



Q&A

DAVID SCHWIMMER

Chief Executive Officer - LSEG

From reform to growth: strengthening Europe's capital markets ecosystem

From LSEG's perspective, how important are the ongoing European (EU/UK) reforms in ensuring the attractiveness and competitiveness of its capital markets?

Europe's policymakers have long shared a clear objective: ensure capital markets help companies scale and channel savings into productive, long-term investment. As Mario Draghi set out in his September 2024 report, unprecedented investment will be required to drive innovation in AI, green technologies, and defence. Closing the €800 billion investment gap that he identified will not be possible without fully mobilising capital markets.

Recent reforms, including the UK Listing Review and the EU Listing Act, have made it easier for companies to raise capital through public markets. The next steps are to ensure efficient access to both private and public capital, expand availability of long term financing, and strengthen markets that distribute and hedge risk. Reform agendas in both the EU and the UK will be decisive.

Widening the on-ramp to public markets will support these objectives. Much of real economy financing occurs well before listing. Building on new UK regulation, LSEG's Private Securities Market (PSM) supports companies across this funding continuum by standardising disclosure, improving price discovery, and enabling controlled secondary liquidity in the pre-IPO phase. By helping companies professionalise governance and build scale before listing, PSM supports deeper and more durable liquidity once they go public.

Europe should learn from, but not replicate, the U.S. model. A European framework must reflect more bank based economies, an investor base led by insurers and pension funds, and a fragmented regulatory tradition. The goal is a distinctly European model that mobilises household savings, supports SMEs and mid caps, and gives issuers and investors confidence in efficient cross border execution. This requires

clear, stable, and proportionate rules, alongside supervision that reduces fragmentation.

Reform must also address the market infrastructure "plumbing." Efficient post trade systems lower the cost of capital, accelerate time to market, and strengthen risk management. Risk based frameworks for CCPs and CSDs would reduce fragmentation while enhancing overall resilience.

Competitiveness is holistic: listings, clearing, data, and technology are interlinked. If EU and UK reforms reduce friction and improve predictability across the funding continuum, Europe can turn regulatory reform into sustainable growth.

Building on that, what are your views on the EU's Market Integration and Supervision Package? From LSEG's perspective, do these proposals meaningfully advance the EU's ambition to create deeper, more liquid and integrated capital markets, or are there areas where greater ambition is still needed?

The Market Integration and Supervision Package (MISP) is best viewed through the lens of simplification and coherence. Its central objective is to address one of the EU's longstanding structural weaknesses: a fragmented supervisory landscape that increases costs, slows execution, and creates uncertainty for firms operating across borders. By moving towards a more consistent pan-EU supervisory approach, particularly for significant financial market infrastructures, the package has the potential to improve time-to-market and reduce unnecessary cross-border friction.

Greater supervisory convergence can also deepen market competitiveness by improving predictability. For global issuers and investors, confidence in Europe's markets depends not only on the quality of rules, but on how consistently and efficiently

they are applied. More harmonised supervisory processes can ensure that similar activities are treated similarly across jurisdictions, reducing duplication and enabling firms to deploy capital, technology, and risk management frameworks at scale. In this respect, MISP represents a major step towards a framework that supports growth rather than reinforcing national silos.

Competition and customer choice are another critical dimension. More integrated oversight of key financial market infrastructures can foster healthier competition among them, expanding options for market participants and lowering barriers to entry. Fragmented supervision has historically limited the ability of infrastructures to operate seamlessly across borders, constraining choice and inhibiting scale. If implemented ambitiously, MISP can help unlock these constraints while preserving high standards of resilience and risk management.

The benefits will flow through to investors. Transparent, harmonised, and predictable supervisory frameworks make it easier to allocate capital efficiently across the EU, supporting deeper liquidity and more competitive pricing. Over time, this strengthens the EU's market attractiveness and its capacity to mobilise savings for long-term growth. For both institutional and retail investors, integration is an enabler of better outcomes.

Ultimately, MISP's impact will depend on the ambition of its execution. Simplification must be meaningful, and supervisory convergence should reduce fragmentation rather than add complexity. A clear focus on outcomes – lower friction, greater depth, and improved predictability – will be essential if MISP is to become a cornerstone of a more integrated and competitive EU capital markets ecosystem.

Looking ahead, how should Europe strike the right balance between enabling technological innovation in capital markets and safeguarding the resilience and security of its financial market infrastructure?

Europe's core challenge is not whether to embrace technological innovation in capital markets, but how to do so. Embracing technological innovation is key to the stability, trust, and resilience that underpin its financial system. This requires a disciplined approach that recognises innovation and resilience as mutually reinforcing. Across Europe, policymakers, regulators, and market participants increasingly agree that innovation delivers the greatest value when it strengthens existing market infrastructure. Technologies such as AI, tokenisation, and cloud-based data architectures should therefore be integrated into trusted and regulated financial market systems, rather than developed in fragmented or standalone environments.

Established financial market infrastructure providers play a central role in this transition. At LSEG, we combine trusted data, resilient infrastructure, and deep market expertise to bridge new technology with real world market needs, helping move innovation from experimentation to adoption. This “innovation through infrastructure” approach supports the development of secure, scalable, and technology-enabled market systems.

Digital assets and DLT illustrate how innovation can modernise markets without disrupting their foundations. LSEG is deploying these technologies to upgrade legacy systems, improve post trade efficiency and reduce risk, reinforcing the core principles of centralised finance – stability, reliability, and trust – while enhancing liquidity and transparency.

Responsible adoption of AI is equally important. Supported by guardrails on transparency, explainability and operational resilience, AI can strengthen risk analytics, surveillance, and operational efficiency when built on high quality data and robust governance.

In cloud and digital sovereignty, Europe must prioritise balance over fragmentation. World-class cloud infrastructure is essential for competitiveness, particularly in AI and data-driven markets. While security concerns are legitimate, isolation is not the answer. True technological sovereignty lies in building globally competitive capabilities while remaining open and connected to global innovation ecosystems.

Conclusion

Taken together, Europe's capital markets agenda must be judged by its ability to deliver scale, depth, and predictability across the full funding continuum. Reforms in the EU and the UK matter not in isolation, but in how they widen access to capital, reduce fragmentation, and strengthen the infrastructure that underpins market confidence. A more coherent supervisory framework, deeper and more connected market plumbing, and a broader investor base are all essential to mobilising savings and supporting sustainable growth.

At the same time, Europe's approach to innovation must reinforce, not erode, trust. By embedding new technologies such as DLT, AI, and cloud solutions within resilient, regulated financial market infrastructure, Europe can modernise its markets while preserving stability and security. If reforms remain focused on simplification, proportionality, and integration, and if innovation is enabled within trusted frameworks and built with high-quality data, Europe can build a capital markets model that reflects its own strengths and remains globally competitive.