



Services

Where can *we take you?*

Strengthening The Nordics



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The Nordic capital markets continue to flourish. And whilst EU regulations aimed at promoting closer integration and cross-border harmonization have largely been a force for good in the Nordics, some rules could potentially cause problems for the region's capital markets. In this edition of our "Where Can We Take You" series, Marcello Topa, Global Head of Advocacy for Investor Services at Citi, sits down again with Ola Mjorud, Nordic Custody Head, to talk about what differentiates the Nordics capital markets from its peers.

Q Topa: What differentiates the Nordic's capital markets from its peers?

A Mjorud: As a region, the Nordics have a deep pool of investors as education about finance and investing begins at a young age. In Sweden for example, the government has played a critical role in supporting the issuance and marketing of so-called people's or popular shares – otherwise known as Folkaktier.

The tax framework in the Nordics also provides a compelling incentive for people to invest and in addition, the region's institutional investors, e.g., sovereign wealth funds and defined contribution pension funds, have sizeable Assets Under Management (AUM) too. Norway's \$1.94 trillion¹ Government Pension Fund Global, for example, owns 1.5% of all shares in the world's listed companies – corresponding to roughly 9,000 holdings.

All of this is underpinned by a network of leading banks and dynamic financial market infrastructures (FMIs), e.g., Central Securities Depositories (CSDs) and Central Counterparties (CCPs). This is now driving market harmonization efforts across the region.

Q Topa: How is post-trade reform putting the Nordics on a strong footing?

A Mjorud: Although the Nordic capital markets are in a good shape, efforts to achieve greater harmonization – particularly across post-trade – are still ongoing, in what proponents argue will be a catalyst for even more investment in the region.

One such standardization initiative is Target2Securities (T2S), the European Central Bank's (ECB) pan-EU settlement platform. By centralizing the settlement of securities using Central Bank money, T2S is not just facilitating further EU integration and standardization, but it is also enabling market participants to obtain cost synergies through liquidity and collateral optimization. While T2S is live in most of Europe, this is not the case in the Nordics.

To date, only Denmark and Finland have joined T2S, while Norway and Sweden remain outside of it, partly because they wanted to see how the other regional markets were faring on the platform. In addition, Sweden and Norway have also prioritized the implementation of T2, the real-time gross settlement system operated by Eurosystem. Once Norway and Sweden have transitioned their local currencies onto T2, T2S will be the obvious next step.

Euronext, the CSD operator for Norway, has confirmed its ambition to move to T2S albeit it has a dependency on

the Norges Bank, the Norwegian Central bank's decision on T2. Sveriges Riksbank, Sweden's Central Bank, is anticipating a move to T2 in 2030 followed by a T2S migration potentially later that same year, which has since been corroborated by Euroclear Sweden.²

While it is true that T2S set-up costs and ongoing costs are quite expensive, we believe the markets which adopt T2S will become more attractive in the long-term, and will set themselves up for future success.

T2S is just one of several standardization initiatives currently underway in the region. Other milestone projects include Euronext's Convergence Programme – which will see settlements and other CSD activities across Denmark and Norway (plus Portugal and Italy) transition to a single common platform starting in 2028, and the rollout of T+1 – due to go live across Europe on October 11, 2027.

Post-trade integration of this sort will be instrumental in further enhancing the Nordic markets' attractiveness as a leading European investment destination.

Q **Topa:** What needs to happen to ensure the Nordics stay strong?

A Mjorud: For the most part, post-trade harmonization is a sensible strategy – through closer integration, barriers precluding cross-border investing and trading can be removed, thereby reducing friction and costs at a time when organizations' margins are already being badly squeezed elsewhere. However, in markets such as the Nordics, where investing is already fairly seamless, harmonization initiatives, such as the EU's Savings and Investments Union (SIU), despite having perfectly good intentions, will need to be carefully considered.

Similar to its Capital Markets Union (CMU) predecessor, the SIU's primary objective is to stimulate investment in the EU, expedite consolidation across trading and post-trade infrastructures, streamline regulatory supervision and improve competitiveness and integration in the banking sector.

However, while the SIU will unlock a number of benefits, there are concerns in some circles it could inadvertently create challenges for the Nordics. Even very tentative proposals to strengthen asset safety requirements at an EU-level – which is obviously a sensible idea – might inadvertently weaken some of the existing investor protection mechanisms already available to Nordic investors.

The Nordic markets have a robust account structure, which is clearly defined and functions excellently. If a Nominee runs into trouble in Sweden, it is very clear that those nominee registered assets do not belong to that account operator – a set-up which is arguably better defined than in many other locations and which ensures a high degree of asset safety. While the SIU is not making any explicit changes to the account structure just yet, it is a distinct possibility this may happen in due course. What we would not want to see is for the SIU to introduce new changes, which make the Nordic account model more complicated and expensive.

The Nordic's capital markets continue to go from strength to strength. While standardization should be embraced, there is a risk that some of the EU's integration initiatives (e.g., SIU) might unwittingly hobble the Nordic region's already excellent investment frameworks and client protections.

Related article: [Harmonizing the Nordics](#)

¹ [Global SWF](#)

² Euroclear – September 10, 2025 – <https://www.euroclear.com/newsandinsights/en/Format/Videos/euroclear-nordic-vision.html>