



European Commission

Delivering on the CAPITAL MARKETS UNION

#CMU | #InvestEU

WHAT IS THE CAPITAL MARKETS UNION?

The Capital Markets Union aims to get money - investments and savings - flowing across the EU so that it can benefit consumers, investors and companies. It is part of the Juncker Commission's ambition to sustain growth in Europe. The Capital Markets Union aims to break down barriers that block cross-border investments in the EU and make it easier for companies and infrastructure projects to get the finance they need, regardless of where they are located. It also sets out to foster sustainable finance by directing investment to environmentally friendly projects.

WHY CAPITAL MARKETS UNION MATTERS?

More integrated financial markets create a cushion to absorb sudden shocks, and allow risk to be shared by private actors across EU borders, making the Economic and Monetary Union stronger and more resilient. This, in turn, can create an incentive for market participants to use the euro, therefore reinforcing its international role.

WHAT ARE THE CURRENT ISSUES?



Start-ups and small and medium-sized enterprises need more funding for innovation and growth (market-based sources of finance are currently less than 15%)



EU households save heavily, but do not make the most of their savings



High fixed costs of up to 15% of the amount raised makes access to stockmarkets especially costly for small businesses



Investors face many barriers when investing in other EU countries



European businesses highly depend on banks for their financing (50% of total financing), with few alternative funding sources

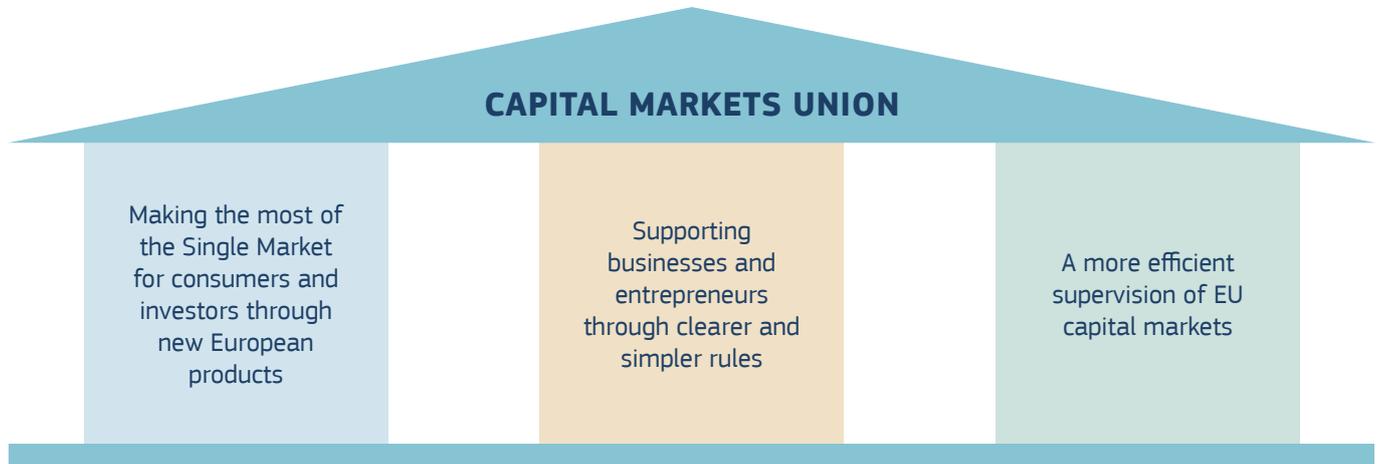


"The Capital Markets Union has a key role to play in strengthening Europe's Economic and Monetary Union and the euro. More integrated financial markets will be able to better absorb shocks before they reach the taxpayer. Deeper and more liquid capital markets in Europe will also lead to wider use of the euro by market participants in their daily operations."

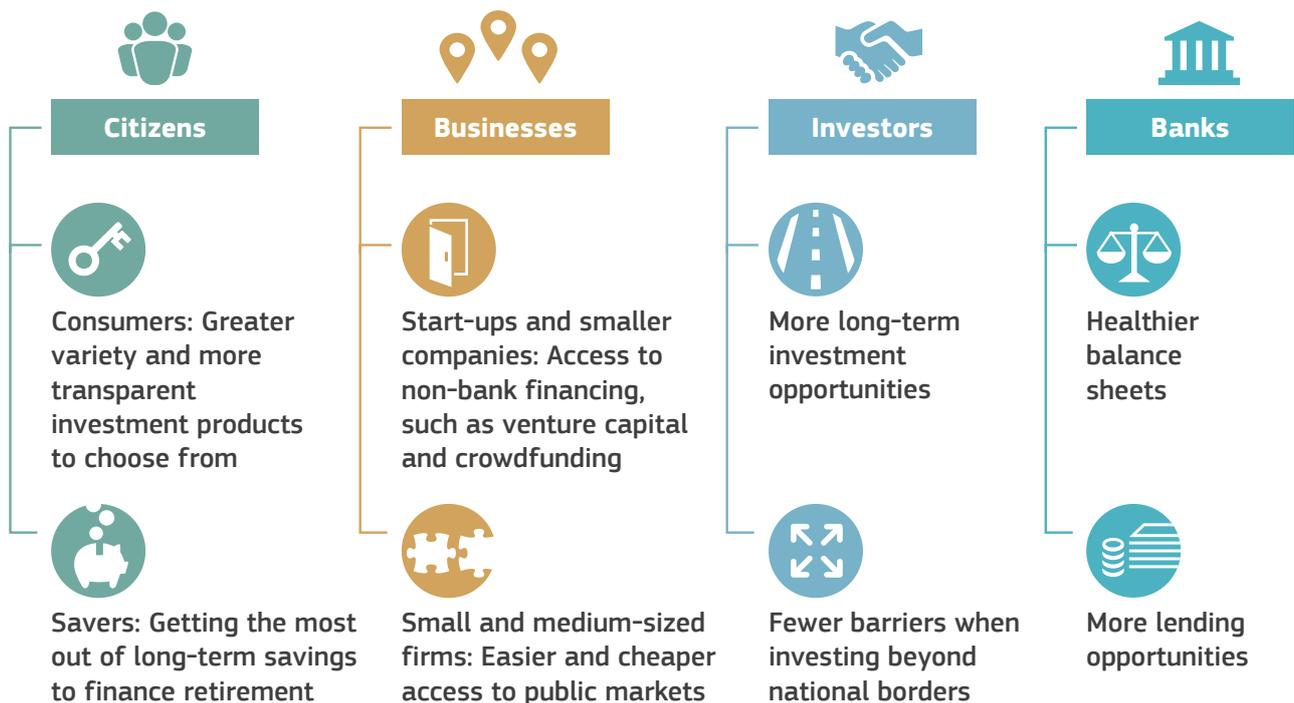
VALDIS DOMBROVSKIS

Vice-President in charge of Financial Stability, Financial Services and Capital Markets Union

THREE PILLARS OF THE CAPITAL MARKETS UNION



WHO BENEFITS FROM THE CAPITAL MARKETS UNION?



“Capital Markets Union is about broadening access to finance for small and medium size companies, and to increase investment opportunities in Europe. We want businesses and citizens to fully benefit from the potential of the Single Markets for banking and financial services. This is why we count on the support of the European Parliament and the Council to agree swiftly on the outstanding measures we proposed under the Banking Union and Capital Markets Union agenda.”

JYRKI KATAINEN

Vice-President responsible for Jobs, Growth, Investment and Competitiveness



13 CMU legislative initiatives have been presented by the Juncker Commission



3 sustainable finance legislative initiatives have been presented by the Juncker Commission



3 have been agreed on by the European Parliament and the Council of the European Union



13 legislative initiatives are still on the table which the European Parliament and the Council need to adopt

WHAT LEGISLATIVE PROPOSALS REMAIN TO BE ADOPTED?

Making the most of the Single Market through new Union-wide products and services:

- a proposal for a Pan-European Personal Pension Product (PEPP)
- a proposal for a Union covered bonds framework
- a proposal for a framework on crowdfunding
- a proposal facilitating cross-border distribution of collective investment funds

More efficient supervision of capital markets:

- a proposal for a review of the European Supervisory Authorities including anti-money laundering rules
- a proposal to strengthen the supervision of central counterparties
- a proposal to complete the supervisory regime for central counterparties with a harmonised recovery and resolution framework

Simpler, clearer and more proportionate rules for financial players:

- a proposal to simplify rules and reduce regulatory burdens for market participants in the over-the-counter derivatives market
- a proposal on more proportionate and effective rules for investment firms
- a proposal to make it easier for smaller businesses to get financing through capital markets
- a proposal on preventive restructuring frameworks, second chance, and measures to increase the efficiency of restructuring, insolvency and discharge procedures
- a proposal on the law applicable to the third-party effects of assignments of claims
- a proposal for a Common Consolidated Corporate Tax Base (CCCTB)

WHAT HAS BEEN ACHIEVED SO FAR?



The Prospectus Regulation

adopted in June 2017, cuts red tape for companies seeking financing opportunities by making a prospectus simple to produce and clear for investors to understand.



Regulation on Simple, Transparent and Standardised (STS) securitisations

adopted in December 2017, helps to build confidence in the securitisation market and allows banks to lend more to the real economy.



Regulations on European venture capital and social entrepreneurship funds

adopted in October 2017, aim to boost investment into venture capital and social projects.

PROGRESS ON THE CAPITAL MARKETS UNION

POLICY DESCRIPTION	OBJECTIVE	 European Parliament	 Council of the European Union
CAPITAL MARKETS UNION KEY BUILDING BLOCKS			
Pan-European personal pension product (PEPP)	<i>To give citizens more options at a lower cost for their retirement savings.</i>	●	●
Covered bonds	<i>To channel finance efficiently to the real estate market and for publicly guaranteed instruments including some loans to small and medium-sized enterprises.</i>	●	●
Crowdfunding	<i>To improve access to this innovative form of finance for businesses in need of funding. This should benefit start-ups particularly, while ensuring that investors benefit from strong protection and safeguards.</i>	●	●
Cross-border distribution of collective investment funds	<i>To improve the transparency of national requirements, remove burdensome requirements and harmonise diverging national rules.</i>	●	●
Investment firms review	<i>To ensure a level playing field between the large and systemic financial institutions while introducing simpler prudential rules for non-systemic investment firms.</i>	●	●
Preventive restructuring, second chance and efficiency of procedures	<i>The proposal provides honest entrepreneurs with a second chance through debt discharge, in order to give them a fresh start and incentivise entrepreneurship. The proposal aims to facilitate the efficient restructuring of viable companies in financial difficulties to avoid insolvency and the destruction of going concern value.</i>	●	●
Promotion of SME Growth Markets	<i>To cut red-tape for small and medium-sized enterprises trying to access 'SME Growth Markets', a new category of trading venue dedicated to small issuers.</i>	●	●
Third-party effects on assignment of claims	<i>To significantly enhance legal certainty by determining which national law is applicable to the effects on third parties where a claim is assigned cross-border.</i>	●	●
European Supervisory Authorities review including anti-money laundering rules	<i>To enhance supervisory convergence and strengthen enforcement. This promotes consistent and more effective supervision, and contributes to the fight against money laundering and terrorist financing.</i>	●	●
European market infrastructure regulation (Supervision)	<i>To ensure that the supervisory framework of the Union is sufficiently robust to anticipate and mitigate risk from Union central counterparties and from systemic third-country central counterparties servicing Union clients.</i>	●	●
SUSTAINABLE FINANCE INITIATIVES			
Sustainable finance: Taxonomy	<i>To help to reorient private capital flows towards more sustainable investments, such as clean transport, and help finance the transition to a low-carbon, more resource-efficient and circular economy.</i>	●	●
Sustainable finance: Disclosure		●	●
Sustainable finance: Low carbon Benchmarks		●	●

● Swift agreement possible by following normal procedures

● Agreement possible if strong political commitment from all EU institutions