

# BETTER FINANCE & FESE Joint statement: Urgent call to make EU capital markets deeper and more attractive

Brussels, 15<sup>th</sup> October 2025

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## A renewed vision for Europe's capital markets

Mario Draghi's Report<sup>1</sup> highlighted that Europe's capital markets should finance growth and innovation, yet they remain fragmented and underperforming. A year later, European Commission President Ursula von der Leyen emphasised in her SOTEU speech the urgent need for decisive EU action.

These calls make clear the importance of the upcoming Savings and Investments Union (SIU) proposals to deliver a financial ecosystem fit to foster a long-term competitive edge. **A decisive step-change is needed, rather than a piecemeal approach.**

To unlock the full potential of a single market for capital, Europe must position public markets as an attractive, accessible, and strategic avenue for companies to raise capital, scale, and compete globally. Equally critical is mobilising long-term funding from retail investors, who still hold more than 10 trillion EUR in inflation-eating bank accounts<sup>2</sup>. Yet, **achieving this vision also requires a robust and well-functioning market structure.** One where fairness, integrity and transparency are not seen as optional, but duly recognised as the pillars for investor trust and the cement of our financial system.

## Strengthening liquidity and transparency

Despite its initial intentions, MiFID II fragmented liquidity across numerous venues. Activity in multilateral, transparent venues has been progressively moving "off-exchange", dominated by bilateral execution, often with minimal transparency. In this context, it is important to recall that:

- **Primary and secondary markets are mutually reinforcing.** Deep, transparent, and liquid secondary markets attract IPOs and support a vibrant listing ecosystem. Current fragmentation and growing opacity weigh heavily on listed companies' valuations and increase their cost of funding.
- **The shift to "off-exchange" trading channels erodes transparency and price formation.** This also reduces investor confidence and protection, significantly impairs retail investors' access, and weakens the core functions of regulated trading venues.

In a recent report<sup>3</sup>, Oliver Wyman identified this as the most pressing barrier to deeper integration, while cross-border fragmentation has a more limited impact today. In this sense, we believe that imposing new constraints on lit venues, such as proposals to establish mandatory interconnections, is certainly not a priority compared to the ongoing shift towards dark and bilateral trading venues and their resulting detrimental effects on individual investors and the functioning of our markets.

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<sup>1</sup> Draghi, M. (September, 2024). The future of European competitiveness: A report by Mario Draghi.

<sup>2</sup> European Commission. Savings and Investments Union: better financial opportunities for EU citizens and businesses, Press Release, 19 March 2025, IP/25/802

<sup>3</sup> Burkl, M., Cailleteau, A., Dienerowitz, N., Martin, D., & Camiciola, E. (July, 2025). The Liquidity Matrix: Addressing fragmentation in European equity markets. Oliver Wyman. Available [here](#).

## **A strategic roadmap to support EU IPOs through an efficient market structure**

Reversing the growing fragmentation and opacity in our markets is not just a technical fix, but essential to secure Europe's open strategic autonomy and competitiveness. A bold roadmap prioritising actions that deepen liquidity must reinforce the symbiosis between primary and secondary markets while tackling challenges in market structure. In this context, BETTER FINANCE and FESE recommend:

- **Level the playing field between bilateral and multilateral trading venues:** This can be achieved by bringing the transparency requirements closer, i.e. requiring systematic internalisers (SIs) to be identified in post-trade transparency feeds like other execution venues, or by confining bilateral trading to areas where it adds clear value, such as technical and large-scale transactions. At the same time, the complex waiver regime should be simplified, and oversight of SIs strengthened through appropriate trade flags and robust enforcement.
- **Execute retail orders on lit multilateral venues:** Besides offering significant benefits in terms of transparency and investor protection for retail investors, such a requirement would positively impact price formation and the overall market integrity.
- **Better supervisory practices:** National Competent Authorities play a vital role in local financial ecosystems due to their proximity and expertise, while certain pan-European trading venues often face challenges due to fragmented oversight and divergent supervisory practices. Ultimately, what matters most is achieving consistent, efficient, and effective supervision, with identical supervisory outcomes.
- **Preserve elements of the current framework that function and are under implementation:** Delivering a robust, anonymised top-of-book Consolidated Tape for dark and lit venues should take precedence over expanding its scope prematurely, before it is even operational. Likewise, maintaining the MiFIR open access provisions on cash equity and the ETD exemptions ensures critical risk management and orderly market functioning.

**The time for action is now.** BETTER FINANCE and FESE stand ready to support policymakers in delivering a financial ecosystem that is transparent, liquid, and competitive—ensuring Europe's capital markets are truly fit for purpose.

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## Notes to editors:

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## About BETTER FINANCE

**BETTER FINANCE - the European Federation of Investors and Financial Services Users** - is the European Federation representing the rights and interests of individual investors, savers, and users of financial services. Established in 2009 in the aftermath of the financial crisis, it brings together 37 independent non-profit organisations across 25 countries, representing around 4 million citizens.

Operating independently of the financial industry, BETTER FINANCE serves as the voice of European citizens at the EU level and acts as an impartial hub of financial expertise. Its mission is to promote integrity, transparency, and accountability in financial markets, strengthen investor protection and financial education, and ensure that Europe's financial system serves the best interests of its people.

Supported by the European Union since 2012, BETTER FINANCE also advances research, information, and training on investments, savings, and personal finance for both policymakers and the wider public.

## About FESE

The **Federation of European Securities Exchanges (FESE)** is the unique voice of European exchanges, advocating for fair, transparent and efficient capital markets to support growth and prosperity in Europe. We are committed to financing the economy, ensuring financial stability, and fostering sustainable development.

FESE represents 17 full Members and 1 affiliate Member from 32 countries. Exchanges operate both transparent regulated markets for securities and exchange-traded derivatives, and specialised SME growth markets that allow small and medium-sized companies to access public capital markets. As of 2024, the markets operated by FESE members included 6,726 listed companies, representing a combined market capitalisation of EUR 13 249 billion.

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