

CAPITAL MARKETS UNION

AGENDA FOR THE ROUNDTABLE ON SME ACCESS TO FINANCE

Monday, 20 March 2017

(Venue: Albert Borschette Conference Centre, Room 1A

36 Rue Froissart, 1040 Brussels)

Time: 09:00 – 15:00

Start-ups, scale-ups, high-growth and innovative companies are critical to creating jobs and fostering growth in the EU, making the European economy more competitive and resilient. But to add value and realise their full potential, they need to secure financing on attractive terms. Currently, they face important financing constraints, especially with regard to obtaining debt capital from the banking system, due to their highly uncertain income generation and lack of collateral. Thus, they need alternative funding channels to grow, invest and create jobs. However, such funding channels continue to be underdeveloped in the EU, particularly for small and medium-sized enterprises (SMEs). To respond to this market failure, the Capital Markets Union (CMU) project aims at developing alternative sources of funding for SMEs, in particular start-ups, scale-ups, high-growth and innovative companies. A range of financing opportunities should exist and be available to companies across all Member States of the European Union (EU) and all stages of the 'funding escalator'.

Non-bank funding channels, including alternative investment funds, have started to fill up the SME financing gap. Their strong growth has been spurred by factors such as financial technology developments and investment by retail and institutional investors. Moreover, these funding sources have been gradually accepted as genuine alternatives to traditional forms of finance, with their risks, advantages and disadvantages. Yet in spite of this growth their share of SME financing remains small as they face a number of barriers to their development, uptake and effectiveness. This roundtable aims at discussing such barriers and the ways to overcome them at national and European level. The outcome of the discussions will contribute to the ongoing CMU Mid-term review. The objective is to review whether the CMU Action Plan needs to be complemented with new policy measures supporting SME access to finance.

- **09:00 – 09:30 Registration and welcome coffee**
- **09:30 – 09:40 Introductory remarks by the European Commission, DG FISMA , Unit C1**
- **09:40 – 10:00 Keynote address – Allen Simpson, Chair of SME Working Group, Association for Financial Markets in Europe and Head of Public Policy, Corporate Banking, Barclays**
- **10:00 – 11:15 – Session I: How to increase equity investment into SMEs and diversify its sources?**

The CMU Action Plan contains a package of measures to strengthen private equity and venture capital (VC) investment. The Commission has already adopted a proposal to review the European

Venture Capital Funds (EuVECA) Regulation to boost investment into EuVECA funds and make it easier for investors to invest in SMEs. The Commission is also promoting the establishment of one or more Pan-European Venture Capital Fund-of-Funds to support innovative investments in Europe. In addition, the Commission, together with the Member States, is reviewing best practices in the design and implementation of tax incentives for venture capital and business angels. Further work is ongoing to assess the case for reducing the prudential capital requirements for private equity in Solvency 2, assess market and regulatory barriers to cross-border crowdfunding activity, and support cross-border networking and capacity building for business angels. This session will focus on: (i) possible complementary policy measures to strengthen private equity, VC, business angels and equity crowdfunding markets in the EU and their ability to finance innovation in the pre-IPO stage; (ii) needs of VC funds specialised in funding different stages of a company's development, including strong ecosystems and framing conditions; and (iii) the potential of venture debt.

Presentation: **European Commission, DG FISMA, Unit C1** (7-10 minutes)

Moderation: **Lola Merveille**, Representative of Bpifrance to the EU Institutions, **Bpifrance**

Panellists: (5-7 minutes each)

- **Anna Lekston**, Head of Public Affairs, **InvestEurope**
- **Aleksandra Palinska**, Senior Policy Adviser, **EuropeanIssuers**
- **Olav Jones**, Deputy Director-General, **Insurance Europe**
- **Oliver Gajda**, Executive Director, **European Crowdfunding Network**
- **Jacques Darcy**, Associate Director, Equity Investments, **European Investment Fund**

Exchange of views with the audience (30-40 minutes)

- **11:15 – 11:30 Coffee break**
- **11:30 – 12:45 – Session II: How to increase debt provision to SMEs and diversify its sources?**

The CMU Action Plan contains a package of measures to stimulate debt capital provision to SMEs and diversify its sources. The Commission is taking actions to support the development of corporate bonds and private placements. An expert group and a study on corporate bond market liquidity have been launched in 2016. In the area of private placement, the Commission has provided ongoing support to market-led initiatives and launched a study to identify the regulatory and market barriers to the development of this funding channel. The European Long Term Investment Funds (ELTIF) Regulation also provides for the possibility of debt provision to SMEs as ELTIFs can, under certain conditions, originate loans. In addition, the Commission is assessing the need for a coordinated approach to loan origination by funds and the case for a future EU framework. This session will focus on factors holding the development of the above-mentioned debt funding channels and ways to promote their uptake by considering potential initiatives at national and EU level.

Presentation: **European Commission, DG FISMA, Unit C4** (7-10 minutes)

Moderation: **Valerio Novembre**, Corporate Finance Team, **European Securities Markets Authority**

Panellists: (5-7 minutes each)

- **David Bouchoucha**, Head of Private Debt and Real Assets Group, **BNP Paribas Investment Partners**
- **Richard Boleat**, Chairman, **Funding Circle SME Income Fund**
- **Jiří Król**, Deputy CEO and Global Head of Government Affairs, **Alternative Credit Council**
- **Patrik Karlsson**, Director for Market Practice and Regulatory Policy, **International Capital Market Association**
- **Francesco Battazzi**, Head of Analytics and New Products, **European Investment Fund**

Exchange of views with the audience (30-40 minutes)

- **12:45 – 13:45 Lunch**
- **13:45 – 14:45 – Session III: How to facilitate SME access to finance by overcoming information barriers that stand between SMEs and prospective investors and lenders, including through FinTech solutions?**

The CMU Action Plan identifies the strong need to help SMEs diversify their funding sources by breaking down information barriers that stand between SMEs and prospective investors and lenders (e.g., lack of awareness and knowledge about new funding opportunities, difficulties in finding and navigating existing information, lack of availability of financial and credit information on SMEs). The Commission Services conducted a survey among Member States on existing national support and advisory capacities on alternative finance, and then organised a workshop in September 2016 to present information, exchange views and share best practices on advisory support for SME access to finance. To promote progress in this area in a systematic way and the replication of successful national approaches across the EU, the Commission Services launched a collaborative platform on SME access to finance in December 2016. This session will focus on information barriers standing between SMEs and prospective investors and lenders, and ways to overcome them through initiatives at national and EU level, including through FinTech solutions.

Presentation: **European Commission, DG FISMA, Unit C1** (7-10 minutes)

Moderation: **Paul van Dijk**, Programme Manager, **Ministry of Economic Affairs of the Netherlands**

Panellists: (5-7 minutes each)

- **Tero Weckroth**, Chairman of the Board, **Invesdor**
- **Matteo Tarroni**, CEO, **Workinvoice**
- **Gerhard Huemer**, Director of Economic Policy, **UEAPME**
- **Arnaldo Abruzzini**, CEO, **EUROCHAMBRES**
- **Peter van den Bosch**, Vice President, **ACCIS** and CEO, **BKR**
- **Jacques Darcy**, Associate Director, Equity Investments, **European Investment Fund**

Exchange of views with the audience (15-20 minutes)

- **14:45 – 15:00 Concluding remarks and next steps – European Commission, DG FISMA, Unit C1**