

Association for Financial Markets (AFME)

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European Economics Lobbying Presentation



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General Information

- Formed in November 2009 through the merger of the London Investment Banking Association (LIBA) and the European arm of the Securities Industries and Financial Markets Association (SIFMA)
- LTR Registration number: 65110063986-76
- On behalf of their members they...
 - offer a single voice for Europe's capital market participants and advocate their views at national, EU and global levels,
 - build constructive dialogue with regulators and policymakers,
 - offer their policy and product expertise to help achieve a balanced and stable regulatory environment,
 - And promote the contribution of the financial sector to society



**179 global and European
market participants**



**Over 3500 participants
from 160 firms**



**76 full members
103 associate members**

What Do They Do?

- Advocate for deep and integrated, stable, and competitive and sustainable European capital markets that support economic growth and benefit society
- Represent the leading global and European banks and other significant capital market players
- Focus on wholesale banking issues
- Direct participation by member firms, not an association of associations
- Deep in-house expertise from highly qualified staff with market backgrounds

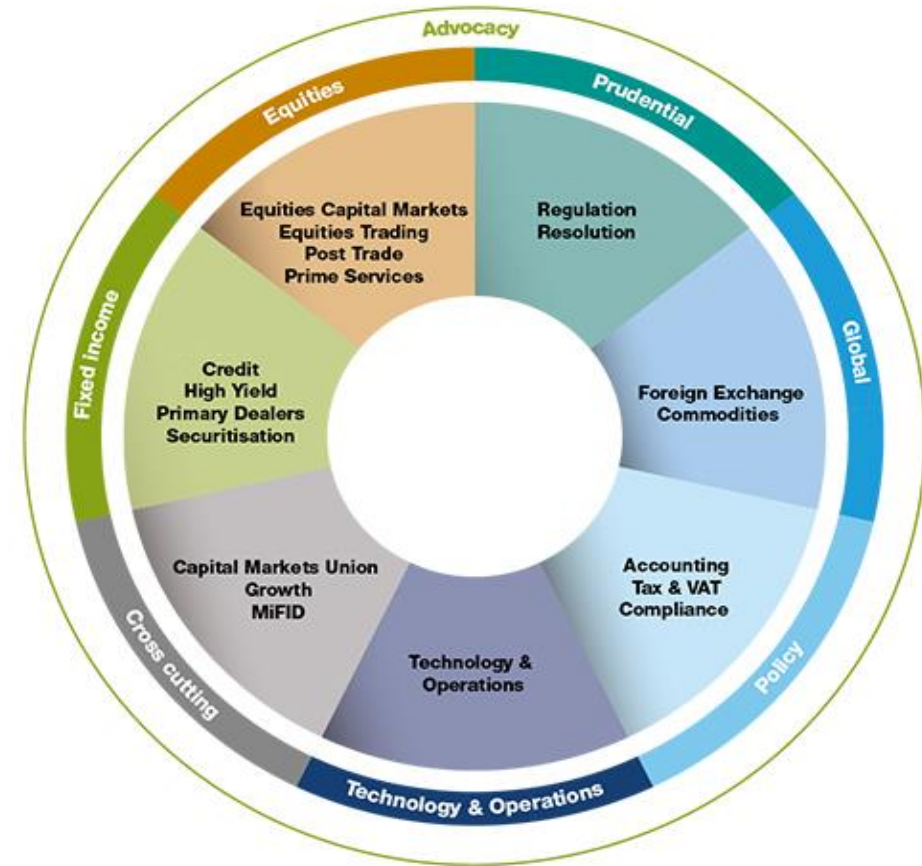


Structure

The AFME acts as a bridge between the wholesale financial markets, politicians, regulators and the public

Core activities

- **Advocacy** - close dialogue with regulators to ensure that the industry's perspective is understood and carries weight
- **Policy development** - applying our market expertise to assist formulation of EU and national legislation
- **Education** - helping policymakers to understand the markets
- **Communication** - developing content, convening debates
- **Co-ordination** - bringing market participants and industry bodies to work together on the key issues for the sector



Members:
179 European and
global market
participants

- Blackrock
- Bloomberg
- BNP Paribas
- Citi
- Commerzbank
- Deutsche Bank
- Ernst&Young
- Fitch ratings
- Goldman Sachs
- HSBC
- J.P. Morgan Chase
- PwC
- Standard & Poor's
- UniCredit

And more...

afme /
Finance for Europe

Key People: Board

Most of the 23 members of AFME's board are heads of (global) markets or EMEA executives for leading financial players. This ensures an extensive network across the globe.

Independent Chairman



Michael Cole-Fontayn

Also:



Chairman

Previously:



Chairman
EMEA

Vice Chair



Guy America

Also:

J.P.Morgan

Head of Global
Credit Markets

Previously:

J.P.Morgan

Vice Chair



Olivier Osty

Also:



Head of Global
Markets

Previously:



Key People: Lobbyists with EP accreditation

**AFME position
unknown***



Hélène Benoist

Associations:



*Not found on AFME website or google search. No photo or social media account found

**Managing Director,
Advocacy Brussels**



Stefano Mazzocchi

Associations:



INTESA  **SANPAOLO** (Bank)



Economic Advisor

Writer for various newspapers

**Managing Director,
Advocacy**



Pablo Portugal

Associations:



**Director,
Advocacy Brussels**



Pedro Pinto

Associations:



Research Director



Julio Suarez

Associations:



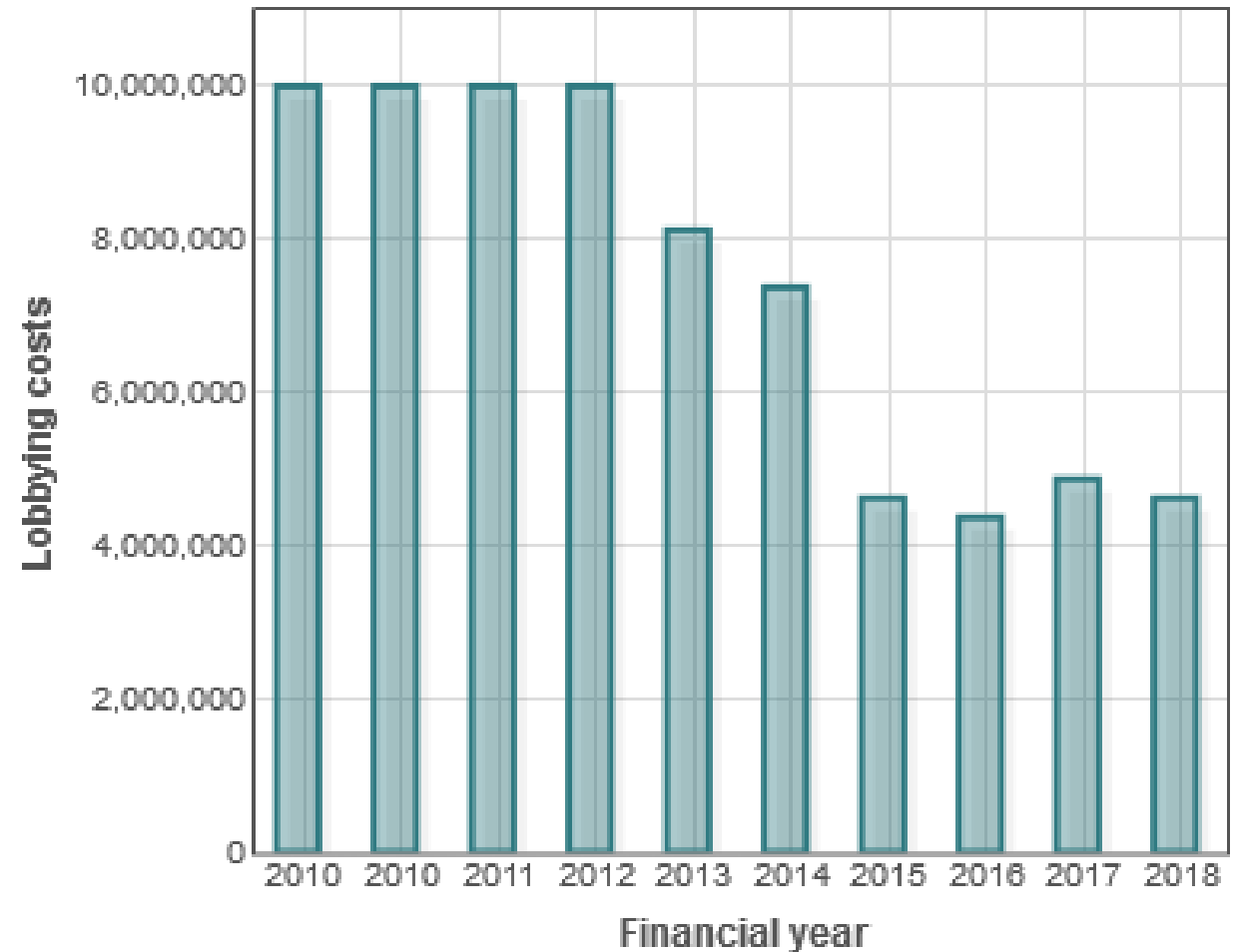
(Bank)

Senior involvement in various economic reports for European bodies/ committees

Finances and Expenditures

- Lobbying expenditure fiscal year 2018: 4.5 - 4.749 million €
- Among the top 0.2% of most-spending organizations registered in the LTR
- Funding from EU institutions: None
- No further financial information disclosed

LOBBYING COSTS OVER THE YEARS:



Taken from Lobbyfacts.eu

Associations



EU lobbying expenditure 11/2017 – 10/2018: 50k – 99.9k €
Funding from EU institutions: None

Associations

Organization	Number of members	EU lobbying expenditure in k€ (Funding from EU institutions), Time frame	Number of full-time-equivalent people involved in lobbying activities (accredited for parliament access)
European Banking Institute	15	100 - 199 (0) 1/18-12/18	0.5 (0)
Institute for Fiscal Studies	No registration in LTR		
Joint Money Laundering Steering Group	No registration in LTR		
International Council of Securities Associations	No registration in LTR		
Centre for Economic Policy Research	No registration in LTR		
TheCityUK	Not disclosed	100 - 199 (0) 4/18-03/19	5 (0)
European Parliamentary Financial Services Forum	44	100 - 199 (0) 1/19-12/19	3.5 (2)

Associations

Organization	Number of members (organizations, persons, institutions)	EU lobbying expenditure in k€ (Funding from EU institutions)	Number of full-time-equivalent people involved in lobbying activities (accredited for parliament access)
European Forum for Manufacturing	17	100 - 199 (0) 01/18-12/18	2.2 (3)
Securities Houses Compliance Officers Group	No registration in LTR		
Centre for the Study of Financial Innovation (CSFI)	70	10 - 24.9 (0) 04/17-03/18	1.5 (0)
European Capital Markets Institute	No registration in LTR		
QED	Not disclosed	800 – 899 (0) 08/18-07/19	2.2 (1)
International Business and Diplomatic Exchange (IBDE)	No registration in LTR		

Real Life Cases and Issues

1. Revolving Doors
2. Basel III

AFME

- One of the most powerful finance lobbying groups in Europe elected Adam Farkas, the former Executive Director of the European Banking Authority (EBA), as their new CEO.

Conflict?

- An official taking over a job an industry they have previously overseen
- As Mr. Farkas is a former member of the EBA committee, Members of the European Parliament are concerned about there being a conflict of interest between the move; whether this is the EBA's disregard for ethics rules (i.e. insider knowledge)
- There are EU Staff Regulations, in form of restrictions or forbiddance, that are to be adopted if a situation such as this one occurs. However, it seems the approach had not been considered.
- [EBA Conflict](#) (15.01.2020)

Case I

The Sign-On Statement

The basis of the sign-on statement is to stop the crisis of revolving doors currently occurring with Adam Farkas and previously with EBA Chairman José Manuel Campa (before a top lobbyist for a Spanish financial corporation). EU supervisory authority is losing the trust they have from the public because their role as financial regulators, defending public decision making from the influence of powerful financial corporations, is currently being undermined.

- On 15 January 2020, a civil society sign-on statement was signed and published by 58 civil organizations
 - [Sign-on-Statement](#)

All 58 signees

350.org, Action from Ireland, Alliance of Lithuanian Consumer Organisations (LVOA), ALTER-EU, ASUFIN, Attac Austria, Attac Germany, Attac Norway, ATTAC-Turin, BankTrack, Caritas France- Secours Catholique, CCFD-Terre Solidaire, Centre For Research On Multinational Corporations (SOMO), Centre for Transport and Energy, Consultants for Sustainable Development, Corporate Europe Observatory, Debt Observatory in Globalisation (ODG), Economistes Atterrés, Ecumenical Academy, European Financial Inclusion Network (EFIN), EnaBanda, Etika asbl, Fair Finance Institute, FairFin, FEBEA - European Federation of Ethical and Alternative Banks and Financiers, Fédération des finances CGT, Finance Watch, Finanzwende, FISAC/CGIL, Friends of the Earth Europe, Friends of the Earth Ireland, Fundación Finanzas Éticas, Galway One World Centre, Global Aktion, Green Economy Coalition, Greenpeace EU Unit, Guerrilla Foundation, LobbyControl, Magosfa Foundation, Milieudefensie, Monneta, National Society of Conservationists - Friends of the Earth Hungary, NOAH - Friends of the Earth Denmark, NOVACT, Positive Money, Public Citizen, Rainforest Action Network, Rosa Luxemburg Foundation, Society for International Development (SID), Stamp Out Poverty, Towards Sustainability Association, Transnational Institute, UNI Europa Finance, Urgewald, Veblen Institute, WEED - World Economy, Ecology & Development, Wellbeing Economy Alliance, Zukunftskonvent.

The Goal

- The sign-on statement urged:
- "Regulators of banks must be beyond reproach on ethics, transparency and integrity. We therefore urge the Board of Supervisors of the EBA to:
 - revisit and promptly reverse this decision
 - review and duly enforce the EBA's rules on 'revolving doors'
 - improve transparency about its relationship with the financial lobby"

The Outcome

- As of 1 February 2020, Adam Farkas took the role of CEO for the Association for Financial Markets, or AFME.

Conclusion

- While it may seem expected for there to be action against such a severe conflict of interest between the two main companies, we feel as though Farkas' transition will not be undone. However, we think that maybe now, stricter regulations will be put in place as this is the second time something like this has happened with EBA. Furthermore, it seems that Mr. Farkas may not be able to do his job, especially with the restrictions upon him. His role of the company is to enhance the European financial market, but he may not be able to do that properly with the restrictions set in place. There may be times when the decisions he must make will be decisions impacted by his past work knowledge and experience, but sadly we cannot say/determine if it was or wasn't.

AFME

- In 2019, the AFME successfully opposed a tightening of the Basel III criteria, achieving various exemptions regarding the measurement of exposure in the calculation of the leverage ratio (LR)
- Basel III LR = Capital measure/ Exposure measure

Conflict

- A minimum LR requirement for financial institutions has been sought for since the 2008 financial crisis to force financial institutions to increase their equity and thus increase stability
- The AFME advocated for exemptions to the calculation of the exposure measure, which would lead to lower equity requirements for their members at the cost of stability.

Case II

Goal

- The exemptions proposed were:
 - Central bank deposits
 - Central bank repos and unencumbered cash equivalents
 - Extension of intra-group exemptions to include all global group entities instead of only the ones within a single member state

Outcome

- Central bank exposures can be temporarily exempt
- The LR is to be met with total tier 1 capital (common equity + reserves) instead of only common equity

Conclusion

Though not all proposals made by the AFME were met, this case shows well the influence that the AFME has on regulations and policies in the EU.

AFME & Brexit



The AFME has been supporting their members in the Brexit preparations



They have made the case to create legislation that would "enable certain services to continue in the event of a no deal scenario"



They have been working with both EU and UK government to ensure their members' best interest throughout the unprecedented and uncertain process

AFME & Sustainable Finance Act

AFME has been working on the development of the plan and focusing on Commission's Act Plan on Financing Sustainable Growth. The focus is working on making a more sustainable and climate resilient economy (financial sector and capital flows).

They have worked with EU legislators with the initiative since June 2019 on recommending the following proposals: "transparency on investment products and new categories of specific investment benchmarks (to aid in more sustainably-conscious decision making by investors).

Overall a more coordinated approach towards sustainable growth across industries for a strong sustainable economy.

Other initiatives: green securitization, EU Taxonomy Regulations; EU Directive on Non-Financial Reporting (making available climate related information

References

- [AFME:HowWeWork](#)
- [Sign-on-Statement](#)
- [European Banking](#)
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