



# CAPITAL MARKETS UNION

#CMU

## CMU @ 6 months: Progress made, next steps

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**European Commission**

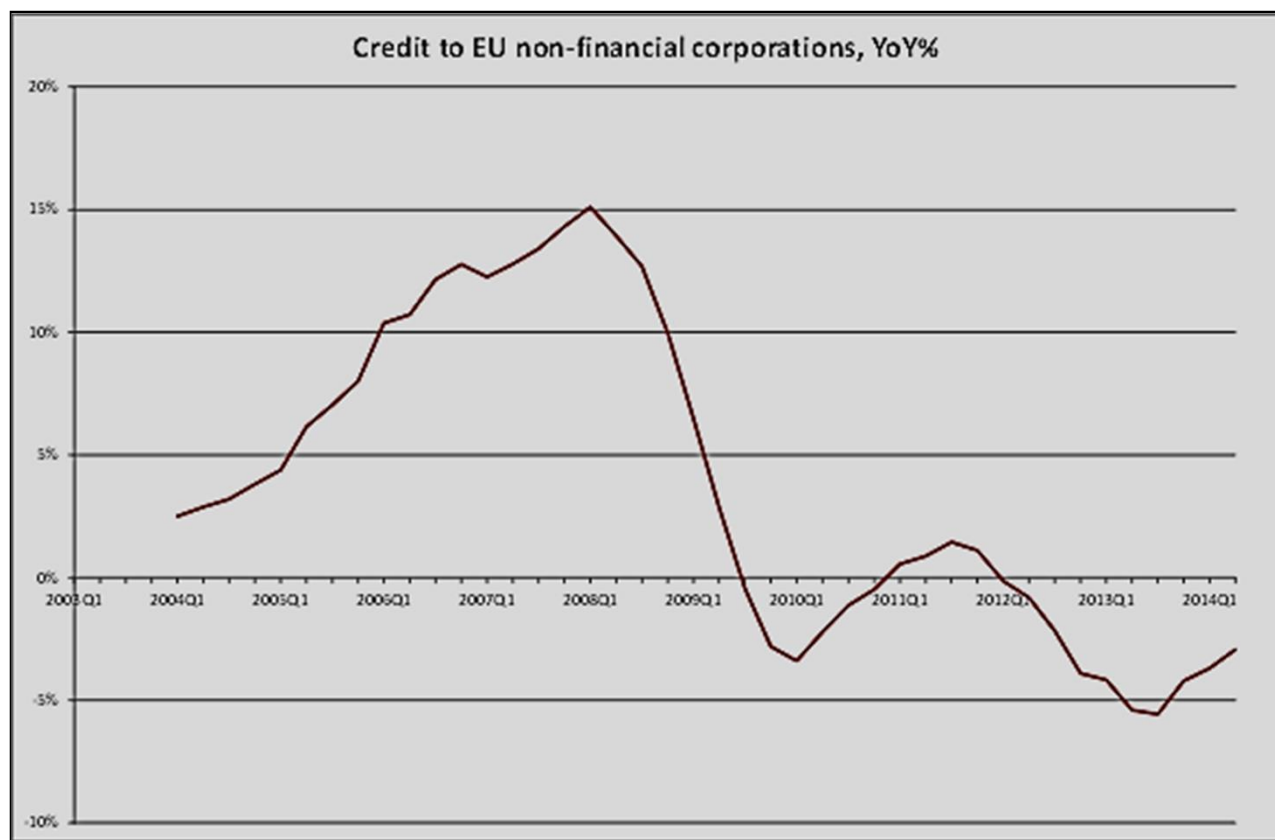
Directorate General for Financial Stability, Financial Services and Capital Markets Union (FISMA)

## **CMU = finance for investment & growth**

- **Strengthen Europe's funding escalator for high-growth firms;**
- **Build financial circuits to channel public and private capital to corporate and infrastructure projects;**
- **Make investment in corporate and infrastructure projects more attractive for institutional investors;**
- **Provide retail investors access to capital market investment opportunities on more rewarding terms;**
- **Remove barriers to cross-border investment and extend capital market financing across the EU.**

# Bank lending is pro-cyclical

*EU bank lending to business (2008-2014)*



## CMU – actions to date

1. **Proposal to revive (STS) securitisation agreed in record time by Council - EP opinion awaited;**
2. **Proposal to streamline Public Offer Prospectus: expect conclusion of EP/Council negotiations after summer;**
3. **Lower ( $>1/3$ ) prudential calibrations for insurance investments in infrastructure/ELTIFs in force since 02/04;**
4. **Consultation on business restructuring and insolvency open until mid-June;**
5. **Report on crowdfunding: baseline for monitoring fast-moving business [4,2bn€ in 2015] (03/05).**

## Next 6 months:

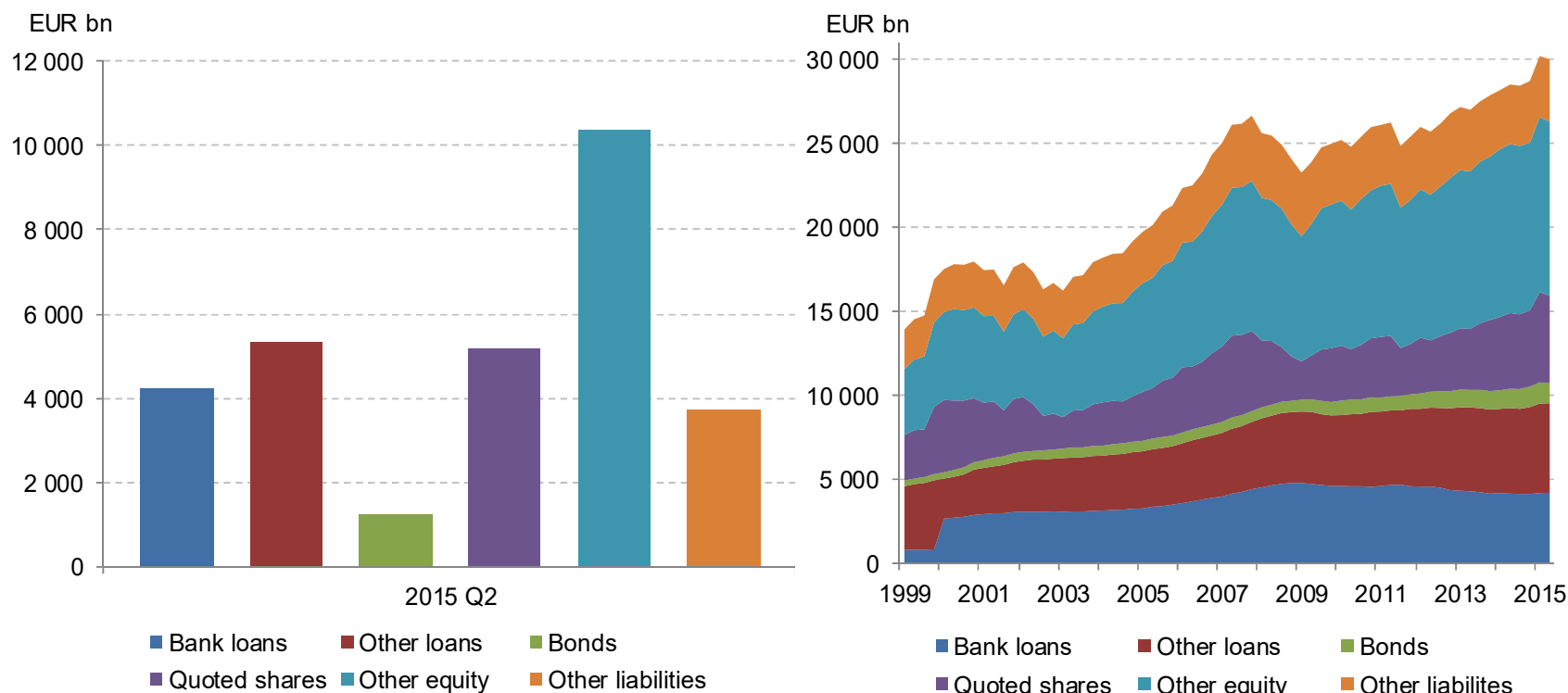
- 1. Overhaul venture capital legislation (EuVECA) to expand range of managers & eligible assets;**
- 2. Set up privately managed VC FoF to manage 500M€+ (EU budget contribution = 200m€+ EFSI guarantee);**
- 3. Enhance UCITS/AIFMD passport – launch consultation**
- 4. Evaluate EU support for a European personal pensions market: consultation and targeted study**
- 5. Develop technical assistance programme for all Member States to reap benefits of capital market finance.**

## CMU projects in pipeline for 2017:

- 1. SME growth markets:** >19 junior markets in EU, 3'000 companies with combined capitalisation of 200bn€;
- 2. Private placement:** doubling of issuance in PEPP & Schuldscheine 2015 – promote in MS with mid-cap cohorts;
- 3. Corporate bond markets:** develop supportive policy framework for these markets (tripling of issuance since 07)
- 4. SME information support:** export best practice to help SMEs navigate new funding opportunities;
- 5. Solvency II review of treatment of corporate infrastructure & private debt/equity.**

# Funding structure of EU corporate sector:

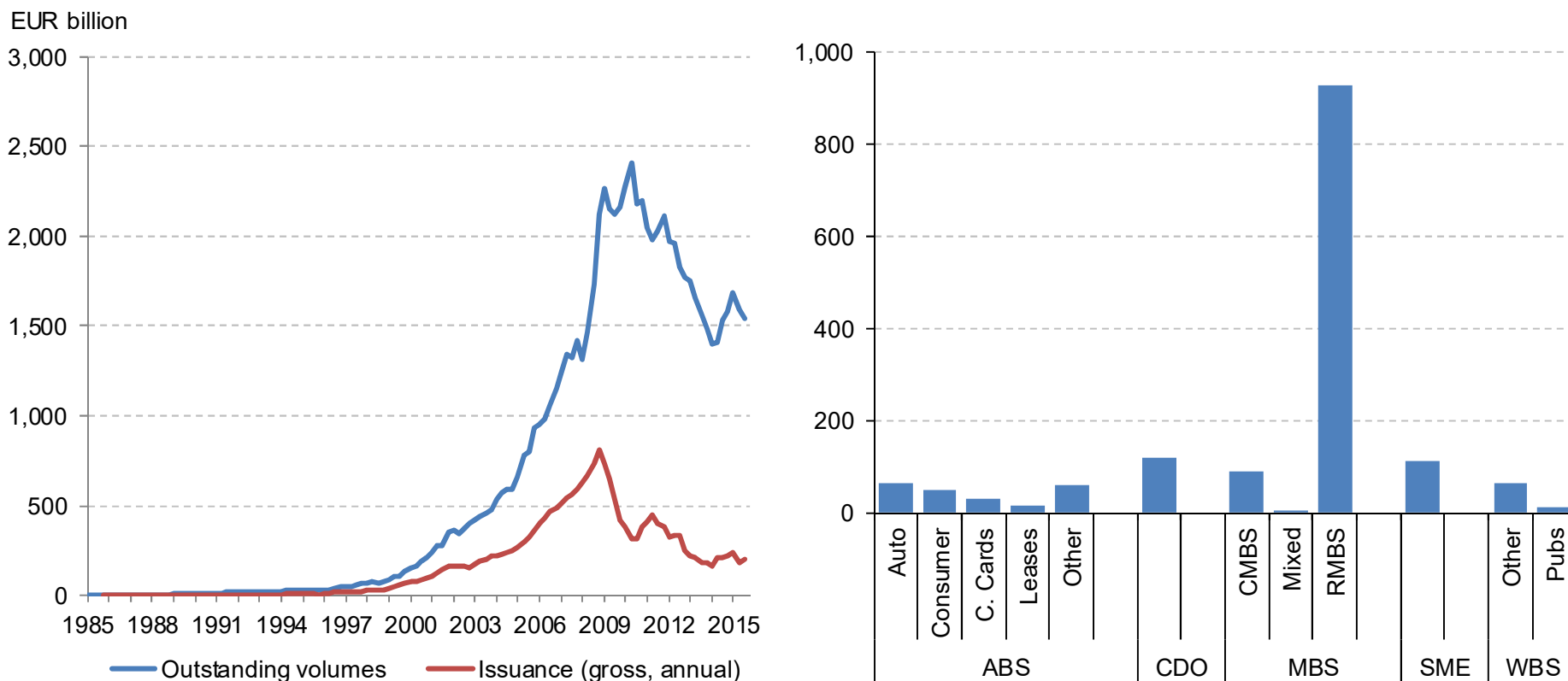
Chart B1.1: Funding sources (financial liabilities) used by NFCs in the euro area



Source: ECB

# EU securitisation markets

**Chart 2: Securitisation in Europe - total outstanding amounts and by collateral class (2015-Q3)**



Notes: ABS: asset-backed securities; CDO: collateralised debt obligations; MBS: mortgage-backed securities; CMBS: commercial mortgage-backed securities; RMBS: residential mortgage-backed securities; SME: small and medium-sized enterprises; WBS: whole business securitisation.

Source: AFME, SIFMA, ECB and own calculations