# ESMA clarifies endorsement of UK credit ratings in case of a no-deal Brexit

The European Securities and Markets Authority (ESMA) has issued today a statement which sets out the implications for credit rating agencies (CRAs) based in the United Kingdom (UK), including the endorsement of UK credit ratings, should the UK withdraw from the European Union (EU) without a withdrawal agreement (no-deal Brexit).

---

# Capital Markets Union: Commission reports on progress achieved ahead of European Council

The Capital Markets Union (CMU) aims to make it easier for EU companies to get the finance they need to grow. By breaking down barriers for cross-border investments in the EU, the CMU is an important Single Market project. It is part of the Juncker Commission's ambition to sustain growth in Europe, invest in innovation and promote the EU's global competitiveness. At the same time, the CMU aims to direct investment to environmentally friendly projects, thereby contributing to the EU's sustainable and carbon-neutral agenda. A strong Capital Markets Union is also necessary to complement the Banking Union and to strengthen the Economic and Monetary Union and the international role of the euro.

Following the last progress report in November 2018 and the call by EU leaders for ambitious progress by spring 2019 on the Capital Markets Union, today's Communication takes stocks of substantial achievements with political compromises reached on several Commission's proposals, as well as important non-legislative actions.

Valdis **Dombrovskis**, Vice-President responsible for Financial Stability, Financial Services and Capital Markets Union, said: "*The Commission has delivered the essential building blocks of the Capital Markets Union. We need sustained engagement from the European Parliament and Member States to complete this effort. The success of the Capital Markets Union depends on the actions of Member States and stakeholders at national and EU level, through their national reforms and actions.*"

Jyrki **Katainen**, Vice-President responsible for Jobs, Growth, Investment and Competitiveness said: *"By more efficiently connecting companies and investors* *across borders, the Capital Markets Union is essential to get companies, especially small ones, the financing they need to grow, thereby delivering on the Juncker Commission's priority to boost investment, jobs and growth."*

The Commission has delivered all the measures it has committed to in the CMU action plan of September 2015 and in the mid-term review of June 2017, contributing to laying key building blocks of the CMU. These include important proposals for the creation of new opportunities across the Single Market for businesses and investors through new EU-wide products and services, simpler, clearer and more proportionate rules, as well as a more efficient supervision of the financial industry.

- On 10 out of 13 legislative CMU proposals tabled by the Commission agreements have been reached with 3 already finally adopted.
- In addition, on 2 out of 3 Commission proposals on sustainable finance agreements have been reached.

Moreover, the Commission adopted two Delegated Regulations containing most implementing measures to finalise the Prospectus reform, another important milestone towards the completion of the Capital Markets Union. The adopted rules specify the format and content of the prospectus and its constituting documents. These measures will help achieve the key objectives of facilitating fundraising on capital markets, protecting investors and driving supervisory convergence in the EU.

With the building blocks as a basis, further progress in the future will allow to complete a successful Capital Markets Union in the EU. Future action will also need to reflect the impact on capital markets of the United Kingdom's departure from the EU and other short or medium-term economic and societal challenges. These include fundamental rapid changes arising from the decarbonisation of the economy and the changing climate, and technological developments.

**Next steps**

Today's progress reports responds to the December 2018 call by EU leaders for ambitious progress by spring 2019 on the Capital Markets Union. It is expected to feed into the Spring European Council of 21-22 March where EU leaders are set to discuss the further development of the Single Market, including the Capital Markets Union, industrial policy and European digital policy.

**Background**

The Capital Markets Union (CMU) seeks to better connect savings to investment and to strengthen the European financial system by enhancing private risk-sharing, providing alternative sources of financing and increasing options for retail and institutional investors. The CMU, part of the third pillar of the Commission's Investment Plan for Europe, is essential to delivering the Juncker Commission's priority to boost jobs, including youth employment, and growth. The Capital Markets Union will offer more choice to consumers, allowing them to buy cheaper and better investment products, and will enable financial services providers to scale up by offering their services in other Member States. By allowing firms and investors to more easily access funding and investment opportunities across borders, the CMU unlocks potential for growth in the Single Market.

**More information**

Factsheet

MEMO

Delegated Regulation under Prospectus

---

# Capital Markets Union: Commission reports on progress ahead of European Council – Questions and Answers

The Capital Markets Union (CMU) is a key priority for the European Union and it is imperative that all stakeholders give it the political attention that it deserves. Today's Communication takes stock of progress made in completing the building blocks of the CMU, including as regards sustainable finance. It calls for sustained efforts for a timely completion of this agenda and highlights the key role of the CMU in building deep and liquid capital markets, deepening Europe's Economic and Monetary Union and strengthening the role of the Euro.

Many of the Commission's original proposals contributing to the CMU have been agreed. With elections to the European Parliament in May 2019 approaching, the Commission stresses the need for the European Parliament and the Council to accelerate work on the pending proposals. Political ambition and urgent action are needed to make sure that all proposals are completed by the end of the legislative cycle.

The Commission stands ready to give its full support to the European Parliament and the Council to deliver the key building blocks of the CMU.

**What is the CMU?**

The Capital Markets Union is one of the priorities of the Juncker Commission to build deep and liquid capital markets, strengthen Europe's economy and **promote a more integrated and stable financial system**. While being beneficial for all EU Member States, fully developed and integrated capital markets will contribute to **strengthening and supporting the Economic and Monetary Union and the international role of the Euro.**

The CMU enhances private risk sharing and helps mitigate economic shocks in the euro area and beyond, by enabling investors and companies from a country experiencing a downturn to access investment and funding opportunities in unaffected countries.

A successful Capital Markets Union is also needed to **develop local capital markets and to improve access to finance for businesses.** To reap the full benefits of the Single Market, businesses and investors need to have new opportunities to scale up Union-wide, invest in innovation and compete globally. The CMU aims to mobilise and channel capital to all businesses in the EU, particularly small and medium enterprises (SMEs) that need resources to expand and thrive.

The CMU will enable companies to seek more funding from across the EU, for instance by listing on a stock exchange in another Member States. It will enable financial services providers to scale up by offering their services in other Member States. And it will offer more choice to consumers by allowing them to buy cheaper and better investment products.

Moreover, the upcoming departure of the EU's biggest financial centre from the Single Market also calls for deepening and strengthening Union's capital markets. Strong and liquid capital markets also play a crucial role in strengthening the leadership of the Union in financing the necessary transition towards a carbon-neutral, more resource-efficient and circular economy. In this context, the CMU will help to reorient private and public capital flows towards **more sustainable investments**.

**What are the key objectives of the CMU?**

The CMU will complement Europe's strong tradition of bank financing and will help to:

- **Deepen financial integration**: more cross-border risk-sharing, deeper, more liquid markets and diversified sources of funding should deepen financial integration, lower costs, and increase European competitiveness, ultimately contributing to the strengthening of the Economic and Monetary Union and the international role of the euro.
- **Make the financial system more stable**: by ensuring a wider range of funding sources and more long-term investment, it will reduce the vulnerability of EU citizens and companies to shocks in the banking sector, like those they were exposed to during the crisis.
- **Unlock more investment from the EU and the rest of the world**: the CMU should help mobilise capital in Europe and channel it to companies, including SMEs, and to infrastructure projects. This helps companies to expand and to create jobs. The CMU also provides citizens with more options to meet their retirement goals.
- **Move towards a cleaner and greener economy:**the CMU aims to direct investment to environmentally friendly projects, thereby contributing to the EU's sustainable and carbon-neutral agenda.It will enable the EU financial sector to lead the way towards a climate neutral, more resource-efficient and resilient circular economy.

- **Develop local capital markets and connect funding sources more effectively to investment projects across the EU**: the CMU is a classic Single Market project for the benefit of all Member States. Those Member States with the smallest markets and high growth potential have a lot to gain from improved channelling of capital and investment into their projects. More developed market economies will benefit from greater cross-border investment and saving opportunities.

The Commission has already delivered all proposals announced in the CMU Action Plan of September 2015 as well as its Mid-Term Review of June 2017. It remains fully committed to putting all building blocks of the CMU in place by mid-2019.

**What progress has been made in implementing the legislative proposals of the CMU Action Plan?**

The programme proposed by the Commission includes 13 legislative proposals that represent the key building blocks of the Capital Market Union. In addition, the Commission has proposed three legislative proposals to enable the financial sector of the Union to lead the way to a greener and cleaner economy. The Commission has also proposed a number of other non-legislative measures to strengthen capital markets and make them more resilient.

On 10 out of 13 legislative CMU proposals tabled by the Commission agreements have been reached with 3 already finally adopted:

- **New rules to cut red tape for companies seeking financing opportunities** (adopted in June 2017). This legislation makes a business prospectus simple to produce and clear for investors to understand.
- A more effective framework **to boost investment into venture capital and social projects and to make it easier to invest in innovative SMEs** (adopted October 2017).
- Measures to help **build confidence in the securitisation market** and allow banks to lend more to the real economy (adopted December 2017). If the market were to go back to pre-crisis average issuance levels, banks would be able to provide an additional €157 billion of credit to the private sector. In addition to the Regulation on STS securitisations, the Commission has amended the implementing rules of the “Solvency II” insurance regulatory framework to facilitate investments by insurers in STS securitisations and infrastructure.
- **A proposal for a Pan-European Personal Pension Product (PEPP)** to increase competition between pension providers and create economies of scale. This should benefit savers by giving them access to better products at lower cost (agreed December 2018).
- **A proposal for a Union covered bonds framework.** Covered bonds are instrumental for credit institutions to channel finance efficiently to the real estate market and for publicly guaranteed instruments including some loans to small and medium-sized enterprises (agreed February 2019).
- **A proposal facilitating cross-border distribution of collective investment funds.** This should improve the transparency of national requirements, remove burdensome requirements and harmonise diverging national rules (agreed February 2019).

- **A proposal on more proportionate and effective rules for investment firms:** to ensure a level playing field between the large and systemic financial institutions while introducing simpler prudential rules for non-systemic investment firms (agreed February 2019).
- **A proposal on preventive restructuring frameworks, second chance, and measures to increase the efficiency of restructuring, insolvency and discharge procedures**: For businesses and entrepreneurs, including sole proprietors, the proposal provides for a second chance through debt discharge, in order to give them a fresh start and incentivise entrepreneurship. The proposal aims to facilitate the efficient restructuring of viable companies in financial difficulties to avoid insolvency and the destruction of going concern value (agreed December 2018).
- **A proposal to make it easier for smaller businesses to get financing through capital markets:** to cut red-tape for small and medium-sized enterprises trying to access 'SME Growth Markets', a new category of trading venue dedicated to small issuers (agreed March 2019)
- **A proposal to strengthen the supervision of central counterparties:** to ensure that the supervisory framework of the Union is sufficiently robust to anticipate and mitigate risk from Union central counterparties and from systemic third-country central counterparties servicing Union clients (agreed in March 2019).

In addition, on 2 out of 3 Commission proposals on sustainable finance agreements have been reached:

- **A proposal to improve disclosure requirements related to sustainability risks** and sustainable investments to enhance transparency towards end-investors (agreed March 2019).
- **A proposal to develop minimum standards for low-carbon benchmarks** and minimum disclosure requirements for sustainability benchmarks, giving investors who want to invest in low-carbon strategies appropriate tools (agreed February 2019).

**What legislative proposals remain to be agreed upon?**

Under the CMU agenda, the Commission has put forward the following legislative proposals which are still being discussed by the European Parliament and the Council:

**Making the most of the Single Market through new Union-wide products and services**

- **a proposal for a framework on crowdfunding** to improve access to this innovative form of finance for businesses in need of funding. This should benefit start-ups particularly, while ensuring that investors benefit from strong protection and safeguards.

***Status:*** *European Parliament position adopted, Council position pending.*

**Simpler, clearer and more proportionate rules for financial players**

- **a proposal on the law applicable to the third-party effects of assignments of claims:** to significantly enhance legal certainty by determining which national law is applicable to the effects on third parties where a claim is assigned cross-border.

***Status:*** *European Parliament position adopted, Council position pending.*

**More efficient supervision of capital markets**

- **a proposal for a review of the European Supervisory Authorities:** to enhance supervisory convergence and strengthen enforcement. This promotes consistent and more effective supervision, and contributes to the fight against money laundering and terrorist financing.

***Status:*** *European Parliament and Council positions adopted, trilogues ongoing.*

**Financing Sustainable Growth**

- **a proposal to establish a classification system (taxonomy)** which would foster a common understanding of the economic activities that can be considered environmentally sustainable for investment purposes.

***Status:*** *European Parliament and Council positions pending.*

**More information**

Press release

Factsheet

---

# EU shapes its future space policy programme

Your request will be handled by the Press Office of the General Secretariat of the Council in accordance with the provisions of Regulation (EC) No 45/2001 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data.

Your data will be stored in the database until you unsubscribe from the service.

Certain data (name, e-mail address, preferred language, media name, media type) may be disclosed to the press offices of the European institutions, the Permanent Representations of the Member States and to European Union agencies, under the conditions laid down in Articles 7 and 8 of Regulation 45/2001.

If there is data which you would not like to be stored, please let us know at: [email protected]

---

# Connecting Europe Facility: Coreper confirms common understanding with the Parliament on extending the programme

The EU wants to make sure its flagship programme **Connecting Europe Facility (CEF)** will continue to **fund key projects in the areas of transport, digital and energy beyond 2020.** Today, the Council's Permanent Representatives Committee confirmed the common understanding reached by the Romanian presidency and the European Parliament on a proposal to launch the second edition of the programme, to run from 2021 to 2027.

The common understanding covers all provisions of the regulation apart from financial and horizontal issues, which are discussed as part of the negotiations on the next multiannual financial framework (MFF), covering the period 2021 to 2027.

In the field of **transport**, the CEF will promote interoperable and multimodal networks for the development and modernisation of railway, road, inland waterway and maritime infrastructure as well as safe and secure mobility. Priority will be given to further development of the trans-European transport networks (TEN-T), focusing on cross-border projects with an EU added value. CEF 2.0 will also ensure that when infrastructure is adapted to improve military mobility within the Union, it is dual-use compatible, meeting both civilian and military needs.

In the **energy** sector, the programme aims to contribute to further integration of the European energy market, improving the interoperability of energy networks across borders and sectors, facilitating decarbonisation, and ensuring security of supply. Funding will also be available for cross-border projects in the field of renewable energy. When defining award criteria, consistency with the EU and national energy and climate plans, including the principle of 'energy efficiency first', will be taken into account. By 2020, the Commission will evaluate the consistency of the regulation on trans-European energy networks (TEN-E) with EU climate and energy targets.

In the area of **digital** connectivity, the scope of the programme is broadened to reflect the fact that the digital transformation of the economy and society at large depends on universal access to reliable and affordable high and very high capacity networks. Digital connectivity is also considered to be a decisive factor in closing economic, social and territorial divides. In order to qualify to receive support from CEF, a project will need to contribute to the digital single market and EU connectivity targets. Priority will be given to projects which generate additional area coverage for households.

The programme emphasises **synergies** between the transport, energy and digital sectors, to enhance the effectiveness of EU action and optimise implementation costs. To achieve this, it provides for the adoption of cross-sectoral work programmes that would allow intervention in areas such as connected and automated mobility or alternative fuels.

The proposal also aims to **mainstream climate action**, taking into account the EU's long-term decarbonisation commitments such as the Paris Agreement.

## Next steps

The Council expects the negotiations with the next European Parliament to start as soon as possible, with a view to their being finalised on the basis of the progress achieved, as reflected in the common understanding. Negotiations will also need to take into account the overall agreement on the multiannual financial framework for 2021-2027.