

UPCOMING EVENTS

Organised trading for non-equity products: The MiFID crusade

Research Seminar | 23 March 2011 | European Parliament | Diego.valiante@ceps.eu

The structure of today's financial markets is undergoing important changes and reforms. As a result of the financial crisis, policy makers are striving to balance efficiency with transparency and market stability. Proposals to push non-equity asset classes towards more 'organised' trading venues have raised concerns on how this process can be efficiently pursued. Specific characteristics of more complex markets, such as over-the-counter derivatives markets, may involve side effects, since unbalanced regulatory actions may change dealer incentives to commit capital for trading execution. The conference will take place at the European Parliament and speakers will include: MEP Gunnar Hökmark; Maria Velentza, Head of Unit Securities Market at the European Commission; Mike Sheard, Director Corporate Affairs at ICAP; Roger Barton, Managing Director at Tradeweb; Thierry Foucault, Professor of Finance at HEC University Paris, and Martine Doyon, Head of International Strategy at the FSA.

Rethinking Asset Management: Second Meeting

Task Force Meeting | 02 March 2011 | CEPS | Mirzha.demanuel@ceps.eu

Members of the task force will meet to discuss the future of depositaries and distribution. Speakers will include Paul Bodart, Executive Vice President of BNY; Eric Derobert from CACEIS; Samuel Sender from EDHEC, Benoit Sauvage from ABBL and Didier Guennoc from EVCA. The European Commission will once more comment on its regulatory agenda and observe the debates. Patrice Bergé-Vincent, chair of the ESMA working group on depositaries will give insights into the implementation of the alternatives Directive. Attendance to this event is only open to members of the task force.

RECENT RESEARCH

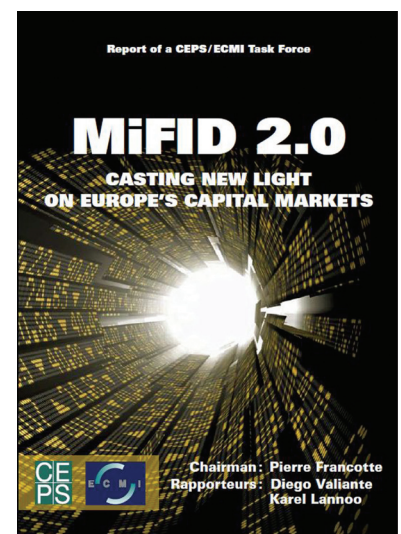
MiFID 2.0: Casting New Light on Europe's Capital Markets

ECMI-CEPS Task Force Report | February 2011 | By Diego Valiante

In a context of growing uncertainty upon the future of Europe's capital markets, the review of a fundamental piece of legislation such as the Markets in Financial Instruments Directive (MiFID) represents a significant opportunity to strengthen the role of the internal market and to regain investors' confidence, hampered by the financial crisis. MiFID has unquestionably changed the landscape of European (secondary) capital markets in many ways. Most notably, the Directive has led to a more competitive environment, huge investments in technologies, and greater investor protection. It has at the same time brought the EU and the US markets closer.

The Task Force Group, run by ECMI/CEPS and chaired by Pierre Francotte, former CEO of Euroclear, has gathered 31 representatives of European financial markets, including stock exchanges, multilateral trading facilities, asset managers, investment banks, and commercial banks.

As rapporteurs of the Task Force, CEPS Research Fellow Diego Valiante and CEO Karel Lannoo find that the review of MiFID should clarify intended scopes, fill gaps in the legal text, and harmonise supervisory practices among member states. It should make sure that the benefits of a new competitive environment are spread along the value chain and passed-on to final users, retail and wholesale investors, as appropriate.



The forest of Basel III has too many trees

ECMI Commentary 28 | February 2011 | By Karel Lannoo

Senior Research Fellow Karel Lannoo surveys the radical shift in bank capital requirements confirmed by the new Basel III Accord, with its focus on more and better quality capital, especially for the large banks. He finds, however, that the new framework is becoming very complex, and asks the big question that emerges: how does one determine when a bank is effectively Basel III-compliant, as some will soon start to claim.

MiFID Implementation in the midst of the crisis

ECMI Research Report | February 2011 | By Diego Valiante and Bashir Assi

This report summarises the main results of a survey conducted by ECMI during the period December 2009 - July 2010. The survey aims at investigating the actual implementation of the Markets in Financial Instruments Directive (MiFID), two years after it came into force. A general finding of this survey is that MiFID rules have had a positive impact, in particular through a greater competitive environment that promoted most of all cuts in trading fees and massive investment in technologies and infrastructures. The impact of the Directive, however, remains highly controversial in terms of data quality and implementation costs.

Passport flexibility comes at a price

ECMI Commentary 27, December 2010 | By Mirzha de Manuel

In critically examining the rules applicable to third country managers and funds contained in the new EU Directive on Alternative Investment Fund Managers (AIFM), Mirzha de Manuel concludes that, while the rules have gained in flexibility, regulatory certainty and efficiency have suffered. On the one hand, there is no fixed date for the entry into force of the passport for non-EU managers, which sends the wrong signal to the industry. On the other hand, the lack of trust among member states has brought unnecessarily complex provisions, which can act as a barrier to investments that would otherwise benefit the European economy.

RECENT EVENTS

MiFID 2.0 - Presentation in Brussels

ECMI Conference | 09 February 2011

As outstanding conclusion to months of work, the launch of the ECMI-CEPS task force report gathered a large number of industry practitioners and experts, together with MEPs Kay Swinburne and Markus Ferber. The report titled 'MiFID2.0: Casting new light on Europe's Capital Markets' provides a generous set of findings drawn from current legislative proposals, academic literature, and market views. These views were collected from senior stakeholders who met over the past months to discuss the review of MiFID, under the chairmanship of Pierre Francotte, former CEO of Euroclear. Speakers included Hannes Huhtaniemi from the European Commission, MEP Kay Swinburne, MEP Markus Ferber and Pierre Francotte, former CEO of Euroclear.



MiFID 2.0 - Presentation in London

ECMI Conference | 14 February 2011

Held in partnership with the Centre for the Study of Financial Innovation (CSFI), the launch of the ECMI-CEPS task force report also gathered in London a large number of participants. Speakers included Andrew Bowley, Managing Director Electronic Trading at Nomura; David Lawton, Head of markets infrastructure and policy at the FSA and Pierre Francotte, Chair of the Task Force. The debate was moderated by Andrew Hilton, Director of the CSFI.

Rethinking Asset Management: First Meeting

Task Force Meeting | 06 December 2010

The successful launch of a new Task Force attracted a diverse group of market participants in the wider asset management industry, ranging from hedge funds and private equity to banks and also insurers. The principal topic on the agenda was the convergence of traditional and alternative asset management, following recent legislative measures at European level. Task Force members agreed that the so-called 'hedge-fund UCITS' were difficult to define and caused some concerns for the UCITS brand and the protection of investors. There was a sharp awareness among all present at the meeting of the widening pension gap in Europe and recognition of the necessity to come up with reforms to boost long-term savings. The meeting benefited from the active contribution of representatives from the European Commission and CESR/ESMA. The Task Force is sponsored by the CFA Institute.



UPCOMING RESEARCH

Merger between NYSE Euronext and Deutsche Börse

[Commentary | By Diego Valiante](#)

Consolidation in the industry is not driven any more by the need to strengthen the position in a given asset class but is rather explained by the ambition to diversify the business model run by exchanges and gain scale across the board, for all type of asset classes [...]

Commodity Prices on the Front Line: Boom and Bust?

[Commentary | By Diego Valiante](#)

The sharp and global increase in commodity prices has alarmed the world. Solutions need to be more differentiated and oriented towards two factors: price manipulation and sustainability. Reducing the market conditions that can stimulate manipulative behavior means not only [...]

Prime brokerage and custody will never be the same

[Commentary | By Mirzha de Manuel](#)

The alternatives directive (AIFM) has set the ground for a radical change in the structure and functioning of the prime brokerage industry, which business model encompassed depositary and custody services. Only one depositary per fund, separate from prime brokerage, is required [...]

THE YEAR 2010 AT ECMI

[2010 Annual Report](#)

A major overhaul of EU regulation has taken place in 2010. An unprecedented number of legislative measures has been enacted that now need to be implemented. In most cases, their impact on markets remains difficult to evaluate. As reflected in our annual report, ECMI has managed to track these reforms and provide high-quality input throughout the year. While keeping quality in research high, in 2010 ECMI increased the distribution of its output by 50% compared to 2009. Access our webpage www.eurocapitalmarkets.org to download the annual report, where you will also find our plans for 2011. We take this opportunity to thank you for your continued support and look forward to further cooperation this Year.