

PRESS RELEASE

A market finance action plan to revitalise Capital Markets Union

Brussels, 24 June 2019 – The European Union needs an action plan to stimulate market finance across EU markets. As the EU is setting its priorities for the next five years, a rigorous assessment of Capital Markets Union (CMU) and a new focus is required. The CMU has been successful in terms of legislation, but much less so in its impact on markets, which remain highly fragmented. Risk capital has barely grown and Europe now finds itself even further behind the United States. This is undermining the competitiveness of the European economies and corporations, as well as the credibility of the project.

“Until now, most of the initiatives related to CMU were directed more to the general development of capital markets than to integrate and unify financial markets in Europe. From now on the crucial goal should be to overcome fragmentation and create a genuine CMU.”

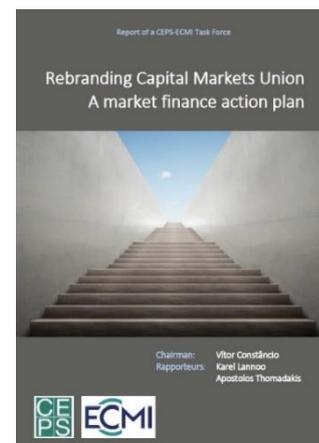
Vítor Constâncio, Chair of the Task Force

Set up in December 2018 to examine how to address these failings, a CEPS-ECMI Task Force brought together a broadly balanced working group of industry experts, academia, EU institutions and national authorities for research and discussions over a period of 6 months.

The report, *Rebranding Capital Markets Union: A market finance action plan*, stresses the need for political support at the highest level if CMU is to achieve its objectives. It recommends focusing action on the core bond and equity markets, and on promoting the participation of individuals in capital markets while introducing a set of indicators to measure progress towards more market-based finance.

This report argues that the continuation of the CMU project should focus on:

1. **Government bond markets.** Primary markets for government bonds should be integrated on the basis of EU rules.
2. **A euro area safe asset.** A high-quality reference euro-bond yield curve would be a major step forward towards more integration in Europe’s capital markets and further enhancement of private risk-sharing.
3. **Start-ups, high growth companies and SMEs.** The SME Growth Market label requires an exclusive focus on SMEs with less complex requirements/costs than the regimes for ordinary regulated markets. Consistent definitions of SMEs across different pieces of legislation are necessary.
4. **Investment fund markets.** Further initiatives are required to reduce the costs of fund investments by households on the basis of a few clear benchmarks, and to channel the savings of European households into long term assets.
5. **Disclosure.** An integrated storage mechanism for sensitive corporate information is required, and consistent application of the rules across the different market segments.
6. **Investor protection and enforcement.** Stronger cooperation and consistent application of rules in the network of European market supervisors coordinated by ESMA is required.



The full report is downloadable at [ECMI](#).

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