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The time is now for a CMU for the businesses and citizens of Europe

Ever since its September 2015 communication, the European Commission has made it a top priority to develop a Capital Markets Union (CMU) in the EU. At the time, President Jean-Claude Juncker faced a Union struggling with high unemployment and in need of investments that could generate jobs. With a banking sector still under the constraints of both the financial and Eurozone crises, traditional funding sources had to be complemented to channel capital to all companies, including those that form the backbone of the European economy, SMEs.

While an ambitious Action Plan was immediately put in place, new challenges such as the departure of the largest finance centre from the Union, technological developments and the need to seriously tackle climate change make the project even more crucial for the future. This is why President Ursula von der Leyen made completing the CMU one of the cornerstones of her Presidency. One of the European Commission's first actions in this renewed impetus has been to create a High-Level Forum (HLF) composed of experienced industry executives and international experts and academics, with the aim of providing suggestions and guidance on future CMU policies; the sudden change in the economic outlook as a result of the COVID-19 crisis make this work even more of a priority – Europe needs its capital markets to be as large and liquid as possible to maximise funding sources to support citizens and businesses.

As a member of the HLF subgroup focusing on the development of European capital markets architecture, I am struck by the clear conviction among all HLF members that the future of the Union requires the development of a truly integrated CMU. While many reports have been published on the matter, the HLF intends to set aside broad policy recommendations and focus instead on concrete policy measures as well as the method and processes needed to see them through. The HLF's recommendations, expected in May, will not target "low-hanging fruit", but instead aim for measures that will lead to tangible results, no matter how hard they are to achieve. These challenging times should be seen as an opportunity to do things differently.

While work is still underway, the final report will likely focus on a dozen or so recommendations centred around four broad categories:

- **Financing for business:** the HLF will consider issues such as enhancing the transparency and comparability of company data for investors, supporting the development of cross-border long-term investment vehicles, increasing the risk appetite of ins-

titutional investors, facilitating the listing of companies, and strengthening the tools available to financial intermediaries – such as securitisation.

- **Market infrastructure:** we are looking at enhancing the integration and efficiency of trading and post-trading, as well as improving the liquidity of secondary markets by strengthening the role of European intermediaries.
- **Retail investment:** conscious of current demographic and environmental challenges, the HLF will propose measures to steer citizens towards sustainable, long-term investment products through the development of adequate occupational and personal pension products. This will also require putting in place a strong financial literacy and equity culture in Europe.
- **Cross-cutting issues:** these are the pressing issues that are considered politically sensitive but must be tackled – issues around withholding tax for cross-border investors, the harmonisation of national insolvency proceedings, and the need for a true level-playing field for financial players across the Union.

While Rome wasn't built in a day, it is time for policy-makers across the Union to deliver on their political promises and boldly push for reforms that will make the EU a true global capital markets player. European citizens stand to gain significantly from an integrated and open CMU – a well-developed pool of capital that will not only enable wider household and retail access to capital markets but also finance the SMEs that drive the European economy forward. ■