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Citi's Regulatory Mind Map for Intermediaries

Navigation Guide

Please find enclosed the latest edition of **Citi's Regulatory Mind Map designed for investment banks and financial intermediaries**, following the launch edition of Citi's Regulatory Mind Map for asset managers in November 2011. This map is a selection of key reforms with the aim to visualise their interconnectivity and highlighting some of the main themes relevant to banks. It covers on one placemat some of the most important global, US and European regulatory reforms for the banking segment.

The **graph at the centre describes the regulatory ecosystem** for capital markets, mapping out the relationships across the three main vertical layers of the securities trading, clearing and settlement market infrastructure and its interface with the banking landscape. The key impact themes are outlined in bullet points to the right : evolution of infrastructures, costs, risks, and operations.

The regulatory mind map unfolds as follows:

The top left shows the major US reforms: FATCA, the Dodd-Frank Act, Form PF, Volcker and CFTC Rules. The bottom left corner illustrates the global Basel III framework including a graph of the new capital thresholds and structure. It comprises also a reference to the CPSS-IOSCO Principles for Financial Market Infrastructures, EU CRD IV (banking) and Solvency II (insurance) as these reforms have similar aims in terms of capitalization rules for different industry sectors. This box "connects" the US Dodd-Frank Act with the European EMIR legislation on central clearing of OTC derivatives. This **bottom left of the map** addresses aspects mostly relevant for **capital, clearing and collateral** – which are overall important for risk exposure considerations vis-à-vis counterparties.

At the **bottom centre**, next to EMIR is MiFID/R II as on-exchange traded derivatives in Europe will be captured by the MiFID/R II reform and – if traded over the counter – also by EMIR.

The European regulations continue to the **bottom and top right of the map** covering themes most relevant in particular for **settlements, systems and service providers**. The new AIFMD and UCITS IV/V reforms address amongst others major changes regarding depositary aspects, ie stricter liability rules for depositaries of UCITS and non-UCITS investment funds including hedge funds, private equity, real estate and infrastructure funds. The CSD-Regulation aims to establish a new pan-European framework for CSDs and determines also which activities are infrastructure type functions and which ones are intermediary type functions. The Securities Law Legislation (SLL) is the new EU framework for intermediated securities that will be in place before the ECB's T2S securities settlement system goes live in June 2015 – the new system for pan-European settlement transactions settled in central bank money – to ensure a smooth cross-border transfer of legal ownership of equities financial instruments. Overall these reforms are important in the context of risk considerations regarding market operations.

The map and a short video can be downloaded and printed as placemats in either A4/A3 format or A1 poster http://www.citigroup.com/icg/about_us

Citi's regulatory mind map provides no more than a snapshot of some key aspects. It does not purport to be comprehensive or to provide legal or other advice, but is aimed at generating discussion with clients on regulatory change and we would be delighted to exchange views on these aspects with you.

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