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## Press release

### High-Level Forum report on CMU comes at key moment for EU capital markets

10 June 2020

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Following the publication of the **final report** today by the High-Level Forum on Capital Markets Union, **Pablo Portugal, Managing Director for Advocacy**, said:

*"The economic shock generated by the Covid-19 pandemic has amplified the need for deep and well-integrated capital markets in the EU in virtually every area. As Europe faces its deepest ever economic recession, it is clear that a robust post-pandemic recovery and sustainable long-term growth cannot solely be funded through government support programmes and the provision of bank loans. The High-Level Forum's report therefore comes at a key moment and identifies many of the measures that need to be implemented to ensure the full potential of the Capital Markets Union can be fulfilled for the benefit of Europe's businesses and citizens.*

*"The question now is whether policymakers will seize this opportunity and generate the momentum to undertake the reforms needed to overcome deep-seated inefficiencies and legal impediments to capital markets integration. The hope is that all parties will see the vast potential of a fully-fledged CMU in aiding economic recovery and supporting sustainable growth across the EU. The report's 17 sets of measures and detailed recommendations provide a rich and valuable contribution to the next phase of the CMU."*

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

- **Placing equity markets and retail investors at the heart of the CMU:** the report rightly emphasises the importance of equity in corporates' funding mix. Well-designed measures to make equity risk-capital and public listings more attractive to businesses, in particular to SMEs, will be vital to this aim.

Another vital aim must be to support a wide diversity of trading mechanisms and well-calibrated rules that support market liquidity and improve outcomes for end-investors. While the report did not make recommendations in this area, it will be important to address key inefficiencies in equities trading regulation in a future review of MiFID II/MiFIR.

Recommendations to grow retail investor participation, such as introducing auto-enrolment into employee pensions, have the potential significantly to grow the pool of investable capital in several Member States.

- **Reviewing the EU securitisation regulatory framework**, to improve the functioning of this vital mechanism for Europe's capital markets. Policymakers must now prioritise the adjustments recommended by the HLF to ensure that Europe can benefit from well-functioning securitisation markets and the possibilities offered by the "best in class" Simple, Transparent and Standardised ("STS") securitisation label.
- **Improving efficiency and connectivity in EU securities markets:** we strongly support recommendations to address fragmentation and inefficiencies in withholding tax collection procedures, insolvency frameworks and divergent legal definitions as these issues stand in the way of cross-border investment.

However, we regret that the HLF was not able to reach a consensus on delaying the implementation of the mandatory buy-in requirement under CSDR and making it optional.

A blog post outlining [AFME's full response to the HLF Report](#) can be found on the AFME website.

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**AFME Contact**

Rebecca Hansford  
Head of Media Relations  
[rebecca.hansford@afme.eu](mailto:rebecca.hansford@afme.eu)  
+44 (0)20 3828 2693

**About AFME:**

AFME (Association for Financial Markets in Europe) advocates for deep and integrated European capital markets which serve the needs of companies and investors, supporting economic growth and benefiting society. AFME is the voice of all Europe's wholesale financial markets, providing expertise across a broad range of regulatory and capital markets issues. AFME aims to act as a bridge between market participants and policy makers across Europe, drawing on its strong and long-standing relationships, its technical knowledge and fact-based work. 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). Follow us on Twitter @AFME\_EU