

### FEATURED EVENT

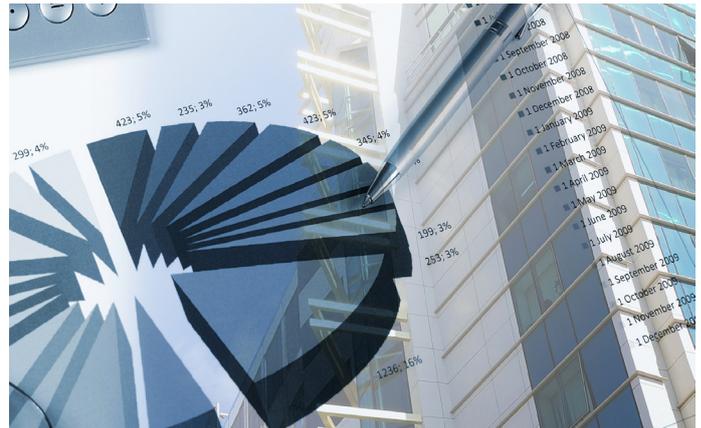
#### Launch of the Task Force Report 'Rethinking Asset Management'

19 April 13:15-15:00 | CEPS Brussels

More info and registration at [www.eurocapitalmarkets.org/rethinking.brussels](http://www.eurocapitalmarkets.org/rethinking.brussels)

The task force Rethinking Asset Management was set-up by the ECMI-CEPS in late 2010 to research four topics, in view of their relevance for the European economy, the single market and investors:

- The future of the asset management industry after the financial crisis and the adoption of the AIFMD.
- Product innovation in UCITS and the way forward to complete the single market and strengthen product integrity.
- The distribution of investment funds and other investment products to strengthen the choice and protection of (retail) investors.
- The contribution of the asset management industry to the real economy and the way to unleash any potential untapped so far.



After several months of intense work, ECMI will present its final report on April 19 in Brussels. With the participation of Tilman Lueder, Head of Unit at the European Commission, and other top speakers, this event will present the policy recommendations put forward by task force members and the main conclusions of the ambitious report drafted independently by ECMI. On the agenda for this meeting: the sweeping changes in regulation that are ongoing, including the AIFMD implementation, the review of MiFID on investment advice, the PRIPS initiative, and the future of UCITS, not to mention the recent green paper on shadow banking. How will it all work together? More info and registration at [www.eurocapitalmarkets.org/rethinking.brussels](http://www.eurocapitalmarkets.org/rethinking.brussels).

### UPCOMING PUBLICATIONS

#### From Resilience to Investor Protection and Economic Growth

Task Force Report | Forthcoming April 2012 | By Mirzha de Manuel

This ambitious report considers in five chapters: (a) selected issues of financial stability that concern investment funds; (b) product structuring and the use of derivatives and indices in UCITS; (c) distribution, investor choice and investor protection, including investment advice; and (d) the contribution of asset management to the real economy. The text examines current legislative proposals, including notably the AIFMD implementation, the review of MiFID, and the PRIPS initiative. It also considers the potential for further reforms, while serving as a reference work on asset management and its regulation in Europe.

#### Does the OTF proposal in MiFID II make sense?

ECMI Policy Brief | Forthcoming April 2012 | By Diego Valiante

The proposal to introduce a new legal definition of trading venue in Europe aims at capturing all hybrid mechanisms that allow the trading of derivatives and other financial instruments, typically considered over-the-counter. But does the definition of 'organised trading facility' proposed by the European Commission make sense? How does it sit next to the existing categories of trading venues? This paper proposes to classify a core set of brokerage services as bilateral execution systems under a broader definition of systematic internaliser, subject to revised obligations.

## RECENT PUBLICATIONS

### The Euro Prisoner's Dilemma

ECMI Commentary | February 2012 | By Diego Valiante

The last intergovernmental agreement among 25 countries and the ESM Treaty will set the ground for greater institutional coordination on fiscal policies among euro area member states. None of these decisions, however, will be able to pull the euro area out of this crisis. The eurozone is trapped in a classic prisoner's dilemma. The break-up of the euro remains unlikely but the exit strategy will continue to be led by a sequence of rational (but sub-optimal) decisions, which will make the process long and painful.

### MiFID 2.0 Unveiled

ECMI Commentary | November 2011 | By Karel Lannoo

Although the drafts of MiFID II follow largely what had been anticipated by ESMA and the European Commission, the documents took observers by surprise in both their approach and length. This commentary explains how the original legislation has been amended with the principal aim of levelling the playing field and examines its novel features.

## RECENT EVENTS

### Sovereign Bond Markets in State of Flux

ECMI Research Seminar | 6 March 2012 | CEPS Brussels

As revealed at this seminar with top experts in sovereign bond markets, the equation  $LTRO + ESM - PSI = LY$  roughly captures market sentiment. In effect, the longer-term refinancing operations (LTRO) carried-out by the ECB and the future European Stability Mechanism (ESM) are easing the pressures in sovereign bond markets and are seen positively by market participants. Yet private sector involvement (PSI) in the rescue package for Greece is believed to have had the opposite effect, undermining market confidence despite reducing moral hazard. As a result of the interaction of these three factors, investors are expecting low yields (LY) in Europe, coupled with uncertainties about the future. To overcome this impasse, experts and investors present at this seminar favoured common issuance, introduced progressively over the medium-term, in combination with structural reforms, to make the equation work to the benefit of member states and their citizens.



### Commodities Task Force: Sixth Meeting

Task Force Meeting | 10 February 2012 | CEPS Brussels

In its last substantive meeting, the task force paid great attention to the objectives that should lead policy-making actions on commodities markets. It was felt that the need to understand the drivers of greater volatility must be balanced against acknowledging the positive impact of future markets in areas where price formation was before penalised by inefficient and costly market structures. The task force final report is due later in 2012.

### Commodities Task Force: Fifth Meeting

Task Force Meeting | 20 January 2012 | CEPS Brussels

Task force members considered agricultural commodities at this meeting, and in particular the role of market infrastructure in allowing greater market access to small producers in the last decade. To match this novel demand for liquidity, new forms of investments (as indexes) have become very much present in these markets. Evidence seems to support a priori observations that these investment vehicles may have a short-term impact on prices. Yet, in the longer run fundamentals seem to remain the real drivers of price changes and volatility.