



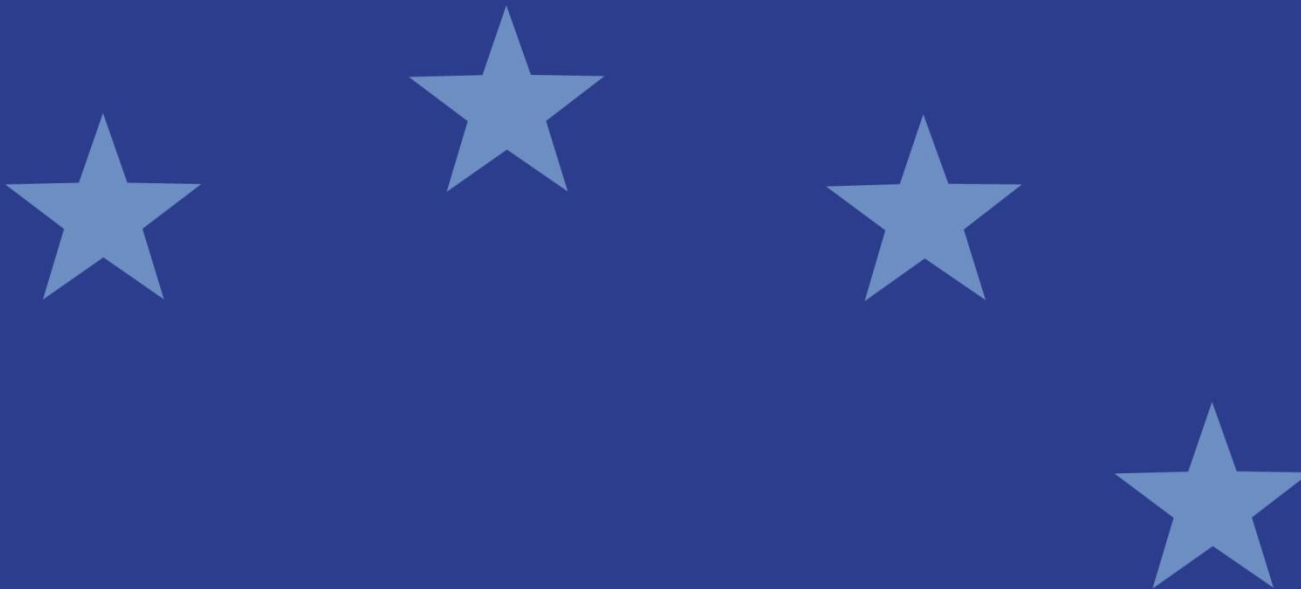
European Securities and
Markets Authority

Capital markets structure reform

Rodrigo Buenaventura

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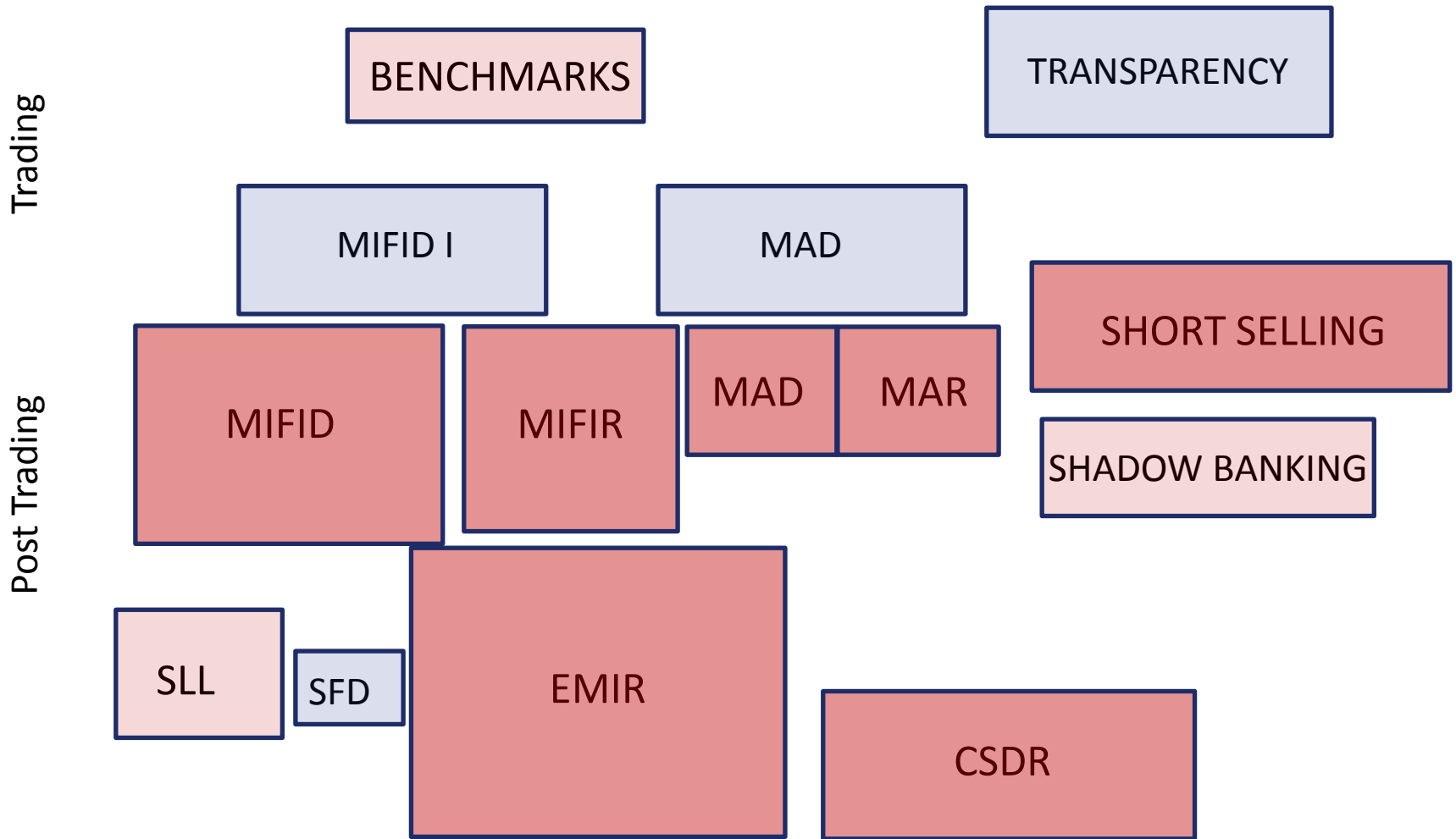


Outline

1. Regulatory outlook on Markets/Infrastructures
2. MIFID
3. EMIR
4. ESMA's role



Regulatory outlook: the “great wave”





What are the drivers?

Related to the crisis

- Grant «sustainable growth»: less leveraged, more collateralized
- Do not leave significant areas without regulation
- Reduce systemic risk
- Increase transparency and capacity to supervise
- Change the regulatory process in the EU → ESMA

Un-related to the crisis

- Adapt to new trading patterns
- Reach towards the commodities markets
- Strengthen market integrity
- Create (at last) an EU single market for post trading services



What are the changes?

Short Selling:

- New disclosure regime of short positions and locate provisions
- Emergency measures: ESMA role as coordinator of national supervisors

EMIR:

- Trade reporting obligation
- Central Clearing obligation
- Requirements for CCPs

MIFID :

- Update of trading regulations and modes
- Extension of transparency requirements for non-equities and data consolidation
- Tackling of commodity derivatives markets

Market Abuse:

- Extension of scope (commodities, benchmarks, non-regulated trading)
- Harmonisation of sanctions, criminal sanctions

- Not ESMA's time (yet); discussions at legislative process
- Essential to have a market structure adapted to the times and to ensure a truly level playing field between platforms
- Top 5 topics from ESMA's perspective/role:
 - Comm. Derivatives
 - Pre- and Post-trade transparency
 - Data (consolidation, publication, reporting)
 - Microstructure (tick sizes, fees, circuit breakers)
 - Trading obligation

- Probably, the most relevant piece of (post-crisis) regulation
- Main trade-offs in ESMA's recent technical standards:
 1. Harmonization vs flexibility/innovation
 2. International comparison: with CPSS-IOSCO, with the US, with all?
 3. Simplicity vs precision
 4. Financial vs non-financial participants
 5. Safety vs cost
 6. Ambitious targets vs current industry practice

- Need to monitor in the future (and eventually adjust):
 1. Clearing thresholds
 2. Clearing obligation (by definition)
 3. Confirmation/reconciliation: adapt as industry standards evolve (STP)
 4. Lessons from CCP colleges on CCP requirements (?)
 5. Admissible collateral (scarcity / safety)
 6. Functions of TRs: a new creature, why restrict them to EMIR?



EMIR implementation: ESMA's role

- Determination of the clearing obligation
- Authorization of EU Trade repositories
- Supervision of EU Trade Repositories
- Recognition of non-EU Trade Repositories
- Recognition of non-EU CCPs
- Participation on all EU CCP supervisory colleges



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Thank you.

