

PUBLICATIONS

The 'visible hand' of the ECB's quantitative easing

CEPS-ECMI Working Document | Upcoming in May 2015 | By Diego Valiante

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. The Working Document will be available for download at the CEPS webpage.

Which Union for Europe's Capital Markets?

ECMI Policy Brief | February 2015 | By Karel Lannoo

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. [Click here to download the publication.](#)

TASK FORCES AND RESEARCH PROJECTS

New Task Force *Implementing Financial Sector Resolution*

June - December 2015

CEPS launches an expert task force to explore the different issues regarding the implementation of Financial Sector Resolution schemes in-depth 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 and CCPs, and the impact on capital markets. The first meeting will be held on 23rd June. ECMI members are entitled to a discounted participation fee. [For more information on the Task Force, please click here.](#)

Upcoming Task Force Report on Capital Markets Union

Early July 2015

The Expert Group, chaired by Francesco Papadia, and the Task Force met five times between December 2014 and May 2015. Top academics, industry participants, policy makers and regulators participated and contributed to a series of discussions in areas related to the Capital Markets Union (CMU) debate. The final report, currently drafted by the Rapporteurs, aims at offering a solid methodology for the Commission's action plan and is expected to be published in early July. This report will set out a series of recommendations, supported by in-depth analysis, based on the inputs from meetings. A horizontal plan aiming at removing artificial barriers based on a 'transaction cost' approach shall lead the assessment of various components of cross-border financial transactions (execution, pricing, enforcement). The plan may require both regulatory and institutional changes.



Study on exemptions for third-country central banks under MiFIR and MAR

November 2014 - May 2015

Last October, the European Commission (DG FISMA) has awarded the Centre for European Policy Studies (LEAD) and 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, USA and the (as well as the BIS under MiFIR only). The final study was delivered to the European Commission on April 30, 2015, and will serve as a basis for the reports to be submitted by the European Commission to the European Parliament and the Council by 1 June 2015 and 3 January 2016, respectively. The report will be published on the European Commission's website.

UPCOMING EVENTS

2nd Annual Symposium on EU-Asia Relations in Financial Services

Symposium organised by CEPS and ASIFMA | Hong Kong | 27 - 29 May 2015

The symposium on EU-Asian capital markets regulation provides a unique opportunity for global, European and Asian policy makers, high-level regulators, leading academics and industry representatives to meet and discuss important issues impacting the effective functioning of EU Asian trade, investment and capital markets. The cornerstone of the Annual Symposium on EU-Asia Relations in Financial Services is the candid, intimate exchange of ideas and dialogue between global financial counterparts. This dialogue takes place in small group discussions and plenary sessions, as well as in more informal sessions at meals. Keynote addresses and panel discussions also serve to initiate and enhance the interactive dialogue, which is conducted under Chatham House Rules in order to foster an open exchange of ideas. These discussions are synthesized and presented on the final day of the Symposium in a plenary session. *See programme.*

20 October 2015, Brussels
ECMI Annual Conference

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

confirmed keynote speaker:
Jonathan Hill, EU Commissioner

With sessions on:

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

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Save the date!

22 May 2015 | 08:15 - 17:50 | London | Conference*

European Capital Markets Union: From Policy to Practical Implementation

- With a keynote address of Lord Hill -

Questions discussed at the conference:

- How will ECMU be achieved in practice?
- Who are the main players involved in its implementation?
- What are the opportunities for your business arising from ECMU?
- How will the obstacles to its delivery be overcome so that the 2019 deadline be met?
- What are the main implementation milestones between now and 2019?

[Click here for more info.](#)

7 July 2015 | 13:00 - 17:00 | London | Workshop*

Transaction reporting and transparency

This workshop will focus on transaction reporting and transparency. The Market in Financial Instruments Regulation and Directive ("MiFID II") will introduce the most significant changes to the conduct of financial services and the market environment since the commencement of the EU Commission's Financial Services Action Plan. It will affect all categories of dealing, broking, asset management and advisory services undertaken by banks, non-banks and other service providers and also their corporate, institutional and retail customers. It will also have a major impact on all primary and secondary financial and commodity markets, including regulated markets, NTFs and OTFs as well as clearing houses. [Click here for more info.](#)

*both events are organised by City & Financial Global with the support of ECMI. Our members receive a 20% discount on the registration fee.

RECENT EVENTS

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.

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 re-shaping 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.

