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Following Brexit, a strong and multipolar capital market is rising in the EU

In the first weeks of 2021, there has been a massive shift of trading in European shares from London to Amsterdam. This trend is likely to continue in other areas because of the quality of European financial centres and increased uncertainty stemming from Brexit. It is my strongly held conviction that the EU must now act as a strong and competitive finance maker, not merely as an open territory of finance takers. Brexit has been a clarification moment and a wake-up call for the EU.

But the EU will not strengthen its capital market without strong European financial institutions and market infrastructures. We must stop the unilateral disarmament of the European financial system to the sole benefit of non-European players. Building a fertile and innovative ecosystem in the EU will be critical. In this context, the work on delivering Capital Markets Union to build a powerful integrated European financial system and ensure the financing of the recovery from the COVID-19 crisis assumes its full importance and significance.

Euronext believes a competitiveness test should be introduced within the new CMU to assess the impact of any new proposals on EU competitiveness as compared to major third country jurisdictions. This is obviously important in respect of the UK, but also the US. The EU must remain attentive to significant policy and regulatory changes in those countries and adjust when necessary. Alongside impacting on any consideration of possible equivalence measures, the EU must also ensure that its rule-making processes are agile enough to be able to adjust the European rulebook to respond promptly where necessary.

The recent evolution of Euronext into a stronger pan-European financial markets infrastructure is a key enabler to build the backbone of the CMU. With the Italian capital market expected to join Euronext, investors and issuers will be able to benefit from the largest capital and liquidity pool of the internal market, across eight countries in Europe. This transformational project for Euronext will also contribute to the objective of better funding the recovery of the EU economy, with a positive impact in terms of efficiency as well as market and product availability. At the same time, this evolution strengthens Euronext's federal model, closing the gaps between the different financing needs and ecosystems at European, national and local levels.

This capability is very much needed to build an effective CMU to deliver integrated capital markets across the EU to the benefit of European companies, investors and the real economy, whilst nurturing and developing the often diverse ecosystems on which these markets depend. The Euronext markets reflect this reality. On the one hand, our markets benefit from a significant presence of global investors in European listed companies, boosting access to growth for European companies, thanks to our single order book and our single liquidity pool. On the other hand, retail investor participation is increasing, often with a local outlook. Both these dynamics should be enhanced by CMU. Ultimately, an efficient combination of the global, European, national and local market participants is required.

An effective CMU will be essential for the recovery of the EU economies because the economic transition initiated by massive injection of debt programs must be coupled with an efficient injection of equity to fund risky projects and innovation. Beyond factoring in the consequences of Brexit, the CMU will also have to enable green finance, contribute to the strengthening of the role of the euro and adapt to the lasting impacts on markets of the recent massive central bank interventions and fiscal stimulus measures.

It is now time for European financial market infrastructures to meet the challenges of building strong integrated financial centres distributed across Europe. Through the expected inclusion of the Borsa Italiana Group into its successful federal model, Euronext will continue to prove that building European capital markets is the core of its project.