

# Consolidation of European Capital Markets

Brian Taylor, Managing Director

"Creating a **Quantum  
Leap** in Consultancy"

Consolidation in Europe will add 0.5% to  
0.75% to the annual European GDP

Demutualisation has been the catalyst

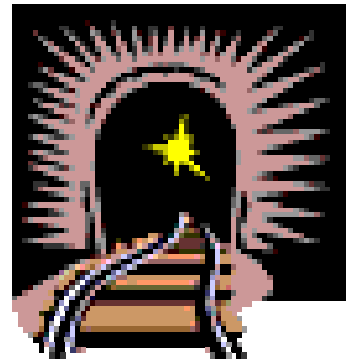
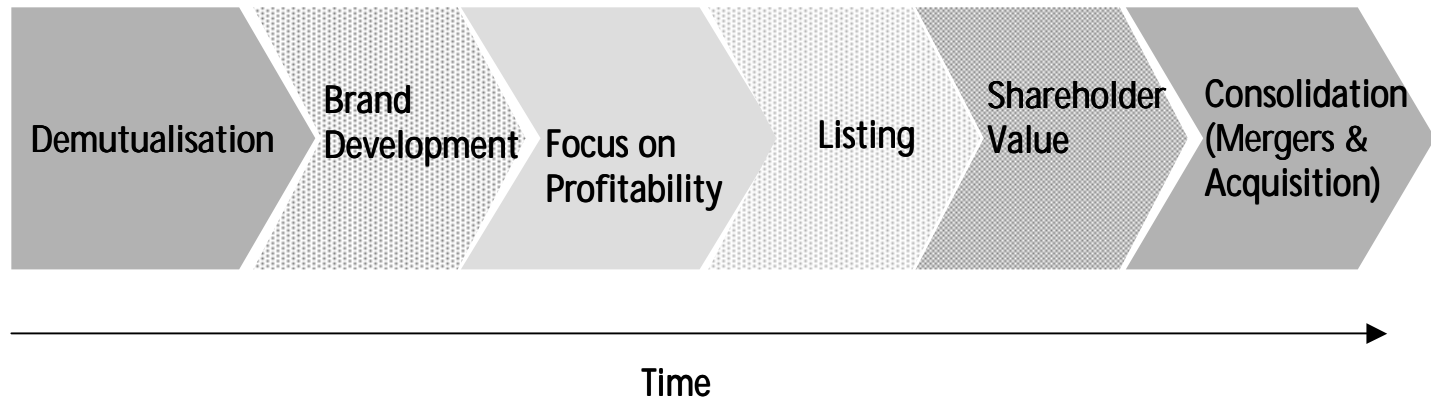
## Agenda

- Scene setting
- Consolidation drivers
- The European consolidation challenge
- Strategies to achieve consolidation
- Conclusions

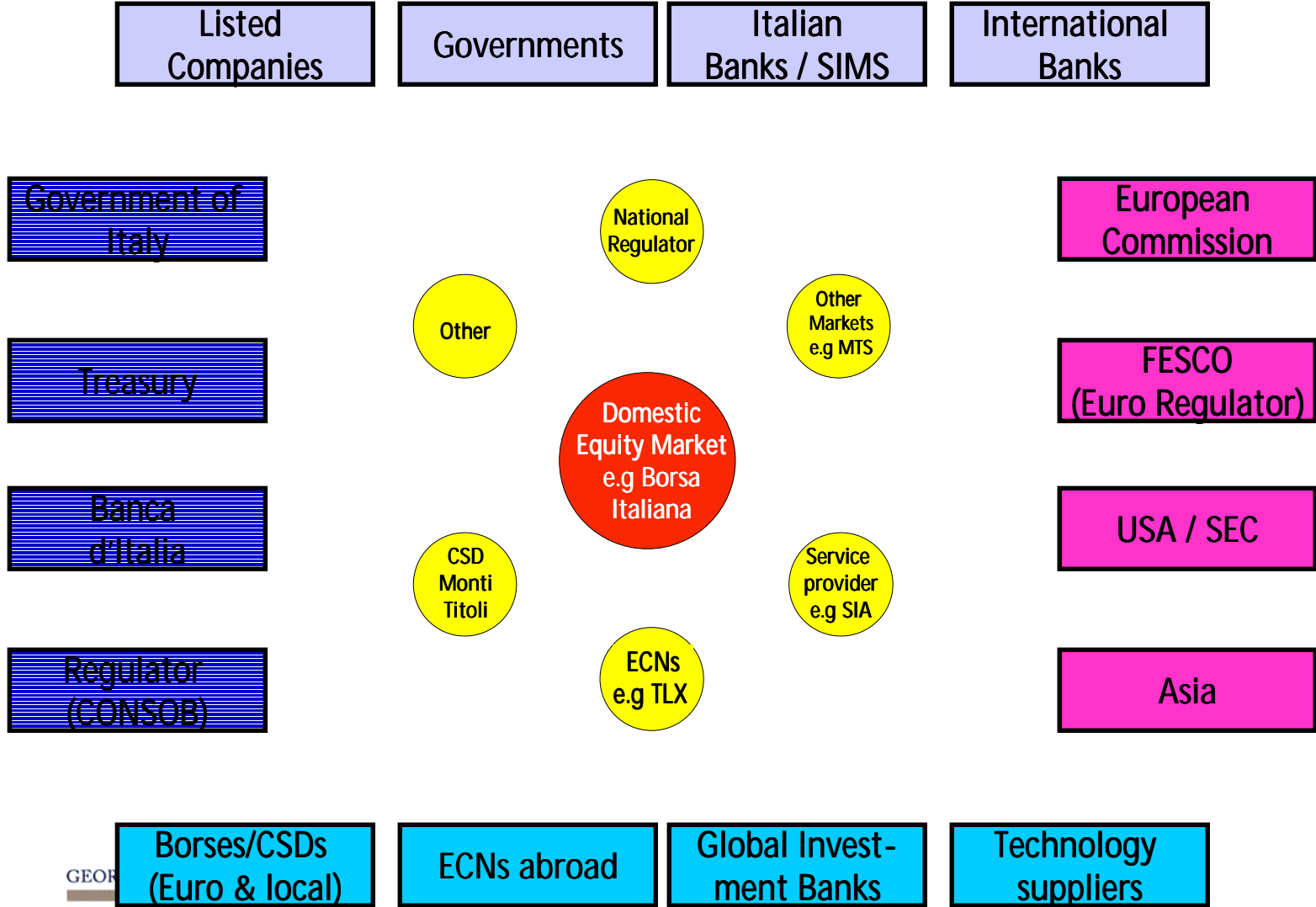
## Scene Setting

- Today's fragmentation:
  - 12 – 30+ countries
  - Several currencies
  - 30+ exchanges
  - 3 – 10+ CCPs
  - 2 ICSDs
  - 30+ CSDs
  - 30+ legal systems
  - No single regulator
  - .....
- Consolidation:
  - 1 country?
  - 1 currency?
  - 1 exchange?
  - 1 CCP?
  - 1 CSD?
  - 1 brand?
  - 1 vertical silos?
  - 1 horizontal model?
  - 1 legal framework?
  - 1 culture????

# Consolidation Drivers



# Consolidation drivers – national circles of influence



## European consolidation challenge

### ■ Power houses:

- Deutsche Börse
- Euronext
- London SE
- Euro MTS

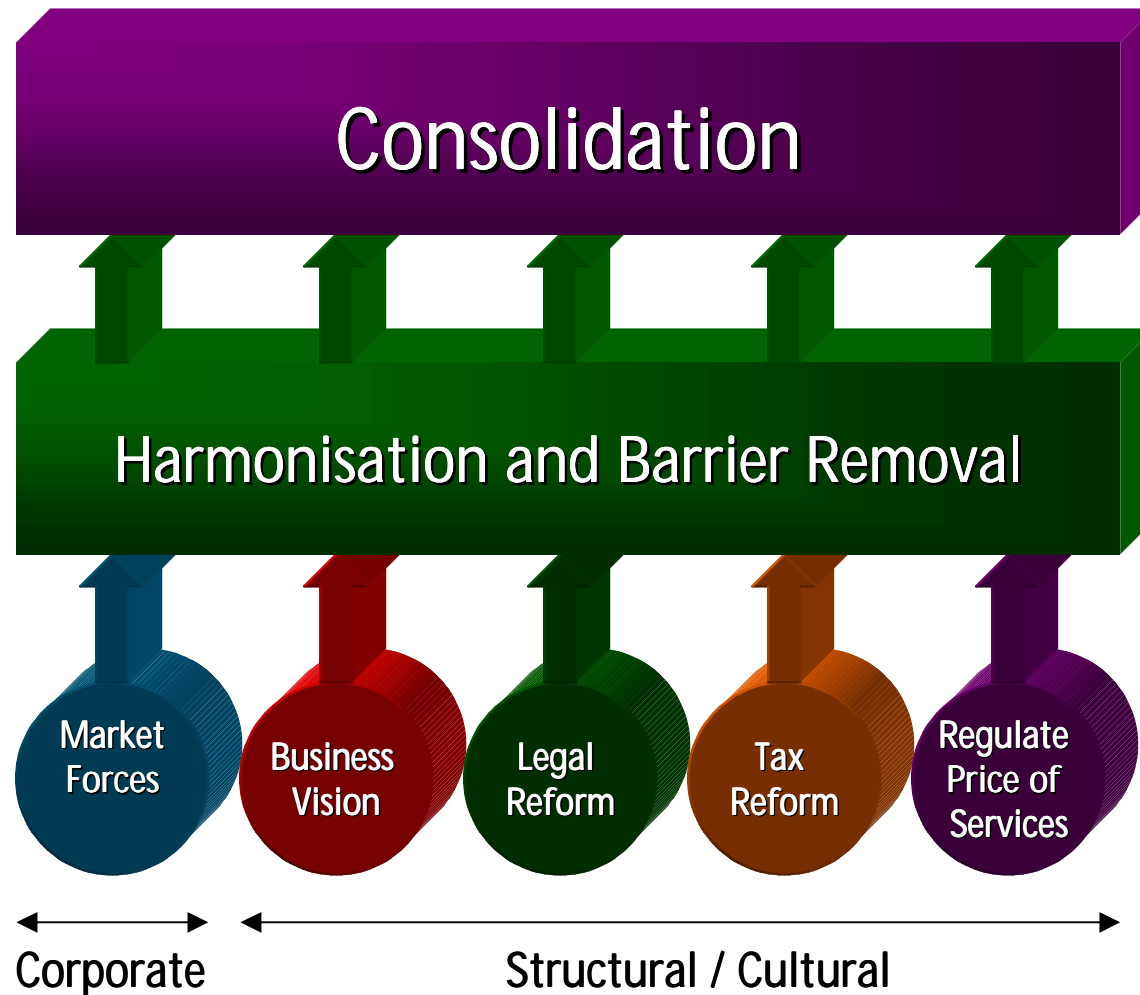
### ■ Opportunities:

- Borsa Italiana
- Norex Alliance
- Spain
- Virt-X

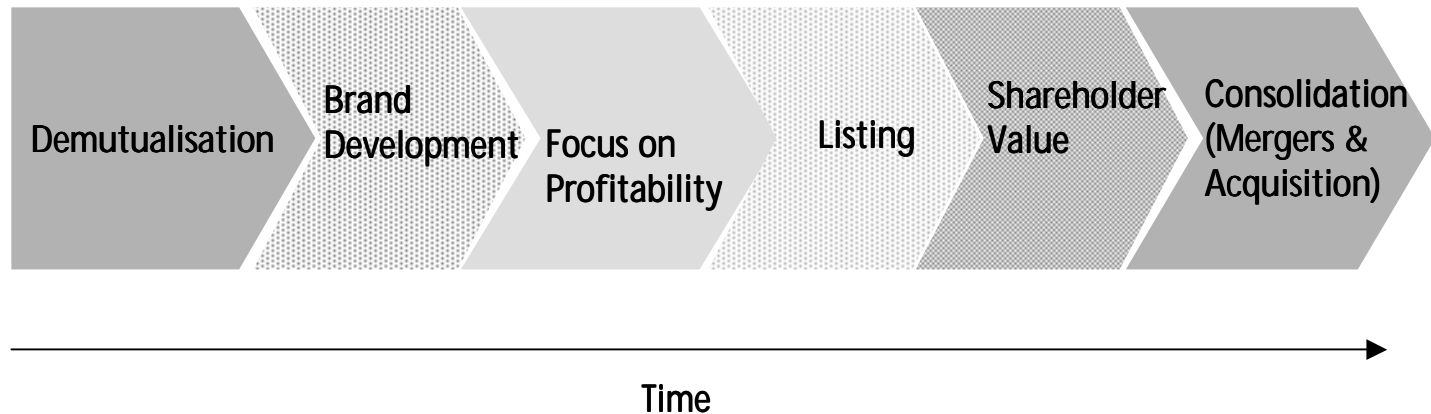
### ■ Clearing /Settlement

- Euroclear
- Clearstream
- Crest/Sega
- Clearnet
- LCH

# Strategies to achieve consolidation



# Conclusions



- The achievable consolidation agenda:
  - Internalise the problem
  - EU Commission should make fragmentation hurt
  - Structural reform will take 5 - 10 years
  - Cultural harmonisation will take many generations (if ever)

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