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DIRECTORATE-GENERAL FOR FINANCIAL STABILITY, FINANCIAL SERVICES AND CAPITAL
MARKETS UNION

Horizontal policies
Capital markets Union

Feedback statement for the Capital Markets Union High Level Forum Final Report

Table of content

Table of content	1
Introduction.....	2
Summary of individual responses.....	4
EU Single Access Point	4
European Long-term Investment Funds (ELTIFs)	4
Encouraging insurers to provide more financing for capital markets.....	5
Market-making and re-equitisation of the market	5
Scaling up the European securitisation market.....	6
Improving the public markets ecosystem	8
Crypto/digital assets and tokenisation	13
Central Securities Depositories.....	14
Shareholder identification, exercise of voting rights and corporate actions	14
Cloud	15
Pensions	16
Financial literacy/education and investment culture.....	18
Distribution, advice and disclosure.....	20
Open finance	23
Withholding tax	24
Insolvency.....	24
Supervision	25
European Consolidated Tape	26
Other recommendations.....	27

Introduction

On 10 June 2020, the Directorate-General for Financial Stability, Financial Services and Capital Markets Union (DG FISMA) of the European Commission launched a feedback process on the Capital Markets Union (CMU) High Level Forum (HLF) Final Report.

The CMU HLF report delivered 17 concrete and granular recommendations in the areas of (i) creating a vibrant and competitive business environment; (ii) building stronger and more efficient market infrastructure; (iii) fostering retail investments in capital markets; and (iv) going beyond boundaries across the internal market.

The purpose of the feedback was to gather information on how the CMU Action Plan can be updated and completed so that it represents a strong policy framework for the development of capital markets, building on the initiatives presented so far by the European Commission. The questionnaire allowed respondents to indicate whether and how important or unimportant they consider the various recommendations. Moreover, respondents were invited to provide concise and operational suggestions on the recommendations that were presented by the CMU HLF and on complementary actions to deliver the policy goals.

DG FISMA received 73 responses to the feedback consultation that ended on 1 July 2020. Contributions were made by a broad variety of stakeholder groups, including industry associations, investors, companies and business organisations, non-governmental organisations (NGOs), consumers and think tanks, as well as national regulatory and supervisory authorities (see Chart A). Replies originated from more than 15 countries (see Chart B).

This feedback statement summarises the answers received for each of the 18 questions. It does not aim to be exhaustive or provide detailed statistical data, but rather seeks to give a qualitative representation of the contributions received and identify some concrete ideas related to actions that can foster the building of a CMU.

This feedback statement does not give any indication of potential initiatives, which the European Commission may or may not undertake in the future in this area.

Chart A – Replies by type of stakeholder

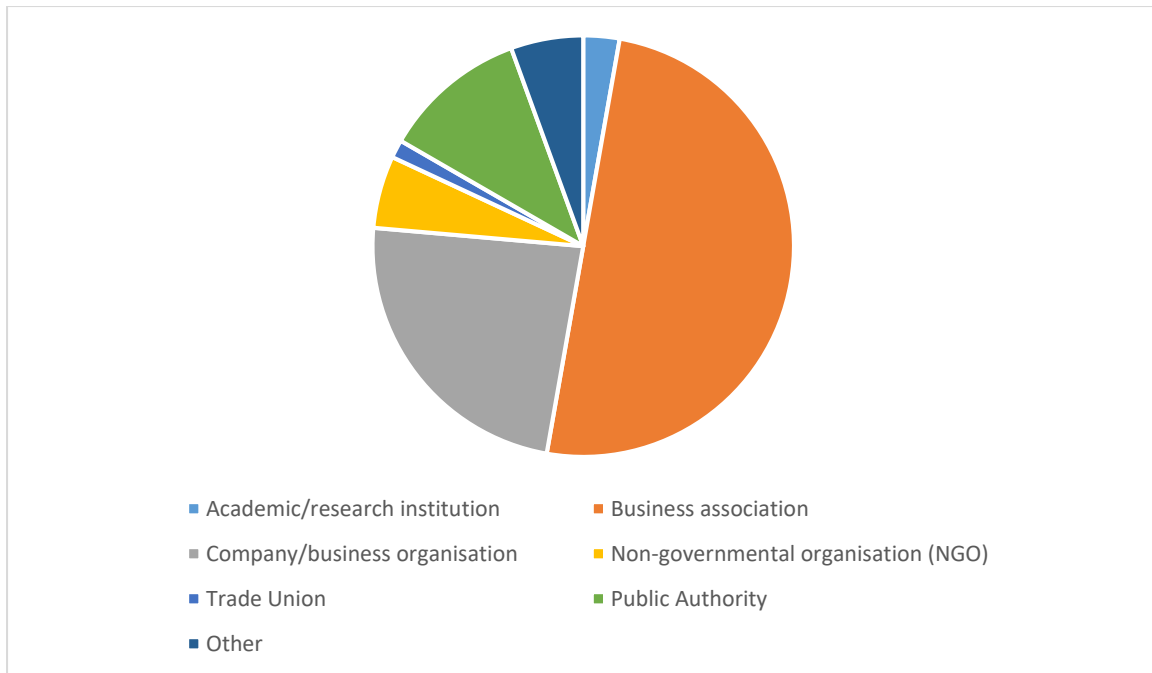
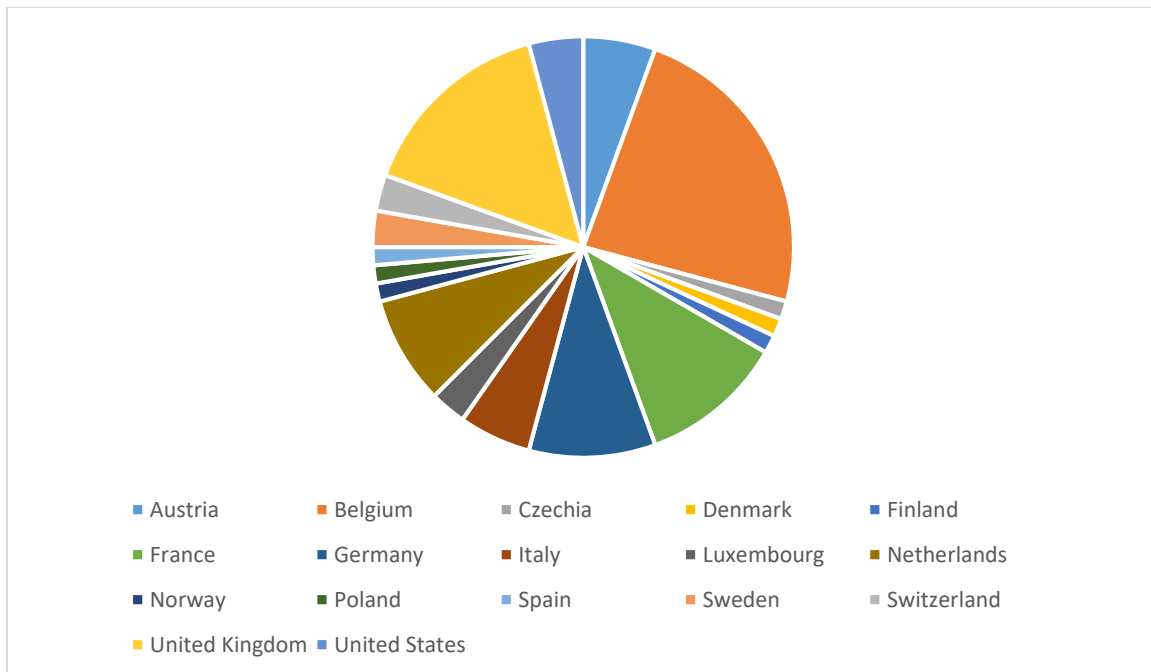


Chart B – Replies by country



Summary of individual responses

EU Single Access Point

Question 1: Do you agree with the Recommendation on an EU Single Access Point?

An overwhelming majority (all but two) of those who responded to this question were in favour of the recommendation. Almost half of the respondents to the survey, however, did not answer this question or had no opinion.

Proponents of the recommendation highlighted that access to free, objective company data in an aggregated manner was a serious challenge for investors. They therefore welcomed the idea of an European Single Access Point (ESAP) as a way to foster more investment opportunities. Many respondents referred specifically to the relevance of the ESAP for Environmental, Social and Governance (ESG) data. A large proportion of respondents mentioned the need for proportionality in and a careful cost-benefit analysis ahead of setting up the ESAP, in particular with respect to small and medium-sized enterprises (SMEs), as well as the relevance of a machine-readable format for all reporting requirements. A significant minority singled out the “file-only-once” principle and the single reporting channel as key, notably for companies operating on a cross-border basis and having to report to various authorities.

The two respondents who disagreed with the recommendation were a public authority and a national banking association. They expressed concerns that the costs of the initiative could outweigh the benefits, referring both to the costs needed to set up the access point itself, and to costs that issuers would need to bear in order to comply with the platform’s reporting requirements (e.g. using a machine-readable reporting format), especially for smaller companies.

While one respondent criticised the proposed structure, whereby information would be supervised at national level but aggregated by ESMA, others found this element to be key.

European Long-term Investment Funds (ELTIFs)

Question 2: Do you agree with the Recommendation on European Long-term Investment Funds (ELTIFs)?

Quite a large number of respondents considered reducing barriers to investments by investors (focus on retail, but including institutional) and broadening the scope of eligible assets and investments for ELTIFs a very important or, at least, a rather important issue. The majority of respondents, however, provided no response to this recommendation, had no opinion or voiced a neutral opinion. No respondent was against this recommendation.

The respondents in favour underlined that the ELTIF regime should indeed be revised both on the supply and on the demand-side. They also expressed support for removing tax-related barriers (withholding tax). The respondents considered that the revision of the ELTIF regulation should be even more ambitious, in order to attract retail investors. Some stressed the need to develop structures that can help funnel funds into long-term, less liquid asset classes, and in this respect the ELTIF structure should have great potential. Others emphasised the importance of developing a pan-European presence and ELTIFs brand.

Most of those respondents who had a neutral opinion of this recommendation were nonetheless overall supportive of the proposed approach to reduce barriers in the ELTIFs legal framework, as a way to widen the retail investor base in line with the objectives of the CMU. They also saw merit in encouraging listing of ELTIFs, as it would both enable institutional investors to invest in ELTIFs and make ELTIFs sufficiently liquid for retail investors. Some emphasised that ELTIFs could create a stable source of long-term financing for infrastructure projects (e.g. sustainable energy, transport, social infrastructure), as well as for unlisted companies, and listed small and midsize enterprises (SMEs). In addition, depending on their asset allocation ELTIFs could represent a valuable investment and diversification opportunity, while contributing to the EU's sustainable and inclusive growth.

Encouraging insurers to provide more financing for capital markets

Question 3: Do you agree with the Recommendation on encouraging insurers to provide more financing for capital markets?

A clear majority of respondents considered a targeted review of the Solvency II regime as a very important issue, with no opponents to the recommendation. More than half of the supporters were businesses associations and companies/business organisations. A significant number of respondents provided no reply to this recommendation.

Respondents were in favour of targeted improvements to the Solvency II regime on long-term equity and debt capital calibrations to better reflect the insurers' long-term business model, while maintaining the fundamental element of risk sensitivity. Some respondents suggested softening the criteria for the current long-term equity capital calibration. The respondents referred to Article 171a(1) of the Delegated Regulation 2019/981 on (LTE) investments, by pointing out the need to reform the Solvency Capital Requirements (SCR) for long-term equity (LTE) investments in order to support insurers' participation in equity and hence improve the access of Non-Financial Companies (NFC) to equity markets. Finally, a few respondents considered that the Solvency II review should also draw lessons from COVID-19 crisis.

Market-making and re-equitisation of the market

Question 4: Do you agree with the Recommendation on market-making and re-equitisation of the market?

Recommendation 4a. *Market-making*

The majority of those respondents who provided a reply to this question were in favour of the recommendation, particularly favouring the proposals relating to the Fundamental Review of Trading Book (FRTB) and standardised approach for measuring counterparty credit risk exposures (SA-CCR). The majority of the respondents, however, either did not provide a response to this question or did not express an opinion on the importance of this recommendation.

One respondent, opposing the recommendation, noted that the recommendation sets out almost exclusively the measures which would lower bank capital requirements to make it more profitable for banks. Another respondent cautioned against raising the risk to financial stability.

On the Investment Firm Regulation/Investment Firm Directive implementation, many stakeholders urged for proportionate approach, allowing for more market making. Some argued that level playing field between investment firms and banks must be upheld.

Recommendation 4b. Equity investment in SMEs

Almost all of those who expressed an opinion were in favour of the recommendation. The only two respondents to disagree with the proposed recommendation were public authorities. Overall, only a third of the respondents to the survey provided an answer to this question.

Several respondents indeed described a 400 % risk weight for all venture capital investments as excessive and not justified, therefore agreeing that such a risk weight should only apply to genuinely speculative exposures. One respondent highlighted that clarity on the applicability of this risk weight would be key. One stakeholder went further and called for a postponement of Basel III rules on equity financing due to the COVID-19 impact on financing of companies.

Nevertheless, a few public authorities insisted on the need to safeguard financial stability first, and called on the Commission to conduct a careful impact assessment before implementing recommendations on Basel III. They contended that CMU would not generate more resilience if banks were to be exposed to excessive market and/or credit risk, and continued to dominate the funding of the real economy.

Scaling up the European securitisation market

Question 5: Do you agree with the Recommendation on scaling up the European securitisation market?
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The respondents in favour of this recommendation overall underlined the importance of scaling up the European securitisation market. Some stressed that securitisation could be made successful in Europe by broadening the scope of investors. Others argued that securitisation could benefit small and innovative companies by allowing banks to extend more credit and thus support recovery. Two respondents noted that the STS framework has only been in place since January 2019 and more data would be needed before any conclusions could be drawn about its performance. Furthermore, some respondents stressed that risk weights need to be carefully calibrated based on actual risk of exposures. These respondents noted that they would be unsupportive of any deviations from international standards. Overall, the views on securitisation reveal a marked split between strong support from respondents active in the market (representing banks, insurance and investment managers) on the one hand, and a critical stance of both public authorities and market infrastructures on the other hand.

Recommendation 5a. Unlocking the Significant Risk Transfer Assessment process

The minority of those who provided a response to this question considered the need to limit the ex-ante review of significant risk transfer to complex transactions as a very important or rather important issue. Two respondents were against this recommendation. The vast majority of all respondents, however, did not comment on this recommendation, had no opinion or voiced a neutral opinion.

Recommendation 5b. Recalibrating under CRR2 capital charges applied to senior tranches, in line with their risk profile

The minority of those who responded to this question considered that recalibrating capital charges applied to senior tranches as a very important or rather important issue. The vast majority of respondents, however, did not provide a response to this recommendation, had no opinion or voiced a neutral opinion. Two respondents were against this recommendation. The respondents in favour stressed that capital charges for senior tranches are overly conservative and hence create level playing field issues with other asset classes. Concerning the non-performing exposures (NPE) securitisation, the recent Basel proposal was considered by those respondents as unhelpful: a 100% RW floor for senior tranches will discourage market growth.

Recommendation 5c. Recalibrating capital treatment for securitisation tranches under Solvency II

The minority of those who responded to this question considered it as a very important or rather important issue. The vast majority of respondents, however, did not provide a response to this recommendation, had no opinion or voiced a neutral opinion. One respondent was against this recommendation. The respondents in favour underlined the need to recalibrate capital charges for Simple, Transparent and Standard securitisation (STS) and non-STS in Solvency II as it will broaden the scope of non-bank investors. Some stressed that this recommendation was important for senior and mezzanine tranches where calibrations remain disproportionately high compared to corporate bonds.

Recommendation 5d. Reducing the costs of SME financing

The majority of those who responded to this question considered it either a very important or rather important issue. The vast majority of respondents, however, did not provide a response to this recommendation, had no opinion or voiced a neutral opinion. Two respondents were against this recommendation. The respondents in favour stressed that securitisation of lease receivables and bank loans to SMEs may support financing to a wide range of SME. One respondent added a wider availability of SME credit data will contribute to the development of both cash and synthetic securitisation based on SME loans.

Recommendation 5e. Applying equivalent treatment to cash and synthetic securitisations of all asset classes

The minority of those who responded to this question considered that applying equivalent treatment to cash and synthetic securitisation of all asset classes is a very important or rather important issue. The vast majority of respondents, however, provided no response to this recommendation, had no opinion or voiced a neutral opinion regarding this recommendation. Two respondents were against this recommendation. The respondents in favour stressed that the STS framework for synthetics securitisation will provide opportunities for banks to transfer risk to non-bank investors, which, if accompanied with a capital relief for the originator, will enable banks to lend more to the real economy.

Recommendation 5f. Upgrading eligibility of senior STS and non-STS tranches in the Liquidity Coverage Ratio (LCR)

The minority of those who responded to this question considered that upgrading the eligibility of senior STS and non-STS tranches in the LCR is a very important or rather important issue. The vast majority of respondents, however, provided no response to this recommendation, had no opinion or voiced a neutral opinion. Two respondents were against this recommendation. The respondents in favour stressed that the credit quality steps (CQS) mapping in the new LCR rules

has created a dangerous cliff-edge and is disregarding the sovereign cap issue in many countries. Some underlined that the eligibility levels and applicable haircuts must be reviewed.

Recommendation 5g. Differentiating between disclosure and due diligence requirements for public and private securitisations

The tight majority of those who responded to this question considered that differentiating between disclosure and due diligence requirements for public and private securitisations is a very important or rather important issue. The vast majority of respondents, however, provided no response to this recommendation, had no opinion or voiced a neutral opinion. One respondent was against it. The respondents in favour underlined the need to clarify in Level 1 the disclosure and due diligence requirements for public and private securitisations.

Improving the public markets ecosystem

Question 6: Do you agree with the Recommendation on improving the public markets ecosystem?

Recommendation 6a. Definition for Small and Medium Capitalisation Companies (SMCs)

Out of those respondents who provided an opinion on this recommendation, the majority considered introducing a new definition for SMCs as a very important or rather important issue, with just 4 respondents being opposed. Those opposed are business associations, while those in favour are a mix of business associations, companies/business organisations and public authorities. Most of the respondents, however, had no opinion on this recommendation.

Those in favour agree with the EUR 1 billion threshold, with one respondent noting that while some companies in certain industries could quickly grow beyond this threshold, these are well served by an investor base.

Opponents focus on the need to balance alleviations with investor interests. One respondent believes that working with several definitions for small caps creates problems and uncertainty and that thresholds should be analysed and calibrated.

Recommendation 6b. Initial Public Offering (IPO) transitional periods

The respondents, who provided an opinion on this recommendation, were divided, with about half rating it as very important or somewhat important and the other half rating it on the opposite end of the spectrum. Those responding positively or negatively were fairly evenly divided between business associations, companies/business organisations and public authorities. Most respondents did not have an opinion on this recommendation.

Those in favour highlighted the potential benefit for newly listed companies and that such a transitional period could be part of the solution to declining SME IPOs. To avoid concerns for the investor protection of retail investors, one respondent suggested that a transitional period could apply only to SME segments dedicated to professional investors. Several respondents underlined the need for a more precise definition of what regulatory alleviations would be in effect under a transitional regime.

Opponents recognised that capital markets should be open to SMEs, but were concerned with keeping a proper balance between an easy access to markets and investor protection. There was a worry that investors would be disincentivised from participating in SME IPOs. Competition and

the necessity of maintaining a regulatory level-playing field has also been brought forward, as well as the importance of a “same business same rules”- approach. One respondent noted the important role of the market abuse rules in safeguarding market integrity and therefore – safeguarding the confidence in an IPO.

Recommendation 6c. Dual-class shares

The majority of the respondents that rated the recommendation considered allowing companies to opt for dual-class shares a very important or rather important issue, with four in opposition.

Proponents argued that the use of dual-class shares should not have been limited. Some noted that dual-class shares helped retain majority ownership, and that allowing shares with lower voting rights could improve liquidity and that the use of sunset clauses could incentivise companies to go public. Several believed that any regulation concerning dual-class shares should reflect local practice and legislation and pointed out that some markets already allow for this.

Opponents argued that allowing for a departure from the “one share one vote”- principle could allow the control of a company by minority shareholders. There was also a worry that dual-class shares would negatively impact investor protection and the checks and balances within a company.

Recommendation 6d. Minimum free float for SMEs

Although very few respondents provided a response to this question, of those that did, the minority believed removing the requirement of a certain free-float is a very important or rather important issue. Some respondents expressed scepticism, but no respondent was strongly opposed. Those in favour were business associations and companies/business organisations who argued in favour of more flexibility than it is the case today. One proponent argued that it is the value of free float and not the percentage of the free float that matters, and recommended instead a move to a more flexible regime focused on expected secondary market liquidity. Another argued that an appropriate threshold should be determined in each local market.

Those who were more sceptical of the proposal pointed to the free float requirement as an important prerequisite for secondary market liquidity and expressed concern that removing the requirement could be detrimental to issuers and to investor protection.

Recommendation 6e. SME index and regional index classification

The majority of those who rated this recommendation considered it to be very important or somewhat important, with no respondent in strong opposition. Those in favour included business associations, companies/business organisation and public authorities. They underlined the need to ensure that new indices do not harm the already existing local indices. One respondent suggested that the European Commission could work with commercial providers to help create a pan-European small cap index.

Recommendation 6f. SME IPO Fund

The majority of those who commented on this recommendation believed that the creation of a public-private pan-European SME IPO Fund is very important or rather important, with 4 respondents expressing the opposite views. Those in favour were public authorities, some companies/business organisations and some business associations. Those opposed were business

associations and companies/business organisations. Most respondents, however, had no opinion on this recommendation.

Proponents argued that an SME IPO Fund would improve financing opportunities for SMEs and investment opportunities for investors and accelerate the development of the EU's public market funding ecosystem. One respondent underlined the need for the fund to invest in a cross-over manner, supporting SMEs both pre-, at and post-IPO, while others focused on the importance of intermediaries and anchor investors having the necessary expertise. One respondent highlighted the need for a clear investment policy from the outset so that it did not create a perception of guaranteed investment. One respondent was concerned that the geographical range of the fund would be limited.

Those opposed were not convinced that the SME IPO Fund would help develop the overall market funding ecosystem.

Recommendation 6g. Alleviations to the Market Abuse Regulation (MAR)

The majority of those who expressed views on this recommendation believed introducing certain alleviations to MAR to be a very important or rather important issue, while about a third of respondents were opposed. Those in favour were mainly business associations and companies/business organisations, as well as one public authority. Those opposed were public authorities as well as a few business associations and companies/business organisations. Most respondents, however, had no opinion on this recommendation.

Those in favour of reviewing MAR in order to clarify the definition of insider information argued that the current definition was too broad and raised difficulties for issuers. One respondent argued that the current definition was not applied in a consistent manner by all participants. Those in favour believed that the clarification would reduce legal uncertainty, although several argued that this should be done through level 3 guidance from ESMA rather than through changing the definition itself. One respondent agreed that the definition of inside information is too broad, but argued against adding a step in assessing whether information is inside or just "preliminary" inside information as it could increase burden and liability for issuers. Another respondent pointed to the legal assessment of when information is of a "precise nature" according to MAR art. 7 as more problematic.

Several respondents were in favour of more level 3 guidance and clarification on a number of issues. Examples mentioned included what would constitute a significant price effect and a clarification of the condition when publication of inside information can be delayed as long as the delay is not likely to mislead the public. One proponent suggested that level 3 guidance could clarify the expectation that all relevant inside information should be disclosed by in-scope issuers as soon as possible, and that non-public documents which are distributed to existing security holders subject to signing a non-disclosure agreement (NDA) are likely to contain confidential information that is both precise and price sensitive.

A respondent argued that the duty for issuers who have delayed disclosure to inform the competent authority and provide written explanation should be removed. Another argued that the market sounding regime under MAR should be mandatory only when there is inside information.

On insider lists several respondents agreed that only essential information for identification should be included. Simplified templates should be considered.

On increasing the threshold for managers' transactions to EUR 50 000, proponents argued that the threshold should be the single threshold throughout the EU as several thresholds would be administratively burdensome for issuers operating in several countries.

On the interaction between MAR and Transparency Directive, one respondent pointed out that the disclosure requirement was a fundamental and important obligation, and that there was already a mechanism to allow for a delay in disclosure.

As regards the proposal on sanctions, one respondent welcomed consistencies between Member States, while another agreed that national sanctions regimes should reflect the specifics of the market and be proportionate to the nature of abuse.

Those opposed were concerned with the recommendation damaging investor protection, investor trust and market integrity. Refining inside information definition would be cumbersome. One opponent believed that most of MAR related administrative burden could be streamlined by using digitalisation without a need for any legislative intervention.

Recommendation 6h. Alleviations to the Prospectus Regulation

The majority of those, who commented on this recommendation, believed introducing certain alleviations to the Prospectus regulation to be a very important or rather important issue, while only very few respondents were opposed. Those in favour were public authorities, business associations and companies/business organisations, while those opposed were business associations and companies/business organisations. Most respondents, however, had no opinion on this recommendation.

Those in favour argued that the current prospectus rules were burdensome and extensive and should be reviewed. One proponent suggested that a wider range of existing information should be allowed to be incorporated by reference as a way to shorten prospectuses without detrimental effect to investors and issuers. One believed that in the case of secondary issuance disclosure requirements should be restricted to the information specific to the issuance.

Some proponents were in favour of reducing the prospectus length, but not in favour of reducing deadlines for handling of prospectuses by national competent authorities. Others were more concerned by the contents that is currently too unwieldy and difficult to understand and believed that National Competent Authorities (NCAs) should encourage shorter, clearer disclosures.

Those opposed were concerned about potential negative effects on investor protection and market transparency.

Recommendation 6i. Alleviations to International Financial Reporting Standards (IFRS) and European Single Electronic Format (ESEF)

The majority of those, who commented on this recommendation, believed introducing certain alleviations to IFRS and ESEF was a very important or rather important issue, with just one respondent being in strong opposition. Those in favour were business associations and companies/business organisations and public authorities while the one opposed was a business association. Most of the respondents, however, had no opinion on this recommendation.

Of those in favour, one respondent pointed out that any streamlining should not harm local SME markets, as these are different and need proportionate regulations rather than a one-size-fits-all.

Another proponent believed it was important to ensure that SME issuers would still have the option of choosing local Generally Accepted Accounting Principles (GAAP) if they wished.

As regards the ESEF one respondent requested the implementation to be delayed by one year. Another respondent underlined that any new requirements should not impose additional costs on SMEs.

Recommendation 6j. Exempt SME research from the unbundling rule in the Markets in Financial Instruments Directive (MiFID) II

The majority of those, who commented on this recommendation, believed that exempting SME research from the MiFID II unbundling rule is a very important or rather important issue. More than one third of those who responded to this question were against the proposal. Those that were in favour were business associations, companies/business organisations and public authorities. Those against were also business associations, companies/business organisations and public authorities. Most respondents, however, did not have an opinion on this recommendation.

Those in favour argued that re-bundling of fees for SMEs will contribute to a wider research coverage for SMEs and thereby foster investment opportunities in SMEs. Some proponents were somewhat sceptical of re-bundling only for SME research, but would be in favour of a market wide re-bundling.

Those against agreed with the need for something to be done to foster more research into SMEs, but did not believe that exempting research of SMEs from the unbundling rules would have a meaningful impact. Several underlined the positive impact unbundling has had on market transparency. Re-bundling is also not seen as feasible by several, either because investors would not accept it, or because it would lead to operational difficulties for producers and purchasers of research, and regulatory complexity. Several argued in favour of awaiting the results of the MiFID II review before taking any actions.

Recommendation 6k. Tick size regime

The majority of those, who commented on this recommendation, considered the removal of tick size limitations for SMEs to be a very important or rather important issue. Four respondents believed it to be an unimportant issue. Those in favour were business associations and companies/business organisations. Those against were a company, a business association and public authorities. Most respondents, however, had no opinion on this recommendation.

Those in favour argued that the tick size regime was a hindering factor for SME shares while those opposed were worried that a removal would be detrimental to the ecosystem for SMEs and did not believe the tick size to be a key determinant of the SME liquidity. Respondents on both sides are concerned that removing the tick size regime only for SMEs would, however, increase fragmentation between companies and increase complexity. One respondent also pointed out the risk of creating inconsistencies across geographies such as the EU and UK. One opponent argued that the results of the MiFID II review should be awaited.

Recommendation 6l. Review stock loan market framework

The majority of those, who commented on this recommendation, considered the recommendation to be very important or rather important. Only one respondent considered the recommendation to be rather not important. Most respondents had no opinion on this recommendation.

Proponents argued that liquidity of SME securities would be disproportionately impacted by the settlement discipline provisions under the Central Securities Depositories Regulation (CSDR). One proponent argued that the review should include all securities while another underlined the importance of proportionality.

Recommendation 6m. Create an SME Market Maker status subject to alleviated prudential requirements

The majority of those, who commented on this recommendation, considered creating an SME Market Maker status subject to alleviated prudential requirements to be a very important or rather important issue, with just two respondents in opposition. Most respondents, however, did not have an opinion on this recommendation.

One respondent pointed to the potentially positive role of banks as market makers. Another did not support a separate market maker regime in the EU, but believed that stock exchanges have an important role to play in developing SME market maker/liquidity provider schemes. Others argued that further analysis is necessary as prudential rules should be based on risk.

Recommendation 6n. Encourage interconnection of smaller cap markets and supporting unimpeded set-up of branches

Although very few respondents commented on this recommendation, of those who did, a majority believed encouraging interconnection of smaller cap markets and supporting unimpeded set up of branches to be a very important or rather important issue. However, one third of those who provided a response did not believe this to be an important issue.

Those in favour argued that this recommendation would help to better facilitate cross-border operations and achieve scale in smaller capital markets.

Others believed that any potential interconnections should be left entirely to markets to decide.

Crypto/digital assets and tokenisation

Question 7: Do you agree with the Recommendation on Crypto/digital assets and tokenisation?

The majority of respondents who provided an opinion considered the recommendation to be important or very important, with one respondent being neutral. The respondents who commented on this issue included business associations, companies/business organisations and public authorities. They stressed in particular the need to provide legal certainty for companies as regards the applicability of existing rules and definitions and ensure that legislation is fit for the digital age, whilst maintaining a level playing field for the use of different technologies, under the emphasis of ‘same risk, same rules’. Furthermore, many respondents stressed the need for a harmonised EU approach, whilst some suggested that it should go even further and EU action should be coordinated at international level.

Furthermore, it was suggested that issuer identification standards should be put in place within the framework and that passporting of custody services should be enabled. Strong investor protection and rules on market abuse would be essential as well as a review of the prudential treatment of crypto-assets.

Some respondents stressed the need to capture most crypto-assets under MiFID and that appropriate treatment of hybrid-assets should also be considered, whilst others argued against an extension of the MiFID definition, arguing that a clarification of applicability would be more appropriate.

Central Securities Depositories

Question 8: Do you agree with the Recommendation on Central Securities Depositories?

Out of the respondents that responded to this question, a majority considered the recommendation on Central Securities Depositories very important or important. A number of respondents also suggested looking into other issues related to Central Securities Depositories Regulation (CSDR), in addition to what has been set out in the recommendation, such as:

- (1) effectiveness of the open access and interoperability requirements that are included in MiFID, European Markets Infrastructure Regulation (EMIR) and CSDR;
- (2) amendments of the thresholds specified in article 54(5) which allows CSDs to settle in commercial bank money (CoBM) without a banking licence;
- (3) home/host cooperation arrangements in CSDR to the benefit of regional consolidation as well as local CSDs which are integrated in a cross-border group of CSDs;
- (4) creation of a suspension of the settlement obligations in case of crisis.

Approximately half of those who supported the recommendation would have liked to also see the review of the regime for the mandatory buy-in to be included in the recommendation as otherwise they feared a severe impact on market liquidity.

One public authority considered this rather unimportant as they believed reviewing CSDR would be premature.

Shareholder identification, exercise of voting rights and corporate actions

Question 9: Do you agree with the Recommendation on Shareholder identification, exercise of voting rights and corporate actions?

The largest group of those who commented on this recommendation was the one that remained neutral on the proposal, but out of the respondents that opted to respond, the majority was in favour of introducing a new definition of a shareholder. A number of respondents that were in favour of the proposal highlighted the benefit it would have on the promotion of cross-border shareholder involvement whereas others warned of unintended consequences such a definition could have. Several respondents that were neutral or against the recommendation noted the definition being deeply rooted into national company laws, so having a harmonised definition would not provide benefits in the presence of divergent national company laws.

Out of the respondents who did not remain neutral, the vast majority supported the recommendation on the exercise of voting rights and corporate actions processing. The respondents that answered positively recognised the potential of the recommendation to alleviate operational barriers when exercising their voting rights.

Lastly, on the use of new digital technologies, almost all respondents were in favour of the recommendation or remained neutral. Respondents highlighted the widespread use of technology in certain areas of post-trade processes and also highlighted that the COVID-19 crisis has shown the importance of furthering the digitalisation of corporate processes, which could in turn contribute to fostering shareholders' engagement.

Overall, regarding all 3 parts of the recommendation, several respondents recalled that the Shareholders' Rights Directive (SRD) II only entered into force recently and had not been fully implemented. They argued that sufficient time should be allowed for the market to apply the new Directive and to assess the impact it could have before further amending it.

Cloud

Question 10: Do you agree with the Recommendation on Cloud?

The majority of respondents who provided an opinion considered the recommendation to be important or very important. Responses to all 3 parts (on standard contractual clauses, harmonisation and competitiveness) of the recommendation have been identical.

The respondents welcomed the initiative and the recommendations presented, recalling the benefits that this would bring in terms of improved digital competitiveness and increased resilience, effective risk management and reduced compliance burden for firms using cloud services.

On development of standard contractual clauses, respondents stressed the need to ensure that these clauses are limited to relationships with cloud service providers and also that they remain voluntary, so as not to be prohibitive to further innovation. It was also stressed that uptake would be important and likely depend on endorsement by supervising authorities, which should be closely involved in the development of these clauses, alongside the industry. The EBA guidelines on outsourcing arrangements and other existing standards should be taken into account.

The respondents highlighted that more harmonisation was needed across the EU in order to increase operational resilience of firms as well as to enable adequate supervision. Some respondents further suggested coordination and harmonisation at a global level given the international aspect of the cloud industry. However, some respondents questioned whether the scope of the recommendation, being limited to cloud services, was sufficient and should not be extended to all third-party entities providing critical services to financial market operators. A wider use of certification was suggested by several respondents in order to tackle the complexities within the market. Finally, one respondent highlighted that it would be important for the initiative to promote fair competition and an open market for cloud services.

Pensions

Question 11: Do you agree with the Recommendation on Pensions?

Many respondents to the survey that commented on the recommendations in the area of pensions expressed their overall support for the objectives of the recommendations.

Several respondents recalled the diversity of pension systems across Europe and the fact that the responsibility for organising their pension systems lies with Member States, but acknowledged that the EU had a role to play as well.

A number of respondents underlined that pension savings play a central role when it comes to boosting the real economy, increasing retail investor participation in capital markets and building a more developed and efficient CMU.

The role of funded pensions for achieving pension adequacy within multi-pillar pension systems was repeatedly emphasised. Some respondents underlined that, besides occupational pensions, also personal pensions had an important role to play, pointing, in particular, to the PEPP product.

Some respondents, in particular from the industry, indicated concerns that the implementation of the measures could lead to higher administrative burden and costs on market participants.

Recommendation 11a. Pension dashboards

The vast majority of those who commented on this recommendation - respondents from different categories - considered pension dashboards a very important or rather important issue, while only four respondents thought that this was not important at all or rather not important. However, about half of all respondents did not reply to this question, some indicated that they did not have an opinion and one was neutral. The group of respondents that did not consider the issue important consisted of one business association and three public authorities.

The need for a consistent approach across Member States was underlined. A respondent considered that actuarial modelling methodologies should be used to project future cash flows and to assess the impact of pension policies and reforms on adequacy and sustainability of pension systems in an integrated way.

Some respondents were of the opinion that it could be difficult to achieve this objective in light of differences of pension systems in different Member States.

Also, the reluctance of Member States to provide the relevant data and costs involved, both at the level of bodies maintaining the necessary IT-systems and of private providers of pensions, were mentioned as critical factors.

Recommendation 11b. Pension tracking systems for individuals

The vast majority of those who commented on this recommendation considered pension tracking systems for individuals a very important or rather important issue, while only four respondents think that this was not important at all or rather not important. However, about a half of respondents did not reply to this question, while some indicated that they did not have an opinion and two were neutral. The respondents that did not consider the issue important consisted of one business association and three public authorities.

Respondents acknowledged the importance of pension tracking systems for individuals as these would help EU citizens to better prepare for their retirement. Several respondents welcomed the recommendation and expressed their support.

A tracking portal that would give citizens a better overview of their entitlements from different pension pots, in particular for citizens that have accrued rights in different Member States or with different employers, was seen as very beneficial for citizens to better plan for and manage their retirement. It was also pointed out that such tracking systems can encourage consumer engagement.

Some respondents pointed out that in a number of Member States different types of systems providing information on pension rights to citizens already exist and that, consequently, in some Member States the introduction of the recommended tracking systems may not be necessary.

Several respondents, in particular from the industry, were concerned about the costs and administrative burden related to reporting requirements underpinning such systems. Some industry respondents also stated that the costs of a European tracking system should not be imposed on the industry.

Recommendation 11c. Auto-enrolment in occupational pension schemes

The vast majority of those who commented on this recommendation considered auto-enrolment in occupational pension schemes a very important or rather important issue, while only five respondents thought that this was not important at all or rather not important. However, about half of respondents did not reply to this question, while some indicated that they did not have an opinion and one was neutral. The respondents that did not consider the issue important were one business association, one ‘other’ and three public authorities.

Several respondents acknowledged the benefits of auto-enrolment, underlining that this has proven effective to encourage occupational pension scheme participation. Respondents underlined that auto-enrolment would increase pension savings and help address issues of pension adequacy while at the same time making more capital available long term, thus contributing to stronger and deeper capital markets and increased participation of consumers in capital markets. Some respondents underlined, however, the need to allow an opt-out from participation in any occupational pension schemes. The problem of the lack of coverage of self-employed citizens in existing systems was also raised.

Several respondents pointed out Member States’ competence with regard to the organisation of their national social security systems. A number of respondents underlined the need to consider national circumstances, with some expressing doubts about the justification of a European legislative proposal in this area. However, coordinating, promoting and enhancing the exchange of good practices was mentioned by a number of respondents as an important role the EU should play.

Some respondents considered that personal pensions should not be discriminated. It was stated that there should also be adequate incentives for personal pension products in order to exploit the full potential for promoting the capital market union as well as for long-term and sustainable retirement provisions.

Financial literacy/education and investment culture

Question 12: Do you agree with the Recommendation on Financial literacy/education and investment culture?

Recommendation 12a. Recognition of financial knowledge and skills as a priority

The majority of respondents considered the recognition of financial knowledge and skills as a priority as a very important or important issue. Most supporters were businesses associations, and companies/business organisations.

Recommendation 12b(i). EU financial competence framework

The vast majority of those who commented on this recommendation considered the development of an EU financial competence framework very important or important. Most supporters were businesses associations, followed by companies/business organisations. Five respondents consider this recommendation rather not important or not important at all.

Several respondents mentioned the already existing frameworks (OECD/INFE) as an argument against the development of an EU one, or to highlight that an EU competence framework should avoid overlaps with existing ones.

A respondent mentioned that the framework should have a focus on vulnerable groups.

It was also mentioned that the framework should be flexible enough to adapt to local conditions and specificities, since financial ecosystems and investors are often local by nature.

Recommendation 12b(ii). Working groups with Member States

The overwhelming majority of those who commented on this recommendation considered working groups with Member States on financial literacy very important or rather important. Most supporters were businesses associations, followed by companies/business organisations. Out of the responding public authorities, almost the same number considered this topic very important or rather important, rather not important or not important at all, or did not provide an answer. Almost half of the total number of respondents did not answer to this question. Three respondents consider this recommendation rather not important or not important at all.

Several respondents supported coordination by the Commission of Member States efforts in the area of financial education, including by gathering, assessing and sharing best practices, and/or helping Member States develop national strategies for financial education.

Recommendation 12b(iii). Indicator on financial education

The majority of those who responded to this recommendation considered the creation of a new indicator on financial education in Member States very important or rather important. All of the supporters were businesses associations or companies/business organisations. About half of all respondents, however, either did not answer to this question or did not have a view. Out of the responding public authorities, four considered this topic not important at all or rather not important, one was neutral and four did not provide an answer.

Amongst respondents opposing this recommendation, some respondents mentioned that it was not appropriate for the Commission to become the authority dealing with financial education for the

European Member States, while others mentioned that it was difficult to apply the same indicator to different countries, and that such indicators already existed at a Member State level.

Recommendation 12b(iv). EU-coordinated approach for Member States to set up tests

The majority of those who responded to this recommendation considered developing an EU-coordinated approach for Member States for tests to monitor levels of financial competence of individuals very important or rather important. Most supporters are businesses associations, followed by companies/business organisations. Out of the responding public authorities, an almost equal number considered this topic very important or rather important, rather not important or not important at all, or did not provide an answer at all.

One respondent suggested to add the OECD/INFE International Survey of Adult Financial Literacy to the examples of good practices to be followed.

Recommendation 12c. Erasmus+ or other EU funding programmes

The majority of those who responded to this recommendation considered giving more prominence to financial literacy projects under Erasmus+ or other EU funding programmes very important or rather important. Most supporters are businesses associations, followed by companies/business organisations. Out of the responding public authorities, two consider this topic very important or rather important, two consider it rather not important or not important at all, and five did not provide an answer or were neutral. Almost half of the total number of respondents did not comment on this recommendation. A small number of respondents considered this recommendation rather not important or not important at all.

Recommendation 12d. Replicating the principle enshrined in Article 6 MCD into other sectorial legislation

The majority of those who responded to this recommendation considered extending the principle enshrined in Article 6 of the Mortgage Credit Directive to other sectorial legislation very important or rather important. Most supporters were businesses associations, followed by business organisations. Out of the responding public authorities, one considered this topic very important or rather important, three considered it rather not important or not important at all, and five did not provide an answer or were neutral.

While agreeing with this recommendation, some respondents advised to remain cautious i) not to create discrepancies between the different sectors in terms of financial education (integrated approach preferred to a sectoral approach) and ii) to avoid that the European legislation interfered with the financial education plans or actions that are already implemented in Member States.

Recommendation 12e. Financial guidance

The majority of those who responded to this recommendation considered promoting measures that support financial guidance to consumers in relation to investing and pension saving, including national financial guidance bodies, very important or rather important. Most supporters are businesses associations, followed by business organisations. Out of the responding public authorities, one considered this topic very important or rather important, three considered it rather not important or not important at all, and five did not provide an answer or were neutral.

One respondent supported the setup of national bodies for the coordination and implementation of national strategies for financial education, instead of national financial guidance bodies, only seen as a way to ultimately foster financial education.

Recommendation 12f. Collective redress

Only a handful of respondents considered the recommendation on collective redress very important or rather important, including three businesses associations, three companies/business organisations, and one public authority. The vast majority of respondents did not answer this question, were neutral, or had no opinion. Four respondents considered the recommendation not important at all.

Amongst the latter group, arguments raised against the recommendation included the following:

- it is necessary to wait and see how the new legal instrument of collective redress works before considering extending it to additional areas.
- the recommendation does not properly distinguish shares and bonds, which are financing instruments, from packaged retail investment products. Because shares and bonds are different in nature from packaged retail investment products, they should not be included in the scope of the Directive on representative actions for the protection of the collective interests of consumers.

Recommendation 12g. Employee share ownership (ESO)

Although the vast majority of respondents did not answer to this question, were neutral, or voiced no opinion, the majority of those who responded to this recommendation considered the recommendation on ESOs very important or rather important. Two thirds of supporters were businesses associations, while one third were companies/business organisations. A few respondents considered this recommendation rather not important or not important at all.

One opposing respondent questioned the link between ESOs and financial education.

Some respondents in favour of this recommendation advocated for fostering cross border distribution of shares through ESOs. Some respondents advocated for a harmonisation of the rules on ESOs, for a mutual recognition mechanism of existing national regimes, for the introduction of a European employee savings plan that employees could keep throughout their career, regardless of the country or company where they work, and/or for the possibility for employee shareholder plans of companies operating in several EU countries to benefit of a European passport. According to one respondent, an investment fund structure would present more advantages for the company and the employee than direct share ownership.

Distribution, advice and disclosure

Question 13: Do you agree with the Recommendation on Distribution, advice and disclosure?

There was general acknowledgement of the work of the HLF and the objectives pursued in this area. However, respondents had diverging views on a number of recommendations, which may affect their core business, keeping in mind that the majority of respondent are business associations and companies/business organisations.

Recommendation 13a. Inducements

Views were split on this recommendation, with a bit more than half of those commenting considering inducements a very important or rather important issue, and a bit less than half - considering that this is not important at all or rather not important. More than half of the total number of respondents either left this question blank or indicated that they did not have an opinion or were neutral. The respondents that did not consider the issue important consisted predominantly of business associations, but also included one public authority and two companies/business organisations.

A number of respondents agreed that there was a need for the Commission to investigate the role of inducements on the adequacy of advice. Several respondents considered that there should be a level playing field with regard to the inducement rules under MiFID II and the Insurance Distribution Directive (IDD). It was also noted that more harmonised rules on inducements in sectorial legislation and better transparency of inducements received by distributors of investment products, with comparable rules for all such products, may allow clients to invest with more trust and make decisions in full knowledge of the associated costs and incentives.

However, other respondents disagreed and were not in favour of harmonisation of the applicable rules under IDD and MiFID.

A number of respondents cautioned that a ban of inducements could lead to less access to advice, in particular for the less wealthy clients and pleaded for maintaining the commission-based advice system as this would ensure broad access to advice.

The need to keep in mind differences of the situations of different Member States was also underlined.

Recommendation 13b. Qualification of advisors

Also on this recommendation views were split, with roughly half of those commenting considering inducements a very important or rather important issue, and a bit less than half - considering that this is not important at all or rather not important. More than half of the total number of respondents either did not fill in this question, indicated that they did not have an opinion or were neutral.

A limited number of comments were made with regard to this recommendation. Some respondents pointed out that in their jurisdiction requirements for advisors were already strict or that there were no problems with verifying the necessary knowledge and competence. It was stated that rules needed to be adapted to the reality of distributors' activities or that mechanisms to control and assess their knowledge and competence should be organised by local regulators who know their ecosystem best.

With regard to quality labels, a respondent stated that such a label should correspond to a labelling of existing exams or mechanisms, with the idea of recognition between Member States. Two respondents considered a label unnecessary or disproportionate.

Recommendation 13c. Non-professional qualified investor category

The majority of those respondents who commented on this recommendation considered a separate non-professional qualified investor category a very important or rather important issue, while about a third of those who responded thought that this is not important at all or rather not

important. However, a third of the total number of respondents, indicated that they did not have an opinion or were neutral or did not provide any view on this question.

Many respondents considered that there was a need to reduce unnecessary administrative burden and costs related to the uniform application of MiFID requirements to the broad group of ‘retail investors’. However, several respondents spoke out in favour of increasing flexibility in opting in to a professional investor status rather than introducing a new ‘qualified investor’ category.

Recommendation 13d. Disclosure

The vast majority of those who commented on this recommendation considered disclosure a very important or rather important issue, while only one respondent, a business association, thought that this was rather not important. However, a bit less than a half of the total number of respondents did not give a view or indicated that they did not have an opinion or were neutral.

Many respondents agreed with the need to review the disclosure framework or pointed out deficiencies of the existing framework. Some considered that disclosure vis-à-vis end-investors should tend towards simplification, whereas increasing the level of granularity in the information provided to consumers could lead to information overload and complexity. Others were of the opinion that details of full cost structures, remuneration structures, risk profiles and performance scenarios are important information for the retail investor.

There was support for the principle that disclosure rules should ensure that the fundamental consumer perspective is incorporated, allowing for maximum comparability and retail client engagement and avoiding information overload and complexity. It was also considered that providing simple and accessible information to a retail investor is key.

Recommendation 13e. Investment product databases and comparison tools

Views were split on this recommendation, with a bit more than half of those commenting considering inducements a very important or rather important issue, and a bit less than half - considering that this is not important at all or rather not important. However, more than half of all respondents did not unveil their position, did not have an opinion or were neutral.

Several respondents viewed this recommendation rather critically. While some saw potential benefits, for instance, to facilitate the comparability of products by retail investors, it was also underlined that such a database would require significant resources to implement and maintain for authorities and investment firms and questioned if it would give a useful overview for the end clients. Potential risks were also mentioned, such as inexperienced investors making poor investment choices that would not be in line with their real needs and objectives, for instance exclusively based on product costs involved. One respondent stated that they would prefer market driven initiatives.

Open finance

Question 14: Do you agree with the Recommendation on Open finance?

On the introduction of a framework for open finance, the majority of respondents who provided an opinion considered the recommendation to be important or very important. One respondent suggested it is rather not important and a third of respondents were neutral.

On the possibility to also extend the scope to other non-financial information, the responses were identical. Respondents included business associations, companies/business organisations and public authorities.

In their qualitative feedback, respondents largely indicated their support for the initiative, making note of the benefits that the framework could bring for consumers, including for financial advice and comparability of products and services.

They largely agreed that a consumer-centric approach was necessary for the initiative. It was argued that users should retain control over their data and that sharing should be allowed only based on their consent. Some argued that the framework had to go even further in terms of safeguards for consumers and data privacy – strengthening and clarifying GDPR requirements from the General Data Protection Regulation (GDPR) as well as enhancing supervision may be necessary for the envisaged sharing framework and its' level of complexity. It was also noted that consumer consent on data sharing should not become a prerequisite for receiving services and that further clarification would be necessary on how to distinguish between personal and non-personal data.

A number of respondents, whilst supportive, also highlighted that an open finance framework would have to ensure a level playing field between service providers and be mindful of competition issues, especially at a global level. Others also argued that the framework should be cross-sectoral, with a few suggesting that extension to non-financial data should be a priority. On the other hand, one respondent stressed that an in-depth analysis would first have to be made to determine which data would in fact be relevant for financial services. One respondent suggested that as a first step, the sharing of data should be voluntary and in-depth analysis should be carried out before introducing the framework.

Proportionality of requirements was highlighted by several respondents, suggesting that a cost-benefit analysis should be carried out to ensure that the costs and benefits of the initiative are distributed in a proportionate manner. Other potential downsides of such a framework should be considered as well. As the cost of data sharing and processing of information may be significant, some respondents argued that remuneration policies should be possible for companies subjected to sharing requirements. Standardisation of data and the use of Application Programming Interfaces (APIs) was also referred to, noting that sufficient space should be left for innovation within the field.

Withholding tax

Question 15: Do you agree with the Recommendation on Withholding tax?

The clear majority of respondents considered simplifying withholding tax collection refund and relief at source procedures a very important or rather important issue, with only one in strong opposition. Nearly all supporters were companies/business organisations or business associations.

The respondents in favour underlined the importance of simplifying withholding tax collection refund and relief at source procedures, as tax procedures are seen as discouraging investors from making cross-border investments mainly due to the complexities in applying double taxation treaties (by both home and host tax authorities) and administrative burden to be refunded. Respondents supported simplifying and standardising withholding tax procedures at Member State level by implementing Treaty Relief and Compliance Enhancement (TRACE) as a standardised system for claiming withholding tax relief at source of portfolio investments and by applying the proposed electronic format for the information to be reported by financial institutions to tax administrations and for the exchange of information between tax administrations. Some emphasised that such a new system would improve the security of transactions and would help to prevent fraud.

The only opponent, a company/business organisation, has expressed its strong opposition, however, without providing any further explanation.

Insolvency

Question 16: Do you agree with the Recommendation on Insolvency?

Recommendation 16a.

A clear majority of respondents considers targeted harmonisation of insolvency regimes a very important or rather important issue, over just four in strong opposition. While nearly all supporters are companies/business organisations or business associations, three of the four opponents are national public authorities, none of which supports the recommendation.

The respondents in favour underline the importance of consistent proceedings and creditor protection as an important element for cross-border protection, while cautioning that the task will be challenging in view of the complexity and divergence of national insolvency systems. Triggers of insolvency proceedings and ranking of claims are most frequently mentioned as important items. Several respondents recall the need for value-preserving restructuring mechanisms without referencing the Restructuring and Insolvency Directive 2019. Others emphasise the significance of legal certainty in the post-trade area for clearing, settlement and netting arrangements.

Opponents recall the stark differences between the various national insolvency laws. Some express concerns that harmonisation would adversely affect systems which nowadays are efficient, and upset the balance of well-functioning insolvency systems by introducing new elements. They urge to wait for implementation of the Restructuring and Insolvency Directive 2019 and/or to consider the impact of judicial capacity. Any further harmonisation in the area of insolvency law would have to be preceded by careful analysis. They are concerned that harmonisation might prove too challenging a task.

Recommendation 16b.

Less than half of the respondents engaged on this recommendation, presumably because of a lack of short-term impact. Those who did respond were by a large majority in favour of this recommendation, particularly business associations, closely followed by businesses. Business associations underlined an interest to be represented in such an expert group. Others saw this type of exercise as the appropriate starting point for further work on insolvency. Public authorities attributed little to no importance to this measure.

One of the few contributors to remark more in detail on this recommendation said “experts should be selected by their knowledge in comparative legal research in insolvency matters to achieve a common terminology for principal features of the various national insolvency laws. Any EU added value can only be achievable if, firstly, there is a common understanding among experts of what will be exactly expected by the forthcoming legislative proposal and, second, if the participants are aware of the meaning of the various concepts existing in a number of Member States (for a better comparison and understanding exercise) as well as the concepts developed in texts adopted by UNCITRAL” [United Nations Commission on International Trade Law]. Another contributor called it “premature” in line with their general opposition to insolvency law harmonisation. A third contributor underlined the need to have financial law experts in such a group.

Recommendation 16c.

Considerably less than half of respondents expressed an opinion on this recommendation. Businesses and some associations in favour, public authorities split (one authority neutral).

Opponents expressed concerns relating to the regulatory burden on banks and warn of extending the reporting requirements.

Supervision

Question 17: Do you agree with the Recommendation on Supervision?

The respondents in favour underlined the importance of enhancing European supervisory convergence, in order to have a fully functioning CMU.

Some opponents stressed the fact that the creation of an Executive Board had already been rejected by co-legislators in the context of the recent review of the European Supervisory Authorities (ESAs). According to them, the Board of Supervisors (BoS) should remain the main decision-making body, so that the ultimate responsibility for supervision lies with NCAs and the principles of subsidiarity and proportionality are not undermined. Some emphasised that the role of the NCAs should not be compromised as NCAs are vital to the supervisory landscape due to their local expertise, direct contact with entities and, crucially, local accountability.

The opponents also emphasised that the existing division of competences between NCAs and ESAs is well balanced and would not benefit from further strengthening of powers.

Some proponents, however, found this recommendation overall disappointing, as it did not sufficiently tackle the issue of supervision in the EU.

Recommendation 17a. European Securities and Markets Authority (ESMA)

The majority of those who responded considered strengthening ESMA’s mandate to enhance European supervisory convergence, including by reforming its governance and strengthening its powers and toolkits as well as by entrusting it with wider powers in crisis management and ensuring that it is granted adequate resources a very important or rather important issue. However, the clear majority of the total number of respondents attributed no response to this measure, had no opinion or a neutral opinion regarding this measure. Some respondents were strongly against this measure. It seems that among companies/business organisations, business associations and public authorities some were strongly to rather supportive of this measure, others were without opinion and some were strongly against this measure.

Some undecided respondents stressed that financial markets within the EU are still very different from one another, hence local NCAs were better placed than ESMA to take decisions regarding each national market.

Recommendation 17b. European Insurance and Occupational Pensions Authority (EIOPA)

The minority of those who responded considered strengthening EIOPA’s mandate to enhance the European supervisory convergence, including by reforming its governance and strengthening its powers and toolkits as well as by entrusting it with wider powers in crisis management and ensuring that it is granted adequate resources a very important or rather important issue. However, the clear majority of the total number of respondents did not provide a response to this recommendation, had no opinion or voiced a neutral opinion regarding this measure. Some respondents were strongly against it.

Some strongly believed that the current separation between indirect supervision by EIOPA and direct supervision by national authorities is essential to the European supervisory landscape. Others expressed the need for EIOPA to make further use of its existing powers to enhance cooperation and supervisory convergence, before any changes to the governance or a new mandate are considered.

European Consolidated Tape

Question 18: Do you consider that the creation of a European Consolidated Tape is important to the CMU?

The feedback on the creation of a European consolidated tape (ECT) has been divided with more than half of the total number of respondents not having a clear view. More than a quarter of the total number of respondents - and the clear majority of those commenting on this recommendation - were in favour, while a handful of respondents (and the clear minority of those responding) opposed its creation, expressing scepticism as regards its impact on delivering CMU.

The respondents in favour of the ECT were predominantly asset managers, pension funds and public authority responses. They called for a real-time post-trade tape for equity and equity-like instruments, with an improved quality of data and proportionate cost. Several of them underlined the ECT as a missing tool for the creation of a real CMU.

The respondents opposing the creation of the ECT called for a post-trade end of day Tape of Record as the most appropriate solution. The opponents expressed concern that there is no

business case for the ECT as suggested by the HLF which would make the ECT administratively burdensome and costly to use.

Several respondents, both in favour and against the tape, called for the revision of the cost of market data in the context of the ECT creation.

Other recommendations

Question 19: Are there any other recommendations that are not included in the HLF report that you think are crucial for the completion of the Capital Markets Union?
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The respondents that replied to this question focused on a very broad range of topics. Many expressed their support for the CMU and emphasised its importance especially in the context of green and digital agenda. Several respondents also highlighted the benefits of CMU for SME financing, especially in the current economic environment of COVID-19 recovery and Brexit. A number of respondents also called the Commission to develop key performance indicators to measure the progress of CMU.

On more specific issues, a number of respondents mentioned the fragmented tax regimes and debt/equity bias as barriers to delivering CMU. A couple of respondents noted the issue of fragmented financial reporting requirements.

A number of respondents raised securities markets issues related to the disproportionate cost of market data, share trading obligation and double volume cap. Many respondents considered that CMU should work towards further re-equitising the EU economy.