



AFME recognises it has a responsibility to participate in – and contribute towards – 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 Charities Committee has seen several new members join this year and has developed initiatives throughout the year for employee involvement, culminating in our annual summer 'Charity Week' of fundraising and community activities.

Over the past year, a variety of office-based fundraising initiatives have taken place, including a Cake Bake and Cupcake Day, with proceeds

directed to AFME's three supported charities – The Whitechapel Mission, Richard House Children's Hospice (RHCH) and Centrepont – and additional charities nominated by employees.

AFME staff also took part in July's J.P. Morgan Corporate Challenge: a 5.6km run in Battersea Park. Two members of staff also tackled this year's Prudential Ride100 London in aid of Centrepont.

Our Summer Event was held as part of a week of charitable activities. Groups of AFME employees served breakfasts at Whitechapel Mission for the homeless, volunteered at a children's hospice, and participated in our 'Shop Wars' event, raising money for RHCH. Working in teams, staff did a great job raising money throughout the week through cake sales, raffles and bucket collections.



## 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>

## AFME Board members 2016

**Chairman: Michael Cole-Fontayn**, BNY Mellon  
Chairman, EMEA

**Vice-Chairman: Kostas Pantazopoulos**, Goldman Sachs  
Managing Director

**Vice-Chairman: Guy America**, J.P. Morgan  
Co-Head of Global Credit, Securitised Products  
and Public Finance

**Leonardo Arduini**, Citi  
Head of EMEA Markets & Securities Services

**Frank Drouet**, Société Générale  
Head of Global Markets

**Isabelle Girolami**, Crédit Agricole CIB  
Head of Global Markets

**Philippe Follebouckt**, ING  
Managing Director, Head of Financial Markets Belux,  
Head of FM Network

**Gianluca Cugno**, Banca IMI  
Chief Operating Officer

**Clare Francis**, Lloyds Banking Group  
Managing Director, Head of Global Corporate Banking

**Patrick George**, HSBC  
Global Head of Equities

**Ricardo Laiseca**, BBVA  
Head of Global Finance, BBVA Corporate &  
Investment Banking

**James Lancaster**, Nomura  
Global Markets CAO and Global Markets EMEA COO

**Simon Lewis OBE**, AFME  
Chief Executive

**T J Lim**, UniCredit  
Group Deputy Chief Risk Officer

**Olivier Osty**, BNP Paribas  
Head of Global Markets Sales and Trading

**John Pipilis**, Deutsche Bank  
Co-head of Global Credit Trading

**Scott Satriano**, RBS  
Managing Director, Head of Financing & Risk Solutions

**Eraj Shirvani**, Credit Suisse  
Global Head of Fixed Income Emerging Markets,  
Head of Fixed Income, EMEA

**David Soanes**, UBS  
Group Managing Director, Global Head of Financial  
Institutions, Investment Bank UK Country Head, UBS Group

**Jennifer Taylor**, Bank of America Merrill Lynch  
Chief Operating Officer, Europe and Emerging Markets (ex-Asia)

**Nat Tyce**, Barclays  
Co-head of Macro Trading

**Clare Woodman**, Morgan Stanley  
Chief Operating Officer, International

**Eddy Wymeersch**  
European Advisor and Non-Executive Director



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