CAPITAL MARKET INTEGRATION

STEFANO CAPPIELLO

Director General for Financial Regulation and Supervision – Ministry of Economy and Finance, Italy

Four cornerstones to underpin the SIU

Fifteen years ago, the market capitalization of Europe's banks exceeded that of US banks; however, current data reveals a stark contrast: US banks now significantly exceed their European counterparts in market capitalization. Following the great financial crisis, the U.S. economy rebounded robustly, while the Euro area faced a prolonged recession due to the sovereign debt crisis and the lack of an EU safety net.

This has contributed to the underdevelopment of the EU financial system, whose fragmentation and less efficient intermediation role have hindered the European recovery and growth. Paradoxically, although Europeans save nearly four times more than their US counterparts, their capital is not efficiently allocated, with limited flows into European innovative businesses and infrastructures.

Therefore, a fundamental KPI to assess the success of the SIU is the creation of an integrated liquidity pool where the needs of companies and investors can efficiently meet.

Achieving this objective requires a coordinated mix of top-down and bottom-up policies. Four strategic cornerstones are key to build an integrated liquidity pool across the Union: completing the Banking Union, consolidating interoperable financial infrastructures, integrating supervisory systems, and developing an EU "safe asset".

First, a vibrant SIU cannot exist without completing the BU, as banks play a pivotal role in capital markets: they make them deeper and more liquid, by acting in various roles to that end. As the necessary reforms to the second pillar of the BU, i.e. crisis management, are finally being ratified, significant progress can be achieved through three main priorities:

- ensuring that covered deposits of all banks within the Eurozone rely on equivalent protection, by means of the third pillar of the BU, the European Deposit Insurance Scheme (EDIS), which could be achieved through intermediate steps, i.e. starting with a liquidity arrangement and then gradually move onto a fully-fledged EDIS;
- removing outdated regulatory barriers that hinder cross-border financial flows within European cross-border banking groups, so to reduce fragmentation and facilitate risk diversification and improve risk management across Member states. To this end, we could work on an ad hoc legislative initiative, leveraging the mutual trust built among authorities and Member states over the past decade;
- simplifying banking regulation while preserving stability and sustainability. A leaner and more proportionate regulatory framework would strengthen the competitiveness of EU markets, while some caution is necessary to prevent regulatory uncertainty, and to avoid dismantling key safeguards introduced in the aftermath of the GFC.

Second, since well-integrated trading and post-trading systems are essential for market liquidity, priority should be given to removing tangible and intangible barriers to market-driven consolidation and, in the interim, fostering interoperability. At least for the time being, issuance, admission to listing/trading and execution of the transactions still occur on national or federated markets. Thus, to further support the development of European market infrastructures, we should first focus on addressing those divergencies in national company, securities, tax, and insolvency laws, which significantly hamper consolidation in the market infrastructures industry, and in the supervisory architecture. Also, the potential of DLT-based solutions should be further explored to improve the efficiency and innovativeness of the market infrastructures. In this context, key steps to encourage experimentation by EU market participants will include pursuing interoperability among different blockchains, broadening the scope of the DLT Pilot Regime, enabling settlement in central bank money and introducing a retail CBDC.

Third, the EU should advance toward a more integrated supervisory system, while preserving the benefits of proximity. Integration in this context can be achieved by establishing legal arrangements enabling more effective cooperation between ESMA and NCAs. Key priorities include fostering binding convergence in the implementation and enforcement of EU law.

Fourth, we should create an EU "safe asset", represented by European debt issued to finance joint projects and public goods. It would help banks manage liquidity, diversify sovereign holdings; at the same time, it would embody the reference liquid asset that the European capital markets are now lacking, and strengthen the euro's international role.

Four strategic cornerstones are key to build an integrated liquidity pool across the Union.

In conclusion, while no single 'silver bullet' will deliver a genuine SIU, we should focus on these four strategic cornerstones and do it in a pragmatic way, *i.e.* designing our initiatives having in mind the fundamental KPI (since we should anchor ourselves to tangible results) of building an integrated liquidity pool across the Union.

MARIE-ANNE BARBAT-LAYANI

Chair – Autorité des Marchés Financiers (AMF)

European supervision is a necessity and it is time to move!

After a decade of discussions, political tepidity and sluggish progress, it is high time to act quickly and ambitiously to unify the EU capital markets. The SIU is the opportunity to reap the benefits of a true single market for financial services. It is the project of our generation and we should all make a priority to achieve what our predecessors did with the single currency.

The Commission has rightly identified a number of priorities: alongside long-term retail investment and securitization, integrated supervision is a key driver to achieve tangible results. But there is a risk to fail, for lack of motivation or short-termism.

As a national supervisor, a member of ESMA Board and of several supervisory colleges, the French AMF has a strong experience in supervising financial market participants, including those operating cross-border. Based on this experience, moving towards a unified supervisory architecture of EU capital markets appears to be a priority.

Supervision remains highly fragmented within the EU, which has severe detrimental impacts on the financial sector and Internal Market. It creates deep level playing field and enforcement issues, as supervisory convergence is still limited. It raises major issues in terms of risks and financial stability, especially for large cross-border entities and market infrastructures, due to the dilution of supervisory responsibilities. Divergences in rules' enforcement also create risks for investor protection, undermining confidence. The current architecture of supervision is also a drag on the EU financial sector competitiveness, as fragmented implementation/enforcement of EU rules implies unnecessary operational complexities and costs for firms. Finally, without tangible progress on supervision, the EU will not achieve its simplification agenda.

In this context, empowering the EU level of supervision is necessary. Entities and products must be treated separately, as they raise different problems and call for different solutions.

Regarding financial entities, the model followed for banking supervision should inspire markets' supervision: direct supervision for large cross-border entities and delegated supervision of smaller or national entities. Moreover, direct supervisory powers should be granted to ESMA over global cross-border crypto-assets services providers (CASPs) as a matter of priority: regulatory shopping and diverging practices have already started to develop, and it is an accident waiting to happen! Direct supervision by ESMA should also include large pan-European market infrastructures, as well as large asset management groups, whose specificities should be acknowledged in EU law with a consolidated supervisory approach. For reasons of cost-efficiency and proportionality/subsidiarity, the supervision of smaller and purely national entities should be delegated by ESMA to national supervisors, according to the "indirect supervision" model which currently applies to EU small and medium-sized banks ("*less significant institutions*") under the SSM. The Banking Union has delivered progress in terms of financial stability in the banking sector, that we can no longer overlook in markets' supervision, since non-bank finance is developing very rapidly. Conversely, product supervision at EU level is a much more mature subject, that would require a closer scrutiny, and its supervision at ESMA level should not be prioritized at this stage.

Such a bold move towards a European supervision of infrastructures and asset managers should be coupled with a fundamental adaptation of ESMA's culture and governance. We should reflect on changes to ESMA's governance keeping in mind the role of NCAs and the importance of having an innovative approach to make sure that competitiveness is taken on board. The governance model of ESMA needs to simultaneously achieve the necessary inclusion of all NCAs' competence in markets' functioning, and the capacity to deliver swift decisions and to embody the European interest. It would make sense to envisage a governance set-up composed of two main bodies: a Board of Supervisors including the 27 NCA chairs, competent for all regulatory and policy-related issues; and an Executive Committee made up of a small number of high-level personalities from the public or private sector, appointed on the basis of their skills and experience and in charge of individual decisions in ESMA's direct supervisory remit, as well as providing advice on policy issues.

Let us decide on a date when ESMA will take responsibility and stick to it.

The structure and sources of ESMA's funding should also be reviewed as ESMA must be able to adapt quickly to market developments, finance important projects and fulfil its missions, including with increased supervisory powers. An ESMA Board-level task force has recently analyzed the subject and made proposals with these objectives in mind.

It is necessary and possible to make this bold move, and we should not wait for another financial crisis to make it! So let us decide on a date when ESMA will take responsibility and stick to it.

HARALD WAIGLEIN

Director General for Economic Policy and Financial Markets – Federal Ministry of Finance, Austria

Integration of EU capital markets – a guide to the completion of the SIU?

The further integration of EU capital markets is often seen as a stand-alone objective and a solely political issue. Although the completion of integrated EU capital markets is indeed highly political, its success is highly dependent on the addressed topics such as developing retail investment, improving the diversification of the funding of small and medium enterprises (SMEs) or growing local markets. Instead of starting a race of objectives, it is evident that the ambitious goals are intertwined, and their individual success is depended on the overall combined output.

From larger to smaller markets, highly to less liquid, there is different focus as some rely on securitization markets while others focus on equity markets building upon loans. Fragmented markets and different interests on how an integrated market should function complicates not only a harmonized option of feasibility but also forces to compromise. Leaving the technicalities aside and focusing on key political issues, major factors are supervision and market consolidation.

While some advocate for a centralized EU-level supervision, others favor retaining supervisory powers at the national level through National Competent Authorities (NCAs). However, a far-reaching single supervisory reform alone will not change the EU capital markets. Given their complexity and diversity a more effective approach would be to promote supervisory convergence and consistent national supervision across EU Member States. The same considerations apply to market consolidation. Any efforts to consolidate different market segments, should not be enforced on a regulatory basis, thus should be driven by market dynamics allowing synergies and efficiencies to develop organically. A regulatory mandate for market consolidation would benefit larger markets and could create a pull effect, causing smaller EU capital markets to vanish. It is evident, that there is no universal solution that satisfies all stakeholders or Member States.

NCAs are undeniably the backbone of our financial system, having built trust in the national markets, gained experience and built-up competencies. They maintain close relationships with supervised entities and engage with local investors. Their experience and knowledge may take years for a centralized institution to achieve, potentially causing uncertainty among Member States if their national competent direct contact is no longer available. Additionally, centralized systems often favor large market players and risk jeopardizing the diverse financial landscape of EU capital markets.

Instead of starting a race of objectives, it is evident that the ambitious goals are intertwined.

Beyond market development and creating the perfect supervisory framework, it is essential to educate and enable EU citizens to invest their savings. Financial literacy is a key factor for integrated capital markets to better channel household savings into productive investments. A financially literate citizen is more likely to invest in capital markets, supporting liquidity, demand, and contributes to economic growth and development of wealth. Strong and diverse capital markets appeal to investors from all over the world, supporting further development and strengthening financial stability by broadening the investor base beyond institutional players.

The success of integrated EU capital markets depends on several factors:

- A proportionate supervisory system.
- Harmonized EU-regulation alongside integrated non-EU cases to foster cross-border activities.
- Efficient cross-border activities, accompanied by targeted protective measures to strengthen EU markets.
- Resilient and competitive capital markets that are allowed to foster its diversity while maintaining harmonized application of law.
- Experienced NCAs that are connected to their markets representing the “first line of defense” to lower the burden on one central supervisor.
- Financial Literacy.

Ultimately, progress on the SIU as well as effective EU capital markets integration depends on different factors which are efficient supervision, diverse yet harmonized landscape of financial markets and investors and last but not least political consensus and compromise between all Member States.

All of these topics are addressed in the SIU Strategy communication. It is now up to the EC to ensure fair and implementable policies. The Strategy’s overarching principles act as horizontal enablers, allowing further measures to take effect. Most importantly, it recognizes that the integration of EU capital markets is not a stand-alone issue but a complex process that requires balancing developing capital markets without undermining financial stability.

At first glance and without yet knowing on how the measures in the Strategy will unfold, it seems to be a well-balanced and thoroughly assessed plan on how to further integrate EU capital markets considering not only technical aspects but also controversial political aspects without ignoring the most important asset of EUs capital market: its citizens.

NIELS BRAB

Chief of Staff/Head of Group Corporate and Regulatory Strategy – Deutsche Börse Group

Integration ahead: Tackling fragmentation to boost growth and competitiveness

With the Savings and Investment Union (SIU), the EU is currently well on track to deliver a key pillar of a much-needed growth and competitiveness agenda. In light of geopolitical realities, monumental financing needs and structural questions around our societal future, the stakes have never been higher.

Reducing the high level of fragmentation across the EU's capital markets remains a key ingredient to fully unleash the potential of the single market, transforming the Capital Markets Union (CMU) project into a structural success story.

Especially the capital markets infrastructure universe should continue to be supported by targeted changes to current frameworks to bolster market-driven consolidation, paired with a broader reflection as to how existing single market barriers can be tackled.

This notably concerns the EU's M&A rules, where the intended review could make a significant positive contribution in order to allow for more scale while supporting the emergence of EU champions at global level. This should include a reflection around the definition of the most relevant market at product and geographical level – but stretch to include further work around efficiency defenses and a true level playing field with other key jurisdictions.

In parallel, the EU should continue to address various single market barriers to boost consolidation and cross-border business realities with an improved competitive operating landscape that remains conducive to growth and underpins the fundamental political objectives.

This holds particularly true for the EU's trading landscape where the MiFID framework has been a key driver of fragmentation. Paired with a drastic shift of liquidity from lit regulated markets to dark-trading and off-exchange venues, this has not only reduced transparency and negatively impacted price formation – but also comes with a more profound question around the ecosystem for primary markets and the EU's attractiveness as a business location.

A recent study[1] found that about 70% of volumes are split across MTFs, and dark, bilateral and non-addressable channels including SIs and over-the-counter (OTC). The empirical data also underpins: Cross-market fragmentation is marginal, at less than 2% of the total. By contrast, the fastest approach to unlocking more liquidity is by reducing intra-market fragmentation.

> **Though we have two eyes, the vision is one!**

This ultimately questions if the historical approach taken might still prove to be a viable strategy moving ahead, or if this might imply that the MiFID framework needs a more holistic reassessment around the underpinning market structure vision, including overly complex waiver, transparency and deferral regimes. Should the EU intend to be attractive from a listing and business perspective, it occurs critical to profoundly reflect on the interplay of strong primary markets and secondary markets' structure.

On the post-trading end, the EU would materially benefit from a more integrated market structure and a structural reduction of existing national barriers impeding the provision of effective cross-border services. Next to a much-needed roadmap that essentially benchmarks current realities against the background of the famous Giovannini barriers, an optional and voluntary 28th regime should be explored, ideally combining elements of securities, insolvency and corporate law – starting for example in the field of digital emission of securities. Another crucial lever concerns the ECB's Target2Securities, where more reflection should be carried out as to how the EU's current system can be made more effective, increasing volumes and reducing prices.

Let us not forget: A successful SIU will not only depend on reduced fragmentation in the infrastructure world. In fact, the EU's general ability to deepen liquidity pools by mobilizing and transforming private savings into productive investments will continue to constitute the core focus of this cycle's exercise. With more than €33trn of savings held in currency and deposits across the EU, we should be bullish in light of a huge untapped resource to boost growth, competitiveness and innovation.

However, when it comes to the discussion around an EU savings and investments account, Member States should avoid a continuation of the currently high level of fragmentation – the unique window of opportunity, building on the increased EU attractiveness from an investor perspective in H1 25, should be seized now in a constructive manner.

Working together and jointly delivering a visionary approach that guarantees meaningful progress for our societal future has never been more important in light of global realities and a critical moment in European history. The discussions around fragmentation and integration will continue to accompany us well beyond individual SIU subjects. The challenge rather lies in understanding what Empedocles already taught us: Though we have two eyes, the vision is one!

1. *The Liquidity Matrix: Addressing fragmentation in European equity markets, Oliver Wyman, July 2025*

NICHOLAS BEAN
Chief Executive Officer – Bloomberg Trading Facility BV

Bringing about the vision for a savings and investment union: Quality over speed

Advancing the integration of EU capital markets through the Savings and Investments Union (SIU) is a vital step to boost growth and competitiveness. However, realising this vision is a considerable endeavour. It would be prudent to approach it progressively, building on well-identified market failures with defined objectives in mind. Whilst the overarching vision is clear, a coherent strategy is now required. It is important to learn from recent experience, prioritising the quality of regulation over its speed to avoid any setbacks.

Building on the EU's diverse market ecosystem

European financial markets are a complex ecosystem where vast amounts of instruments are traded to serve varying needs of investors and borrowers. While tackling unjustified market fragmentation is critical, the SIU must account for the specific characteristics of different asset classes, venues, and trading protocols. A predominant focus on equities and central limit order book trading risks evolving into a uniform regulatory approach overlooking such key distinctions.

For instance, the concept of aggregating liquidity pools in the SIU does not apply to Over-the-Counter (OTC) and Request-For Quote (RFQ) trading in the same way as listed regulated markets. While equities trade on exchanges, bonds do not trade in a centralised location but mainly on RFQ-based Multilateral Trading Facilities (MTFs) and OTC. In these markets, liquidity is the property of the market-maker or the instrument, rather than the venue. Preserving this diversity is essential to maintaining an efficient and resilient market structure serving investors and issuers. A differentiated regulatory perspective enables policymakers to focus legislative action where genuinely needed.

A nuanced approach to centralised supervision

Similar concerns arise around more centralised supervision. The identified fragmentation barriers are more typical of national regulated markets for equities, not of cross-border MTFs for fixed income and derivatives. Measures towards more centralised supervision should rest on a rigorous assessment identifying areas where such approach could add value, and remain proportionate, targeted, and aligned with clear supervisory outcomes.

> **The SIU's success will be measured not by the speed of its policies but by their effectiveness.**

The current decentralized model presents recognised challenges, yet it is not self-evident that a shift to a single supervisor would yield automatic efficiency gains across all market operators. Rather, better supervisory convergence and joint European Supervisory Authorities (ESAs) supervision should be explored to harmonise rule interpretation, capitalising on regional hubs of expertise and supervisory culture.

Supervisors should also consider adopting a more proportionate and agile approach to oversight, including revisiting the use of no-action letters. When appropriately structured and transparent, they can serve as valuable tools to address situations where the strict application of a rule originally designed under different circumstances leads to unintended outcomes, particularly where there is no clear benefit to market integrity or investor protection.

Bringing Europeans to financial markets

Retail participation in EU capital markets remains low. The EU's goal to lift it is timely, but short-term solutions are misplaced. Encouraging individuals to pick stocks would require significant financial sophistication.

For years, EU retail investor policy prioritised risk aversion, at times attempting to regulate risk out of existence. While well-intentioned, this inadvertently contributed to public mistrust in financial markets and a weak investment culture. Incentives such as new product wrappers or tax advantages may help but can't replace the needed long-term cultural change.

What is required is a shift in focus: from shielding retail investors from risk to equipping them to understand and manage it. Better financial literacy and an investment culture will enable individuals to make informed decisions aligned with their own risk appetite and financial goals. Only then can retail participation in EU markets grow.

Conclusion

Realising the SIU is not a race for immediate solutions, but a commitment to a well-designed, long-term strategy that addresses root causes, leverages the strengths of the EU's financial ecosystem, and delivers lasting outcomes. Structural challenges such as fragmentation or low retail participation can't be resolved through quick fixes or reactive measures. The SIU's success will not depend on how rapidly policies are introduced, but on how effectively they are shaped, sequenced, and implemented to foster trust, efficiency, and inclusion. This will allow meaningful progress toward the vision of a deeper, more integrated and globally competitive European capital market.

YANN LE PALLEC
President – S&P Global Ratings

Capital markets integration: A crucial enabler for the SIU's success

Despite the promise of the EU single market, internal barriers to the free movement of workers, goods and capital, remain alarmingly high. According to recent IMF research, these barriers are equivalent to tariffs of 44% on manufactured goods and 110% on services.[1] The Savings and Investment Union (SIU) employs a multi-track strategy in which capital markets integration is a key enabler. Without deeper integration, it will be far more difficult and less impactful to boost retail investor participation, enhance access to financing for SMEs, and ensure effective supervision.

The Reality of Cross-Border Capital in the EU

Intra-EU movements of capital reveal persistent fragmentation. While outstanding cross-border capital grew rapidly from the inception of the single market until the global financial crisis of 2008-09, it has since stagnated at roughly 100% of EU GDP—compared to just 60% in 2001. Currently, intra-EU cross-border capital accounts for only one-fifth of the total assets managed by the European financial system. This is notably less than the 33% share held in non-EU foreign assets held in Eurozone financial portfolios, with the US dollar representing most of these foreign positions.

European investors and savers exhibit a strong home bias, often overlooking opportunities in neighboring countries. A previous analysis by S&P Global Ratings Economics highlighted the sluggish growth and uneven distribution of cross-border capital within the EU.[2] Cross-border financial claims in the EU (excluding the public sector) primarily originate from a few large economies, such as Germany and France, and large financial centers, including Luxembourg, Ireland, and the Netherlands. According to the ECB, investment funds domiciled in Luxembourg and Ireland hold approximatively 40% of the euro area's cross-border equity and debt securities. Additionally, 33% of all intra-euro area cross-border holdings of corporate bonds are in securities issued in these three countries.[3]

Our research not only found that cross-border capital within the EU concentrates at the point of origin, but is also distributed unevenly at the point of destination. It predominantly invests in core and Nordic EU countries (up to 130% of their GDP), while southern EU nations receive only about 50% of their GDP's worth, and Eastern and Central European countries receive as little as 20%. This concentration of cross-border capital hinders the real convergence of EU economies and perpetuates regional imbalances.

Why capital markets integration matters

Therefore, integrating European capital markets is critical to allowing European savings to move more freely across EU internal borders and to achieving other SIU objectives. Fragmented markets lead to high capital costs and eliminating barriers to cross-border trading and post-trading activities could significantly reduce these costs. Additionally, offering a wider and more diverse range of financial products on a larger scale would lower fees and provide better investment options.

Capital markets integration plays a vital role in encouraging retail investor participation by delivering more value for money. It also incentivizes SMEs to invest and grow by diversifying their funding sources and lowering financing costs, thereby fostering innovation and job creation.

Although full capital market integration is more difficult to achieve and less feasible than promoting retail participation or pension sector development—two other areas of focus in the SIU strategy—it remains indispensable. The SIU's comprehensive roadmap appropriately advances integration alongside these other priorities.

A call for swift, coordinated action

The SIU strategy emphasizes that integration enhances the benefits and feasibility of its other objectives, creating a resilient, dynamic financial ecosystem across Europe. Realizing this vision requires a concerted effort. Competent authorities and all stakeholders in the financial community must collaborate closely and swiftly remove barriers and harmonize regulations.

Capital markets integration lowers costs, boosts investment, and fosters EU economic convergence.

In sum, deepening EU capital markets integration is imperative, not just desirable. It will unlock the EU's single market for capital's full potential, to benefit savers, investors, SMEs, and the broader economy.

1. *See: "Europe's declining Productivity Growth: Diagnoses and Remedies", IMF – Europe Regional Economic Outlook, published November 2024.*
2. *See: "Thirty Years of the EU Single Market: Why Cross-Border Capital Flows remain Sluggish, despite positive developments", S&P Global Ratings Economics, published May 2023.*
3. *See: "Financial Integration and Structure in the Euro Area", especially Box. 3, ECB, published June 2024.*

NICK DUTTON

Chief Regulatory Officer – Cboe Europe

Improving integration across European markets

For European markets to reach their full potential, market integration is pivotal. Integrated markets improve capital efficiency, deepen liquidity, and lower transaction costs. Progress has been made but more can be done. This will involve simplifying rules, improving harmonisation, and reducing gold-plating. This also requires us to prioritise market structure initiatives that will drive better outcomes for savers, investors and issuers. In our view, European markets will thrive through interoperability, innovation, and better access for retail investors.

Post-trade equity infrastructure - Interoperability to drive integration

Under MiFIR's open access provisions, market participants trading on nearly 50 European venues can, in principle, choose which CCP clears their transactions —unlocking significant capital and operational efficiencies. Yet, several major platforms still resist open access or impose discriminatory "preferred" clearing models that restrict user choice and reinforce the fragmentation caused by uncompetitive vertical silos.

Mandating genuine user choice through CCP interoperability would be a pivotal step toward integrating post-trade workflows across Europe. It would also mitigate the impact of a fragmented CSD landscape by enabling risk-netting and settlement compression—driving both operational and capital efficiency.

Too often, vertically integrated gatekeepers steer flows to suit their own interests rather than prioritising cost-effective, client-centric outcomes. Enforcing CCP interoperability would shift control back to users, fostering a more competitive and integrated clearing landscape.

Trading venues – Innovation to drive integration

While some argue that the trading venue landscape is unnecessarily complex, the reality is that for the past 20 years European equity markets have been working toward an open system that rewards innovation and competition. We must lean in to this. Market integration does not require forced interconnectedness, or the restriction of existing trading mechanisms that participants benefit greatly from. The continued integration of trading simply requires supporting multilateral venues in their efforts to innovate and attract order flow. Over time, brokers will connect to those venues that solve problems and offer products of interest, regardless of where those brokers sit. It's inappropriate and inefficient to reward complacent venues by requiring some form of mandatory interconnectedness between venues. The necessary broker infrastructure for connectivity between markets is in place, and it is trading venues' role to incentivize brokers to connect.

Retail participation – Exchange access to drive integration

In the US, nearly all retail equities trading occurs off-exchange. We believe this dynamic weakens public price formation and should be avoided in the EU. While public price formation in Europe has not yet been degraded, the accelerating trend is a source of concern. If we sit back and allow the segmentation of benign retail trading away from public order books, the outcomes achieved in those order books for other users will worsen, which in turn will lead to more flow leaving public, multilateral markets. If we take steps now to ensure that individual retail orders continue to be executed on multilateral venues, both retail investors and the wider market will benefit from a healthier multilateral environment that, by definition, brings together multiple parties in a way that promotes price competition and price formation.

Improving price discovery by encouraging retail to be traded on multilateral venues will also support efforts to attract investors to public markets. Cboe is working hard to grow retail participation by lowering barriers to access European markets through our pan-European equities and derivatives exchanges, making it simpler and more cost-efficient to access financial instruments from across Europe. As part of this effort, our equities exchange will soon launch a new service tailored to retail investors, enabling brokers to execute retail orders for free at the European Best Bid and Offer (EBBO), across 18 European markets. Our service is designed to build highly liquid, diverse on-exchange order books by allowing retail flow to interact with both dedicated retail liquidity providers and broader sources of liquidity - benefiting all investors.

> Market integration thrives through interoperability, innovation, and better access for retail investors.

But we must go further and build a savings culture where individuals are empowered to invest for the long-term while also enabling them to manage the inherent risk of investing in markets. This can only be achieved if investors have access to a suite of transparent and liquid investment products that attract them to public markets. Exchange-traded, centrally cleared options are one of those products. We must support the ability of investors to access exchange-traded options rather than drive them exclusively toward opaque structured products.