

RTI/ELEC Conference – Paris 16 June 2023

Summary - [Presentation by Tatyana Panova](#)

## **Progress achieved since the launching of the Capital Markets Union in 2012 : regulatory and institutional progress**

The presentation mainly focused on the rationale for the CMU project at its onset as well as the main challenges that the EU faces in this area (too many (smaller) players and resulting lack of scale).

Low scale and ensuing low depth of EU capital markets negatively affect their global competitiveness. While one would expect competition to drive consolidation, the still persistent barriers to cross-border capital flows reduce the competitive pressure on national players.

To address the problem, the 2020 CMU Action Plan focused on what could be seen as ‘implicit’ consolidation of capital markets with a strong emphasis on data. Firstly, the EU sought to ensure that company data are available through a one-stop-shop (concept of a single access point), so that investors from all over the EU could choose investments based on their ROI (rather than always going for national companies, further deepening the home bias – an important obstacle to a single market to capital). That measure would seek to tackle the issue of asymmetric information of cross-border investors who tend to know much better companies from their own MS. Secondly, the EU sought to streamline the trading landscape (represented by hundreds of EU trading venues) by putting forward a consolidated tape for trading data which would allow brokers to identify the venue that offers best execution. That should allow for the fragmented trading landscape to function as a de facto (if not de jure) consolidated one.

Overall, the 2020 CMU Action Plan was structured around the three main axes: companies’ access to finance, strengthened retail investors’ participation in capital markets and better market integration. The second objective was particularly important to grow the scale of capital markets through an enhanced inflow of funds in capital markets. The last objective was the most difficult one to achieve. In this area, the Commission has tabled the insolvency proposal seeking to harmonise some aspects of national insolvency regime, making it easier for investors to understand their treatment in insolvency across the EU. Shortly, the Commission will also table another key proposal on withholding tax to avoid - what is de facto - double taxation of cross-border investment.