

PRESS RELEASE

Capital Markets Union given a New Breath of Life in New HLEG Report putting Sustainable Finance firmly at its Core

Brussels, 17 October 2019 - On 9 October the Next CMU High-Level Expert Group (HLEG) - composed of experts from Germany, France, the Netherlands, Italy, Spain, Poland and Sweden who are charged by their ministers with analyzing the EU's market-based financing capacity five years after the launch of the Capital Markets Union (CMU) - published its [final report on the CMU](#), entitled "Savings and Sustainable Investment Union".

BETTER FINANCE, as the representative of EU Citizens as Savers, Investors and Financial Services Users, was heard by the HLEG on the 7th of July 2019 and significantly contributed to the debate, shared relevant research and provided evidence-based policy recommendations. We are therefore pleased to see that **the final HLEG report took BETTER FINANCE input into account and has adopted and endorsed some of the BETTER FINANCE policy recommendations with view on the future development of a CMU**, especially since just 3 out of the 182 contributions (1.6%) came from consumer representatives.¹

Next CMU Final report: Input Weighting				
International organisations	2			1%
EU bodies	9			5%
National authorities	26			14%
<i>Ministries</i>	10	38%		5%
<i>Central Banks</i>	6	23%		3%
<i>Supervisors</i>	8	31%		4%
<i>Other</i>	2	8%		1%
Stakeholders	145			80%
<i>Industry</i>	123	85%		68%
Consumers	3	2%		1.6%
<i>Think Tanks</i>	3	2%		2%
<i>Academia</i>	3	2%		2%
<i>Other</i>	13	9%		7%
Total				182

Source: BETTER FINANCE, based on the Report

Whereas BETTER FINANCE has always been a strong proponent of an efficient CMU with EU households at its heart, the idea has too often been dominated by financial stability concerns, at the expense of consumer protection and EU citizens in general.

What's more is that the Commission's CMU flagship seems to be at risk of having the wind taken out of its sails by the latest tendency to put "Sustainable" Finance initiatives first. Whereas BETTER FINANCE firmly believes that it is essential to promote a cleaner and fairer economy, this should never happen at the expense of long-term and pension savers.

It is with a sense of relief then that BETTER FINANCE notes that the HLEG report addresses these concerns head-on, stating that **European capital markets have now sufficiently recuperated and stabilized for CMU efforts to now pass on to the next stage and focus on EU citizens and SMEs.**

¹ Contributions also include those of BETTER FINANCE's Polish member, Stowarzyszenie Inwestorow Indywidualnych (the Association of Individual Investors in Poland) - <https://www.sii.org.pl/>

Many of the research findings and policy recommendations championed by this report resonate with proposals put forth by BETTER FINANCE since many years, including those developed in our contributions to the HLEG report. The report is also significantly aligned with our [Key Priorities for 2019-2024](#), including the need for “better, cheaper, and simpler investment products”, a focus on “long-term equity financing”, simplified “access to the public markets for SMEs and Mid-Caps” and a “reassessment of the regulatory and supervisory balance”.

Next CMU High-Level Report	BETTER FINANCE	
Findings	Recommendations	Research papers & publications
<i>“citizens’ savings are held in short-term financial savings products which creates a predictable mismatch with their long-term saving needs”</i>	<i>“recommendations aim at strengthening [...] to finance [...] the EU economy, its growth and job creation”</i>	<ul style="list-style-type: none"> • CMU Briefing Paper (2015); • CMU Assessment Report (2019); • Key Priorities (2019-2024); • BETTER FINANCE Manifesto (2014);
<i>“EU investors’ overall participation in capital markets is relatively low”</i>	A true CMU “should improve returns on long-term savings” and should “provide diversified funding options for the real economy”	<ul style="list-style-type: none"> • BETTER FINANCE Pensions Report (2019, 2018) ; • Key Priorities (2019-2024); • CMU Briefing Paper (2015); • CMU Assessment Report (2019);
<i>“Citizens’ long-term pension savings can significantly reduce the future economic burden of pension provision on taxpayers and governments’ budgets under pay-as-you-go pension systems”</i>	<i>“There is a need for better, cheaper, and simpler investment products”</i>	<ul style="list-style-type: none"> • CMU Assessment Report (2019); • BETTER FINANCE Pensions Report (2019, 2018, 2017, 2016, 2015); • Key Priorities (2019 – 2024); • CMU Briefing Paper (2015); • CMU Assessment Report (2019); • Correlation between Costs and Performance (2019);
<i>The development of private voluntary pension savings can be done “as well as tax and financial incentives”</i>	<i>“Start-ups and SMEs need investors that accompany them in the long run through long-term equity financing”</i>	<ul style="list-style-type: none"> • CMU Briefing Paper (2015); • CMU Assessment Report (2019);
<i>“Retail investor confidence in financial markets remains relatively low”</i>	<i>“Incentives and robust investor protection for retail investors include: Transparency on costs, performance, and fees”</i>	<ul style="list-style-type: none"> • BETTER FINANCE Pensions Report (2019, 2018); • BETTER FINANCE Pensions Report (2019, 2018, 2017, 2016, 2015); • BETTER FINANCE Pensions Report (2019, 2018, 2017, 2016, 2015, 2014); • CMU Briefing Paper (2015); • CMU Assessment Report (2019); • BETTER FINANCE Pensions Report (2019, 2018, 2017, 2016, 2015, 2014); • CMU Briefing Paper (2015); • CMU Assessment Report (2019); • BETTER FINANCE Manifesto (2014); • Key Priorities (2019 – 2024); • Assessment of ESAs Reports on Cost and Performance (2019); • Correlation between Costs and Performance (2019);
<i>“Incentives and robust investor protection for retail investors include: [...]”</i>	<i>“Incentives and robust investor protection for retail investors include: [...]”</i>	<ul style="list-style-type: none"> • Key Priorities (2019 – 2024); • CMU Briefing Paper (2015);

a minimum harmonised tax incentive for general savings in simple and transparent long-term financial instruments like single shares and ETFs”

“Incentives and robust investor protection for retail investors include: [...] sufficient and easy digestible information about investment opportunities”

“Incentives and robust investor protection for retail investors include: [...] fair advice”

“Incentives and robust investor protection for retail investors include: [...] promote financial literacy”

- [BETTER FINANCE Manifesto](#) (2014);

- Robo-report (2019, [2018](#));
- [PRIIPs Position Paper](#) (2019);
- [Key Priorities](#) (2019 – 2024);
- [Robo-report](#) (2018)
- Robo-reports (2019, [2018](#), [2017](#));
- [BETTER FINANCE Manifesto](#) (2014);
- [Key Priorities](#) (2019 – 2024);
- [Mis-selling Paper](#) (2017);
- BETTER FINANCE Pensions Report ([2019](#), [2018](#), [2017](#), [2016](#), [2015](#), [2014](#));
- [Key Priorities](#) (2019 – 2024);

“A practical EU-wide taxonomy should be completed as soon as possible”

“The European Commission should [...] trigger [...] set of high quality non-financial reporting standards with international reach”

- [BETTER FINANCE feedback on disclosure of ESG](#) (2019);
- [BETTER FINANCE Response on Non-financial reporting Consultation](#) (2019);

“The EU should facilitate further use of such investment vehicles for employees” such as “employee shareholder plans”

- [Key Priorities](#) (2019 – 2024);
- [CMU Briefing Paper](#) (2015);
- CMU Assessment Report (2019);

“Significantly simplify access to the public markets for SMEs and Mid-Caps”;

“simplify Market Abuse and Prospectus applicable rules”; “the Market Abuse Regulation (MAR) regime simpler”; “Prospectuses easily digestible for investors and cost-efficient to produce for companies”; “Encouraging SMEs and Mid-Caps to list on regulated markets”;

- [Key Priorities](#) (2019 – 2024);
- [CMU Briefing Paper](#) (2015);
- CMU Assessment Report (2019);

“Strengthen incentives for institutional investors to hold more equity”; “an adapted Solvency 2 framework”;

- [CMU Briefing Paper](#) (2015);
- [Response to Solvency II Public Consultation](#) (2018);
- [Press Release on Solvency II modifications](#) (2018);

Strengthen supervision across the EU and the powers of ESMA “if the market at stake is highly integrated (standardised product [...]);” **“Reassess the regulatory and supervisory balance”**

- [BF Position ESAs Reform](#) (2018);
- [Letter to the Council on the ESAs Reform](#) (2018);

“Ensuring consumers’ and investors’ trust in Digital Finance”

- Robo-reports (2019, [2018](#))

“Establish a single market data Consolidated Tape”

- [BF Feedback on MiFID 2](#)

High Net Worth – “MIFID rules led to an overprotectiveness of investors regardless of their experience. Experienced investors should be able to act as semi-professionals and should be able to opt out of the high protective mechanisms introduced for inexperienced investors”

- [Key Priorities](#) (2019 – 2024)

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