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## Press release

### **AFME responds to the adoption of the Eurogroup statement on the future development of the Capital Markets Union**

13 March 2024

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The Association for Financial Markets in Europe (AFME) welcomes the recent adoption of the statement on the future of the Capital Markets Union by the Eurogroup in its inclusive format. This concludes close to a year of sustained discussion between the 27 European Finance Ministers under the leadership of President Donohoe and prior to the presentation of the conclusions to EU leaders at the Euro Summit next week. With this statement, Finance Ministers have sent a strong message that action is needed if the EU does not want to fall behind other jurisdictions in developing its capital markets.

Commenting on the statement, **AFME's CEO, Adam Farkas**, said, *"AFME agrees with, and shares Finance Ministers' sense of urgency as it relates to the need for transforming the EU's existing capital markets into a globally competitive, well-functioning single market. This will be key to supporting the region's growth and competitiveness."*

*With market-based financing levels in the EU fundamentally unchanged over the past decade, and the EU lagging behind other jurisdictions in terms of market capitalisation, liquidity and competitiveness metrics, it is time to take transformative actions to scale the EU's capital market. The EU market needs to reach a level which is more commensurate with the size of the EU economy, its investment needs and the role it should play on the global stage.*

*The complex structure of EU markets today is difficult for investors to navigate and this results in high trading costs, negatively impacting investor returns. We therefore welcome Finance Ministers' ambition to increase the attractiveness of market-based funding for corporates through better integrated market infrastructures, together with the recognition that developing tools, such as the consolidated tape for trading data, that can play an important role in improving market integration.*

*Furthermore, we strongly support Finance Ministers' call for developing the EU securitisation market. Over the last decade, EU securitisation issuance has languished far behind other jurisdictions. Securitisation can make a vital contribution to Europe's substantial financing needs in the coming years, including those arising from the green and digital transformations. It is the only financial technique which enables financial institutions both to recycle capital and finance additional lending to households and small businesses. It is thus critical that action now be taken to ensure this tool can be fully utilised to finance long-term growth in the EU.*

*We would, however, have liked to see Finance Ministers set out concrete actions to improve market liquidity in the EU. For instance, the EU is the only jurisdiction in the world to impose hard limits on certain trading mechanisms which provide valuable execution choice to investors. Overcoming these types of constraints in our markets would enable a virtuous circle whereby greater liquidity would attract more capital to, and listings of firms with better valuations in the EU.*

*While we welcome references made in the statement to better regulation principles, we would also have liked to have seen the rigidity of our current legislative and regulatory processes identified as a clear target for improvements. For capital markets to grow and thrive in the EU, a rule-making framework which is much more agile and data-driven than the present system will need to be developed.*

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*We now look to the Commission and Member States to address the changes identified by Finance Ministers at pace, putting the broader benefits of a truly integrated capital market ahead of national interests.”*

– Ends –

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**Notes:**

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: [www.afme.eu](http://www.afme.eu)
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