



Press release: ‘A new vision for Europe’s capital markets’

10th June 2020

‘A new vision for Europe’s capital markets’ has long been required and is needed now more than ever. FESE welcomes the recommendations published today by the High-Level Forum on capital markets union (HLF) in their synonymously named report.

FESE’s Blueprint (May 2019): ‘Capital Markets Union by 2024 - A vision for Europe’, which sets out 20 Principles and Policy Recommendations on how to take the Capital Markets Union (CMU) forward, and the European IPO Report (March 2020) called on policy makers to take a step back and reflect upon how we could foster a deeper and more integrated European financial system while continuing to be open to global capital markets. It also asked policy makers to re-double their efforts and take bold decisive steps to ensure the EU remained attractive to global capital and companies, whilst maintaining transparency, integrity and investor protection.

The establishment of the HLF was therefore applauded by our Members with the expectation that clear and concise recommendations to support the European financial system would be taken.

The HLF, made up of a broad range of high-level experts, has rightly identified some of the key issues that require immediate attention and proposes targeted recommendations in order to move forward with this project and support our companies and markets in their growth.

In particular, we commend:

- the recommendation to target modifications of the prospectus, market abuse and MIFID regulatory frameworks to make public listing more attractive to SMEs. More specifically, we support the proposal to:
 - broaden the definition of an SME;
 - exempt SMEs from the MiFID unbundling rule;
 - introduce an optional transitional regime for regulatory compliance of newly listed companies;
 - support the development of SME indices and
 - review thresholds for a prospectus.
- the establishment of a European Single Access Point (ESAP) which would support companies, in particular in smaller Member States, to attract investors. Such a platform, which should not incur additional costs for issuers, would facilitate investors’ access to company data.

Petr Kobic FESE President & Member of the HLF observed

‘Simplifying the regulatory framework for companies on their journey to the market and making their life as a listed company cheaper and less bureaucratic is key to re-equitising the European economy. We need to remove the obstacles to investing in equity markets not only those faced by institutional investors but also more importantly - retail investors. Equities are a game changer and these recommendations should be viewed as a step in the right direction towards supporting equity investments made by EU citizens.’

Equity is needed to buffer exogenous shocks and will be needed more than ever so that public equity markets can, to the best of their abilities, help companies weather the current crisis and finance post-crisis growth.

Complimentary to the HLF report, FESE has today published a paper ‘A post-crisis framework for European capital markets’ where we outline what needs to be done to support the economy in its recovery by assessing the role of capital markets for financial stability and growth, and the role of lit markets for liquidity and price formation.

Rainer Riess, FESE Director General added:

‘Capital markets will play a crucial role in the recovery and the sustainable recapitalisation of the economy. Exchanges are pivotal for bridging the gap between issuers and investors, serving the need for capital formation on primary markets and price discovery and risk transfer on secondary markets, while ensuring transparency, integrity, and investor protection. The HLF report and our paper provide concrete recommendations that will strengthen the EU economy and have a positive impact on the global competitiveness of European capital markets to the benefit of society at large.’

Information for the Editor:

The Federation of European Securities Exchanges (FESE) represents 36 exchanges in equities, bonds, derivatives and commodities through 18 Full Members from 30 countries, as well as 1 Affiliate Member and 1 Observer Member.

At the end of May 2020, FESE members had 8,778 companies listed on their markets, of which 14% are foreign companies contributing towards European integration and providing broad and liquid access to Europe’s capital markets. Many of our members also organise specialised markets that allow small and medium sized companies across Europe to access capital markets; 1,146 companies were listed in these specialised markets/segments in equity, increasing choice for investors and issuers. Through their RM and MTF operations, FESE members are keen to support the European Commission’s objective of creating a Capital Markets Union.

FESE is registered in the European Union Transparency Register with number 71488206456-23.

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