
Press release

AFME: now it's time to deliver on the Capital Markets Union

24th September 2020

AFME has welcomed the publication of the European Commission's [Capital Markets Union Action Plan](#) published today, 24th September.

Pablo Portugal, Managing Director for Advocacy, said:

"The combined challenges of Covid-19, Brexit and the green and digital transitions mean the Capital Markets Union project has never been more urgent. Now, more than ever, we need strong, efficient capital markets that can promote long-term economic growth, support financial resilience and strengthen the EU's competitiveness on the global stage. Policymakers must seize the opportunity to work towards a fully-fledged and globally-competitive CMU."

"A successful delivery of the Action Plan initiatives will require a strong commitment to EU integration and high-quality regulation that contributes to deepening capital markets and improving end-user outcomes. While all initiatives must be pursued with ambition and without delay, we emphasise the urgency of measures to support long-term investment, promote re-equitisation and improve the functioning of securitisation."

AFME strongly supports the following policy recommendations contained in the report:

- Promoting investment and a re-equitisation of Europe's economy: We welcome the commitment to seek to provide an appropriate prudential treatment of long-term SME equity investments by banks, as well as a pledge to assess possibilities to promote market-making activities. A review and simplification of listing rules, particularly for SMEs, should be prioritised on the basis of careful analysis.
- Enhancing efficiency, connectivity and competitiveness in securities markets:
 - Authorities must redouble efforts to deliver on the introduction of a common EU-wide system for withholding tax relief at source and the establishment of an EU-wide definition of "shareholder", as well as increased convergence of non-bank insolvency law, to improve legal and operational consistency and tackle long-standing barriers.
 - It is encouraging that the Commission intends to take forward the establishment of an effective post-trade consolidated tape for equity instruments, a project with the potential to democratise access to European markets. The wider MiFID 2/R review will be fundamental to further promote a diverse and well-regulated capital market that supports the needs of investors and consumers.
- Restoring a well-functioning European securitisation market: It is now more important than ever to support high-quality securitisation and deliver a more proportionate framework aligned with comparable fixed income investments.

– 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.
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