



European Commission

Delivering on the CAPITAL MARKETS UNION

#CMU | #InvestEU

WHAT IS THE CAPITAL MARKETS UNION?

The Capital Markets Union aims to get money - investments and savings - flowing across the EU so that it can benefit consumers, investors and companies. It is part of the Juncker Commission's ambition to sustain growth in Europe. The Capital Markets Union aims to break down barriers that block cross-border investments in the EU and make it easier for companies and infrastructure projects to get the finance they need, regardless of where they are located. It also sets out to foster sustainable finance by directing investment to environmentally friendly projects.

WHY CAPITAL MARKETS UNION MATTERS?

More integrated financial markets create a cushion to absorb sudden shocks, and allow risk to be shared by private actors across EU borders, making the Economic and Monetary Union stronger and more resilient. This, in turn, can create an incentive for market participants to use the euro, therefore reinforcing its international role. The Capital Markets Union is also an important Single Market project. By diversifying sources of finance for EU's businesses, it can support investment in innovation and technological developments, thereby promoting the EU's global competitiveness.

WHAT ARE THE CURRENT ISSUES?



Start-ups and small and medium-sized enterprises need more funding for innovation and growth (market-based sources of finance are currently less than 15%)



EU households save heavily, but do not make the most of their savings



High fixed costs of up to 15% of the amount raised makes access to public markets especially costly for small businesses



Investors face many barriers when investing in other EU countries



European businesses highly depend on banks for their financing (50% of total financing), with few alternative funding sources

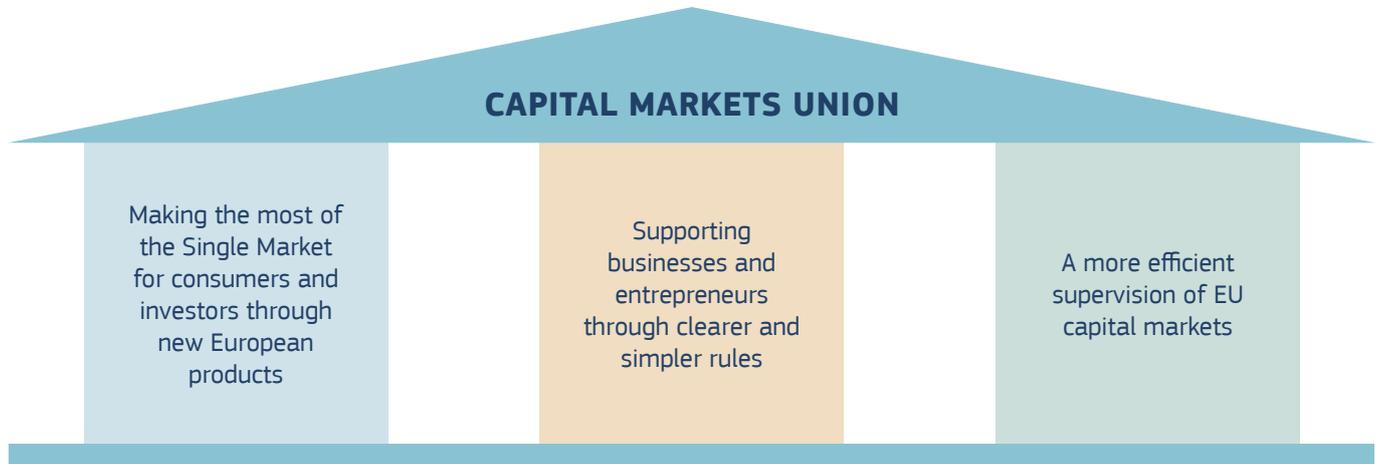


"The Commission has delivered the essential building blocks of the Capital Markets Union. We need sustained engagement from the European Parliament and Member States to complete this effort. The success of the Capital Markets Union depends on the actions of Member States and stakeholders at national and EU level, through their national reforms and actions."

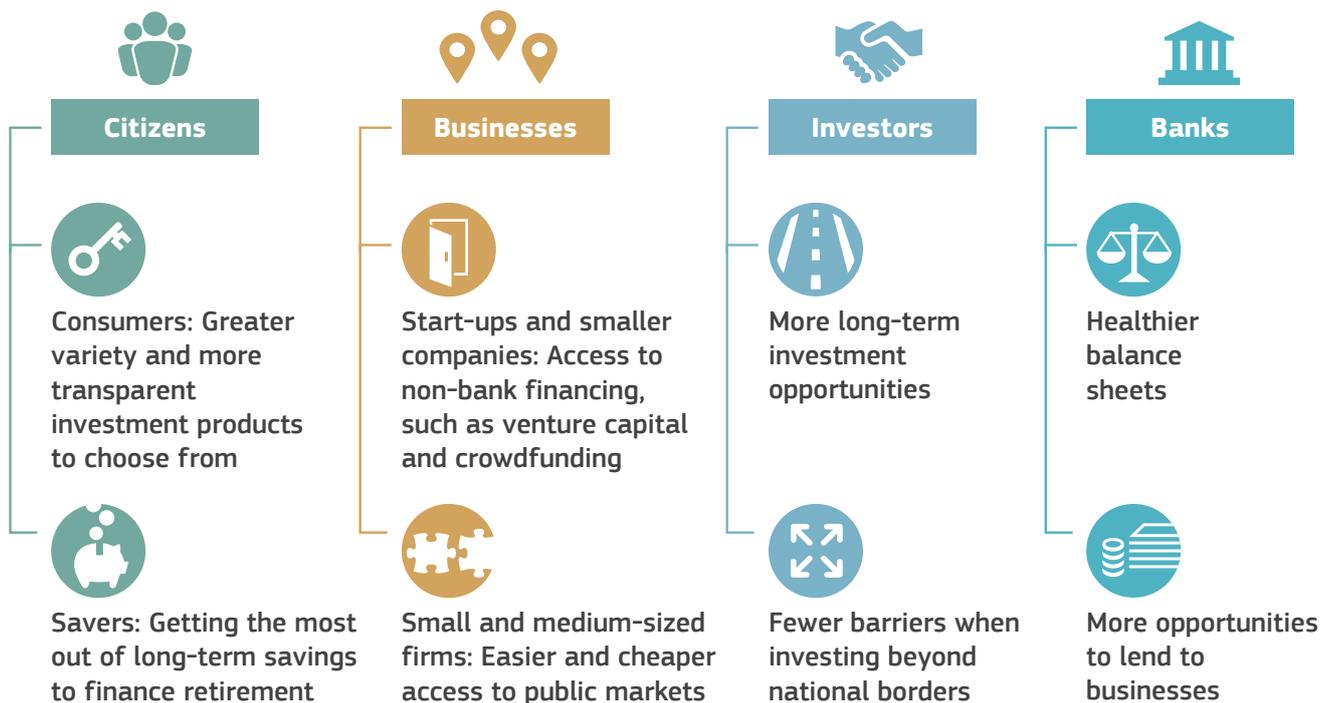
VALDIS DOMBROVSKIS

Vice-President in charge of Financial Stability, Financial Services and Capital Markets Union

THREE PILLARS OF THE CAPITAL MARKETS UNION



WHO BENEFITS FROM THE CAPITAL MARKETS UNION?



“By more efficiently connecting companies and investors across borders, the Capital Markets Union is essential to get companies, especially small ones, the financing they need to grow, thereby delivering on the Juncker Commission’s priority to boost investment, jobs and growth.”

JYRKI KATAINEN

Vice-President responsible for Jobs, Growth, Investment and Competitiveness



13 CMU legislative initiatives have been presented by the Juncker Commission



10 have been agreed on by the European Parliament and the Council of the European Union



3 sustainable finance legislative initiatives have been presented by the Juncker Commission



2 have been agreed on by the European Parliament and the Council of the European Union

WHY IS SUSTAINABLE FINANCE IMPORTANT FOR THE CAPITAL MARKETS UNION?

By pioneering action through its Capital Markets Union, the EU intends to globally lead the shift and scale up private investment towards achieving the objectives of the Paris Climate Agreement, through:

	A unified EU green classification system - 'taxonomy' to determine if an economic activity is environmentally sustainable based on harmonised EU criteria.
	Transparency requirements on how financial companies integrate environmental, social and governance factors in their investment decisions.
	Two new categories of financial benchmarks aimed at giving greater information on an investment portfolio's carbon footprint.

Transitioning to a climate-neutral economy requires global solutions. Coordinating sustainable finance initiatives and tools across jurisdictions will:

- scale up sustainable finance
- ensure compatible markets for sustainable financial assets across borders and avoid fragmentation
- achieve economies of scale



BENEFITS FOR INVESTORS

additional great opportunities to link global investors with local sustainable projects



BENEFITS FOR BUSINESSES

new sources of funding through global capital markets and the financial sector worldwide

PROGRESS ON THE CAPITAL MARKETS UNION

POLICY DESCRIPTION	OBJECTIVE	 European Parliament	 Council of the European Union
CAPITAL MARKETS UNION KEY BUILDING BLOCKS			
Simple, transparent and standardised securitisation	<i>To broaden investment opportunities and boost lending to Europe's households and businesses.</i>	Adopted	Adopted
Prospectus Regulation	<i>To facilitate access to financial markets for companies, particularly small and medium-sized enterprises.</i>	Adopted	Adopted
European Venture Capital Fund Regulation (EuVECA) and European Social Entrepreneurship Funds Regulation (EuSEF)	<i>To stimulate venture capital and social investments in the EU.</i>	Adopted	Adopted
Pan-European personal pension product (PEPP)	<i>To give citizens more and better options for retirement savings.</i>	Agreed	Agreed
Covered bonds	<i>To provide a source of long-term financing for banks in support to the real economy.</i>	Agreed	Agreed
Crowdfunding	<i>To improve access to this innovative form of finance for start-ups, while maintaining investor protection.</i>	Negotiating mandate	Not agreed
Cross-border distribution of collective investment funds	<i>To remove burdensome requirements and harmonise diverging national rules.</i>	Agreed	Agreed
Investment firms review	<i>To ensure a level playing field between the large and systemic financial institutions while introducing simpler rules for smaller firms.</i>	Agreed	Agreed
Preventive restructuring, second chance and efficiency of procedures	<i>To provide honest entrepreneurs with a second chance and facilitate the efficient restructuring of viable companies in financial difficulties.</i>	Agreed	Agreed
Promotion of SME Growth Markets	<i>To cut red-tape for small and medium-sized enterprises trying to access capital markets.</i>	Agreed	Agreed
Third-party effects on assignment of claims	<i>To enhance legal certainty about the applicable national law to the effects on third parties where a claim is assigned cross-border.</i>	Negotiating mandate	Not agreed
European Supervisory Authorities review including anti-money laundering rules	<i>To enhance supervisory convergence and strengthen enforcement, including against money laundering and terrorist financing.</i>	Negotiating mandate	Negotiating mandate
European market infrastructure regulation (Supervision)	<i>To ensure that the EU supervisory framework effectively anticipates and mitigates risk from EU and non-EU central counterparties servicing EU clients.</i>	Agreed	Agreed
SUSTAINABLE FINANCE INITIATIVES			
Sustainable finance: Taxonomy	<i>To help to reorient private capital flows towards more sustainable investments, such as clean transport, and help finance the transition to a low-carbon, more resource-efficient and circular economy.</i>	Not agreed	Not agreed
Sustainable finance: Disclosure		Agreed	Agreed
Sustainable finance: Low carbon Benchmarks		Agreed	Agreed