
Press release

AFME Comment on Additional EU Bank Structural Measures

29 January 2014

In response to the publication of proposals by the European Commission for an EU Regulation on bank structural measures, the Association for Financial Markets in Europe (AFME) believes the need for additional EU bank structure legislation at this stage is unproven.

“There is a significant risk of conflicting with broader regulatory objectives,” said Simon Lewis, chief executive of AFME. “The new proposed measures are likely to lead to an extended period of business and funding model uncertainty for European banks, investors and the wider economy. The banking industry is already undergoing significant structural change as a result of major reforms underway to strengthen the safety and resilience of banks and ensure all institutions are resolvable without threat to the financial system and the real economy or losses to the taxpayer.”

In particular, the proposed measures undermine confidence in the ability of capital markets to effectively support the European economy. The prospective separation of market making and related hedging from banks’ core activities goes beyond the approach taken in other jurisdictions and would deal a major blow to the European banking model, in particular universal banking.

“Europe can ill afford a diminished financial system at a time when it seeks to diversify its funding sources and develop mechanisms in support of long-term financing,” said Lewis.

AFME looks forward to engaging constructively with the EU legislators and other stakeholders as these proposals are debated in the coming months and during the next EU legislative cycle.

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Notes:

1. The Association for Financial Markets in Europe advocates stable, competitive and sustainable European financial markets, which support economic growth and benefit society. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association through the GFMA (Global Financial Markets Association). For more information please visit the AFME website, www.afme.eu
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