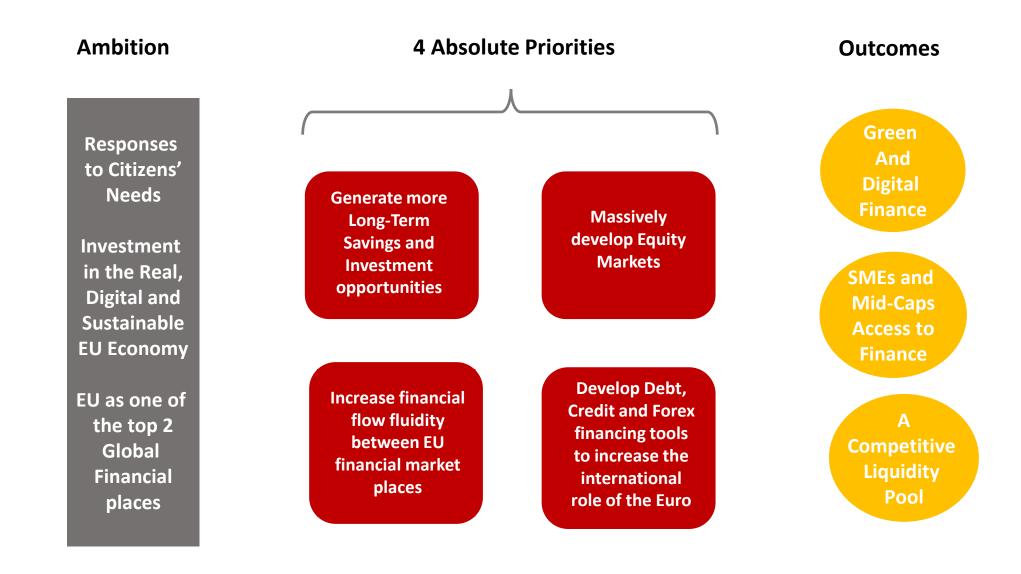
EIFR, December 16, 2019

Presentation

by Fabrice Demarigny, Chair

- An independent « fresh eye » strategic thinking 5 years after the launching of the CMU
- Relevance of the first phase of the CMU (Complement to the Banking Union, Private Risk Sharing)
- New Context / Long running trends / Sens of urgency:
 - Citizens' needs
 - Sustainability
 - Digitalisation
 - Trade tensions
 - Brexit
 - Risk of economic slow down
- Shift of priorities recommendation
- Unanimous suggested way forward: 2 major Objectives / 4 Absolute Priorities / 20 Transformational Recommendations



Transformational recommendations to EU, Member States, supervisors and industry contributions to shape the second phase of the CMU:

- Setting an **ambition**, a strategic guidance, key **priorities** and **deadlines**
- More **Retail** opportunities to create **Long-Term available Capital** (multi-pillar pension, work-place savings, tax incentives and efficiency, turn savers into investors, fair advice and access, financial literacy)
- More dynamic, deep and liquid Equity Markets to finance SMEs and an innovative Digital Economy (critical mass late-stage private equity, more flexible definition of SMEs / MidCaps and investors (HNW), access to efficient information (proportionate prospectus, European Electronic Acess Point (EEAP), consolidated tape of equity posttrade data), institutional investors equity holding (Solvency 2, IFRS 9), insolvency
- More fluidity and less fragmentation to create a **single pool of liquidity** (cross border mergers, supervisory convergence related to market integration, EU wide Digital Finance Action Plan)
- Increase use of the Euro in the Global Markets (Europlatforms, Securitisation)
- Build on the leading role of the EU in Green Finance (measurable and comparable sustainable investments: taxonomy, non-financial reporting standards, common reporting standards for Sovereign Green Bonds widely used (2021))
- More **progress monitoring** based on specific KPIs / expected outcomes by an ad-hoc structure

Next Steps:

- Council Conclusions adopted by the ECOFIN on December 5, 2019
- DG FISMA High-Level Forum (December 2019 to May 2020)
- European Parliament Resolution ?

For additional information: <u>www.nextcmu.eu</u>

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