

PRESS RELEASE

THE FIRST DAY OF THE GENERAL ASSEMBLY OF THE WORLD FEDERATION OF EXCHANGES (WFE) COMES TO A CLOSE

Athens, Wednesday 3 October 2018

A. Election of new Directors to the Board of WFE

The first day of the 58th General Assembly of the World Federation of Exchanges (WFE) in Athens was marked by the election of the following new Directors to the Federation's Board:

1. Dr Urs Rügsegger, Chairman, SIX Swiss Exchange - Chairman, WFE
2. Mr Edward Tilly, Chairman & CEO, Cboe Global Markets - Vice Chairman, WFE
3. Mr Vikram Limaye, Managing Director & CEO, National Stock Exchange of India (NSE) - Working Committee Chairman, WFE
4. Mr Bryan Durkin, President, CME Group
5. Mr Huang Hongyuan, Executive Chairman, Shanghai Stock Exchange (SSE)
6. Mr Andreas Preuss, Deputy CEO, Deutsche Börse AG,
7. Ms Nicky Newton-King, CEO, Johannesburg Stock Exchange

B. Six new members for the WFE

Moreover, the World Federation of Exchanges admitted six new members taking the total number of full members to 70, a historical high. With six new members joining, the WFE now represents more than 200 market infrastructure providers.

More specifically, these new members are:

1. **London Stock Exchange Group**
2. **Boursa Kuwait**
3. **Multi Commodity Exchange of India (MCX)**
4. **Tunis Stock Exchange**
5. **China Securities Depository and Clearing Corporation (CSDC)**
6. **Nairobi Securities Exchange**

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Nandini Sukumar, CEO, WFE said: «Members are the lifeblood of any trade association, and our new members demonstrate the truly global breadth and multi-asset class depth of today's WFE. We are proud to represent such a diverse range of organisations, and with full members now standing at 70 - the greatest number in the federation's 57-year history – our role as the voice of the global market infrastructure industry has never been more important.

Moreover, with our ever-growing mandate and membership base, we look forward to championing the causes that matter to our members, focusing on business-critical topics including CCP-related capital issues, sustainability, emerging markets, market integrity, regulatory coherence, SMEs, cyber resilience and FinTech.”

G. General items on the agenda

One of the highly interesting subjects brought up during the conference sessions, was related to the capital market legislation. More specifically, the Chairman of ESMA (European Securities and Markets Association), Stephen Maijoor, who delivered a keynote speech and sat in panels, underlined the following:

- ESMA has been informed by Stock Exchanges and Banks, and is aware of the need to exclude callable bonds from the increased reporting obligations and the increased difficulty of their promotion to private investors (KIDS, PRIIPS). The fact that there is no early exercise does not mean that these products should be considered complex products - anyone investing in them must simply monitor the yield to call instead of the yield to maturity. Their exemption is anticipated to facilitate access of investors to bonds and their secondary trading on markets.
- Adoption of MiFID II on 3/1/2018 was followed by the transfer of a large percentage of OTC transactions to systematic internalisers. What has been observed, and which must be corrected, is that the transaction price at the internalisers in most cases is at a lower price increment than what is allowed at Exchanges and other trading platforms, and in fact for low value transactions. The related data have been collected by the Members of FESE and WFE and have been handed over to ESMA. There is an analysis and discussion under way regarding the improvement of this issue, aiming to achieve an increase of liquidity in the Exchanges and the trading platforms over time.
- As regards BREXIT, it is obvious that the main goal of ESMA is to make sure that firms relocating their operations from London can find the same legislative / regulatory framework in any market they decide to operate in. It appears that from a European London-centred financial model, we are

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moving to a financial decentralisation towards various countries of the European Union. Moreover, the goal of ESMA is improving the regulatory framework of third countries capital markets in relation to BREXIT and adequately preparing for the risk in the event where the EU and the UK fail to reach an agreement.

In closing, the WFE published today on its website a report on SME markets worldwide, titled “[An overview of WFE SME Markets](#)”, which describes the current situation for 33 SME markets in 29 Members of the WFE.

Below are some of the key points of this report:

- As at end of 2017, 6,807 companies, with a total market capitalisation of over USD 1.3 trillion, were listed on these 33 SME markets.
- More than 12,000 companies have listed on these markets, raising a combined USD 251 billion in share capital increases.
- Lack of liquidity is a significant challenge for most SME markets, since in 40% of the markets covered turnover velocity ratios were below 15%, reaching the conclusion that the coordination of the ecosystems is necessary for its improvement.

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About the World Federation of Exchanges (WFE):

Established in 1961, the [WFE](#) is the global industry association for exchanges and clearing houses. Headquartered in London, it represents over 200 market infrastructure providers, including standalone CCPs that are not part of exchange groups. Of our members, 36.8% are in Asia-Pacific, 42.6% in EMEA and 20.6% in the Americas. WFE exchanges are home to nearly 45,000 listed companies, and the market capitalisation of these entities is over \$82.5 trillion; around \$81.8 trillion (EOB) in trading annually passes through the infrastructures WFE members safeguard (at end 2017).

The WFE is the definitive source for exchange-traded statistics, and publishes over 350 market data indicators. Its free statistics database stretches back more than 40 years, and provides information and insight into developments on global exchanges. The WFE works with standard-setters, policy makers, regulators and government organisations around the world to support and promote the development of fair, transparent, stable and efficient markets. The WFE shares regulatory authorities' goals of ensuring the safety and soundness of the global financial system.

With extensive experience of developing and enforcing high standards of conduct, the WFE and its members support an orderly, secure, fair and transparent environment for investors; for companies that raise capital; and for all who deal with financial risk. We seek outcomes that maximise the common good, consumer confidence and economic growth. And we engage with policy makers and regulators in an open, collaborative way, reflecting the central, public role that exchanges and CCPs play in a globally integrated financial system.

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