



EUROPEAN COMMISSION

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*Mr Valeriu-Ștefan ZGONEA
President of the Camera
Deputaților
Palace of the Parliament
Str. Izvor nr. 2-4, sector 5
RO – 050563 BUCHAREST*

Dear President,

The Commission would like to thank the Camera Deputaților for its Opinion on the Green Paper on 'Building a Capital Markets Union' [COM(2015) 63 final]. The Commission concurs fully with the clearly stated expectations of the Camera Deputaților as to the ways in which a Capital Markets Union can strengthen the European economy and improve the availability of finance for corporate investment.

The Commission welcomes the Camera Deputaților's positive assessment of our step-by-step approach to building a Capital Markets Union. The Opinion also helpfully identifies concrete ways for developing more diversified sources of funding for Europe's companies as a complement to a strong bank-funding channel.

Taking into account the valuable feedback received in response to the public consultation on the Green Paper, the Commission has now presented its 'Action Plan on Building a Capital Markets Union'.¹ This Plan is part of a broader strategy of measures designed to strengthen Europe's economy, stimulate investment, create jobs and boost growth, which includes the creation of the European Fund for Strategic Investments.

The Action Plan aims to build a true single market for capital across the 28 EU Member States. It sets out the priority actions needed to put in place the building blocks of a Capital Markets Union by 2019 by removing barriers to cross-border investment, developing market-based sources of funding and lowering the costs of funding for EU businesses, in particular small and medium-sized enterprises (SMEs). The Action Plan will also buttress the Economic and Monetary Union by supporting economic convergence and helping to absorb economic shocks in the euro area, as set out in the report of the Five Presidents on Completing Europe's Economic and Monetary Union.

¹ Communication from the Commission 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 of 30.9.2015

The Commission will take action in many areas identified by the Camera Deputaților as being essential for building a Capital Markets Union. The Opinion of the Camera Deputaților contains many valuable recommendations, many of which are reflected in the Action Plan. In particular, the Commission would like to note the following:

The Commission will explore ways to build a pan-European approach to better connect SMEs with a range of funding sources such as venture capital, angel investing and other forms of equity and credit provision, as well as to develop information networks to link finance seeking firms with prospective investors across the EU. The Action Plan explicitly identifies the need to extend the geographical reach of these funding channels to many Member States where they are currently underdeveloped.

On 30 September 2015, the Commission tabled proposals to revitalise markets for simple, transparent and standardised European securitisations {COM(2015) 472 and 473 final}. These measures have the potential to free up capacity on banks' balance sheets and enable banks to focus more on credit provision to corporate borrowers.

On 30 November 2015, the Commission proposed to overhaul prospectus rules to improve access to finance for companies and simplify information for investors.² SMEs in particular will find it easier to raise funding when issuing shares or debt. Companies already listed on public markets will also benefit when they want to list additional shares or issue corporate bonds.

The Action Plan envisages measures to deliver an effective European investment fund passport that eliminates cross-border fees and barriers. This can boost competition, efficiency and consumer choice in these markets which are an important savings vehicle for the European citizens.

The Commission will assess whether and how to build a pan-European covered bond framework, building on national regimes that work well and will review EU corporate bond markets, focusing on how market liquidity for some corporate bonds can be improved.

On 30 September 2015, the Commission adopted changes to the Delegated Act on Solvency II³ in order to reduce calibrations (by up to 30%) for insurers' investment in infrastructure and European Long Term Investment Funds. It is undertaking a parallel assessment of whether similar adjustments are needed to the Capital Requirements Regulation⁴ for banks.

Furthermore, the Commission would also like to draw the attention of the Camera Deputaților to its intention to explore ways to remove barriers to capital movement and to promote the development of capital markets across the EU through the provision of tailored support to strengthen administrative capacity. Through its newly created Structural Reform

² Proposal for a Regulation of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading - COM(2015) 583 final of 30.11.2015

³ Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Official Journal of the EU, L 12, 17.1.2015, p. 1.

⁴ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, Official Journal of the EU, L 176, 27.6.2013, p. 1.

Support Service, the Commission will examine ways to develop such support in cooperation with interested Member States.

The Commission also takes note of the further recommendations made by the Camera Deputaților concerning the establishment of the building blocks of a fully functional Capital Markets Union and the need to monitor progress of the implementation of the Action Plan on a regular basis.

The Commission is grateful for the Camera Deputaților's constructive contribution and looks forward to continuing the dialogue with the Camera Deputaților in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Lord Hill
Member of the Commission*