

Capital Markets Union: Commission ticks the right boxes

EUROCHAMBRES welcomes the comprehensive approach of today's European Commission green paper on Capital Markets Union. Fragmented European rules for investors are major obstacles to a more favourable investment and economic climate in Europe. These barriers – largely regulatory – to acquiring financing and to investing seem to have been acknowledged by policy makers at last, but Chambers highlight that non-regulatory barriers must be tackled in parallel.

The document is ambitious and ticks the right boxes. The short and medium term objectives of driving high-quality securitisation, relaxing capital requirements for investment in infrastructure and streamlining prospectus requirements, plus the long term goal of tackling highly divergent tax and insolvency regimes are strongly supported by EUROCHAMBRES – provided their impact is properly assessed.

“The green paper reflects the need to create a properly functioning capital single market and to facilitate the search for investment needed by a wide range of businesses in order to invest and grow. It is only a green paper at this stage, but it has the potential to lead to the establishment of more equity-friendly tax regimes and, in the longer run, to foster a more entrepreneurial culture,” commented Arnaldo Abruzzini, Secretary General of EUROCHAMBRES.

Improving the regulatory environment and addressing market fragmentation are certainly critical elements, but will not remove all of the barriers that restrict access to equity and debt financing. A frequently raised issue is the asymmetry between potential investors or lenders on the one hand and businesses trying to secure financing on the other. EUROCHAMBRES therefore calls on the European Commission also to work with business organisations and financial intermediaries to ensure the provision to SMEs of tailored investment-readiness support and user-friendly guidance on available financing options.

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