

“Towards the Financial Infrastructures of Tomorrow”

#ECSDA2019: a day to remember as advancing the post-trade ecosystem

With a line-up of prestigious speakers, panellists and moderators, ECSDA attracted over 190 participants at the Auditorium of the National Bank of Belgium in Brussels on 20 November 2019. The headline of the conference “Towards the Financial Market Infrastructures of Tomorrow” couldn’t have been chosen better to reflect the core of all presentations, panel discussions and updates.

CMU

The first panel focused on how to deepen Capital Markets Union, and how post-trade could contribute to making the capital flows as easy as movements of persons in Schengen. Existing barriers to further harmonisation, most important being for the insolvency laws and fiscal matters, have been extensively discussed, and there seems to be an overall agreement that the next steps will take time and political willingness to move forward towards a deeper Capital Markets Union. Cross-currency fragmentation remains significant and needs to be overcome.

Regulation, regulation and regulation

Some market infrastructures admitted quite a degree of fatigue after two-three years of heavy efforts on the CSDR implementation. On the other hand, they feel stronger today and better prepared towards the many challenges still ahead. In the debates around the CSDR aftermath, the regulators defend a need for further efforts to preserve a safe and risk-protected post-trade financial system. We learned that a gap analysis between the EU CSDR and the global Principles for FMI is ongoing. For the review of CSDR, most opinions defend a level of detail that is rather moderate compared to a complete overhaul of the regulation. The regulators view is that it will be a balancing act: CSDR is there to stay, and with the help of the continuously ongoing efforts of representatives and partners such as ESMA, and the different ECSDA Working groups, the foundations are being laid towards CSDR II.

Tomorrow's Market Infrastructures

The cherry on the cake came with the afternoon elite panel, featuring no less than the Euroclear Group's CEO, Lieve Mostrey, Deutsche Börse group ExCo member responsible for post-trading, Stephan Leithner, the new ECB's Director General for Infrastructure, Ulrich Bindseil, and the National Central Bank Director overseeing the Euroclear group, Tim Hermans. Topics such as consolidation, collaboration, harmonisation, innovation and also co-competition were covered from different angles, and we heard loud and clear that smaller market infrastructures ask for an inclusive agenda on the road to the future. Technological challenges for market infrastructures are high on the priority list, but you don't turn an aircraft into an agile drone overnight.

Innovation and technology

After an expert view on tokenisation and custody of digital assets, which made clear that DLT is definitely there to stay; a last series of presentations covered ID2S' trajectory as a 'new kid on the block'; Monte Titoli/LSE's Data & Analytics journey; and SDX SIX and SWIFT's digital proposals to bring further value to the global financial eco-system. The panel has broadened the concept of innovation beyond Artificial Intelligence and Blockchain towards crafting new business models and rethinking the eco-systems. The discussions also revealed unanimity about regulation 'equal for all': start-up settlement and custody providers must undergo the same regulatory and other requirements as the incumbents. We noted the wise words of ID2S that the CSDR licence is not a burden for a start-up, but a pre-condition of trust granted by their investors and users.

The panellists encouraged to start a joint work on the legal framework for crypto assets, their asset servicing standards, governance and principles for interoperability as Immediate priorities. We also noted a warning to watch out for a crypto-assets' misclassification, e.g. between utility and security tokens, leading to an inaccurate legal regime.

The conclusions from the ECSDA Chairman and a networking cocktail wrapped up an inspiring day.

It was an energizing day full of content about where financial market infrastructures are heading to, what topics are high on their agenda's and how they are preparing to be future proof. A warm thank you to the speakers, moderators and panellists for their rich interventions, as well as to the organising team that did their utmost for a flawless organisation of the day.