



# Activities Report

**European Capital Markets Institute**

**2015**





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## 1. Message from General Manager

The publication of this Annual Report coincides with the release of an in depth study on Europe's Capital Market, which started at the end of 2014. 'Europe's Untapped Capital Market: Rethinking Integration After the Great Financial Crisis' is the product of an expert group that brought together many of ECMI's members experts in the course of 2015, enriched with new research on the pillars of and the impediments to a real Capital Markets Union.

For ECMI's 2015 Annual Conference, we were honoured to have a keynote address by Commissioner Lord Hill, followed by a rich debate on the state of play in the different layers of capital markets. Other seminars in the course of 2015 discussed new developments and old cures. We are happy we could further extend the reach of the institute by adding new members and growing our outreach.

The unfolding of the Capital Markets Union project will undoubtedly keep us busy for some time ahead. The question however remains whether the goal will come nearer.



Karel Lannoo - General Manager of ECMI  
CEO of the Centre for European Policy Studies (CEPS)



## 2. Overview

The European Capital Markets Institute (ECMI) is an independent research institute hosted and managed by the Centre for European Policy Studies ranked among the world's top think tanks.

The year 2015 was full of activities for ECMI. ECMI finalised an impact assessment and a data gathering exercise for the ESMA on a number of MiFID 2 and MiFIR RTS (January 2014 – February 2015), a study for European Commission on the exemptions for third-country central banks and other entities under MiFIR and MAR (October 2014 – June 2015), organised an internal ECMEG/Taskforce on Capital Markets Union (December 2014 – May 2015) and contributed to an internal study for a major consumer protection association on innovative financial products and services available to retail investors across the EU (June 2015 – September 2015). Publications included working papers on life-cycle approach to investor protection and the effects of ECB's quantitative easing on the supply side but also timely commentaries on the Action Plan on CMU. The final report of the European Capital Markets Expert Group (ECMEG) titled "Europe's untapped capital market: Rethinking integration after the great financial crisis" and authored by Diego Valiante was launched on 3 February 2016 and published with the Rowman & Littlefield Publishing Group.

Throughout the year, ECMI organised seminars and conferences on issues currently affecting capital markets, including a high-level full-day annual conference at the National Bank of Belgium.

In this Activities Report, the reader will find a detailed account of the research projects, publications and seminars held by ECMI in 2015, together with a preview of its 2016 research programme and more information about the Institute, its researchers and governance.

### THE YEAR 2015 AT ECMI IN NUMBERS



### 3. Task Force and Research Projects

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#### A. Europe's Untapped Capital Market: Rethinking Integration After the Great Financial Crisis – Final Report of the European Capital Markets Expert Group (ECMEG)

Launched | February 2016

The Final Report of the European Capital Markets Expert Group (ECMEG) is a comprehensive review of financial integration in Europe. The Capital Markets Union (CMU) project is an opportunity to repair financial integration after the recent financial crisis. The report is a comprehensive assessment of major barriers to capital markets integration, as well as an assessment of the prospects for financial markets in Europe. The lack of private risk sharing via capital markets is also a major obstacle to advance the single market for goods and services, which has been on a standstill in recent years. The report was launched in February 2016 and include four chapters: a review of the European financial integration process, an assessment of the literature on risk sharing and financial integration, a review of the current status of financial integration across markets, and a methodology to identify and prioritise policy actions to overcome barriers to further capital market integration.

##### **ECMEG Chairman**

Francesco Papadia

##### **ECMEG Rapporteur and Author**

Diego Valiante, Ph.D., Head of Capital Markets Research at CEPS and Head of Research at ECMI

#### B. Study on exemptions for third-country central banks and DMOs under MiFIR and MAR

November 2014 - June 2015

In October 2014, the European Commission (DG FISMA) awarded the Centre for European Policy Studies (LEAD) and the University of Bologna (PARTNER) with a contract for a study on exemptions for third-country central banks and other entities under MiFIR and MAR. The main purpose of this study was to provide the European Commission with an independent assessment on whether or not the exemptions that could be granted under Article 1 (6) to (9) of MiFIR and Article 6 of MAR to third-country central banks and public institutions in charge of, intervening in, public debt management, are appropriate and necessary. The consortium was responsible for undertaking legal and economic desk research and run in parallel a questionnaire-based survey. The study reviewed the following jurisdictions and the operational framework of central banks and debt management offices for the following countries: Australia, Brazil, Canada, China, Hong Kong SAR, India, Japan, Mexico, Singapore, South Korea, Switzerland, Turkey, and the USA (as well as the BIS under MiFIR only). The final study was delivered to the European Commission on June 30, 2015, and will serve as a basis for the reports to be submitted by the European Commission to the European Parliament and EU Council.

#### C. Task Force - *Implementing Financial Sector Resolution*

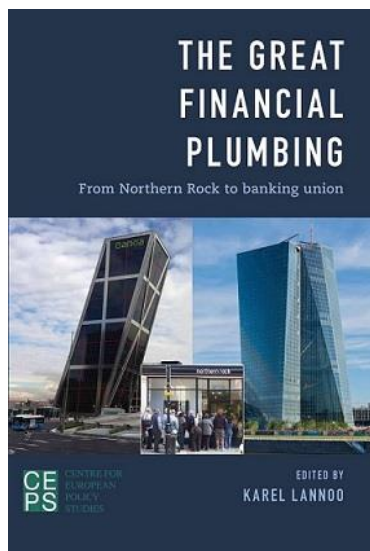
June 2015 – Ongoing 2016

CEPS launched an expert task force, chaired by Thomas Huertas, Partner and Chair, EY Global Regulatory Network, to explore the different issues regarding the implementation of Financial Sector Resolution schemes and to systematically produce a series of policy recommendations, focusing on the implications of the resolution and recovery regime for EU banks and for European financial integration, its adaptation to insurers, asset managers and CCPs, and the impact on capital markets. An interim report on European Bank Resolution: Making it work! Was published at the end of January. The final report will be launched by mid-2016.

[Free download @ eurocapitalmarkets.org](http://eurocapitalmarkets.org)

**A. The Great Financial Plumbing: From Northern Rock to Banking Union**

CEPS Paperbacks | October 2015



The financial and economic crises have led to an enormous plumbing exercise, involving a fundamental re-design of the global and European regulatory and supervisory system. This book systematically assesses the big items on the G-20 and EU agendas and the effectiveness with which they have been implemented in the EU. Its publication coincides with the demand by European Commissioner Jonathan Hill, in the context of the Capital Markets Union, for a 'comprehensive review' of the impact and coherence of EU legislation in the area of financial services. Karel Lannoo argues in the book that much has been done by European policy-makers to make the financial system safer and to prevent banking crises of the magnitude that erupted in 2008 and 2011, but that the new framework puts an enormous burden on banks and supervisors to implement and enforce it correctly. With the huge amount of secondary or 'level-2' legislation in place, this process has spiralled out of control, and as member states always find new ways of 'gold-plating' EU rules, the EU always finds further reasons to achieve a 'single rulebook'. This process has to be brought to a halt, and mutual recognition, a basic single-market principle, reinforced. The new framework also brings huge advantages, which should

offer benefits to all parties. Banking Union is a huge step forward, which introduces 'one-stop shopping' for banks in the eurozone, another basic single market principle, and a true single supervisor. The clarity of the new resolution framework should, if correctly applied, trigger early intervention and bring an end to forbearance, thereby enforcing market discipline in the banking sector. It should also avoid reliance on taxpayers' money to bail-out banks in trouble, which totalled 14% of EU GDP during the crisis.

**B. Light and shadows in Europe's new Action Plan for Capital Markets Union**

ECMI Commentary | October 2015

The European Commission's new Action Plan for Capital Markets Union, unveiled on September 30th, consists in a nutshell of a short list of technical proposals and a longer one of (rather general) potential actions. Overall, the plan indeed proposes to achieve some short-term objectives, such as a reduction of listing costs for SMEs, but it lacks long-term vision. The plan bundles actions under rather generic objectives of long-term finance or cross-border investing. Improving the informational infrastructure (e.g. accounting standards, company data) and cross-border enforcement of rules is left to vaguely defined future actions, but these constitute the core of the capital markets infrastructure. Without a well-defined set of measurable objectives, the whole plan may lose political momentum and become an opportunity for interested parties to cherry pick their pet provisions. Building a single market, i.e. removing cross-border obstacles to capital circulation, is too challenging a task to simply appear as one of many items on a long list of general objectives, which incidentally do not include institutional reform. The ultimate risk is that the Commission may just miss a unique opportunity to revamp and improve the financial integration process in Europe after almost a decade of harmful retrenchment.

**C. Detailed CMU Action Plan, but more (ambition) is required**

ECMI Commentary | October 2015

The concrete outcome of the Commission's Action Plan for a Capital Markets Union (CMU) consists notably of a call for the removal of constraints to facilitate SME financing and recognition of the need to facilitate infrastructure financing and securitisation through changes to the solvency II Directive and the capital requirements Regulation. However useful these proposals may prove to be, this Commentary finds that they do not address the main problem in Europe's capital markets, namely that European household savings are not finding their way into more rewarding investments, which is caused by a variety of factors that cannot be easily changed.



#### D. The 'visible hand' of the ECB's quantitative easing

CEPS-ECMI Working Document | May 2015

In the midst of the market turbulence of recent years, policy rates have reached the zero lower bound, with central banks aggressively deploying their balance sheet with an array of 'unconventional' monetary policies to ensure the transmission of monetary policy impulses in disrupted financial markets and ultimately to set the conditions for economic recovery. Since March 9th, the European Central Bank (ECB) has also joined the club of central banks deploying the most feared monetary policy tool in its armoury. Unsterilised outright asset purchases (so-called 'quantitative easing' or QE) aim at re-establishing control over the transmission of monetary policy impulse via policy rates by ultimately improving conditions for unsecured interbank market activity. Using an extensive data analysis, this paper examines three dimensions of quantitative easing in Europe: i) the rationale behind the ECB's new monetary policy stance, ii) the operational challenges of QE and iii) preliminary evidence on the effects of QE on markets.

#### E. Which Union for Europe's Capital Markets?

ECMI Policy Brief | February 2015

The call for a Capital Markets Union has been a useful device to raise awareness about the need for more integration in Europe's capital markets. Despite years of harmonising regulation and a single currency, Europe's capital markets remain fragmented. This Policy Brief calls for targeted measures to overcome fragmentation, through enhanced enforcement, strengthening of the European supervisory authorities, enhanced disclosure and comparability of financial information and the mobilisation savings in EU-wide investment funds.

### 4. Conferences and Seminars

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#### A. Global financial markets liquidity: Is it running dry?

ECMI-CEPS lunchtime event | Brussels | 20 November 2015

This question served as the basis of discussion at an ECMI-CEPS lunchtime meeting, held on November 20th, at which PwC presented the main findings of their recent Global financial markets liquidity study. In its review of liquidity trends and prospects across a broad range of financial instruments and issuers, using a series of liquidity metrics, such as tightness, depth, breadth, resilience and immediacy, PwC found that some markets remain as liquid as before the financial crisis, whereas fixed income markets, especially in corporate bonds, reported recent deterioration. The overall analysis, which took

into account structural, cyclical and regulatory factors, pointed towards continued downward pressure on market liquidity in the coming years. In general, it was found that most market participants are experiencing, and consequently adapting to a more difficult environment for market liquidity, with reduced bank trading activity in fixed income, evolving market structures and new trading behaviour. With reference to a liquidity risk assessment recently performed by ESMA (European Securities and Markets Authority), it was showed that market volatility went down across many asset classes in the post-crisis period until mid-2014, when the trend was broken. Nonetheless, the causation is very difficult to establish given the confluence of multiple factors as well as the emergence of sudden market events. All panellists agreed on the fact that banking and capital markets regulation will play a significant, but not definitive, role in the near future. Fundamental structural changes are already underway and will continue. Market liquidity risk is also partially masked by extremely loose monetary policy, but this has the potential to change dramatically once monetary conditions come back to normal. With respect to market-making, it was argued that the business model is currently under stress and that trading platforms are effectively competing



through technology and innovation with the traditional providers of these services. On the impact of pre- and post-trade transparency on liquidity in the fixed income space, it was stressed that replacing the request-for-quote (RFQ), the dominant trading method in fixed income, with the central limit order book (CLOB), the dominant trading method in equities, would not work as swiftly in practice as one would expect.

## B. Automated and High Frequency Trading, Latency, and Financial Regulation

CEPS-ECMI closed-door workshop | Brussels | 20 November 2015

High-frequency traders (HFTs) can trigger cascades and spirals, due to their highly correlated algorithmic trading strategies, thereby exacerbating market shocks, particularly in stressful times. It may also be problematic if HFTs succeed in crowding out long-term risk-bearers, slower traders from the market. There is a lot of complaining from the buy side about HFTs, especially from institutional investors, but further 'good faith' discussions on how best to cope with these technological and market changes are needed. HFTs need to have the buy side around, with their occasional trade orders, to actually make a profit. And one should not forget that HFTs connect buyers and sellers that happen to arrive at different times on different trading venues, which is critical for smooth functioning in the securities markets. Nonetheless, one should not overlook the fact that there are two categories of HFTs, the so-called 'HF makers', but also the 'HF bandits'. As for the contribution of HFTs to liquidity in Europe's fragmented equity markets, internal research by ESMA has revealed that there are more duplicated orders across several trading venues for HFTs (around 30%), compared to non-HFTs (around 10%). It was also noted that many regulators and policy-makers are currently focusing on latency measures to slow things down so as to remove this advantage of HFTs, e.g. minimum quote life, adjusting time stamps. Recent empirical studies showed that trade platform latency and volatility are highly correlated and recommended mandatory disclosure of information on latency on an ongoing basis. At EU level, the MiFID II provisions on the calibration of circuit breakers/trade halts to the liquidity of asset classes and the wide-market coordination were positively received. Some concerns were voiced, however, on the use of circuit breakers, e.g. there is no need to shut down the entire market, five-second trade pauses when one cannot submit/modify/cancel orders should suffice.

### Speakers

- Nick Forrest, Director, Economics and Policy Practice, PwC UK
- Nikolaos Panigirtzoglou, Analyst, Global Market Strategy, J.P. Morgan Securities
- Christian Winkler, Team Leader – Markets and Investors, Risk Analysis and Economics, European Securities and Markets Authority
- Andrei Kirilenko, Visiting Professor of Finance, Brevan Howard Centre for Financial Analysis, Imperial College Business School
- Diego Valiante, Head of Financial Markets and Institutions, CEPS (moderator)

## C. The commodities roller coaster: Liquidity and market structure in volatile markets

ECMI-CEPS Half-day conference | Brussels | 24 March 2015



In the midst of the recent fall in oil prices and renewed unconventional monetary policy actions, ECMI organised a half-day conference to explore how commodity prices are once again reacting to recent market developments. In the first session, panellists discussed how the current market conditions and regulatory developments (e.g. position limits, ancillary activities) are impacting liquidity in commodity finance. As banks reorganise their participation in physical and paper commodity markets, other actors, such as commodity trading firms, are advancing and reshaping

their businesses to cope with the 'new normal' and are attempting to make their business and risk-management practices more transparent. Discussions in the second session focused on oil prices, which have dropped by more than half since June 2014, following two decades of relative stability. This dramatic drop, which sets a new normal for oil prices, is driven by different factors threatens to scale down investments in unconventional sources and may ultimately trigger changes in energy policies around the globe. The oversupply of oil in the United States has had a major impact on prices. Prolonged uncertainty in price levels can also have long-lasting effects on the supply and demand structure, with effects on other commodities too.

### Speakers

- Craig Pirrong, Professor of Finance, Bauer College of Business, University of Houston
- Giacomo Luciani, Adjunct Professor, Co-Director of the Executive Master in International Oil and Gas Leadership, Graduate Institute
- Istemi Berk, Research Associate, Institute of Energy Economics, University of Cologne
- Neil Hume, Commodities Editor, Financial Times (moderator)

## D. A corporate governance model for Europe: Is diversity sustainable?

ECMI-CEPS Lunchtime meeting in cooperation with the Swedish think-tank SNS | Brussels | 17 February 2015



The lunch-time event 'A corporate governance model for Europe: Is diversity sustainable?', discussed the long standing question of whether there is one best practice in terms of corporate governance and what the implications for EU policy making should be. The discussion kicked off with a presentation by Professor Ronald Gilson who commented on the book 'The Nordic Corporate Governance Model' which was presented at the event. The discussant agreed that the Nordic corporate governance model was successful and serves as a proof that not only dispersed ownership models can be successful. The debate showed that diversity in corporate

governance models is not only sustainable but also desirable, since companies at different stages in their life cycle and in different industries require different corporate governance models. Policy makers should hence not try to harmonize the governance models but try to strengthen two aspects which were identified as being crucial for all types of governance models: Transparency and the protection of minority shareholder rights.

### Speakers

- Ronald Gilson, Professor of Law and Business, Stanford Law School
- Jacob Wallenberg, Chairman, Investor AB, the industrial holding company of the Wallenberg family
- Alessio Paces, Professor of Law and Finance, Erasmus School of Law, Erasmus University Rotterdam
- Joanna Cound, Managing Director, Government Affairs & Public Policy, BlackRock
- Jeroen Hooijer, Head of Unit, DG Justice and Consumers, European Commission
- Diego Valiante, Ph.D., Head of Financial Markets and Institutions, CEPS - Head of Research, ECMI (moderator)

## ECMI Annual Conference 2015

### Navigating the storm: Setting long-term goals in volatile market conditions?

20 October 2015 • National Bank of Belgium

This year's conference discussed how EU institutions can set long-term goals in the presence of highly volatile market conditions. The action plan for the creation of a capital markets union has drawn attention to a renewed regulatory and institutional design to support greater financial and economic integration. Jointly organised with the Brevan Howard Centre for Financial Analysis, Imperial College London, the conference consisted of four sessions with keynote speeches and presentations, followed by panel debates.

- 1) **Europe's Capital Markets Union:** What is the 'long-term' view?
- 2) **Quantitative easing, asset prices and economic growth**
- 3) **The rise of asset management and capital market-based financing:** A cyclical or a structural shift?
- 4) **Unravelling Penelope's web:** Crisis management and resolution of financial market infrastructure



#### Key takeaways

- **Session 1.** Capital markets are needed to improve the funding of European corporates. But what drives financial integration and private cross-border risk-sharing, at the core of market-based systems? Certain legal and economic conditions are essential for the organic development of larger and more-liquid capital markets across the EU. While the Action Plan on Building a Capital Markets Union (CMU) champions the 'bottom-up' approach, some top-down action in the form of common institutions might be necessary due to pre-existing legal systems, market infrastructure and the economic interests in all 28 member states.
- **Session 2.** The effectiveness of quantitative easing (QE) programmes and the path towards a normalisation of monetary conditions are sources of great concern for central banks around the world. QE is beginning to produce an impact on inflation expectations in countries like Sweden, where the intervention was quite substantial (close to 20% of all local government bonds are held by the central bank). There are also signs of increasing risk-taking behaviour, impact on market prices and redistributive effects. The prospect of a prolonged period of low inflation, however, was considered particularly worrisome for investments and economic growth.
- **Session 3.** A structural shift towards more market-based finance is inevitable and Europe needs to find its own model. In normal times, financial institutions provide liquidity in the market, but we are not in normal times, as central banks are the key source of market liquidity. This is causing a vast restructuring of the financial landscape and bank business models, but it will take some time for capital markets intermediation to develop further in Europe. Bank financing will continue to play a major role. More needs to be done to improve the functioning of "money market funding of capital market lending" at European level, with central banks providing the backstop as "dealer of last resort" to anyone running dealing activities (whether or not a traditional credit institution).
- **Session 4.** The stability of centralised market infrastructures, such as CCPs (central counterparties), is increasingly taking the centre of the discussion on crisis management. The regulatory framework around margining requirements and crisis management must take into account multiple risks, such as what comes after the 'end of the default waterfall'. In particular, in case of any market event that may hoard trades on a specific financial instrument, 'crowded trades' can increase the overall risk of the infrastructure without changing the portfolio risk composition of individual accounts. These large exposures and extensive interconnections may increase the vulnerability of the system and undermine investor confidence. The current regulatory framework does not take into account the negative network effects of crowded trades. Safeguards must be put in place in order to deal with increased risk that is not picked up by current initial and variation margining models.



## Keynote Speakers



**Jonathan Hill**



**Paul G. Mahoney**



**Marianne Nessén**



**José-Luis Peydró**



**Perry Mehrling**



**Albert Menkveld**

- **Lord Jonathan Hill**, European Commissioner for Financial Stability, Financial Services and Capital Markets Union
- **Paul G. Mahoney**, David and Mary Harrison Distinguished Professor of Law, Arnold H. Leon Professor of Law, Dean, University of Virginia School of Law
- **Marianne Nessén**, Head of Monetary Policy Department, Sveriges Riksbank
- **José-Luis Peydró**, ICREA Professor of Economics, Universitat Pompeu Fabra and Barcelona GSE
- **Perry Mehrling**, Professor of Economics, Barnard College, Columbia University
- **Albert Menkveld**, Professor in Financial Economics, VU University Amsterdam

## Conference Report

A full report of the ECMI Annual Conference is available at <http://www.eurocapitalmarkets.org/2015AC> together with the presentations of the speakers.

## Hosted by

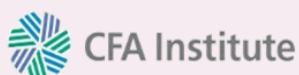


## Organisers

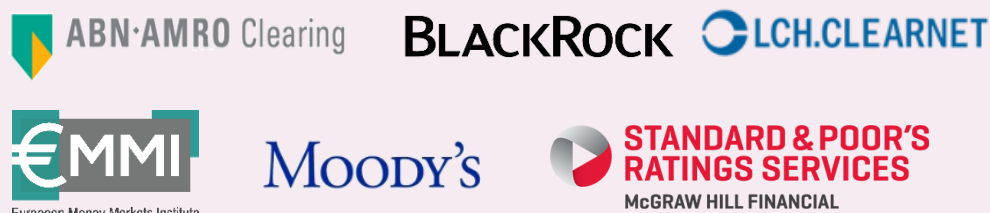
The conference was organised in partnership with the Belgian Financial Forum (BFF), Brevan Howard Centre for Financial Analysis, Imperial College London, and hosted by the National Bank of Belgium.



## Institutional Sponsor



## Commercial Sponsors



## 5. Statistical Package

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### The most comprehensive overview of Europe's capital markets

The ECMI Statistical Package presents a comprehensive collection of most relevant data on various segments of European and global capital markets. It enables users to trace trends so as to highlight the ongoing transformations of capital markets, including the structural changes brought about by competitive forces, innovation, and regulation. It represents an important step towards overcoming the existing data fragmentation on the evolution of European capital markets by offering a 'one-stop-shop' for market participants, regulators, academics and students. The 2015 version contains data on equity markets, debt securities, securitisation, covered bonds, exchange-traded and over-the-counter derivatives, asset management, mutual funds, insurance companies and pension funds, and global comparative data. Each table is associated to a figure, giving a visual overview of the most important trends. A user-friendly navigation is embedded in the programme allowing users to explore the comprehensive package in an easy, yet purposeful manner.

The package is available in Excel format at [www.eurocapitalmarkets.org/statistics](http://www.eurocapitalmarkets.org/statistics) free of charge for ECMI members. Non-members may purchase it via the bookshop of CEPS at [www.ceps.eu](http://www.ceps.eu).



### ECMI Statistical Package 2015

Provides	Covers
<ul style="list-style-type: none"> <li>➤ Over 150 tables</li> <li>➤ Over 120 figures</li> <li>➤ Data for over 40 stock exchanges</li> <li>➤ Data for 40 Countries</li> <li>➤ Covering up to 25 years (1990-2014)</li> <li>➤ Equity market</li> </ul>	<ul style="list-style-type: none"> <li>➤ Debt securities market</li> <li>➤ Exchange-traded derivatives market</li> <li>➤ Over-the-counter derivatives market</li> <li>➤ Comprehensive data on asset management</li> <li>➤ Gross domestic product</li> <li>➤ Exchange rate</li> <li>➤ Global comparative data</li> </ul>

## 6. Preview for 2016

In 2016, Europe will not be out of the woods, yet. Global events, like the slowdown in China, and regional ones, such as the restructuring of the banking system in Europe, will be source of volatility in European financial markets. Quantitative easing in Europe will most likely avoid emergency situations for government debt markets, but the possibility of a Brexit will contribute to further political instability. In particular, after years of financial reforms, the implementation of the new rules will offer the opportunity to review the long-term objectives of those reforms and the institutional architecture of the European Union, including the governance of the European Securities and Markets Authority (ESMA). The European Capital Markets Institute (ECMI), also this year, will be deeply involved in this international debate about financial integration policies, via the work on Capital Markets Union (CMU). ECMI launched a comprehensive overview of the status of financial integration in Europe and how EU institutions could contribute to further integration via capital markets, through a report supported by the a dedicated group of experts (the European Capital Markets Expert Group, ECMEG). The report also includes an extensive review of legal and economic barriers to capital market integration and to the development of risk sharing mechanisms in Europe.

Also new work will be done to support the efforts of some big Asian markets to create local currency bond markets, relying on the experience of some European markets. In this area, ECMI will be advising a leading development agency in this field. Our research work will also focus on the developments in the asset management industry and on how EU policies can unleash cross-border competition and further consolidation at European level, for the benefit of all European investors. New technologies applied to investment services are gradually replacing an outdated and static market infrastructure, bringing down costs and linking even more liquidity pools. The potential benefits and risks of this new infrastructure are still unclear, but there is an opportunity to build the nascent European capital market on a new and solid foundation. The team will monitor the implementation work on the revision of the Markets in Financial Instruments Directive (MiFID II), which is a cornerstone of the whole *acquis communautaire* on the provision of financial services in the European Union. The Institute, finally, will continue to strengthen its partnerships with leading academic partners and expand the network to new ones and to new members from the industry.

Diego Valiante, Ph.D.  
ECMI Head of Research

### Potential fields of research in 2016

- **MiFID II level 2 rules drafting and implementation**
- **Capital Markets Union (CMU) and financial integration**
- **Governance of the European Securities and Markets Authority (ESMA)**
- **Asset management and investment funds fragmentation**
- **Commodities in bearish markets**
- **The impact of bail-in and restructuring on bond markets**
- **Implementation of other financial reforms (CSDR, Benchmark regulation, etc)**
- **The impact of new technologies on the provision of investment services (FinTech)**
- **Local currency bond markets in China, India and Indonesia (learning from the EU experience)**

## 7. About ECMI

Access content @ [eurocapitalmarkets.org](http://eurocapitalmarkets.org)

### Informing policy on European capital markets

**The European Capital Markets Institute (ECMI) conducts original research into European capital markets, thereby informing current debate and policy-making. Through its various activities, ECMI acts as a focal point for interaction among market participants, policy-makers and academics.**

ECMI was established as an independent non-profit organisation in 1993, in a collaborative effort by the European Federation of Financial Analysts Societies (EFFAS), the Federation of European Securities Exchanges (FESE) and the International Capital Market Association (ICMA). Membership of the institute is composed of private firms, regulatory authorities and university institutes. Since 2005, ECMI has been managed and staffed by the **Centre for European Policy Studies** (CEPS), a highly reputed, independent think tank in Brussels.

Through the publication of **commentaries** and **policy briefs**, ECMI analyses the latest regulatory developments and puts forward proposals at the vanguard of regulatory debates. ECMI also produces detailed research **reports** on key policy issues and market developments. In addition to conducting in-house research, ECMI responds to calls for proposals from external entities and hosts contributions from high-profile external researchers.

ECMI regularly organises workshops, seminars and **task forces** on a variety of issues facing European capital markets. Participation in ECMI **events** offers the chance to take part in workshops with senior business representatives and regulators on critical themes; to size up market developments that will shape the future of European capital markets and to network with lobbyists and academics from the regulatory community.

In addition, ECMI compiles a yearly **statistical package** with a substantial set of charts and tables that trace the evolution of European capital markets over time. Bond, equity and derivatives markets are also covered in the package, together with asset management related data. This gives members a 'one-stop shop' or broad snapshot of where European capital markets stand. The package compares trends across asset classes, market segments and countries, so as to track market growth, integration and convergence. All data is presented in intuitive and visually appealing forms.

ECMI also produces a quarterly **newsletter**. The purpose is to inform members of recent and upcoming research projects, task forces, conferences and meetings, and other relevant information on European capital markets.



### Board of Directors

- **Fabrice Demarigny**, Global Head of Financial Advisory Services and Capital Markets, Mazars [*Chairman ECMI*]
- **Chris Golden**, Chairman, European Federation of Financial Analysts Societies [*Vice-Chairman ECMI*]
- **Ramon Adarraga**, Director, Bolsas y Mercados Españoles (BME)
- **Stefano Caselli**, Professor of Finance, Bocconi University
- **Joanna Cound**, Managing Director, Government Affairs & Public Policy, BlackRock
- **Godfried De Vidts**, Head of European Affairs, ICAP
- **René Karsenti**, President, International Capital Market Association (ICMA)
- **Marco Lamandini**, Professor of Commercial Law, University of Bologna
- **Karel Lannoo**, CEO, CEPS and General Manager, ECMI
- **Florencio López de Silanes**, Professor of Finance and Law, EDHEC Business School
- **Rhodri Preece**, Head, Standards & Financial Market Integrity, EMEA, CFA Institute
- **Rainer Riess**, Director General, Federation of European Securities Exchanges (FESE)
- **Tanguy van de Werpe**, Managing Director, Advocacy, Association for Financial Markets in Europe (AFME)
- **Theo Vermaelen**, Professor of Finance, INSEAD.



## 8. Academia

In 2011 ECMI took a further step to increase the quality of its research and ensure its independence. By appointing four academic board members, ECMI consolidated its expertise on capital markets in Europe. Stefano Caselli, Marco Lamandini, Florencio López de Silanes and Theo Vermaelen actively contribute to the activities of the Institute by providing invaluable advice on research priorities and quality control. Their profiles, at the forefront of academic knowledge in financial markets, are both diverse and complementary, which no doubt enhances the outreach of ECMI's policy-oriented research.



Stefano Caselli is full professor of Banking and Finance at Department of Finance, Università Bocconi, where he's Academic Director of the MSc in Finance and of the Master in International Management-MIM for CEMS. He's also Director of the Executive Education Division for Banks and Financial Institutions at SDA Bocconi School of Management and research fellow of CAREFIN and ENTER, the research centres of Università Bocconi devoted to finance and entrepreneurship. He has several publications on private equity and venture capital, corporate finance, corporate banking, SMEs and family firms' financing.



Marco Lamandini's research interests are in the area of company law, corporate governance, banking law, securities law, and intellectual property. He obtained his law degree cum laude from the Università di Bologna, where he teaches commercial law, and a master of laws degree from London School of Economics and Political Science. He also teaches securities law at the Università Cattolica del Sacro Cuore in Milan. A visiting fellow at the Max Plank Institut in Munich, at Magdalene College in the University of Cambridge and at Boalt Hall, School of Law of the University of California at Berkeley, he does consulting work for the European Parliament.



Florencio López de Silanes is one of the world's five most cited academics on business and economics topics. A co-author of the LLSV index, he taught at Harvard, Yale and the University of Amsterdam before moving to EDHEC Grande École in France. He is also a research associate at the National Bureau of Economic Research and a member of the Academic Board of the Fraser Institute. In 2003, the World Economic Forum's Management Board selected him as one of the 100 young outstanding international leaders for business and society.



Theo Vermaelen is Professor of Finance at INSEAD and has taught at the University of British Columbia, the Catholic University of Leuven, London Business School, the University of California, Los Angeles and the University of Chicago. He has published several articles on corporate finance and investments in leading academic journals, including the Journal of Finance, the Journal of Financial Economics and the Journal of Banking and Finance. He is co-editor of the Journal of Empirical Finance, associate editor of the Journal of Corporate Finance and the European Financial Review and advisory editor of Teaching and Case Abstracts.

## 9. Researchers



Karel Lannoo has been a CEO of CEPS since 2000. He has published some books and numerous articles in newspapers, specialised magazines and journals on general European public policy, and specific financial regulation and supervision matters. His latest book is 'The Great Financial Plumbing, From Northern Rock to Banking Union', published in 2015. Karel is a regular speaker in hearings for national and international institutions (EU Commission, European Parliament and related), at international conferences and in briefings for executives. He is also the rapporteur for many CEPS task forces, chaired by senior European officials and business leaders (with Helmut Schlesinger, Tommaso Padoa-Schioppa, Jose-Maria Roldan, Thomas Huertas). He directs the European Capital Markets Institute (ECMI) and the European Credit Research Institute (ECRI), both operated by CEPS. Karel is also an independent director of BME (Bolsas y Mercados Espanoles), the listed company that manages the Spanish securities markets. He is also a member of the Euribor Steering Committee, European Money Markets Institute (EMMI) and a non-executive director of Lannoo Uitgeverij Group.



Diego Valiante, Ph.D. is Head of Financial Markets and Institutions at CEPS and Head of Research at ECMI. He is also member of the Group of Economic Advisers (GEA) to the European Securities and Markets Authority (ESMA) and Visiting Fellow at the School of European Political Economy in LUISS university. He has been advising European institutions, international organisations, central banks and institutional investors. His research interests focus on capital markets union and financial integration, institutional aspects of banking union, central banking, trading regulation (MiFID II and EMIR) and commodity market structure. Diego frequently appears on international media and contributes to newspapers and economic blogs (LaVoce and Economonitor). Due to his interdisciplinary academic background, Diego has published on both legal and economic peer-reviewed academic journals. On top of his two degrees in Business economics and Economic analysis of law (summa cum laude), Diego holds a Ph.D. from LUISS Guido Carli University (Rome) and a joint LL.M. from Bologna and Rotterdam universities in Law and Economics. In 2011, Financial News (Dow Jones) listed him among the "Top 40 Rising Stars in Trading and Technology in EMEA" under the age of 40.



Cosmina Amariei joined the European Capital Markets Institute in November 2013. She is focusing on central banking and financial markets related issues. She contributed so far to an internal study "Europe's Untapped Capital Market: Rethinking integration after the great financial crisis" (ECMEG Final Report) and was involved in several other externally commissioned projects, such as the "Study on the extension of the exemptions under MiFIR and MAR to central banks and debt management offices from third-country jurisdictions" (DG FISMA), the "High level cost-benefit analysis of the MiFID II/MiFIR draft technical standards" (ESMA) and the "Study on innovative financial products and services available cross-border to European retail investors" (consumer protection organisation). In the past, she briefly worked at the National Bank of Romania (EU Affairs department) and the Romanian Commercial Bank - Erste Group Bank AG (Financial Institutions division). She holds a BA in Economics (Babes-Bolyai University of Cluj-Napoca) and MA in International Economics and European Affairs (Bucharest University of Economic Studies and University College Brussels).

## 10. Selected Titles 2010-2015

### CEPS-ECMI Task Force Reports

- Europe's Untapped Capital Market: Rethinking integration after the great financial crisis, Diego Valiante, CEPS Paperback, London: Rowman & Littlefield International, February 2016.
- Price Formation in Commodities Markets: Financialisation and Beyond, Diego Valiante, September 2013
- Saving for Retirement and Investing for Growth, Mirzha de Manuel Aramendía, September 2013
- Rethinking Asset Management: From Resilience to Investor Protection and Economic Growth, Mirzha de Manuel Aramendía and Karel Lannoo, April 2012
- MiFID 2.0: Casting New Light on Europe's Capital Markets, Diego Valiante and Karel Lannoo, February 2011
- Restoring Investor Confidence in European Capital Markets, Report of the European Investors Working Group (EIWG) and ECMI, in collaboration with the Centre for Financial Market Integrity (CFA), February 2010

### CEPS-ECMI Paperbacks

- A Legal and Economic Assessment of European Takeover Regulation, Christophe Clerc, Fabrice Demarigny, Diego Valiante and Mirzha de Manuel Aramendía, December 2012

### ECMI Research Reports

- No. 9 "Supporting Access to Finance by SMEs: Mapping the initiatives in five EU countries", Federico Infelise, April 2014
- No. 6 "MiFID Implementation in the midst of the Financial Crisis: Results of an ECMI Survey", Diego Valiante and Bashir Assi, February 2011
- No. 5 "Shaping Reforms and Business Models for OTC Derivatives: Quo vadis?", Diego Valiente, April 2010

### ECMI Working Papers

- No. 1 "A Life Cycle Approach to Investor Protection", Mirzha De Manuel Aramendía, Diego Valiante, September 2014

### ECMI Policy Briefs

- No. 22 "Which Union for Europe's Capital Markets?", Karel Lannoo, 13 February 2015
- No. 21 "A Proper Yield Curve for Greece to Kick-Start Financial Intermediation", Christian Kopf and Miranda Xafa, December 2013
- No. 20 "Europe's New Post-Trade Infrastructure", Karel Lannoo and Diego Valiante, November 2012
- No. 19 "Pending issues in the review of the European market abuse rules", Carmine Di Noia, February 2012
- No. 18 "NYSE Euronext-Deutsche Börse Merger", Diego Valiante, March 2011
- No. 17 "What reforms for the credit rating industry? A European perspective", Karel Lannoo, October 2010
- No. 16 "The MiFID Metamorphosis", Karel Lannoo and Diego Valiante, April 2010
- No. 15 "Regulatory Challenges for the EU Asset Management Industry", Karel Lannoo, April 2010
- No. 14 "Comparing EU and US Responses to the Financial Crisis, Karel Lannoo, January 2010

### ECMI Commentaries

- No. 40 "Light and shadows in Europe's new Action Plan for Capital Markets Union", Diego Valiante, 6 October 2015
- No. 39 "Detailed CMU Action Plan, but more (ambition) is required", Karel Lannoo, 4 October 2015
- No. 38 "Keep capital markets union simple", Karel Lannoo, 15 July 2015
- No. 37 "Why the regulatory witch-hunt for 'closet trackers' is a dead-end", Jean-Pierre Casey, 9 December 2014
- No. 36 "The OTC derivatives markets after financial reforms", Cosmina Amariei and Diego Valiante, 23 May 2014
- No. 35 "Why a more accurate EU definition of SMEs matters!", Federico Infelise, Diego Valiante, 15 November 2013
- No. 34 "Implementing the AIFMD: Success or Failure?", Mirzha de Manuel Aramendía, 28 March 2013
- No. 33 "Will the PRIIPs' KID live up to its promise to protect investors?", Mirzha de Manuel Aramendía, 7 July 2012
- No. 32 "The Euro Prisoner's Dilemma", Diego Valiante, 24 February 2012
- No. 31 "The gloomy scenario of Italy's default", Diego Valiante, 16 December 2011
- No. 30 "MiFID 2.0 Unveiled", Karel Lannoo, 4 November 2011
- No. 29 "Commodity Price Formation in Boom-and-Bust Cycles", Diego Valiante, June 2011

## 11. Joining ECMI

### Why become a member?

There are many reasons why becoming a member of ECMI is a good idea. By joining us, you will:

- Become part of a think-tank that helps to bridge the gap between market participants, regulators and academics, in a moment of intense regulatory activity.
- Be informed first about our research projects and gain preferential access to Task Forces.
- Attend high-level research seminars and workshops on topical and technical issues.
- Obtain a complimentary copy of each publication.
- Attend our Annual Dinner-Debate and our Annual Conference, where relevant market issues are discussed with high-level policy-makers, academics and industry practitioners.
- Gain access to our statistical package, a comprehensive overview of Europe's capital markets.
- Access our expertise, engaging with our researchers in private meetings or joining our conference calls and 'webinars'.
- Receive a quarterly newsletter with concise account of the findings of our research and events.
- Support policy-oriented research aimed at enhancing the efficiency, growth and better regulation of European capital markets.



### Membership options

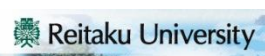
Membership is open to institutions, associations and corporations as well as universities and business schools. There are three different types of membership options at ECMI:

Founding Members  
Corporate Members  
Academic Institutions

### Next steps

Learn more at [www.eurocapitalmarkets.org/becomemember](http://www.eurocapitalmarkets.org/becomemember). For more information please contact us at our email address [ecmi@ceps.eu](mailto:ecmi@ceps.eu) or phone as at +32 2 229 39 78.

## 12. ECMI Members









**European Capital Markets Institute**  
**Informing policy on European capital markets**