

SIU: can decisive progress be made with the current proposals?

1. Progress made on the SIU and future prospects

The panellists broadly supported the SIU proposals, highlighting stronger political momentum than in previous CMU initiatives, as well as the potential of the current package to deliver meaningful improvements in the depth, growth and integration of European capital markets, going beyond incremental measures.

A policymaker emphasised that, following previous attempts to build a Capital Markets Union, the SIU strategy was presented one year ago as a decisive step towards effective delivery of more developed and integrated European capital markets. A broad set of ambitious recommendations and legislative proposals is now on the table and under discussion by the co-legislators.

A public representative noted that the European Council has set highly ambitious objectives for the SIU, calling for substantial progress within the year, in particular on key measures such as securitisation and the supervisory framework, and assigning demanding responsibilities to negotiation teams and finance ministers.

An official observed that, despite several CMU action plans and repeated discussions between the public and private sector stakeholders, little substantive progress has so far been achieved regarding the integration and scale of European capital markets. Progress has nevertheless been made in terms of political impetus and the regulatory framework, with the Market Integration and Supervision Package (MISP) proposal and the securitisation framework, representing significant steps forward, supported by a strong political signal from the European Council. Broad agreement exists on the key objectives of SIU, notably the need for connected trading and post-trading infrastructures to enhance the scale and liquidity of European capital markets, alongside reduced operational frictions, more streamlined regulation and more integrated supervision to avoid regulatory inconsistency, arbitrage and duplication of reporting requirements. These objectives must now be translated into concrete outcomes, which will require maintaining ambition and consistency with the high-level objectives of the SIU throughout the legislative process.

A regulator emphasised that the SIU package represents a comprehensive and coherent response to the structural, regulatory and supervisory barriers that continue to limit the further integration and development of European capital markets. The Commission proposals are well targeted, combining measures to strengthen public markets, support private financing channels, enhance funding conditions

for companies and better connect savings to investment, alongside essential reforms of the regulatory and supervisory framework. A significant step forward is now needed, with urgency requiring a shift from policy design to effective implementation in order to deliver tangible results.

An industry speaker also supported the SIU proposals, stressing that effective implementation will require both public authorities and industry to deliver. The current package combines ambition with a more dynamic timeline than previous initiatives, with a clear focus on liquidity, competition and market consolidation.

Another industry speaker considered that the growing political momentum around capital markets reflects a step change in the European policy debate, with broader recognition that deeper capital markets are essential to competitiveness. Regulation is only one driver of market development alongside digitalisation and tokenisation in particular, which are reshaping market access, efficiency and connectivity, and must work in tandem with these developments.

2. Key priorities of the SIU

The panellists highlighted key priorities within the SIU, including the MISP proposal, the development of retail investment and the financing of innovative and growth companies. At the same time, some remaining gaps were identified. An industry speaker pointed to market structure as an area insufficiently addressed despite growing political recognition, notably in the joint letter published on 11 March 2026 by 6 European Ministers of Finance (Advancing the SIU – An imperative for European competitiveness), highlighting that the increasing share of dark and bilateral trading creates an unlevel playing field, distorts price formation, reduces transparency and limits access to liquidity.

2.1. MISP package

A policymaker emphasised that while no single measure can deliver the SIU results on its own, the MISP set out in December 2025 appears to be the most impactful element, with the potential to deliver larger, more efficient, deeper and more liquid capital markets if adopted as proposed. Its success will depend on maintaining ambition, speed and integrity of the package as a whole.

A regulator stated that the MISP plays a central role in enhancing integration and scale, notably through the proposed reforms of the supervisory framework. The overall coherence of the package is a key strength, with mutually reinforcing elements. Improving

supervision, notably with a clearer allocation of responsibilities between EU and national authorities, is essential to ensure both effectiveness and consistency. At the same time, it is recognised that supervisory reform alone will not be enough to unlock capital markets.

An official agreed that the Commission's proposal on supervision is a pivotal component of the package. Innovation is also an important area requiring further progress.

An industry speaker highlighted that regulatory fragmentation remains a major obstacle, particularly in retail markets, where divergent requirements, including inconsistent pre-contractual disclosures, create unnecessary complexity and costs for financial firms operating across the EU, for example by requiring digital tools to be adapted to different national rules. Building a genuine SIU is not compatible with 27 different rulebooks, making it necessary to avoid national gold plating and move towards a more unified framework. Simplifying certain regulatory constraints on banks could also enable them to play a stronger role in capital market intermediation.

A public representative noted that rapid global developments on tokenisation, particularly in the United States, as illustrated by recent approvals by the US SEC to trade certain securities in tokenised form, require close attention to avoid losing competitiveness. A strong emphasis should therefore be placed on tokenisation and DLT, where the EU is already a frontrunner, building on the DLT pilot regime introduced in 2023 to enable larger-scale operations and support the developments of these markets.

2.2 Increasing retail investment

An industry speaker stated that European capital markets suffer both from fragmentation and from insufficient depth and underdeveloped investor base. While the MISP appropriately addresses key aspects of fragmentation, further efforts are needed to build a more resilient and diversified investor base over time. Strong capital markets require a heterogeneous mix of investors across asset classes and time horizons, yet Europe lags behind in both retail participation and funded pensions. Households represent around 40% of equity markets in the United States, compared with around 10% in Europe, while pension assets reach around 125% of GDP in the United States versus around 20% in the EU on average.

The industry speaker further noted that recent growth in household participation driven by generational and technological factors provides some grounds for optimism. The Retail Investment Strategy could reinforce these trends, particularly through simplified advice, which creates a scalable middle ground between execution-only and full paid advisory models and could enable the development of digital, innovative and replicable solutions for a broader investor base. The effectiveness of this approach will depend on its design at Level 2 and on the willingness of market participants to commercialise such solutions. Funded pensions are also a key driver of market depth and an

essential component of the funding ecosystem of scale-ups.

A second industry speaker stressed that the development of supplementary pensions and savings and investment accounts put forward in the SIU are essential drivers of retail investment. Strengthening Pillar II and Pillar III pension systems, including auto-enrolment, is a potential gamechanger, as shown by successful national experience with multi-pillar systems such as in Croatia, where supplementary pensions have reached around 27% of GDP after 20 years. Savings and investment accounts could also significantly support capital markets, by mobilizing part of the €11 trillion held in bank deposits by European households, provided frameworks are simple, accessible and supported by tax incentives, drawing on existing national examples such as Sweden.

A third industry speaker emphasised that increasing the share of savings invested in long-term assets across the EU is essential. This requires measures that enhance the attractiveness of long-term investments for retail investors while allowing adaptation to national specificities. The Finance Europe label initiative launched by 7 member states for retail financial products, for example, provides a useful general framework that Member States can adapt to their local market conditions. Efforts to develop pension savings should also be encouraged, as these are by definition long-term investment vehicles. Building investor confidence is also critical and requires strengthened financial education tailored to national starting points to improve the understanding of risk and return and of the benefits of long-term investment. Greater shareholder empowerment could further reinforce investor confidence by strengthening investors' perception of their impact on the firms they invest in and the broader economy. Simplifying information and reporting is also necessary to build investor confidence, as current disclosures often create confusion rather than transparency.

2.3 Financing innovative and scaling firms

A public representative highlighted that the persistent gap in scaling innovative companies, particularly in later-stage financing such as IPOs and growth capital, remains a key challenge, leading to a loss of capital and talent to other jurisdictions, notably the US. Addressing this requires a broader ecosystem approach that supports companies throughout their growth cycle, including stronger pension systems and appropriate investment vehicles.

An industry speaker noted that further development of securitisation can support financing for infrastructure, innovation and transition projects. Greater integration of European financial markets is also essential to retain financing within the European ecosystem and create a virtuous circle between company performance and returns for savers. The industry speaker also pointed to the need for additional measures on the institutional side to encourage investment in long-term assets, including easing Solvency II constraints on equity investment, particularly in innovative and growth companies offering higher return potential.

3. Conditions for a successful delivery of SIU

The panellists highlighted two key conditions for successful delivery of the SIU: maintaining a high level of ambition and ensuring an effective transition towards greater European integration and EU level governance. An industry speaker also stressed that the development of capital markets depends on the presence of strong, growing companies to invest in, alongside a robust pipeline of investable firms and effective financing channels for innovation and growth.

3.1 Maintaining ambition and integrity of the package

A policymaker emphasised that the level of ambition must be maintained across a package covering a wide range of services, investors and measures including supervision, and should not be weakened by carving out elements that may appear easier to negotiate, as all components are interlinked and follow a common logic. Timing is also critical, with negotiations needing to progress rapidly in line with the European Council's end-2026 objective, given the time required for implementation. Speed should not come at the expense of ambition, however, as a lowest-common-denominator outcome would not deliver capital markets fit for purpose.

A public representative noted that the current SIU package can deliver progress, but ambition must be maintained to fully leverage existing momentum, while preserving the coherence of the overall package, despite emerging discussions about prioritising certain elements.

An industry speaker agreed that ambition is the key driver for achieving sufficient scale and speed in the development of European capital markets. Past calls for caution and incremental approaches are no longer appropriate in the current geopolitical context, which requires more decisive action. While unanimity across Member States remains preferable, it may constrain the pace of progress given differing national priorities, making enhanced cooperation or coalitions of willing countries a necessary option if timelines are not met. Delivery should also combine top-down regulatory action with bottom-up initiatives, with the private sector playing a central role in setting standards and driving consolidation to accelerate integration beyond what regulation alone can achieve. Accelerating such market-driven initiatives may however require in some cases a more flexible approach to competition policy.

3.2 Effective governance and transition from domestic to EU level supervision

An industry speaker emphasised that the Commission proposal to move parts of supervision to the European level represents a potentially radical change requiring strong leadership across all European institutions. A key tension exists between actors pursuing ambitious deeper European integration and those with domestic mandates anchored in existing national frameworks. Without leadership comparable to that seen in the

creation of major European initiatives such as the single currency, Schengen and the customs union, those seeking to preserve national arrangements are likely to prevail. Speed is also essential, as slow implementation would erode momentum and undermine the delivery of meaningful integration.

An official highlighted the importance of governance and the practical challenges associated with the supervisory reform proposed in the MISP that need to be addressed. Key issues include how a strengthened ESMA can remain cost-effective without creating an additional bureaucratic layer, and how to manage the transition from a largely nationally based supervisory system to a more integrated model, without creating a duplicate structure that would add complexity. These are practical aspects that co-legislators can address through careful design. Cost-effectiveness can be ensured through benchmarks, regular reviews and accountability mechanisms, with the Commission proposal already including elements such as a strong executive board to enhance efficiency. Transitional arrangements must be sufficiently robust to ensure a smooth shift, while maintaining a clear objective of moving towards a single supervisory framework. Such concerns should be treated as genuine implementation challenges and not used to dilute the reform.

A policymaker underlined that implementation will be critical, notably for the measures that are largely in the hands of the Member States such as supplementary pensions and savings and investment accounts, which require strong coordination at EU level. The Commission will need to remain involved to ensure effective delivery. Strengthening European supervisory powers requires an ambitious reform of ESMA, with concrete proposals already on the table. While a transition period will be necessary, this should not be used as a reason to delay reform, as sufficient scope and practical options exist to move forward, provided adequate political will is maintained.

A regulator emphasised the need for effective supervision to support the implementation of the SIU. ESMA has developed supervisory experience and strengthened its practices over time, but the additional responsibilities envisaged represent a significant step change. The governance model must ensure clear and agile decision-making, with a single decision-maker able to deliver the clarity and speed expected by market participants. A transition will be necessary, involving a learning process, close cooperation with national authorities and the gradual build-up of adequate resources and capabilities at EU level. While some areas, such as CCP supervision, can be taken on relatively quickly, others will require more time. The priority should be to focus on these more challenging areas, ensuring effective cooperation, efficient use of EU-level resources and the establishment of a robust and efficient supervisory framework.

An industry speaker added that a more bottom-up approach remains necessary in retail markets, taking into account national specificities in saving behaviours and market structure. In France, for example, savers tend to prioritise security and may lack awareness of

Long-term return opportunities due to insufficient financial education, while the market is characterised by a significant role played by insurers and insurance-based investment products (IBIPs), alongside a strong asset management industry offering a wide range of products. These features are not uniform across Member States and should be reflected in implementation approaches.

Wrap up

The Chair noted a more positive momentum behind the SIU, supported by the recent European Council conclusions. The current context represents both a genuine opportunity for Europe to move forward and a geopolitical imperative, as well-functioning capital markets are essential to improving growth and global competitiveness.

Delivering on this opportunity requires translating political momentum into concrete outcomes within the ambitious timeline set by the European Council, as failure to do so would undermine confidence in the Union's ability to act. Progress could be supported by market consolidation and, where necessary, by the use of Treaty instruments such as enhanced cooperation to ensure that progress is not slowed by differing levels of ambition among Member States and avoid delays. Effective implementation will also be critical, requiring an appropriate design of the supervisory and governance framework and ensuring that ESMA is equipped with adequate resources and capabilities.