



DECISION

In its 103rd sitting on 7 May 2015, the German Bundestag

on the basis of Bundestag printed paper 18/4807,

**on the Green Paper
Building a Capital Markets Union
COM(2015)63 final; Council Document 6408/15**

here: Opinion as part of a consultation procedure of the European Commission

adopted the following resolution:

I. The German Bundestag declares:

1. On 18 February 2015, the European Commission presented a Green Paper on building a capital markets union. Interested persons are invited to send their views on the proposals made in the Green Paper by 13 May 2015. An action plan containing initial concrete measures is to be presented in late summer 2015.
2. The Commission's project to build a capital markets union is also part of President Juncker's agenda for jobs and growth. This includes in particular creating a European Fund for Strategic Investments (EFSI), which is to mobilise investments in the amount of 315 billion euros. The capital markets union, which will include all 28 Member States, forms the structural part of the initiative and in this connection it is to provide a genuine internal market for alternative capital-market-based company financing, and in this way also to make a contribution to increasing the level of investments in the long term.
3. In the view of the Commission, the financing of companies in Europe is characterised by bank financing, which has a dominant position, and relies to a lesser extent on the capital markets. In addition, the European capital market, particularly since the 2007/08 financial crisis, has been deeply fragmented along national boundaries. The capital markets union is intended to broaden the range of alternative financing possibilities for companies, in order to diversify capital market financing in particular for the benefit of small and medium-sized enterprises (SMEs) and to facilitate alternatives to classical bank financing. In addition, the capital markets union will be able to assist in directing more non-Member-State investments to the EU and stabilising the financial system by opening up a broader range of financing sources. However, for Germany this capital market financing can only play a supplementary role.



4. Many of the proposals made by the Commission relate to long-term projects. In order to make progress as rapidly as possible, the Commission wishes, in the coming months,
 - to present proposals promoting reliable, transparent and standardised securitisation in the form of high-quality products and in this way also to enable additional sustained bank lending;
 - to review the Prospectus Directive to make it easier for small firms to access capital;
 - to improve the availability of credit information on companies (and in particular SMEs) for investors;
 - to present proposals encouraging pan-European private placements and thus direct investment in small businesses; and
 - to support the take-up of the new European Long Term Investment Fund (ELTIF), in particular in order to channel more investment into infrastructure projects.
 5. In addition to this, the Commission proposes a large number of measures with the following aims:
 - in the long term, to improve access to financing for all businesses across Europe (in particular SMEs) and investment projects, for example in the area of infrastructure;
 - to increase and diversify the sources of funding from the EU and all over the world, and
 - to create more effective and efficient markets which link investors and companies which need funding, both within the Member States and cross-border, more effectively and at lower cost.
- II. The German Bundestag welcomes the Commission taking up this topic and will actively follow the further debate. It expects of the Commission that:
1. by the building of a capital markets union, the possibilities for companies to be financed are extended and supplemented by a broader range of products, more transparency and more competition, and the capital markets union contributes to encouraging sustained investment and thus growth and employment in the EU;
 2. on the basis of a thorough analysis it is determined where reforms are capable of improving financing possibilities and where tried and tested structures should be retained. In every case, functioning markets, such as the German promissory note and Pfandbrief market, must not be harmed;
 3. measures of equity financing are identified and if possible supported. A particularly important factor for Europe is cross-border equity financing for the purpose of international risk sharing. This must be reinforced;



4. access to bank financing does not become more difficult as a result of the capital markets union. The German three-pillar model has proved its worth in supplying German business with credit. In particular small and medium-sized enterprises will continue to rely on financing from their principal bank. Consequently, in the building of the capital markets union, attention must be paid to improvements of bank financing for small enterprises. In this way, the supply of credit from small banks to small and medium-sized enterprises can be facilitated if a regulatory regime designed for them leaves enough room for manoeuvre and the principle of proportionality is complied with to a still greater degree in the legislation. At the same time, this lowers the barriers to entry to the market for newly founded banks in the regions, creates more competition in the banking market, and in this way improves access to financing in regions and sectors of Europe in which it is at present very difficult for small enterprises to obtain financing from the existing big banks;
5. in all deliberations account is taken of the fundamental principle of proportionality and of the reciprocal effects of the legislation: The value of the measures for growth and stability must exceed the burden on the companies which offer or seek financial market products. This principle must also be applied to banks, in order that there are no distortions of competition between sectors. The intensity of the legislation should be geared to the companies' risk profile. The financing conditions should improve in particular for SMEs, without imposing disproportionate burdens on them or worsening their competitive position. This also includes retaining the special equity capital requirements for SME loans;
6. the stability of the financial market is preserved in the building of the capital markets union. In planning the capital markets union, attention must be paid to the risks that were recognised in the financial crisis, which included risks from capital-market-based credit financing (the shadow banking system). The capital markets union must not result in purely speculative investment possibilities being promoted, in transparency in company financing being reduced or in small and medium-sized enterprises finding it harder to access tried and tested bank facilities. On the contrary, it should provide a favourable environment for long-term investment too;
7. in connection with all proposals made in the Commission's Green Paper to implement the capital markets union, account should be taken in particular of the protection of consumers and investors. This also applies to the planned review of the Prospectus Directive. Care should be taken in this connection that justified amendments in the direction of more transparency and to make the Directive more workable are not accompanied by lower standards of investor protection;
8. the capital markets union does not take the place of necessary investments and structural reforms. Investment decisions, like financing conditions, are even more strongly dependent on the macroeconomic environment and the basic conditions for entrepreneurial activity. A realistic risk assessment of an investor takes account, above all, of these factors;
9. possible obstacles to free flow of capital within the European Union which result from differences in the national legal systems in specific areas of law such as insolvency law, company law and securities law are identified and analysed. Further consideration of these should then be prioritised, depending on whether their removal is urgent for the attainment



of the goal of a capital markets union while respecting the principle of subsidiarity; what solutions could realistically be reached when the benefits are weighed against the expense and effort involved; and whether these can be realised in the short or medium term;

10. in addition, the measures for the revitalisation of a quality-oriented and sustainable European securitisation market, which the Commission has classified as priorities, are pursued and intensively reviewed, since securitisation of a high quality might create financing scope in the banks which could benefit the SMEs. In particular, we will continue to use the proven method of accounting for German small and medium-sized enterprises under the German Commercial Code, and for small and medium-sized enterprises we reject the suggestion of an accounting obligation under the International Financial Reporting Standards or under another standard yet to be created which mediates between the two.

- III. The German Bundestag requests that its President communicate this decision to the Commission, the European Parliament and the parliaments of the Member States.