Stocktaking and challenges of the EU Financial Services Regulation: impact and the way forward towards a more efficient and effective EU framework for financial regulation and a capital markets union

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The Council adopted **conclusions** in which it welcomed the Commission Action Plan on building a Capital Markets Union, whilst stressing the importance of preserving momentum also in the long-term with a **concrete and ambitious agenda** for further on-going action.

The Council supported accordingly the following priority areas:

- **increasing the variety of financing sources available for all businesses**, in particular SMEs and small mid-caps, from smaller or larger financial markets, including high-growth potential and innovative SMEs, and building on successful solutions for connecting them to a wider basis of prospective investors. This should be achieved by using: (i) market-led initiatives and self-regulation of the market; (ii) legislative initiatives where unjustified barriers warrant an intervention from the legislator; (iii) work streams in areas such as: the Prospectus Directive, Venture Capital, Crowdfunding, Private Placements, Mini Bonds, SME growth markets and SME credit information;
- **ensuring an appropriate regulatory environment** for long-term, sustainable investment and financing of Europe's infrastructure, including steps to attract private capital in order to realise the targets of the Investment Plan for Europe;
- **increasing investment and choices for retail and institutional investors within a framework of adequate investor protection**, beginning with: (i) the publication of a Green Paper focused on retail financial services and insurance in the last quarter of 2015; (ii) exploratory work on the potential merits of a European framework for long-term individual savings schemes such as third pillar personal pensions;
- **enhancing the capacity of banks to lend, in particular to SMEs**, notably through establishing an appropriate framework to revive simple, transparent and standardised securitisation;
- assessing the coherence, consistency and the cumulative impact of the **financial reforms** on the financing of the real economy;
- **examining and dismantling unjustified cross-border barriers to the development of capital markets** for all 28 Member States, including where appropriate in the area of clearing and settlement and other market infrastructures, and also finding (through appropriate tax working groups) pragmatic solutions to long-standing tax obstacles such as double taxation linked to current withholding tax arrangements.

The Council:

- called for a swift adoption of the Regulation of the European Parliament and of the Council laying down common rules on securitisation and of the Regulation of the European Parliament and of the Council amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms;
- looked forward to the Commission's proposal to revise the Prospectus Directive to make it easier and cheaper for firms to raise funding on public markets;

- stressed the importance of **preserving financial stability** objectives of financial legislation, consumer and investor protection and the single market, including through the single rulebook.

The Commission is invited to:

- **assess the impact of third-country regimes**, including equivalence and mutual recognition, in current regulations on the structure of European capital markets, the competitiveness of the European financial industry as well as effective access to third-country markets;
- consult the Member States with a view to **identifying business insolvency law-related barriers** to the development of a single market for capital;
- present the outcome and possible follow-up of its study on the cross-border issues in the **area of directors' liability and disqualifications** as soon as possible;
- analyse possible barriers in other relevant areas, such as for instance **securities law**.

The Council recognised the need for the European Supervisory Authorities (ESAs) to work on strengthening supervisory convergence, to improve the functioning of the single market for capital. It noted the importance of the Commission's plan to further analyse, in a **White Paper**, by mid-2016, the governance and financing of the ESAs, with due account of their European role.

Moreover, there is a need for all national authorities to implement **EU financial rules** fully and consistently in order to ensure the highest levels of conduct and integrity across the EU capital.

Members look forward to working with the Commission to develop a **roadmap** to identify existing barriers to the free movement of capital. It invited the Commission to report, **at least every six months**, in order to provide an evidence-based assessment of the progress made in the build-up of the Capital Markets Union including on the basis of key indicators and evidence.