

Blog

Capital markets union - the story so far

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Triggered by global conflicts, businesses in Germany and Europe could find themselves in difficulty. The economy is headed for recession. In order to overcome this acute crisis,

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the resilience of the German and European economies must be strengthened. We must remain focussed on the major – global – topics:

- Ensuring the competitiveness of our economy,
- its resilience, given the many interdependencies in global trade,
- the energy transformation as well as sustainability in general
- and, not least, the sovereignty of Europe.

EU set for decade of investment

It's already clear that, in order to master these structural challenges, Europe faces a decade of investment, which it can only organise with closer political cooperation within the EU. Against this background, capital markets union becomes even more urgent and an essential foundation. It is a matter of making better use of EU potential and mobilising capital. This is only possible with a deep, efficient and globally competitive capital market.

Where are we?

The EU Commission's first action plan from 2015 rekindled the discussion on deepening the European capital market. In its second action plan from 2020, the Commission took up proposals from the High-Level Expert Group and announced further measures for that legislative period.

Since then, it has also become crystal clear that capital markets union can only work in conjunction with strong banks that are able to efficiently perform their intermediary role between capital providers and capital seekers. To do this, they need an appropriate regulatory framework that ensures market integrity, financial stability and investor protection. Too detailed or narrow requirements that create unnecessary complexity or bureaucracy would be detrimental to market efficiency and should be corrected. Among others, the MiFIR/MiFID II securities regulations and the Central Securities Depository Regulation (CSDR) are currently under review. We should seize this opportunity to make meaningful corrections. When it comes to revising existing capital market rules, the practicability of their application and the functionality of the market are key.

Position paper by the Association of German Banks

In its current [Position paper on the capital markets union 2022](#), the Association of German Banks addresses the urgency and guiding principles of capital markets union and puts forward

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measures that the current European Commission should focus on in the near future.

- These include the securitisation framework – announced in the action plan,
- an appropriate solution to the CCP clearing problem caused by Brexit,
- targeted adjustment of existing capital market rules (MiFIR, CSDR),
- targeted harmonisation of the application of insolvency law in the capital markets sector
- and, finally, the design of the EU Green Bond Standard.

Effective progress on deepening the European capital market remains crucial.