



Commission launches work on establishing a Capital Markets Union

Brussels, 28 January 2015

The European Commission has today kicked off its project to create a Capital Markets Union (CMU) for all 28 EU Member States with a first orientation debate at the College of Commissioners. The CMU is one of the flagship projects of this Commission and ties in with the ambition to boost jobs and growth in the EU. It is designed to help businesses to tap into diverse sources of capital from anywhere in the EU and offer investors and savers additional opportunities to put their money to work. It aims to create a single market for capital for all 28 Member States by removing barriers to cross-border investment and lower costs of funding within the EU. Well-functioning capital markets will also facilitate the mobilisation of private financing in the context of the [Investment Plan for Europe](#).

The orientation debate in the College was very positive and supportive of the concept, and focused on the key challenges and priorities for the integration of capital markets. The College concluded that a Green Paper should be adopted next month to consult all interested parties on the way forward and concrete areas for potential action.

"A Capital Markets Union will ensure greater diversification in the funding of the economy and cut the cost of raising capital for companies. It should open up new funding avenues for all of Europe's businesses, be they big or small. As such, the Capital Markets Union will help support and extend the Investment Plan for Europe, one of our top priorities," said Vice-President **Jyrki Katainen**, responsible for Jobs, Growth, Investment and Competitiveness.

"One of the key challenges Europe faces is to get investment flowing to support jobs and growth. A true single market for capital in all 28 Member States would help support that goal by linking savers and investors with businesses, big and small, that want to grow. It would also help broaden sources of funding, complementing the important contribution already made to our economy by the banking system. We need to identify the barriers that are stopping capital from flowing and work out how to knock them down one by one. That will be the purpose of the Green Paper we will launch in a few weeks' time," said Commissioner **Jonathan Hill**, responsible for Financial Stability, Financial Services and Capital Markets Union.

In many parts of Europe, especially SMEs remain heavily reliant on banks for their funding needs. A key objective of the CMU will be to diversify and extend sources of funding so that businesses have easier access to credit through capital markets as well as banks, and we need to boost the cross border dimension of access to funding.

The Commission aims to make its consultation phase broad and inclusive: it will call for input from the European Parliament, national parliaments, Member States, citizens, SMEs, the non-governmental sector as well from as the financial sector.

Based on the feedback it receives, the Commission will unveil an Action Plan on the CMU during third quarter of 2015.

Background:

In his [Political Guidelines](#) presented to the European Parliament on 15 July 2014, President Juncker said on the matter: *"Over time, I believe we should complement the new European rules for banks with a Capital Markets Union. To improve the financing of our economy, we should further develop and integrate capital markets. This would cut the cost of raising capital, notably for SMEs, and help reduce our very high dependence on bank funding. This would also increase the attractiveness of Europe as a place to invest."*

The orientation debate today concluded that a Capital Markets Union is essential if we are to create new jobs, rekindle growth and build a dynamic, diversified and resilient market for the future. Banks play and will continue to play an important role when it comes to the financing of European businesses. However, there is potential to substantially develop Europe's stock markets, equity markets and venture capital markets. Particular attention will be paid to SMEs, which have suffered most from the crisis and the fragmentation of markets. The College also agreed that CMU is a classical single market project, which should be created by the 28 Member States, for the 28.

The College agreed that the Green Paper should build on the short term priorities set out in the

Investment Plan for Europe – such as reviving the markets for high quality securitisation and simplifying the Prospectus Directive by consulting on how those priorities should be implemented. In addition, the Green Paper should seek views on how to address, in the medium term, the deep seated barriers, which go beyond financial market issues, to integrated capital markets. The Green Paper should seek views from all interested parties with a view to get a clear steer to the process going forward.

More information:

[Investment Plan for Europe](#)

http://ec.europa.eu/finance/index_en.htm

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