

STATEMENT of the CHAIR
**on the occasion of the Rome Meeting of Roundtable of European Financial Centres
and Federations**
Rome, 5 June 2015

The European Roundtable of Financial Centres and Federations - an informal network of organizations representing banks, insurers, funds and other financial intermediaries in a few European countries - met in Rome on 5 June 2015 hosted by the Italian Banking Insurance and Finance Federation (FeBAF). On the occasion of the meeting, and also in relation to the European Commission public hearing on the "Next steps to build a Capital Markets Union (CMU)", in Brussels on 8 June, the Chair of the meeting issued the following statement.

The CMU is the most comprehensive and ambitious structural reform agenda of the new Commission and the European Parliament in the current Legislature. It addresses reform of the financial regulatory framework with a strategic perspective focusing on growth and employment. It promotes new and innovative sources of funding, while at the same time strengthening the role of those institutions that traditionally have provided financing to households and SMEs. And it pushes forward the process of economic and institutional integration, interacting with the Banking Union and the Single Market of Services, promoting the harmonizing of standards, rules and regulation, and creating the conditions for reviving investment, sustainable growth and employment in Europe in the coming years.

The organizations that are part of the European Financial Centres Roundtable have expressed strong interest and support for the CMU project. As they include in their membership many different players and business models of the respective financial communities, and represent the most comprehensive grouping of financial institutions in their markets, they recognize that CMU has the potential of benefitting the entire financial market and all its different components, but above all it benefits savers, investors and citizens at large.

As financial centres and federations take a broad and comprehensive approach to the development of capital markets and finance, and enjoy greater proximity to the real economy and public policy, they highlight the fact that CMU provides greater opportunities to all business and households, particularly SMEs, facilitating financing for investment and economic activity, and thereby promoting higher productivity and growth.

The date foreseen for the kickoff of the CMU is 2019 and the goal is to set in place a unique framework for the 28 member countries of the EU. This means that not only a long-term vision with ambitious implications has to be spelled out. But also we need to move quickly, for both efficiency and credibility reasons, securing short-term deliverables and a positive impact that can be felt immediately in the life of European citizens.



The European Financial Centres Roundtable gathers 13 Financial Centres and Federations across Europe that decided to share views in order to enhance trust in financial services and underline their contribution to growth and employment in Europe. Participate at the Roundtable: The City of London, Finanzplatz Muenchen Initiative, Frankfurt Main Finance, Spain Financial Centre, Luxembourg for Finance, Paris Europlace, Scottish Financial Enterprise, TheCityUK, Finance Estonia, FebeFin, Financial Services Ireland, Italian Banking Insurance and Finance Federation, Federation of Finnish Financial Services (<http://www.europeanfinancialcentres.com>).

However, perplexity has arisen on a number of key factors that influence the operation of markets and their participants and do not appear to have been properly considered in the approach of the Green Paper. We hope that swift and adequate answers are given to such concerns that can be summarized as follows:

1. Reviewing the **cumulative impact of financial services regulation**. A vast amount of new regulation has been introduced following the financial crisis. Capital constraints and the regulatory burden on banks, institutional investors and other financial intermediaries, such as Mifid2, the proposed structural reform of the banking system, the Financial Transaction Tax, should be carefully calibrated with respect to the CMU in order not to nullify its expected benefits, or, in the worst case scenario, produce adverse effects.
2. Promoting and making more prominent the **role of the public sector** in addressing market imperfections, with particular reference to the establishment of a bold unified strategy of vocational training, human capital development and financial education at all levels, making available adequate public resources for this purpose.
3. Supporting the **long-term financing of the real economy**. This is a key part of the most recent European Union policies. We welcome in particular the creation of a European framework for Long Term Investment Funds as an important component of the CMU.
4. Reviving **securitisation markets** in Europe for transparent and good quality products and ensuring appropriate calibration of capital requirements in both CRD4 and Solvency II.
5. Reviewing the **Prospectus Directive** to lighten the burden on SMEs.
6. Developing a **European system for the private placement regime**, including a strategy of public support measures, the dissemination of best practices (such as the ICMA - International Capital Market Association - guidelines), the promotion of standards.
7. Bringing institutional investors, such as insurance companies, pension funds and promotional banks, to **invest in private equity** that should play a growing role for the financing of the real economy.
8. Improving and harmonizing the **normative environment in a wide range of relevant areas, and the regulatory framework of corporate financing**, especially for the SMEs, in order to facilitate cross-border activities and attract extra-European investors.
9. Making **infrastructure investment an autonomous asset class**, with standardized reporting and documentation, in order to attract a higher level of buy-side private investment.
10. Leveraging the **technological revolution and big data** to reinforce European CMU facing the global competitors.



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The organizations involved in the Roundtable, and the Roundtable itself, intend to be key interlocutors in the process leading to the CMU, as they include the main players in the financial communities of their respective markets and promote convergent viewpoints and shared visions. Therefore, they stand ready to actively participate and contribute to the policy debate and consultations concerning the CMU, supporting the efforts of the European institutions and engaging in an open and constructive dialogue with all relevant stakeholders.

**The Italian Banking Insurance and Finance Federation
Rome, 5 June 2015**



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