Capital Markets Union

Shared views of the Finance Ministers from Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, Sweden, and The Netherlands.

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It is central for ensuring continued prosperity in Europe that we tap into all sources of growth available. Mobilising capital in Europe to help promote sustainable growth in the real economy to the benefit of all citizens, investors and companies in the Union remains a key priority. The development of open and globally competitive capital markets in the European Union, and the reduction of barriers to capital flows will help ensure businesses have access to sources of financing from other countries and through means other than traditional bank based financing and better match investment demands with those who have savings to lend. Extending cross border private risk sharing will make our financial system more robust and less vulnerable to financial crises.

Given the challenges facing the European Union, fully delivering CMU is essential. CMU has already delivered in a number of targeted ways such as amending Europe's prospectus and securitisation frameworks, facilitating Europe's venture capital funds investment in start-ups and small and medium sized businesses by amending EuVECA and seeking to promote financial knowledge via the work of the Sub-Group on Financial Literacy. Vice-President Dombrovskis has highlighted that the prospect of Europe's largest financial centre leaving the European Union makes our task more challenging, but all the more important. **The United Kingdom's decision to leave the European Union, while regrettable, must act as a catalyst to redouble our efforts in further developing and integrating EU capital markets.**

Taking account of the European Union political and institutional cycle, time is not on our side and so we must set an ambitious target and prioritise. This means that we should focus our resources on those outstanding parts of the CMU Action Plan with the largest impact, which enjoy broad support among Member States and can be completed quickly. This includes the Investment Firms Review which will implement a more proportionate regulatory regime for investment firms and the proposed framework for covered bonds which would enhance their use as a stable and cost-effective source of funding for credit institutions to help finance the real economy. In addition proposals that help provide financing to European companies that actively contribute to a low carbon and environmentally resilient economy and sustainable development must also be advanced. In that regard, accessible and comparable information about sustainability aspects for investors is crucial. We also have to make sure that the financial industry becomes aware of the risks related to climate change and the necessary transition to a sustainable economy.

Second, we also need to focus on those proposals that will allow the financial services industry in Europe to benefit fully from technological developments and innovations that improve financial services and enhance their integrity. Financial technologies solutions using for example digital identification, mobile applications, cloud computing and cyber security principles change the financial industry and at the same time create the opportunities to provide better access to finance and address financial inclusion, support operational efficiency and enhance the competitiveness of the economy.

Third, an effective supervisory framework provides the foundation for integrated European capital markets as it ensures a consistent approach to the implementation of the Single Rule Book across Member States. It also provides an environment which attracts international capital and expertise into the Union. The Review of the European System of Financial Supervision is an important opportunity to enhance the current framework and build upon the existing strengths of the three European Supervisory Authorities (ESAs). The focus of the ESA review must be to ensure that there is a level playing field in the Union on the provision of financial services in order to ensure supervisory convergence between Member States. We should ensure that the expertise and knowledge of national competent authorities continues to be shared with the ESAs. The voice of the national competent authorities is a central part of the ESA framework, which are member organisations. This outcome essentially depends on strengthening the existing tools. We remain convinced that amendments can be agreed by the Council within the timeline of this Commission and Parliament, but progress on CMU should not depend on the ESA Review.

Fourth, national reforms can play an important role in achieving the aims of the CMU. The pursuit of national reforms will result in the further development of local capital markets, helping to diversify financing options for the real economy and improve financial stability via diversified funding sources. The Commission's Structural Reform Support Service has assisted Member States in introducing reforms to develop their capital markets and we believe it has an important role in helping further develop our capital markets.

Notwithstanding the complexities of the many CMU Action Points, we are committed to working constructively within Council and with the Parliament and the Commission in order to help ensure the priority issues are delivered within the current term. We reiterate that this will require a prioritisation of the existing open legislative files in order to ensure that CMU is advanced as much as possible by early 2019.

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