

The future of European financial markets policy in the European Union



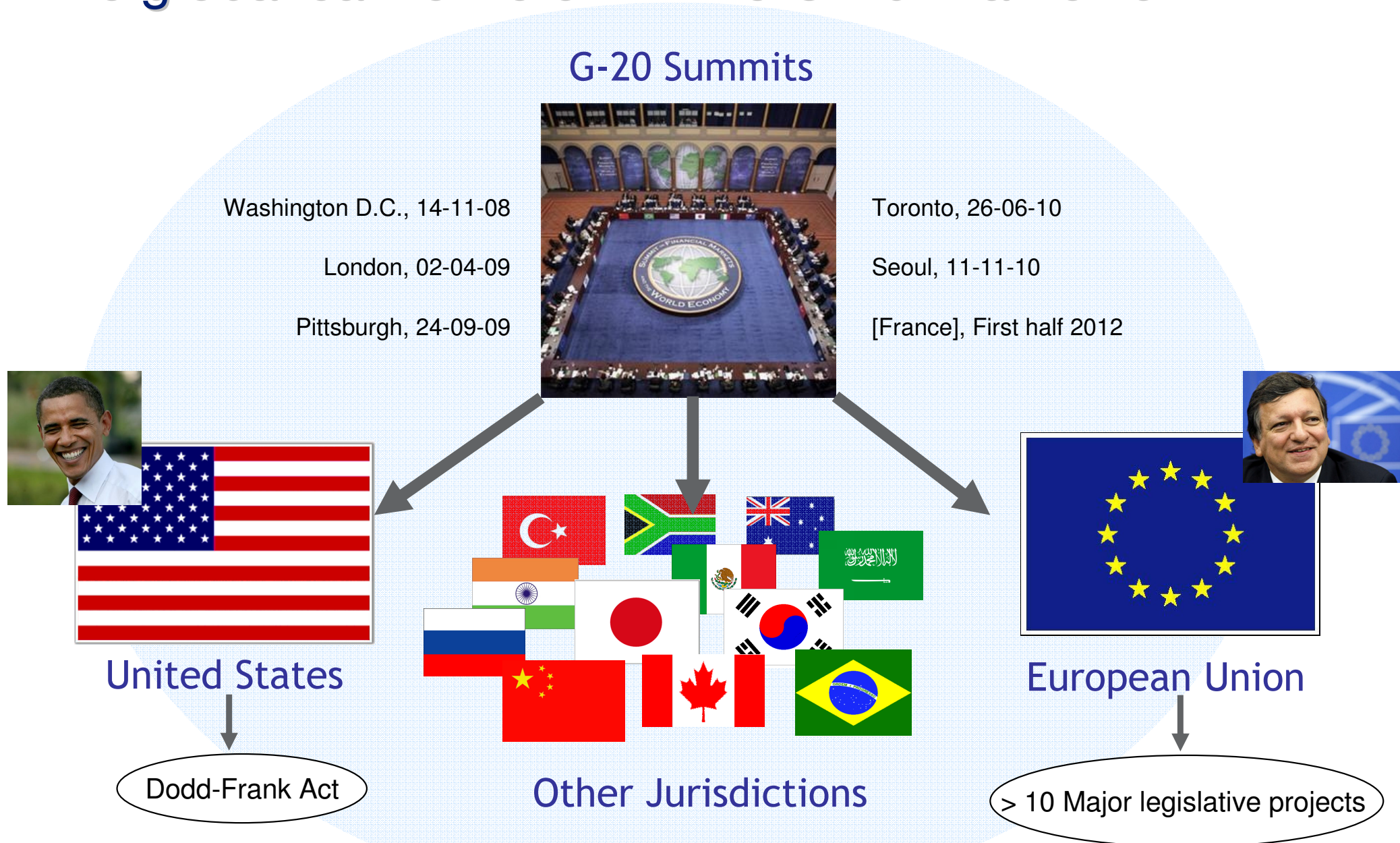
Mark MacGann
Senior Vice President,
Head of European Government Affairs and Public Advocacy

Reforming the financial system: what we know and what we can anticipate
Lisbon, 28 October 2010

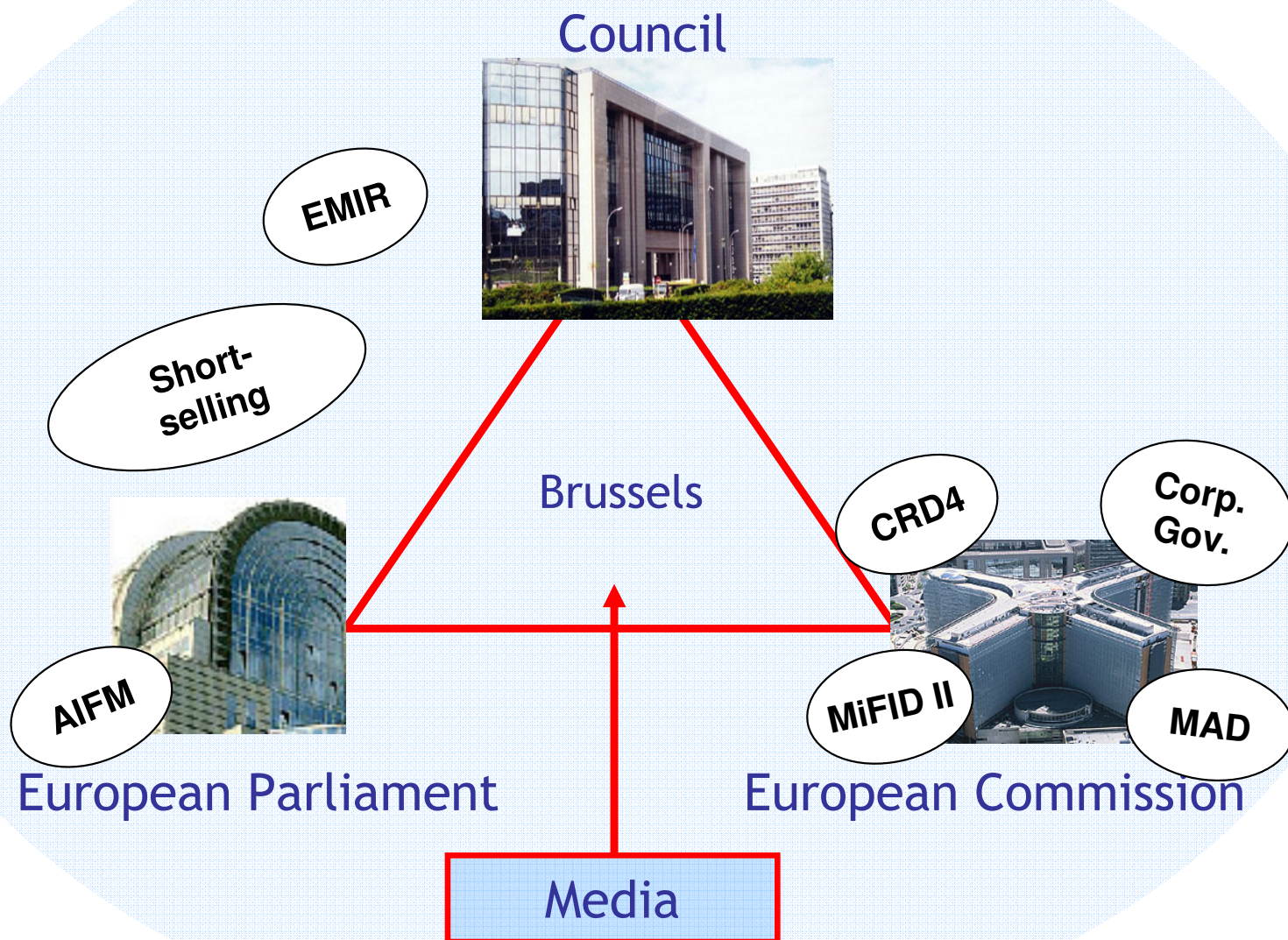
The beginning of the crisis...



The global call for reform: The G-20 Framework



European reform: The Brussels power triangle and the current legislative proposals

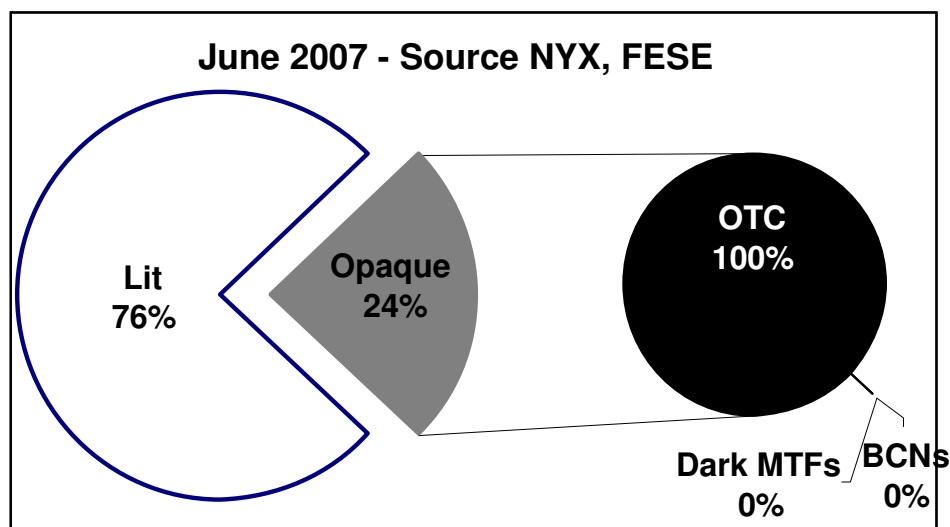


EU Regulatory Landscape “Rapidly” Changing...

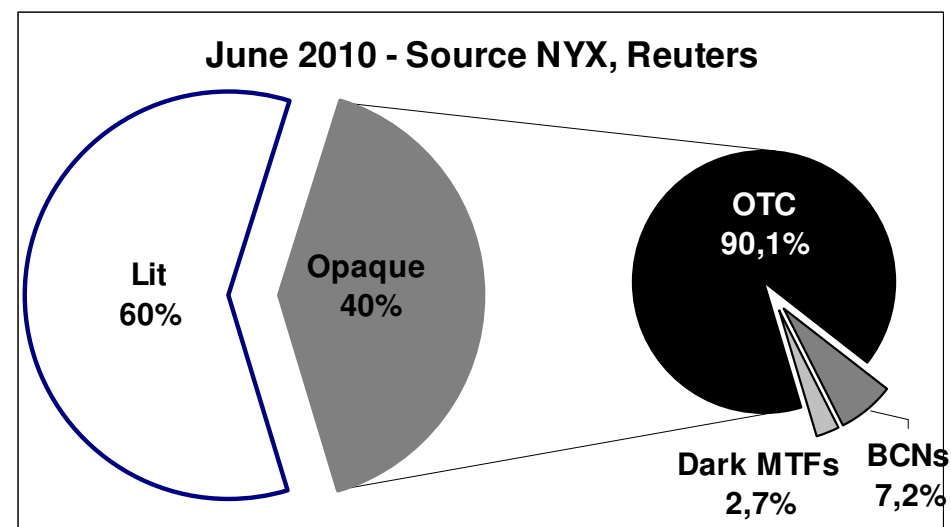
Proposed Legislation	Status & Next Steps
▪MiFID II <ul style="list-style-type: none"> –OTC trading, BCNs, Dark Pools, MTFs & Level playing field –Pre- and post-trade transparency –High-Frequency Trading –Regulation of intermediation and execution –Transaction reporting –Proposals for a mandatory consolidated tape 	<ul style="list-style-type: none"> ▪EC public consultation expected November 2010 ▪EC proposed legislation expected Q1 2011 ▪Co-decision process in EP and Counsel expected to commence Q2 2011 ▪Final vote on MiFID II not expected before 2013
▪EMIR (Derivatives Legislation) <ul style="list-style-type: none"> –Clearing obligation –Requirements for CCPs –Supervision of CCPs –Interoperability –Trade Repositories 	<ul style="list-style-type: none"> ▪EC proposed EMIR 15 Sept. 2010 ▪Co-decision process in EP and Counsel launched Q3 2010 ▪Final vote on EMIR not expected before 2012
▪Short Selling <ul style="list-style-type: none"> –Key component of an efficient price discovery process –Government intervention in extreme market conditions –Disclosure of short-selling positions – need a more coherent approach –Alternative approach of flagging orders for short-sell of shares pre-execution 	<ul style="list-style-type: none"> ▪EC proposed short selling legislation 15 Sept. 2010 ▪Co-decision process in EP and Counsel launched Q3 2010 ▪Final vote on short selling legislation not expected before 2012
▪Other <ul style="list-style-type: none"> –Market Abuse Directive (revised) –CRD3 –CRD4 –Transparency of Small Listed Companies –Corporate Governance –Financial Transaction Tax 	<ul style="list-style-type: none"> ▪EC proposal for revised MAD expected Q4 2010 ▪CRD3 being transposed to national law ▪EC proposal for revised CRD4 expected Q1 2011 ▪EC proposal for revised Transparency Directive expected Q4 2010 ▪EC proposal for Corporate Governance expected Q1 2011 ▪Very early stages

Ex: Why MiFID needs to be reviewed...

Pre- MiFID I



Post- MiFID I



Dramatic Increase of Opacity

40% of Trading Volumes outside Lit Markets

We are in this together. Outcome of financial reforms depends on rebuilding trust in government and markets





NYSE Euronext

Powering the exchanging world.SM