Commission welcomes agreement in principle to extend and reinforce Investment Plan’s European Fund for Strategic Investments (EFSI)

One year after President Juncker announced the proposal in his State of the Union speech, the European Parliament and Member States have come to an agreement in principle on the extension and strengthening of the European Fund for Strategic Investments (EFSI), the core of the Investment Plan for Europe. Tonight’s agreement extends the EFSI’s duration as well as increases its financial capacity.

- The EFSI’s initial three-year timeline (2015-2018) is now extended to 2020 (the end of the current Multiannual Financial Framework).
- The target of investment to be triggered is increased from €315 billion to at least half a trillion euros by 2020.
- The EFSI’s investment decisions will be even better explained with these explanations published online.This will help show that the projects would not have been financed at the same time or to the same extent without the EFSI support.
- The European Investment Advisory Hub will play a bigger role in providing technical assistance to project promoters at a local level so that even more regions and sectors will benefit from EFSI support.
- The EFSI will also reach new sectors such as sustainable agriculture and fisheries as part of the overall emphasis on financing projects in line with the Paris Agreement “COP 21” targets to transition towards a low-carbon economy.

Commission Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, said: “*Tonight’s agreement means that the new and improved European Fund for Strategic Investments – or EFSI 2.0 – will benefit European citizens until at least 2020. The EFSI has already reached all 28 Member States, supporting key public and private investment projects and financing a huge range of small businesses and start-ups. I thank the Council and the Parliament for their hard work and commitment on this important piece of legislation. With its increased firepower and duration, the EFSI will continue to be an important driving force in the EU’s economic recovery.*“

The draft EFSI 2.0 Regulation agreed tonight still has to be formally adopted by the European Parliament and the Council.

Background

The Investment Plan is already expected to trigger more than €225 billion in investments. The operations approved under the EFSI represent a total financing volume of over €43 billion and are located in all 28 Member States.

Around 445,000 SMEs and Midcaps are expected to benefit from improved access to finance as a result of EFSI support.

For a full breakdown of EFSI support given so far see the Investment Plan website.

ESMA updates Q&A on MiFID II implementation

The purpose of this document is to promote common supervisory approaches and practices in the application of MiFID II and MiFIR in relation to market structure topics. It provides responses to questions posed by the general public and market participants in relation to the practical application of MiFID II and MiFIR on:

- Timing and procedure of notification for temporary opt-out under Article 36(5) MiFIR
- Exemptions under Article 36(5) and Article 54(2) of MiFIR
- Timing of application for transitional arrangements under Article 54(2) of MiFIR
- Limitation of access rights following exemption under Article 36(5) of MiFIR

The Q&A mechanism is a practical convergence tool used to promote common supervisory approaches and practices. ESMA will periodically review these Q&As on a regular basis to update them where required and to identify if, in a certain area, there is a need to convert some of the material into ESMA Guidelines and recommendations.

ESMA sees valuation risk at highest levels due to financial weakness and geopolitical uncertainty

The main risk drivers are uncertainties around geo-political developments, the resilience of economic growth as well as debt sustainability. Market and credit risks, as a result of geopolitical, growth and debt concerns, continued to be *very high*, while liquidity and contagion risks remained stable but *high*. The outlook on operational risk remains elevated but the outlook is now *negative* due to heightened concerns around cyber security. Overall, ESMA’s risk assessment for the second half of 2017 remains unchanged from 1H17.

Market performance reflected increasing market confidence and improved expectations on the future economic outlook in EU and globally. This is echoed in increased capital flows into strategies yielding higher returns. Substantive risk sources include: economic growth in the EU and elsewhere that needs to prove resilient; structural problems in many EU member states continuing to be addressed; internationally, rising public and private debt levels of increasing concern; persistence of high asset price valuations; and prevailing geo-political and political uncertainties. Brexit-related uncertainties remain among the most important political sources of risk.

ESMA’s TRV covers market developments from January to June 2017 and provides an outlook for the next reporting period, which it updates twice annually, and is complemented by its quarterly Risk Dashboard. The results of the report are shared with the European Commission, Parliament and Council.

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