
Press release

AFME responds to Commission consultation on integration of EU Capital Markets

10 June 2025

With the deadline for the Commission's wide-ranging consultation on the integration of EU capital markets closing today, **Adam Farkas, Chief Executive of the Association for Financial Markets in Europe (AFME)**, said:

"AFME's members share the EU's ambition of building deeper and more liquid markets that are competitive on a global level. The EU has a moment of opportunity to attract global capital and must focus efforts on targeted, evidence-based policy proposals, that focus on growing demand from all investor types and upholding the principles of competition and user choice. However, we are deeply concerned that some of the proposals related to equity market structure contained in the consultation are not conducive to this end. On the contrary, we believe that measures which would reduce the complexity and high frictional costs of the current post trade ecosystem should be prioritised, and call for ambitious and innovative thinking to unlock competition in this space. We look forward to exchanging views with the Commission on this further ahead of the expected legislative proposal later this year."

In AFME's response it:

Cautions against changes to market structure

- AFME emphasises that the EU is unlikely to achieve its shared ambition for growth by fundamentally changing the regulatory framework for equities trading through replicating the market structure features of other jurisdictions (with different geographies, legislative frameworks, issuer and investor bases, and political priorities).
- Any radical changes to microstructure (such as the idea of introducing an order protection rule) would be highly undesirable and risk portraying the EU as being in a state of constant regulatory flux. Especially at a moment when investors - including those newly attracted to Europe in light of recent geopolitical trends - wish to navigate markets characterised by regulatory stability, predictability and consistency. Such detrimental changes would also burden market participants with considerable implementation and compliance costs.

Emphasises the need to promote measures that will generate investor demand for EU securities

- AFME emphasises that building deeper and more liquid securities markets in the EU is a 'demand' issue and goes far beyond market infrastructure issues.
- Addressing this will require decisive action across Member States to build their supplementary pension systems through promoting an investment culture and financial education, as well as taking further steps towards harmonising tax and securities law frameworks.

Calls for a streamlined EU regulatory framework

- AFME emphasises its support for a streamlined EU regulatory framework, making markets easier to navigate without compromising on safety and investor protection. The Association calls for an in-depth assessment of how the Lamfalussy process is functioning

in view of the EU putting in place a more agile and effective regulatory and supervisory approach for globally competitive banking and capital markets.

Calls for policymakers to prioritise access to markets for all investors

- Access to markets should be made more cost effective for all investors, and policy makers' focus should therefore remain on addressing barriers to entry, such as the market failure in market data being available on a reasonable commercial basis, and inefficiencies in the post-trade ecosystem, which add unnecessary frictional costs to all market participants.

Supports improving competition for post-trade financial market infrastructure services

- Several influential recent reports (Draghi, Noyer, Letta) have identified that the post-trade financial market infrastructure in the EU is complex, fragmented and suffers from a lack of competition between providers. AFME supports this analysis and believes that improving competition for the provision of post-trade financial market infrastructure services should be the critical objective of the new legislative proposal.
- Achieving this requires a multi-faceted approach. An important first step is increased regulatory scrutiny on the pricing of post trade services - for which incumbents have a quasi-monopolistic position - ensuring that they are fair and transparent.
- More ambitiously, the creation of a common issuance layer, potentially leveraging T2S, could be considered, as well as further exploration of potential new, innovative post trade models based on Distributed Ledger Technology (DLT).

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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
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