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# Cbonds Annual Conference

## External Debt Markets: Funding in New Regions, Infrastructure Challenges

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# The view from Europe/US: The regulatory agenda drives the need for change, impacting debt issuance



Other regulatory influences, either current or in discussion include:

- Financial Transaction Tax
- Solvency II
- UCITS V & VI <sup>6)</sup>

Degree of change over time



1) European Market Infrastructure Regulations (EMIR)  
2) Alternative Investment Fund Managers Directive (AIFMD)  
3) Foreign Account Tax Compliance Act (FATCA)

4) Committee on Payment and Settlement Systems-International Organization of Securities Commissions (CPSS-IOSCO)  
5) Markets in Financial Instruments Directive/Regulation (MIFID/R)  
6) Undertakings For The Collective Investment Of Transferable Securities (UCITS)

# Impact on Market Infrastructure

View from the ICSDs after 10 years involvement in the CIS region

**All Issuers, either in International Market or Domestic Markets want to:**

- ☐ Attract a maximum of Foreign Direct Investment
- ☐ Create a mature capital market for local and foreign participants
- ☐ Provide a local direct alternative and compete with foreign issuers

**BUT:**

- ☐ Debt market participant demands are increasing due to regulation
- ☐ Volatile nature of Emerging Markets, “Who is hot and Who is not?”
- ☐ In certain markets, foreign banks leave the local scene, creating provider choice gaps

# Recent Examples of Infrastructure Hurdles Impacting Debt Issuance in CIS

- ❑ Lack of foreign correspondent banks to launch local issues (Eurobonds).



- ❑ Split CSD functions



- ❑ No ICSD cash clearing functionality



- ❑ Lack of Euroclear/Clearstream Bridge



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# Single point of access to 54 domestic markets worldwide

33 markets in Europe 21 worldwide



Austria	Argentina
Belgium	Australia
Bulgaria	Brazil
Croatia	Canada
Cyprus	China
Czech Republic	Dubai
Denmark	Hong Kong
Estonia	Indonesia
Finland	Israel
France	Japan
Germany	Malaysia
Greece	Mexico
Hungary	New Zealand
Iceland	Philippines
Ireland	Singapore
Italy	South Africa
Latvia	South Korea
Lithuania	Taiwan
Luxembourg	Thailand
Malta	Uruguay
Netherlands	USA
Norway	
Poland	
Portugal	
Romania	
Russia	
Slovakia	
Slovenia	
Spain	
Sweden	
Switzerland	
Turkey	
United Kingdom	

+ the International market and Global Emissions Market

## Russia: Clearstream Coverage Summary

- ❑ Clearstream has a full link (securities and cash) to Russia:
  - 1. Eligibility of RUB as settlement currency.
  - 2. Direct link for equities via a nominee trading account.
  - 2. Direct link for debt securities via a nominee trading account.
- ❑ Both accounts are operated by Deutsche Bank Ltd, Moscow.
- ❑ Securities eligible in the Russian link are as follows:
  - 1. Equities,
  - 2. Government bonds (OFZ),
  - 3. Municipal bonds (regional government debt securities considered as tax-exempt),
  - 4. Corporate bonds.
- ❑ Corporate Actions, Proxy Voting and Tax services.

