

Parliament of the Czech Republic
CHAMBER OF DEPUTIES
2018
8th parliamentary term

85th

RESOLUTION
of the European Affairs Committee
at its 11th sitting
held on 9 May 2018

concerning the Commission Communication – Completing the Capital Markets Union by 2019 – Time to accelerate delivery /document code 7219/18, COM(2018) 114 as amended/

Having heard information from the Deputy Minister of Finance, Zdeňka Hrdličky, and an intelligence report from Jana Skopečka MP, and having held a debate, the Czech Parliament Chamber of Deputies' European Affairs Committee

e n d o r s e s the opinion annexed to this resolution.

Signed: Adam Kalous
Verifier

Signed: Jan Skopeček
Rapporteur

Signed: Ondřej Benešík
Chairman

Commission Communication – Completing the Capital Markets Union by 2019 – Time to accelerate delivery

COM(2018) 114 final as amended, EU Council No 7219/18

- **Legal basis:**
Information document
- **Date sent to the Chamber of Deputies via the European Affairs Committee:**
16.3.2018
- **Date of discussion by the European Affairs Committee:**
28.3.2018 (first round)
- **Procedure:**
The legislative procedure does not apply to this document. It is a non-legislative document which is not subject to approval by the Council and the European Parliament. The procedure has been completed with its adoption and submission to these institutions.
- **Preliminary Government opinion (pursuant to Section 109a(1) of the Chamber of Deputies' Rules of Procedure):**
Dated 20 April 2018 and delivered to the European Affairs Committee on 25 April 2018 via the ISAP system.
- **Assessment from the point of view of the subsidiarity principle:**
An assessment from the point of view of the subsidiarity principle does not apply; the document is for information purposes.
- **Grounds and subject-matter:**
The Capital Markets Union (CMU) is a plan on the part of the Commission to mobilise capital in Europe. In the Commission's view, more integrated capital markets enable businesses to capitalise on new sources of financing and to reduce the costs of obtaining capital, offering new options to savers and investors and enhancing the resilience and competitiveness of the financial system of the EU. Establishing the CMU represents a priority for the European Commission of particular importance for the countries in the eurozone. Its completion by 2019 is a key element of the investment plan of the President of the European Commission,

Jean-Claude Juncker, which he presented in November 2014.¹ In September 2015, the Commission adopted an Action Plan on Building a Capital Markets Union, which contained a list of more than 30 measures and their indicative timeline.² In mid-2017, the Commission updated and supplemented this Action Plan by consolidating existing measures and adding new measures.³ In its review, the Commission stated that it was necessary to be more ambitious with regard to not only eliminating obstacles but also making use of new opportunities. Further to this review, the Commission first of all put forward two action plans: an action plan on financial technology and an action plan on sustainable finance. Then in April 2018 the Commission put forward a package of documents on building a capital markets union.

The Commission has so far put forward eight legislative proposals, of which only three have been adopted. It plans to put forward all the remaining legislative proposals by May 2018. The current package of documents includes the Communication in which the Commission calls for acceleration of the completion of the capital markets union and presents a list and timeline of legislative initiatives and priority measures which have already been adopted or are planned.

- **Content and impact:**

In the Communication ‘*Completing the Capital Markets Union by 2019 - Time to accelerate delivery*’, the Commission calls for work to be speeded up on all legislative proposals which have not yet been adopted and which will lead to completion of the CMU. In the Annex to the Communication, the Commission refers to the timeline of legislative initiatives and priority measures already introduced since October 2017 or planned until May 2018, by which time the Commission plans to put forward all the legislative initiatives.

By mid-2019, the Commission plans to lay the foundations of all three pillars of the CMU: the EU Single Market, clear and proportionate rules, and efficient supervision.

New pan-European products, labels and passports seek to ensure that investors, consumers and businesses can reap the full benefits of the Single Market. In addition to the existing rules on strengthening investment in European venture capital funds (EuVECA), there is now a proposal on a pan-European Personal Pension Product (PEPP)⁴ – a proposal which has yet to be adopted. The Commission is therefore calling on the Council and the European Parliament to swiftly bring to a close its work on this proposal. As part of the new package put forward, the Commission is proposing additional measures: a European label for investment-based and lending-based crowdfunding platforms (*European Crowdfunding Services Providers for*

¹ European Commission: What is the capital markets union? General information on the objectives of the capital markets union. [accessed on 10.4.2018] Available at: https://ec.europa.eu/info/business-economy-euro/growth-and-investment/capital-markets-union/what-capital-markets-union_en

² Commission Communication – Action Plan on Building a Capital Markets Union, COM(2015) 468 as amended. 30.9.2015 [accessed on 10.4.2018] Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015DC0468>

³ European Commission: Mid-term review of the capital markets union action plan – 8 June 2017 [accessed on 10.4.2018] Available at: https://ec.europa.eu/info/publications/mid-term-review-capital-markets-union-action-plan_en

⁴ Proposal for a Regulation of the European Parliament and of the Council on a pan-European Personal Pension Product (PEPP), COM (2017) 343 final [accessed on 16.4.2018] Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017PC0343>

Business'); an EU enabling framework for covered bonds and measures to reduce the regulatory barriers to the cross-border distribution of investment funds in the EU.

In the context of supporting businesses and entrepreneurs through clearer and simpler rules, the Commission is calling on the European Parliament and the Council to accelerate the adoption of rules which the Commission has put forward in the Proposal for a Directive of the European Parliament and of the Council on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures.⁵ In the Communication, the Commission again calls on the Council to accelerate the adoption of the common consolidated corporate tax base (CCCTB)⁶, which addresses the bias in the tax system towards debt over equity by providing an allowance for equity issuance. As part of the new package of measures put forward in March 2018, the Commission proposes, in the Proposal for a Regulation on the law applicable to the third-party effects of the assignment of claims, new rules to facilitate cross-border transactions and to increase legal certainty for owners of financial claims. Further guidance on the law applicable to transactions in securities is provided by the Commission in the accompanying Communication.

With a view to achieving more efficient supervision of the EU's capital markets, the Commission considers it necessary to strengthen the ability of the European Securities Markets Authority (ESMA) to ensure that the capital markets are supervised and the rules are enforced. The Commission is ready to take part in discussions with the European Parliament and the Council and thus help to speed up negotiations in order to ensure that the final adoption of the review of the European supervisory authorities takes place before the elections to the European Parliament in 2019. The Commission also calls for acceleration of the adoption of reforms already proposed in order to strengthen supervision of central counterparties.

Impact on the Czech Republic's state budget and body of laws

As it is an information document, the Communication does not have a direct impact. Follow-up measures associated with the Communication may have an impact.

- **Opinion of the Czech Government:**

The Government of the Czech Republic has long supported the CMU project and considers it to be one of the pillars of development of the equity market, which of course does not exclude different approaches to individual initiatives in the framework of the CMU. The Government of the Czech Republic has reservations about the proposed timeline and regards it as ambitious, to say the least, and even unrealistic. The Government of the Czech Republic therefore calls on the Commission to reassess these plans so that priority is given to completing initiatives which have already been launched and new initiatives are left until possible further stages after the elections to the European Parliament.

⁵ Proposal for a Directive of the European Parliament and of the Council on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures and amending Directive 2012/30/EU, COM(2016) 723 final [accessed on 16.4.2018] Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52016PC0723>

⁶ Proposal for a Council Directive on a Common Corporate Tax Base, COM(2016) 685 final [accessed on 16.4.2018] Available at: <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2016:0685:FIN>

- **Expected procedural timetable within the EU institutions:**

At the European Council on 22 March, the Heads of State and Government of the EU Member States called for increased efforts regarding the swift examination and adoption of proposals which the Commission put forward in the Action Plan on Building a Capital Markets Union.⁷

The Communication is currently in the preparatory phase at the European Parliament and has been assigned to the ECON committee (economic and monetary affairs) as a management committee. It will also be dealt with by the EMPL committee (employment and social affairs), the ENVI committee (environment, public health and food safety), the ITRE committee (industry, research and energy), the IMCO committee (internal market and consumer protection) and the JURI committee (legal affairs).

- **Conclusion:**

The European Affairs Committee

- 1. takes note of** Commission Communication – Completing the Capital Markets Union by 2019 - Time to accelerate delivery, COM(2018) 114 as amended, Council No 7219/18;
- 2. takes note of** the Government's framework position on this document;
- 3. does not agree**, however, with the Commission's call on the council to accelerate the adoption of the common consolidated corporate tax base (CCCTB). The corporate tax base, as a direct tax base, should remain a sovereign decision of the EU Member States;
- 4. instructs** the Chair of the European Affairs Committee to forward this Resolution to the President of the European Commission in the context of political dialogue.

Signed: Adam Kalous
Verifier

Signed: Jan Skopeček
Rapporteur

Signed: Ondřej Benešík
Chairman

⁷ European Council: European Council conclusions on Jobs, Growth and Competitiveness, as well as some of the other items (Paris Agreement and Digital Europe), 22 March 2018 [accessed on 10.4.2018] Available at: <http://www.consilium.europa.eu/media/33430/22-euco-intermediary-conclusions-en.pdf>