

Opening remarks by Vice-President Dombrovskis on the Capital Markets Union

Good morning,

I am here to talk about the Capital Markets Union. We need to accelerate its implementation, so European consumers, investors, and companies can benefit from deeper and more integrated capital markets.

This is all the more urgent, because Europe's largest financial centre is on the verge of leaving the single market. By the time Brexit happens, the pre-conditions for a true single market for capital need to be in place.

The Capital Markets Union is especially important for those countries that share the euro as their currency. It would complement the Banking Union and lead to more private cross-border risk-sharing in the EU, and increased shock-absorption capacity. The result would be a more resilient Economic and Monetary Union. This is part of a political agenda which is currently entering a critical phase. Compromises need to be found as soon as possible, and ahead of the leader's meeting in June.

So today we are presenting our strategy to accelerate work and complete the Capital Markets Union by 2019. It is made up of three components:

First, allowing all investors to take full advantage of the single market for capital with new EU-wide labels and passports for financial products. As of this month, new rules to boost European venture capital funds are in place. Last June, we proposed a label for Pan-European personal pensions, or PEPP. It would help EU households prepare for retirement by making the most of their savings. And just last week, we proposed a new EU license for crowdfunding platforms, to help them operate across the single market based on a single authorisation.

The second component is to remove barriers to deeper capital markets through clearer and simpler rules for businesses. Here, two proposals have already been adopted, namely our Prospectus Regulation and our new rules for safe, transparent, and standardised securitisation. But there are still important files waiting on the desks of co-legislators. One example is our 2016 proposal on business insolvency, to promote preventive restructuring and give a second chance for viable businesses. We hope for a quick agreement on this important proposal.

And the third component is about achieving more consistent supervision of EU capital markets, to maintain the protection of investors and financial stability. Here, allow me to mention last year's proposal to review the functioning of the European Supervisory Authorities. The Commission stands ready to discuss with the European Parliament and Council ideas to accelerate

current negotiations.

Today we are pursuing this CMU strategy, with new proposals to promote alternative sources of financing and remove barriers to cross-border investments:

First, we are presenting common EU rules to boost covered bonds as a source of long-term finance. These bonds are a stable and cost-effective source of financing that fared well during the crisis. They are very popular in some Member States, but in others they are barely in use. Our proposal seeks to develop this market further, by drawing on the high standards and good practices of national systems. This will provide new and safer investment opportunities for investors. And it will help reduce borrowing costs for bank loans, with up to €1.9 billion in potential annual savings for EU borrowers.

Second, we are presenting measures to boost the cross-border market for investment funds. They are an important tool for channeling private savings into the economy. But the markets are still mostly national. For example, the share of UCITS funds that are marketed in more than three countries is low – only 37%. And for alternative funds it is very low – only 3%.

We propose to reduce regulatory barriers that hinder the cross-border distribution of investment funds. This will reduce the administrative burden and improve clarity for fund managers who want to market their funds across the EU. The goal is simple: To give an example, we want a fund manager based in Milan to be able to easily offer their funds in Riga, without compromising on investor protection.

Finally, we are proposing new rules, developed by my colleague Vera Jourova, to facilitate cross-border transactions, by providing legal certainty on who owns a claim. In particular, ownership disputes should be resolved under the law of the country of residence of the transferor of the claim, regardless of where the case is being examined. In a separate Communication, we are providing guidance to increase legal certainty for transactions in securities. This will promote cross-border investment and access to credit, while preventing systemic risks.

Before I take your questions, allow me to make one final point: Building the Capital Markets Union is a shared responsibility, and the Commission cannot do it alone. As of today, we have tabled 12 legislative proposals on CMU, but only three have been adopted. We need to get the Capital Markets Union past the finish line before the next European elections.

The European Council and the European Parliament have both argued for progress on this important agenda. We now count on the Parliament and Member States to intensify their work and adopt all legislative proposals by 2019.

Thank you very much.