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The future of post-trading in the EU: The AMF publishes its priorities

The Autorité des Marchés Financiers (AMF) responded to the European Commission's consultation on post-trading in the Capital Markets Union (CMU). In this response, the AMF shares the Commission's analysis on future challenges of post-trading in Europe (competitiveness of European actors vis-à-vis global competitors, development of new technologies, such as the Blockchain) while insisting on the need to prioritise future actions on market infrastructures.

Barriers to the integration of post-trading processes in the EU

In 2001 and 2003, the European Commission set up a group of experts, led by Alberto Giovannini, to identify the legal and operational barriers to the integration of post-trading processes in Europe (so-called "Giovannini barriers"). In 2016, the European Commission wished to take stock of the dismantling of these barriers. This assessment, which is part of the European Commission's initiative on the creation of a Capital Markets Union (CMU), was prepared by a group of experts (called the European Post Trade Forum - EPTF). The EPTF published its report in August 2017.

This report notes that, since 2003, a number of the barriers identified in the Giovannini Group have been dismantled thanks to European initiatives (CSDR, EMIR, MiFID and T2S). However, other barriers have not yet been removed and new ones have emerged, which are of a legal, operational or structural nature.

Consultation on the future post-trade roadmap

Against this background, the Commission has launched a public consultation, until 15 November 2017 on:

(i) the major current and future challenges facing European post-trading players (investment companies, issuers, banks and market infrastructures such as clearing houses or central securities depositories). The Commission thus identifies the emergence of new technologies, and in particular the Blockchain, and the competitiveness challenges of European players vis-à-vis other global players,

(ii) the barriers to the integration of post-trading processes in the EU as identified in the EPTF report.

The purpose of the European Commission is to collect stakeholders' feedback so as to set its future regulatory roadmap.

Prioritising the future regulatory actions

For the AMF, the main current and future challenges facing European players are:

- the implementation of the current regulatory initiatives (CSDR, EMIR, MIF, SFTR, T2S and UCITS), to which special attention must be paid,
- Competitiveness and ensuring a level playing field at international level, between European and non-European players. This issue is even more important in an uncertain regulatory context (Brexit, regulatory changes in the United States),
- the development of new technologies, and in particular the Blockchain, which can play a key role in the future post-trading landscape and whose methods of deployment in the financial markets would benefit from being overseen, in the medium term, by a regulatory initiative in the EU.

Taking into account those points, the AMF believes that future reforms aimed at removing barriers in post-trade should be tackled in two phases:

- first, finalize the regulatory work on financial market infrastructures (clearing houses, central securities depositories and security settlement systems), paying particular attention to the challenges of financial stability and competitiveness in a deeply changed international context,

- secondly, strengthen (if necessary) the protection of investors' assets in a cross-border context.


Read more

- Consultation of the European Commission on post-trading in the Capital Markets Union
 - ↳ Union
 - ↳ EPTF Report
- The AMF's response to the European Commission's consultation on post-trade in the Capital Markets Union (CMU)
 - ↳ the Capital Markets Union (CMU)

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