Europe's Integration Moment: The Market Architecture Agenda

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Thank you. I started my career as an analyst back in the early days of BlackRock, when the firm was solely focused on fixed income. I have spent my career in the mechanics of global markets, and much of what I know, I learned from institutions like the ones in this room. The European bond market remains one of the world's most consequential pieces of market architecture. The people who built it – and who are now building what comes next – are sitting here. It is an honor to be with you.

The design decisions in front of us now – on broadening participation, modernizing market infrastructure and connecting digital and traditional finance – will shape markets for the next two decades.

Across both retail and institutional markets, structural change is accelerating.

On the retail side, digital participation has scaled, and tokenization – while still early – is beginning to move from concept to application.

On the institutional side, the focus has shifted to building infrastructure for capital markets that are getting bigger and faster – deeper liquidity, more mobile collateral and tighter integration between digital and traditional markets.

These two shifts are not separate – they are reinforcing each other.

And importantly, the constraint today is rarely technology. It is standards, legal certainty, and alignment across market participants.

Let me focus on three ideas.

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First: The ETF is the working precedent on broadening participation

The ETF's success is not about the product – it is about design.

Continuous pricing, holdings transparency, convenient access – and, critically, incentives that align liquidity provision with investor outcomes.

Over the past 25 years, the European ETF market has grown into a multi-trillion-euro ecosystem, with adoption continuing to accelerate. Today, over 100 million European investors participate in capital markets, increasingly through vehicles like ETFs. And estimates suggest ~9 million plan to invest for the first time within the next year, with nearly a third expected to do so through ETFs.[1]

But the most important lesson is not scale – it is how the structure performs under a very broad set of market conditions.

In March 2020, as parts of the underlying bond market became difficult to trade, bond ETFs enhanced market functioning with trade continuity and transparent price discovery. That resilience came from how the system is designed: authorized participants are economically incentivized to keep ETF prices aligned with underlying assets.

In some cases, ETF shares traded multiple times more frequently than the bonds themselves – making the market more observable, not less.

The conclusion is straightforward: ETFs work because the architecture is built around the end investor. The structure delivers liquidity, transparency, and consistency in both normal conditions and stress. ETFs are one of the few places in modern market structure where the economics of liquidity provision and the experience of investors largely reinforce each other – helping deliver lower cost, tighter pricing, and broader access at scale.

That is the standard the next generation of market infrastructure has to meet.

At the same time, a new investor base is already forming.

[1] BlackRock's People & Money research, 2025

A growing cohort of younger savers holds meaningful assets in crypto wallets – capital outside the traditional system. They're seeking access to markets – but through digital-native infrastructure.

In parts of the Middle East, we are already seeing this play out at scale — with regulators and market participants moving early to support digital asset adoption within regulated frameworks.

If regulated markets do not provide trusted, efficient pathways into tokenized finance, those assets will remain outside the system – and outside the reach of the real economy.

Second: Modernizing liquidity infrastructure will build resilience for a faster, larger system

The reforms after the global financial crisis made the central institutions and infrastructure of the financial system safer. Central clearing reduced counterparty risk. Bank balance sheets are stronger. And that framework has held – even through significant episodes of stress.

But those reforms also created a new dynamic.

We hard-wired volatility to system-wide cash demand. In periods of sharp price falls, margin requirements rise across the system at the same time. And because we did not build sufficient capacity to absorb that demand, margin calls can translate quickly into forced asset sales.

The issue is not the strength of the core – it is the system's ability to respond to increasing demands and how to build on a post-crisis framework that has already proven highly effective.

That is where pressure valves matter.

Pressure valves are the mechanisms – market practices, infrastructure, and policy choices – that allow the system to meet liquidity demands without triggering fire sales.

The most important of these is collateral mobility.

We need a broader pool of high-quality collateral that can be used efficiently – and we need it to move faster. When firms cannot mobilize collateral, their only option is to sell assets, which amplifies stress across the system.

Improving collateral mobility allows us to substitute movement for liquidation – preserving value, reducing volatility, and strengthening resilience.

Market infrastructure is beginning to evolve in this direction: better data transparency, more integrated trading and clearing, and targeted use of tokenized settlement where it improves speed or reduces friction.

But one element remains foundational: repo.

Repo is the system's original pressure valve. It allows participants to access liquidity without selling assets outright.

In Europe, repo capacity remains constrained. Strengthening it – making it deeper and more agile – is essential to ensuring the broader system can function effectively under stress. Without this, the other valves cannot fully do their job.

The objective is to build on an already successful reform agenda — so the system can absorb shocks, not just withstand them.

Third: Digital innovation should strengthen – not fragment – market architecture

Tokenization is often framed as a new asset class. It is not.

It is a change in how ownership is recorded, transferred, and managed.

The key question is whether we use tokenization to modernize existing markets – or inadvertently create parallel ones.

If tokenized instruments operate with different legal treatment, different liquidity pools, or different pricing dynamics, we risk fragmenting markets rather than improving them.

If, instead, tokenization is integrated into existing frameworks — aligned with the same legal standards, collateral rules, and settlement systems — it can enhance efficiency, transparency, and resilience.

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The most immediate benefits are practical: broader access to investment opportunities, new functionality in financial instruments, and more efficient collateral and settlement processes.

This brings us to a fundamental question: what is money in a digital system?

The answer is increasingly plural. We are moving toward a world that includes central bank money, tokenized bank deposits, regulated stablecoins, and potentially a digital euro.

The question is not which form prevails, but whether they function together. The choices we make at the settlement layer will determine whether multiple forms of digital cash strengthen the system – or fragment it.

Some markets – particularly in the Middle East – are moving quickly to define these frameworks, which makes alignment across jurisdictions even more important.

That requires interoperability. A word many use, but few define.

Interoperability operates on three levels:

Technical: systems can connect and exchange data
Legal and regulatory: claims are recognized and enforceable across jurisdictions
Economic: prices, liquidity, and settlement remain coherent, especially under stress

Most discussion focuses on the technical layer. But the real complexity – and the real risk – sits in the legal and economic layers.

We can ground this in a few practical questions:

Are the ownership rights and legal status of a tokenized instrument clearly defined and enforceable – with any divergence from the traditional form transparent and intentional?

Can it move into existing collateral frameworks under the same eligibility criteria, without a parallel rulebook?

Is the price relationship between tokenized and traditional versions of an asset coherent, with any divergence observable and measurable?

When we can answer yes to all of these, tokenization stops being a parallel experiment and becomes the next layer of market infrastructure, deeper, faster and more connected than what came before.

Closing

There is a significant opportunity for the countries that get this right. The design choices made in the next few years will shape markets for decades. Countries that modernize their market architecture will deepen capital markets, broaden access to finance and expand the capacity for long-term growth.

The work ahead is to extend the progress already underway: into bond markets, into broader participation, and into a generation of savers whose capital still sits outside the regulated system – and connect it to the real economy.

The real test is whether incumbents and fintech firms can build this next layer together. If we compete for larger shares of smaller pies–prioritizing territoriality over shared standards – we will fragment liquidity and slow progress.

So let's align around shared standards and a common purpose: broader participation, modernized liquidity infrastructure, and interoperability we can measure. That is the market architecture agenda. Get the next decade right, and we expand what capital markets can do – for investors, for economies, and for growth.

Thank you.

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