



EUROPEAN COMMISSION

*Brussels, 15.2.2016
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Dear President,

The Commission would like to thank the Bundesrat for its Opinion on the Commission Communication to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Action Plan on Building a Capital Markets Union {COM(2015) 468 final}, hereafter "CMU Action Plan".

The Commission welcomes the support expressed by the Bundesrat for the CMU Action Plan in general and for the pragmatic evidence-based approach to EU policy-making. The Commission particularly welcomes the support of the Bundesrat for the actions relating to tax incentives for business angels, the approach on private placements, the call for evidence on the cumulative impact of regulation, as well as the assessments of retail investment and personal pensions markets.

The Commission shares the Bundesrat's concern relating to the importance of ensuring adequate protection for retail investors that wish to invest in capital markets and seeks to address it by providing access to affordable, well-regulated and transparent as well as diversified investment vehicles.

The Commission continues to be mindful of stability risks when seeking to strengthen alternative, non-bank sources of financing.

The Commission notes the concern of the Bundesrat in relation to credit unions. In the context of the CMU Action Plan, the Commission will explore the possibility for all Member States to authorise credit unions to operate outside the EU's capital requirement framework for banks, although they should remain subject to national regulatory safeguards commensurate with the risks that they incur.

The Commission hopes that these clarifications address the issues raised by the Bundesrat and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Jonathan Hill
Member of the Commission*

*Stanislaw Tillich
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