EUROPEAN COMMISSION

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Dear President,

The Commission would like to thank the Camera dei Deputati for its Opinion on the Report from the Commission to the Council and to the European Parliament "Accelerating the capital markets union: addressing national barriers to capital flows" {COM(2017) 147 final}.

This report follows up the agreement reached at the Economic and Financial Affairs Council of June 2015 that national barriers to cross-border capital flows should be mapped and the best ways identified to tackle those that are either not justified by public interest considerations or are disproportionate. The Commission has been working together with a group of experts from the Member States, with the European Parliament as an observer, to deliver this work.

The result is a joint Roadmap, agreed between the Member States and the Commission, of actions for removing these barriers. This complements other initiatives on existing obstacles to investment identified by the Commission in the context of the European Semester and the Action Plan on Building a Capital Markets Union {COM(2015) 468 final}.

Building integrated financial markets as part of the Capital Markets Union requires important decisions at Union level, but also decisive commitments by each Member State to tackle national barriers. Action at national level is needed to set up the clear, predictable and stable environment that will allow for more investment and a more efficient allocation of capital, and ultimately boost business and infrastructure financing.

The Commission has taken due note of the views expressed by the Camera dei Deputati in its Opinion and will address the issues raised in the framework of its ongoing work with the expert group in which all Member States are represented. This will include, amongst various actions, an identification of the main drivers for cross-border investment by pension funds, in order to promote best practices across Member States and raise awareness of new opportunities under the Investment Plan for Europe.

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The Commission, in cooperation with the expert group, will also assess the impact of the actions agreed in the Roadmap in the context of the progress towards the delivery of the Capital Markets Union. The outcome of this assessment will be taken into account when evaluating the need for further action.

The Commission would also like to thank the Camera dei Deputati for its support for the mid-term review of the Capital Markets Union of 8 June 2017 {COM(2017) 292 final}. The mid-term review, which took careful account of the most useful contribution of the Italian authorities, sets new priority measures which complement the commitments made in the initial Action Plan. This includes work to strengthen the supervisory framework, efforts to make our capital markets more efficient and attractive to small issuers, and to expand the reach of market-based finance across Europe.

Addressing some of the specific issues mentioned by the Camera dei Deputati, the mid-term review of the Capital Markets Union envisages a more proportionate regulatory environment to support Europe's Initial Public Offering markets and to make stock market listing more attractive for small issuers. Furthermore, the Commission is exploring actions to improves the ability of bank creditors to recover value from secured loans in case of business debtors' default (as per the Italian recent reform of the Testo Unico Bancario introducing the "patto marciano" and the "pegno non-possessorio"), whilst remaining consistent with the objectives of our proposal to facilitate the orderly restructuring of failing companies with a view to giving entrepreneurs a fair second chance.

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

Yours faithfully,

Frans Timmermans   *Valdis Dombrovskis*
First Vice-President   *Vice-President*