



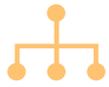
CAPITAL MARKETS UNION

mid-term review

#CMU

WHAT IS THE CAPITAL MARKETS UNION?

The Capital Markets Union aims to strengthen capital markets and investment in the EU. It is an integral part of the Investment Plan for Europe, the so-called “Juncker Plan”.



Providing business with a greater choice of funding at lower costs



Offering new opportunities for savers and investors



Making the financial system more stable and resilient

WHO BENEFITS FROM THE CMU?



Citizens



Consumers: better access to competitive and transparent investment products



Savers: better returns on long-term savings to finance retirement



Businesses



Start-ups and SMEs: access to more risk finance



SMEs: better access to public markets



Investors



More long-term investment opportunities



Fewer barriers when investing beyond national borders



Banks



Healthier balance sheets



More lending opportunities

WHY DO WE NEED THE CMU?



TACKLING FRESH CHALLENGES

CHALLENGES		SOLUTIONS
UK due to depart from the Single Market	→	Strengthen EU-27 capital markets
Supervision and enforcement are uneven across EU	→	Make the supervisory framework more effective and consistent
FinTech is transforming capital markets	→	Increase competition and lower costs for businesses and investors
Europe must face environmental and social challenges	→	Re-engineer the financial system to make investments more sustainable
Not enough long-term investments in businesses and infrastructure	→	Foster investment by insurance companies and pension funds
Capital markets are very diverse across Europe	→	Savers and businesses in all Member States should benefit from capital markets

WHAT HAS BEEN DONE SO FAR?

Examples of what has been done so far

✓ COMPLETED

Review of European Venture Capital Fund Regulation (EuVECA)
Study on tax incentives for venture capital and business angels
Strengthen feedback given by banks when declining SME credit applications
Modernise Prospectus Directive
Proposal for a Common Consolidated Corporate Tax Base (CCCTB)
Proposal for simple, transparent and standardised securitisation (STS)
Proposal on preventive restructuring and second chance for entrepreneurs
Adjust Solvency II calibrations for insurers' infrastructure investments
Adjust Capital Requirements Regulation (CRR) calibrations for banks' infrastructure investments
Consumer Financial Services Action Plan

► ONGOING

Selection of Pan-European Venture Capital Funds-of-Funds
Adjust Solvency II calibrations for insurers' investments into private equity and privately-placed debt
Code of conduct for withholding tax relief procedures

Upcoming legislative proposals

WHAT	AIM	WHEN
Pan-European Personal Pension Product	<ul style="list-style-type: none"> Respond to the needs of pensioners Address demographic challenges Complement existing schemes Give new source of capital for long-term investment 	June 2017
Clearer rules on ownership of securities and claims	<ul style="list-style-type: none"> Remove uncertainty about applicable law Reduce costs and risk Promote cross-border transactions 	Q4 2017
Covered bonds	<ul style="list-style-type: none"> Foster more integrated covered bond market in the EU Preserve the quality of existing covered bonds 	Q1 2018

ADAPTING THE CMU TO NEW CHALLENGES

Examples of new priority actions

	WHAT	AIM	WHEN
SUPERVISION	Revising the of European Supervisory Authorities (ESAs)	<ul style="list-style-type: none"> • More effective and consistent supervision 	Q3 2017
SMEs	More proportionate rules on SME listing	<ul style="list-style-type: none"> • Cheaper for SME to list • More IPOs in Europe 	Q2 2018
INVESTMENT FIRMS	More proportionate and effective rules for investment firms	<ul style="list-style-type: none"> • Boost competition • Improve investors' opportunities • Promote better ways of managing risks 	Q4 2017
FINTECH	More proportionate rules and support for cross-border business	<ul style="list-style-type: none"> • Facilitate entry by non-bank entities • Increase competition • Provide new solutions for capital markets • Decrease costs 	Q4 2017
NON-PERFORMING LOANS	Measures to tackle non-performing loans (NPLs)	<ul style="list-style-type: none"> • Clean up bank balance sheets • Promote new credit to the economy 	Q4 2017 / Q1 2018
INVESTMENT FUNDS	Facilitate cross-border distribution of investment funds	<ul style="list-style-type: none"> • Allow EU investment funds to grow • Allocate capital more efficiently across the EU • Deliver better value and greater innovation for investors 	Q1 2018
STABILITY OF THE REGULATORY FRAMEWORK	Guidance on EU rules for treatment of cross-border investment and framework for amicable resolution of investment disputes	<ul style="list-style-type: none"> • Greater transparency on the effective protection of EU investor rights 	Q1 2018
LOCAL CAPITAL MARKETS	EU strategy to support local and regional market development	<ul style="list-style-type: none"> • Broaden the geographical reach of capital markets • Local solutions for SME funding 	Q2 2018