



UPCOMING EVENTS

ECMI CONFERENCE: *Future Prospects for over-the-counter Derivatives Markets*

On the wave of the public sentiment to overhaul financial markets, regulators on both sides of the Atlantic are drafting new rules for derivatives instruments traded over-the-counter (OTC). Current proposals at EU and US level are questioning the future prospects for trade execution and clearing & settlement platforms. This conference will give an overview on the current status of the regulatory proposals and their impact on business models. It will provide to key industry participants the opportunity to hear directly from regulators and policy makers about the changes that will affect them.

This event will be held on **May 18th 2010** from **08:00 to 15:00** at **Dorchester Hotel, 53 Park Lane, London**. [Agenda and Registration](#)

ECMI ANNUAL GENERAL MEETING:

On **June 15th** from **14:00 to 15:00** ECMI will hold its Annual General Meeting (AGM) at CEPS, 1 Place du Congrès, 1000, Brussels. The AGM will give members the opportunity to discuss ECMI's activities over the past year, and make proposals for the upcoming research and event agenda. Prior to the meeting, ECMI will host a short conference on the 'New wholesale banking landscape after the crisis' from 13:00 to 14:00. For more information on the AGM and Conference please contact christopher.napoli@ceps.eu

RECENT RESEARCH

ECMI RESEARCH REPORT: *Shaping Reforms and Business Models for the OTC Derivatives Market: Quo vadis?*

By: Diego Valiante

Now that the worst of the financial storm is over, regulators are setting new strategies to deal with the systemic importance of the €427 trillion (\$604 trillion) over-the-counter (OTC) derivatives market. This paper explores the three major sources of disruptive effects in OTC derivatives: liquidity, counterparty risk and legal uncertainty. On the policy side, commitments have been made at G-20 level to draft uniform rules on a global scale "to build a safer financial system". This paper finds, however, that in practice, the EU and US proposals lay out divergent roads to meet common objectives. The author warns that such divergences may encourage regulatory and supervisory arbitrage. [Download Research Report](#)

ECMI POLICY BRIEF: Regulatory Challenges for the EU Asset Management Industry
By: Karel Lannoo

The European asset management industry is feeling squeezed from all sides, as a result of growing prudential, product and conduct regulation. A new Directive, UCITS IV, has only just been enacted, and already new challenges are emerging in the regulation of hedge and venture capital funds, the review of the regulatory regime for depositaries (or financial custodians) and amendments to the MiFID Directive. This paper first briefly reviews recent developments in the EU asset management industry, followed by a discussion of the regulatory framework for asset management and the challenges ahead. It focuses primarily on the UCITS and emerging non-UCITS investment fund regime, and its interaction with the MiFID regime covering investment services. [Download Policy Brief](#)

UPCOMING RESEARCH

ECMI SURVEY: MiFID Real Implementation
By: Bashir Assi and Diego Valiante

After two years of MiFID implementation, ECMI has compiled preliminary results of a survey on the 'real' implementation of this Directive across Member States. Results have showed important developments in different areas, such as best execution, market transparency, fragmentation and business conduct rules. ECMI surveyed 87 institutions divided in: financial authorities, regulated markets, multilateral trading facilities, data vendors and investment firms. [Download presentation of preliminary results](#)

ECMI POLICY BRIEF: The MiFID Metamorphosis
By: Karel Lannoo and Diego Valiante

The MiFID directive, adopted in April 2004, is increasingly seen as a success for transforming the EU's securities markets landscape. Judging from market data and sector publications, the directive contributed to a revolution in trading methods and huge investments in technology, which have brought the EU and US markets closer. Large investments in market infrastructures aim to strike the right balance between high capacity and low operational risks. Work remains to be done, however, on the 'conduct of business' side of the directive, which is appropriate in a post-crisis context, but requires better enforcement. EU policy-makers should assess how the benefits of increased competition are passed on to end-users and how increased transparency has improved the quality of the price formation process. These elements could be the starting point of the MiFID Review, on which the European Commission will embark in the course of 2010.

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ECMI RESEARCH REPORT: *Third-party informational tools in today's financial markets: empirical evidence*
By: Emanuele Bolognesi and Diego Valiante

The failure of professional players in the recent crisis, in comparison with the internet bubble (plus Enron) crisis, shows how risk has been mistakenly priced and perceived by the market. The market has not properly functioned since third-party informational tools (CDSs spreads, spreads on bonds, short positions and credit rating agencies) did not work properly or have not been used in the proper way. The authors investigate third-party informational tools used in financial markets to measure risks, searching for evidence on the quality of these tools in different contexts. Their analysis is based on the reaction and interaction of risk to these tools during the recent financial crisis for main 'troubled' financial institutions (e.g. Lehman Brothers, Northern Rock, etc). A common target for global policy-makers and market participants to overhaul capital markets by restoring an efficient informational role of third-parties may be the best way to promote better risk management in modern capital markets.

RECENT EVENTS

ECMI CONFERENCE: *Do we need an EU Listing Small Business Act?*

On March 18th ECMI hosted an event at CEPS on EU action in the listing of small and medium enterprises (SMEs). The French Minister of Economy, Industry and Employment, Christine Lagarde opened the conference with the key points of a report on this topic commissioned by the French ministry to Fabrice Demarigny - former Secretary General of Committee of European Securities Regulators (CESR). Madame Lagarde underlined the importance of SMEs as drivers of growth, employment and innovation, and called for a more "proportionate" approach towards regulatory and accounting requirements for SMEs. The speakers then analysed the financing tools available to SMEs and confirmed the downward trend for Initial Public Offers (IPOs) in Europe. Excessive disclosure, administrative burdens and lack of liquidity are the main obstacles to SMEs' access to capital markets. Regulators warned that a new regime for SMEs should take account of investor protection and market integrity. [Video Recording of Presentation](#)



Minister Lagarde

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