

PUBLIC MARKETS' VALUE PROPOSITION

Financing options

- IPOs
- Secondary offerings
- Private placement
- Bond offerings

Benefits

- Risk capital
- Scale
- Intangible benefits

CMU: ROLE OF PUBLIC MARKETS

HARMONISATION

- Reduce fragmentation by moving from Directives to Regulations
- Securities Law – Targeted Harmonisation
 - Conflict of law
 - Book entry principle
- Accounting
 - Maintain single IFRS
 - Allow Exchanges to continue offering issuers a choice between IFRS and Local GAAP on MTFs

ENHANCED PUBLIC MARKET CULTURE

Fiscal Barriers

- Address debt-equity bias
- Remove double taxation on investors

Investor Disincentives

- Remove Solvency II bias against equity
- Improve retail access
- Establish financial education programmes & address risk perception

Issuers

- Financial education
- Connect companies with prospective investors
- Corporate governance
- Shareholder identification

IPO Process

- Prospectus Directive review
- Ongoing disclosure requirements
- Accounting
- Secondary offerings

ENHANCED PUBLIC CAPITAL MARKETS SERVING EUROPE'S ECONOMIES

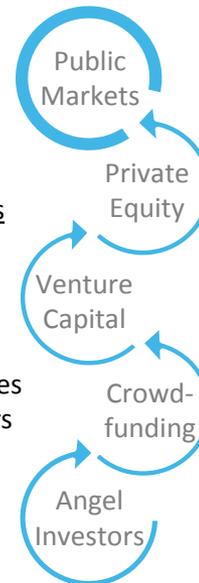
FUNDING ESCALATOR

Choice of options for companies & investors

- Reflect diversity of demand & supply

Indirect benefits for micro-caps

- Increase attractiveness of public capital markets for those companies at a stage where it is viable
- With strengthened alternatives to bank funding for the issuers above, banks will be able to focus more on lending to micro-caps, for whom public capital markets are not an option



THINK SMALL FIRST

Different markets for different needs

- Regulated markets
- MTFs

Listed SME definition: up to €1bn market cap

- MiFID SME Growth Markets: €200m market cap
- ELTIFs: €500m market cap investment ceiling

ECOSYSTEMS

- Local ecosystems supporting smaller companies
- Investment research