To improve the financing of our economy, we should further develop and integrate capital markets. This would cut the cost of raising capital, notably for SMEs, and help reduce our very high dependence on bank funding. This would also increase the attractiveness of Europe as a place to invest.

Jean-Claude Juncker, State of the Union Address European Parliament, 14 September 2016
WHY DO WE NEED A CAPITAL MARKETS UNION?

Investment in stock markets has sharply decreased since 2007.

Less private money flowing to venture capital funds.

Investment in stock markets has sharply decreased since 2007.

Funding from capital markets to medium-sized companies.

Capital markets are fragmented along national lines.

Shareholders and buyers of corporate debt often prefer to invest nationally.

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WHO BENEFITS FROM CAPITAL MARKETS UNION

1. Start-ups and SMEs: Wider access to funding
2. Savers and Investors: More opportunities to put money to work
3. Infrastructure projects: More investment flows
4. Medium and Large companies: Access to cross-border investment
5. Europe's economy: More diverse and resilient

- Banks: Safe ways to lend to homes and businesses
A CAPITAL MARKETS UNION FOR EUROPE

UNLOCKING FUNDING FOR EUROPE’S GROWTH

- Complement bank financing with other sources of capital
- Improve funding for Small and medium-sized enterprises
- Offer businesses a greater choice of funding at lower cost
- Remove obstacles to investing across borders
- Give savers more investment choices
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THE ACTION PLAN AS CORNERSTONE OF OUR STRATEGY

ACTION PLAN

- Deepening financial integration and increasing competition
- Connecting financing to the real economy
- Creating more opportunities for investors
- Fostering a stronger and more resilient financial system

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FINANCING FOR INNOVATION, START-UPS AND NON-LISTED COMPANIES

Support to venture capital and equity financing

Overcoming information barriers to Small and medium-sized enterprises investment

Promote innovative forms of corporate financing
e.g. crowd funding
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MAKING IT EASIER FOR COMPANIES TO ENTER AND RAISE CAPITAL ON PUBLIC MARKETS

Strengthening access to public markets

Supporting equity financing
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INVESTING FOR LONG TERM, INFRASTRUCTURE AND SUSTAINABLE INVESTMENT

Supporting infrastructure investment

- Amendment to **Solvency II legislation** regarding infrastructure projects and **European long term investment funds**
- Assessment of **infrastructure corporates**

Ensuring consistency of EU financial services rulebook

- Examination of the **regulatory framework for financial services**
- **Public hearing** and a **feedback statement**
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FOSTERING RETAIL AND INSTITUTIONAL INVESTMENT

Increasing choice and competition for retail consumers

Helping retail investors to get a better deal

Supporting saving for retirement

Expanding opportunities for institutional investors and fund managers

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LEVERAGING BANKING CAPACITY TO SUPPORT THE WIDER ECONOMY

Strengthening local financing networks

Building EU securitisation markets

Simple, transparent and standardised securitisations and a revision of the capital calibrations for banks

Supporting bank financing of the wider economy

Public consultation on an EU-wide framework for covered bonds and similar structures for SME loans
FACILITATING CROSS-BORDER INVESTMENT

- Removing national barriers to cross-border investment
- Improving market infrastructure for cross-border investing
- Fostering convergence of insolvency proceedings
- Removing cross-border tax barriers
- Strengthening supervisory convergence and capital market capacity building
- Enhancing capacity to preserve financial stability
THE FIRST WAVE OF CMU INITIATIVES

Speed up adoption of the following proposals:

- the modernisation of the Prospectus rules
- measures to strengthen venture capital markets
- Simple, Transparent and Standardised ("STS") Securitisations

Accelerate delivery on:

- a proposal on business restructuring and insolvency
- encouraging Member States to remove withholding tax barriers and encourage best practices
- amending insurance and banking legislation as necessary

Develop further priorities, amongst which:

- the support to the development of personal pensions markets
- the development of a comprehensive European strategy on sustainable finance
- the development of a co-ordinated policy approach to support the development of FinTech
- potential further steps in relation to the supervisory framework