



# CAPITAL MARKETS UNION

#CMU

## Role for the Vienna Initiative?

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# Agenda



CMU is a key priority  
for the Commission



Targeted actions  
across six policy areas



Technical assistance  
for MS

# Capital markets link savings to growth

## Need funds to grow

Start-ups & small businesses  
Mid-caps & large companies  
Infrastructure projects

## Provide funds

Institutional investors (insurance, pension funds and investment funds)  
Retail investors  
Banks

**Financial integration & stability**

# CMU launched on 30 September

## CMU Action Plan

- CMU Action Plan & timetable
- Economic analysis
- Summary of CMU Green Paper consultation replies

## Delivering the CMU: first set of actions

- Bank lending: securitisation and bank capital requirements
- Insurance: Solvency 2 amendment for infrastructure finance
- Consultations:
  - Covered bonds
  - EuVECA (venture capital) Regulation
  - Call for Evidence on impact of recent financial reform

## Actions in 6 key areas

Innovation,  
start-ups &  
SMEs

Public  
markets

Infrastructure  
projects &  
sustainability

Bank lending

Investment

Integration &  
stability

# 1. Finance for start-ups & SMEs

## Innovative corporate financing

- Crowdfunding report
- Business growth funds
- Private placements
- Loan-originating funds

## Venture capital

- **EuVECA/EuSEF review**
- EU VC fund-of-funds
- Study on tax incentives for VC and business angels

## SME finance

- Feedback on declined credit applications by banks
- Support & advice for SMEs seeking market finance
- Develop & support EU information systems (match-making)

## 2. Selling company bonds & shares

Simple and cheaper prospectuses

- Legislative proposal to amend Prospectus Directive

Public trading of small businesses

- SME Growth Markets;
- Voluntary accounting standards for SMEs based on IFRS.

Corporate financing

- Review drivers of corporate bond liquidity, including voluntary standardisation;
- Common Consolidated Corporate Tax Base (CCCTB) proposal to tackle debt-equity tax bias.

### 3. Infrastructure, sustainability & regulatory review

#### Infrastructure investment

- Solvency 2 calibrations for infrastructure & ELTIFs
- CRR review ongoing to provide evidence-base for further work;

#### Sustainable investment

- Explore link between finance and sustainability, notably by monitoring developments on green bonds

#### Regulation supportive of investment

- EU legislation to strike the right balance between risk & growth;
- **Call for Evidence on cumulative impact of financial legislation.**



## 4. Using markets to support bank loans

### Securitisation

- **STS proposal on 30 September**
- **Review CRR and Solvency 2 calibrations**

### Covered bonds

- **Consultation**
- **Covered bonds for SME loans**

### Local finance networks

- **Alleviate regulatory burden for credit unions**

## 5. More investor opportunities

### Better deals

- Assess retail investment market and whether it is delivering the right outcomes for small investors
- GP on cross-border Retail Financial Services and Insurance

### More retirement savings

- Build an EU market for personal pensions

### Insurance

- **Assess case for Solvency 2 review for private equity and debt (as part of Solvency 2 review)**

### Investment funds

- Eliminate barriers to cross-border distribution of investment funds across the EU

## 6(1). Facilitating cross-border investing

### Market infrastructure

- Post-trade infrastructure and collateral markets
- Securities ownership in cross-border situations

### National barriers

- Tackle unjustified national barriers to free movement of capital

### Insolvency proceedings

- Drawing on 2014 Recommendation, prepare legislative initiative on business insolvency incl. early restructuring and 2<sup>nd</sup> chance

## 6(2). Facilitating cross-border investing

### Cross-border tax barriers

- Withholding tax refund procedures
- Discriminatory tax on pension & insurance (dividends, interest, real estate income and capital gains)

### Stability and convergence

- Convergence of supervisory outcomes (single rulebook);
- Capacity building through the Commission's Structural Reform Support Service (SRSS)
- White Paper on ESA funding and governance;
- Monitoring of macroprudential risks (forthcoming ESRB review).

# Technical Assistance for MS

## Structural Reform Support Service (SRSS) for:

- Programme conditionality
- Country specific recommendations (CSRs)
- EU law and priorities, in particular the CMU

## Sources of TA

- Member States (twinning)
- International financial institutions
- Private sector
- SRSS

# Technical Assistance for MS (2)

## CESEE as beneficiaries

- Underdeveloped capital markets
- Legislative obstacles
- Loopholes in business environment

## Potential requests from MS

- Removing barriers to free movement of capital
- Enhancing access to finance for young companies
- Assisting companies seeking market funding
- Adjusting micro- and macroprudential supervision

## Technical Assistance: next steps

### European Commission

- Develop TA project proposal: FISMA & SRSS
- Launch dialogue with MS (beneficiaries)
- Contact potential providers

### Member States

- Focus on implementation of CMU priorities
- Identify target areas for TA

### Vienna Initiative

- Promote best practices in CESEE
- Support CMU implementation at national level