



A post-2019 vision for CMU is needed

The CMU Action Plan, slightly amended after the mid-term review, has identified the right areas for further harmonisation at EU level but also much needed work by member states and their NCAs. The main objective is to improve the access to market finance and mitigate the risks inherent in a financial system that is too dependent on the banking sector. This Action Plan should therefore be continued, if not accelerated. That being said, the time has come to articulate a post-2019 vision.

The current CMU was conceived before Brexit, with a list of priorities that did not consider a Union without its most important financial centre. Undoubtedly, the EU needs to engage in strategic thinking on what the post-Brexit CMU with 27 member states should look like. Moreover, tectonic shifts in financial markets are simply unavoidable. To this end, a group of 'wise persons' is needed in order to take a fresh look at the Single Market for financial services. Most importantly, this group should take a helicopter view that is not connected to the current legislative agenda, the Brexit negotiations and other third country issues, and ignore the on-going competition between existing financial centres. To mention but a few of the issues to be considered by such a group:

- *Will some key financing and refinancing markets have sufficient critical mass post-Brexit?*
- *Will this affect the capacity of the Union to finance its economies, or will it run the risk of being dependent on outside financial centres?*
- *What kind of markets, products, infrastructures and talent pools should be created, attracted and incentivised?*
- *How will the EU compare in terms of technology, innovation and disruptive forces in financial flows and markets?*
- *What kind of intermediation would best serve a self-sufficient and vibrant EU27 capital market?*
- *How would this new CMU interact with the EU, the Eurozone and the Banking Union?*
- *What about the global positioning and enhancing the attractiveness of European capital market?*

Finally, market participants will continue to create financing channels and markets within evolving regulatory frameworks. What is really missing today is a strategic and ambitious sense of direction to ensure that the Union will be properly equipped to finance itself.

Fabrice Demarigny, Chairman of ECMI Board