

Further development of capital markets union

Actions taken to create a capital markets union (CMU) should have as their objective improving the range of financing options offered to companies and citizens. The European Parliament's Committee on Economic and Monetary Affairs has adopted an own-initiative report on further development of the CMU, expected to be voted during the October I plenary session. It calls for specific measures to help finance businesses, promote long-term and cross-border investment, strengthen market architecture and support retail investors, as well as the adoption of a framework for digital finance.

Background

Actions taken to create a capital markets union should have as their objective to improve the range of financing options offered to companies and citizens. This is especially needed in the current context, with the coronavirus pandemic negatively affecting the EU economy, and particularly SMEs and retail savers.

European Parliament position

On 10 September 2020, Parliament's Committee on Economic and Monetary Affairs (ECON) adopted an own-initiative [report](#) on further development of the capital markets union (CMU). It calls for measures to help **finance businesses, especially SMEs**. These include removing red tape and existing barriers to SME funding, facilitating the listing of companies and encouraging venture capital and private equity markets, and creating a pan-European IPO fund for floating companies on the stock market. It also calls on the European Commission to draft a legislative proposal on [European secured notes](#) and to establish a European single access point (ESAP) to aggregate information about companies in the EU, but stresses that this should be built in a way that allows companies to control the availability of their data. The report further calls for promoting **long-term and cross-border investments and financial products**.

With regard to **market architecture**, the report calls for supervisory convergence. It further calls on the Commission to consider granting the supervisory agency ESMA direct oversight over certain market segments, as well as greater product intervention powers. Following the [Wirecard scandal](#), it asks the Commission and competent EU authorities to examine its causes and draw conclusions to improve the resilience of the CMU framework. It also encourages relevant actors to simplify regulation and remove unnecessary administrative burdens. To support **retail investors**, the report calls for measures to increase the participation of retail investors in capital markets through more attractive and appropriate personal pension products and to address shortcomings in the legislation on packaged retail investment and insurance products (PRIIPs). It further calls to promote **financial literacy**, among other things, by including such programmes in school curricula. It emphasises that an EU framework for **digital finance**, with high standards of cybersecurity, including on the protection of privacy and on **data protection**, could be conducive to a stronger CMU. In this context, it highlights the role that 'sandboxes' can play as tools to enhance the innovation and competitiveness of the financial services sector. It further calls on the Commission to investigate whether the competitive advantages inherent to large technology companies operating in the sector may distort competition and harm the interests of consumers and innovation. Lastly, given financial markets in the EU are interlinked with **third-country markets**, it calls for examination of the possibility of granting equivalence to third countries, based on a proportional and risk-based analysis of their rules, and emphasises that such decisions should be taken through delegated acts.

Own-initiative report: [2020/2036\(INI\)](#); Committee responsible: ECON; Rapporteur: Isabel Benjumea Benjumea (EPP, Spain).

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PE 652.102 – October 2020



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