



Association for Financial Markets in Europe

CEPS-ECMI Panel Debate

The cross-border regulation of financial services after Brexit

What role for the equivalence regime?

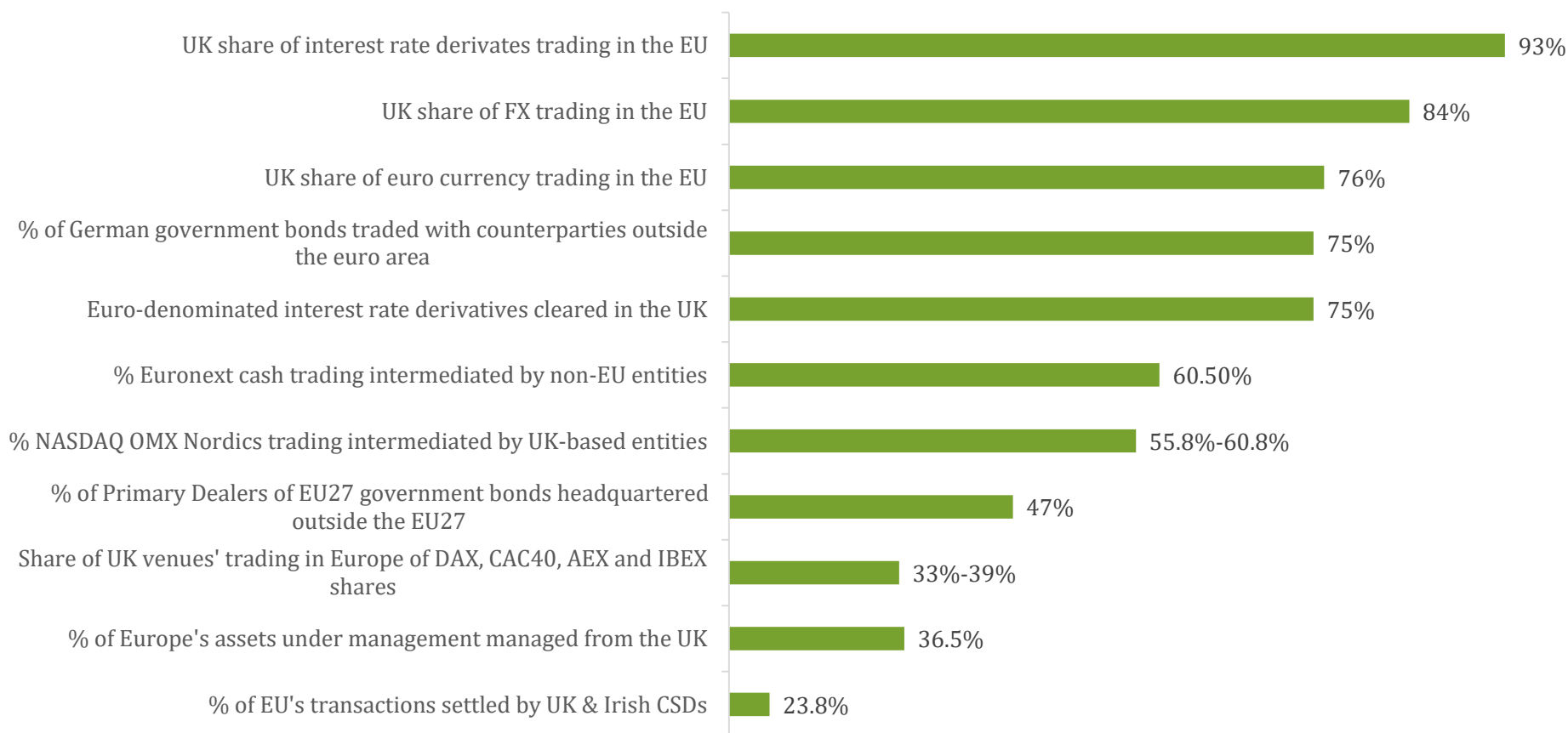
Pablo Portugal, Managing Director, AFME

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Our board member firms



Participation of UK and rest of the world entities in the EU liquidity ecosystem



S German DMO, Euronext, NASDAQ OMX, ECB, EFAMA, CBOE, AFME, and PwC based on data from BIS, Bruegel, EBA, S&P, WFE, and ECB. NASDAQ OMX percentage varies between 55.8% (Sweden) and 60.8% (Denmark), Share of UK venues' trading of selected EU27 indexed shares ranges from 33% (DAX) and 39% (IBEX).

- Capital Markets Union
- Equivalence has proven adaptable to different contexts and relationships
- Brexit will be a unique situation, different from other third country relationships
- Equivalence has had challenges – for example:
 - CCPs
 - MiFID Trading Obligations & Swiss equivalence
 - Benchmarks regulation

Objectives of EU third country relationships

- Promoting open, competitive capital markets and minimising barriers to cross-border business, and maintaining market integrity, financial stability, fair competition and investor protection in the EU
- Preserving choice for investors
- Creating a stable and transparent framework to provide certainty
- Developing arrangements for close supervisory and regulatory cooperation

Equivalence determinations – key factors to consider

- Proportionality and risk sensitivity
- Alignment of regulatory and supervisory outcomes
- Transparency
- Monitoring and remaining equivalent
- Withdrawal
- Scope of services (e.g. Securitisation Regulation)

- Trading venues – MiFID/R trading obligations (shares and derivatives)
- Investment firms – IFR/IFD
- CCPs – EMIR 2.2



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

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