SIU PROGRESS AND NEXT STEPS



KAREN DORTEA ABELSKOV

State Secretary for Financial Affairs – Ministry of Taxation and Economic Growth, Denmark

Three interlocking gears that can deliver the SIU

Europe needs to increase its productive investments if our economy is to foster more competitive companies and succeed in key strategic areas such as the green transition, defence, and digitalisation. In his 2024 report, Mario Draghi estimated that meeting these challenges would require closing a daunting investment gap of at least 750 billion euros annually. Meanwhile, Europeans have plenty of savings. And as Enrico Letta has noted, more than 10 trillion euros of these savings are currently held in idle deposit accounts.

Against this background, the Savings and Investment Union (SIU) has the potential to be the key lever for channelling European savings into productive investments across Europe. Realising a true capital union with deep and efficient capital markets is paramount to strengthening the EU's competitiveness, supporting our economy and labour markets.

To deliver on the goals of the SIU, three interlocking gears need to turn in parallel. We need *long term, risk-willing capital.* We need a *cost-effective and efficient market infrastructure* across Europe. And we need *attractive investment opportunities* in the EU. Improving EU legislation alone will not be sufficient to set these gears in motion. National initiatives are also necessary.

On long term capital, Member States should address how in fact to mobilise savings into capital markets. Denmark has had good experiences with pension scheme auto-enrolment where savings are invested by pension funds. So has Sweden and the Netherlands. Almost two thirds of pension assets in the EU are held in these three countries today despite that the countries only make up 12% of EU GDP. This points to considerable potential here for the EU to increase long term investments. But unlocking this potential requires a joint effort across all Member States. We should recognise that structural reforms to strengthen capital formation are long-term undertakings. Let us get started now.

On a cost-effective and efficient capital market infrastructure, the Market Integration and Supervisory Package (MISP) is an important building block. MISP will reduce barriers for cross-border capital mobility and support the smooth and efficient functioning of our markets.

A key element is ensuring that our markets are fit for a future in which technology and tokenization will transform the way capital markets operate. This includes reducing costs and improving accessibility for retail investors.

Europe's Retail Investment Strategy (RIS) is also an important building block in strengthening retail investor incentives and accessibility. In Denmark, an increasing amount of Danes are taking advantage of the Savings and Investment Account, particularly among the younger generation. Our Nordic neighbours are even further in building a strong retail investor culture.

On attractive investment opportunities in Europe, EU policy should strive for a business environment that fosters innovation and excellence to build competitive companies. Over the past decade, we have been moving in the wrong direction. Consequently, EU capital markets have seen their role on the global stage diminish, while capital markets in the US and China have gained importance.

An example of this is the asset allocation of Norway's sovereign wealth fund – perhaps the world's largest index fund. The value of the fund's equities located in EU countries has fallen from 22 per cent of the fund's total investments in 2015 to 13 per cent in 2025, while the value of its US equities has increased from 35 per cent of total investments to 55 per cent over the same period. This reallocation is in part due to technical guideline changes in the fund's politically mandated equity strategy but also clearly exhibits how Europe's capital markets have not kept up.

Our efforts to simplify financial regulation in the EU are an important step in the right direction towards supporting our capital markets. But at its core, Europe needs a true capital union with stronger opportunities for European companies to innovate and grow globally. Put simply, we need more attractive investment cases.

So, Europe has an investment mountain to climb. And indeed, we are making good progress. EU policy makers have already made this agenda a top priority. But we need these essential gears to turn in parallel across the Union for the engine to work. MISP, the securitisation package and the supplementary pension package are all important improvements to financial regulation. But they are not silver bullets.

To mobilise private investment in Europe's key priorities, we need competitive companies and stronger efforts to channel savings into long term investment. To set these gears in motion, we should advance structural reforms in all Member States. A competitive growth agenda and institutional pension saving schemes are good places to start.



OLIVIER BELORGEY

Deputy Chief Executive Officer and Chief Financial Officer – Crédit Agricole Corporate and Investment Bank

Last call for Savings and Investment Union

After a decade of stalled ambition through 3 "Capital Market Union" actions plans that didn't achieve their goals, Europe's capital markets are now at an inflection point. The new "Savings and Investment Union" has the ambition to leverage on the potential on European savings to channel them in capital markets, to support the European growth. Europe mustn't miss this unique opportunity to relaunch its markets that have been historically less developed than in other jurisdictions, especially the US. Indeed, the indebtness of the Euro area corporates still relies mainly on banks balance sheets (78% compared to 37% in the US).

Capital markets: What for ?

Europe needs to finance huge amounts of productive investments to support the transitions (environmental, digital, demographic), innovation (start-ups, scale-ups) especially in the sectors of technology, and last but not least to finance defence. That's the reason why we need strong and efficient capital markets.

There is urgency for the current legislative initiatives to deliver; there is a sentiment of "last call" for European Savings and Investment Union, that could be achieved through the following axes:

> SIU is also for Europe a matter of defending its sovereignty and its strategic autonomy.

Securitization, or how to bridge financing to capital markets ?

Banks are facing many regulatory constraints on their capital, and CRR3 will even more constrain the capacity for european banks to lend to the economy.

That's why securitization needs to be considered as a bridge between bank and capital markets-based funding, as it consists in a financial operation which turns illiquid and homogeneous assets, such as mortgages, credits or trade receivables, into tradable and liquid securities that can be proposed to a large diversity of investors, while preserving financial stability – as long as the pool of underlying assets experiments predictable performance and follows strict loan origination principles.

The challenge for the regulatory framework under review is to deliver on a true relaunch of the market. ABCP for instance are an essential source of funding for corporates and SMEs for their working capital and short term financing, they need to be adequately treated through technical parameters currently under discussion. Another key priority is about residential mortgages that need to be economically viable in the future package, in order to develop a deep European mortgage securitization market.

How to better channel savings to the capital markets?

Europe must unlock its savings pool to channel the European savings to the capital markets, while a large part is currently invested either in low risk financial instruments or outside Europe. Financial assets in the euro area are around 35 trn €, o/w 1/3 are in cash or deposits. An additional 10% of deposits invested in capital markets would unlock 1,1 trn €.

We need to develop long term investment vehicles, supported by tax incentives. The perfect envelope for that is pension funds, which give the double advantage of canalizing the retail investment and addressing the demographic challenge of financing the pensions. Member States should progressively implement funding schemes that would complement the current pay-as-you-go schemes, the challenge being to manage the transition. It's worth underlying that European countries which have already implemented pension funds have also established dynamic capital markets (for example Sweden and Netherlands).

From markets fragmentation to European sovereignty?

The fragmented markets and post-trade infrastructure in Europe escalate costs, reduce liquidity, and create a systemic competitive disadvantage. Many initiatives in the MISP package are going in the right direction to fix these issues, including the centralized supervision for systemic market infrastructures. However, what is missing is that ESMA should have a secondary objective of competitiveness in its regulatory mandate, as was done in the UK. As global markets are a fast moving world, a competitiveness objective would provide agility to react rapidly to any significant move.

Finally, Europe must rise to the challenge of the tokenization revolution, as a solution for simplifying the processes around settlement and provide an end-to-end immediate payment and asset settlement facility in infrastructures available 24/7, through the instantaneity and atomicity of transactions.

To conclude, Europe has no choice but to make the reforms under way succeed, because beyond the challenge of a true recovery of the markets, it is also a matter of defending its sovereignty and its strategic autonomy, and the financial industry is essential to achieve this goal.



DANIEL MAGUIRE
Group Head, LSEG Markets & Chief Executive Officer, LCH Group – LSEG

Europe's capital markets: from integration to execution

Europe no longer faces a diagnostic challenge. The need for deeper, more integrated and more efficient capital markets has been identified for years. The real challenge today is implementation. In a world increasingly shaped by geopolitical competition, technological transformation and strategic dependencies, the Savings and Investments Union (SIU) and the Market Integration and Supervision Package (MISP) should be viewed as essential building blocks of Europe's economic sovereignty and long-term competitiveness.

Strengthening the attractiveness and competitiveness of EU capital markets globally

The SIU and MISP have the potential to significantly enhance the attractiveness, liquidity and depth of European capital markets. Europe faces substantial investment needs to finance innovation, digitalisation, infrastructure, defence and the energy transition. Mobilising private capital at scale has become both an economic and strategic imperative.

More integrated markets can improve the allocation of capital, broaden investor participation and lower financing costs for companies. Today, European capital markets remain fragmented, which limits liquidity and creates barriers to cross-border investment. Greater supervisory convergence, more harmonised market frameworks and stronger integration of market infrastructures can help unlock economies of scale and increase market efficiency.

The objective is not simply to make European markets larger, but to make them more effective in financing Europe's long-term future. Globally competitive European firms require competitive European capital markets, which in turn depend on Europe remaining open and attractive to international investors, who provide a significant share of market funding.

Advancing the objectives of the SIU

Further policy efforts remain necessary to deliver the full benefits of the SIU.

First, Europe should continue reducing market fragmentation. Market participants should be able to operate across the Single Market with fewer regulatory, supervisory and operational barriers. Simplification and harmonisation can improve efficiency while making Europe more attractive for investment and capital formation.

Second, policymakers should continue strengthening the role of market-based finance alongside traditional bank financing. A more diversified financing ecosystem improves resilience, supports innovation and enables faster scaling of European companies.

Third, the focus should increasingly shift from process to outcomes. Regulatory frameworks should be assessed on whether they deliver deeper markets, stronger liquidity, more efficient capital allocation and greater attractiveness for global investors.

More broadly, the debate around capital markets should be considered within a wider strategic context. **Europe's pursuit of sovereignty should not be mistaken for autarky.**

Rather, strengthening European sovereignty means ensuring that Europe can mobilise the resources necessary to support its long-term ambitions.

Moving from digital experimentation to digital scale

Digitalisation represents one of the most significant opportunities to strengthen European capital markets. Europe has established a solid foundation through its digital finance framework, the DLT Pilot Regime and Eurosystem initiatives such as Pontes and Appia. The next challenge is no longer experimentation but scaling successful solutions across the Union.

The priority should be interoperability. Digital and traditional market infrastructures must be able to operate seamlessly together. Tokenisation should not create parallel ecosystems but facilitate the progressive integration of digital and conventional financial markets.

Digitalisation has the potential to transform the underlying architecture of capital markets. Industry-led initiative already demonstrate that distributed ledger technologies and tokenised assets may reconfigure the fundamental mechanisms of trust, record-keeping, execution and settlement. Over time, they could reshape the role of market intermediaries while reducing operational frictions and increasing transparency.

Europe should therefore create the conditions for European champions to emerge in financial market infrastructure and digital finance, supported by access to capital and a sufficiently integrated market to achieve scale.

The next phase should focus on connecting these innovations into a broader European ecosystem capable of competing globally. Europe has the resources, expertise and legitimacy to remain a leading global financial centre. The question is no longer whether deeper capital markets are needed, but whether Europe can deliver them.



VALÉRIE URBAIN
Chief Executive Officer and Chair of The Executive Committee – Euroclear S.A.

Making SIU Work: Aligning Regulation, National Action and Market Delivery

Europe has spent years discussing capital market integration. The challenge now is execution. As policymakers advance the Savings and Investments Union (SIU), the focus must shift from identifying barriers to removing them, from designing frameworks to delivering outcomes.

A more integrated European investment ecosystem would help ensure that European savings finance European innovation, infrastructure and resilience. But this will only happen if regulation, national reforms and market delivery move together.

The Market Integration and Supervision Package (MISP) can make a significant contribution to advancing these goals. Trading, clearing, settlement, asset servicing, collateral management and funds processing are not back-office technicalities; they are the rails on which European capital flows. If those rails remain fragmented or costly to access, Europe will struggle to build the deeper, more competitive markets it needs.

Euroclear welcomes the direction of travel in the MISP proposals. The objectives of fostering open access, removing barriers, breaking down silos and unlocking competition across market infrastructures provide a strong foundation. These principles must translate into well-designed frameworks that facilitate market connectivity, improve the recognition of group structures and enhance the consistency of supervision across the single market.

> SIU will succeed if regulation, national action and market delivery move together.

Establishing the right foundations and regulatory enablers

The CSD hubs-and-spokes concept introduced in the MISP is consistent with a practical vision of integration: an open and interconnected architecture that leverages Europe's most significant infrastructures and gives users access to deep liquidity and scale. When markets are structured around scale and openness, they tend to become more efficient.

The policy challenge is not to rebuild connectivity that is already available, but to make use of and enhance existing networks. The framework should allow CSD groups to deploy links efficiently responding to user needs and capitalising on Target2-Securities capabilities.

But post-trading integration cannot be reduced to institutional design. A recent report by the European Central Bank's Securities Experts Group identified more than 40 remaining post-trading barriers, several of them in areas of law and taxation. We need concrete steps at the European Union and national levels to address these barriers and maximise the effectiveness of the MISP framework.

If full harmonisation takes time, optional frameworks – for example 28th-regime-like models – can deliver real value in some market segments – for example in the issuance of dematerialised securities.

Digital transformation is a key dimension. Europe should avoid reproducing today's fragmentation in tomorrow's digital markets. Tokenisation, distributed ledger technology (DLT) and wholesale central bank money can bring real efficiencies, but only if they are interoperable with existing infrastructure and governed by robust standards. The future will be hybrid for some time: traditional and digital systems must connect, liquidity must not be trapped in silos, and trust must remain the foundation of adoption.

Implementing European solutions through collaboration

We should not wait for perfect harmonisation before implementing practical solutions. As we gather for Eurofi in Dublin, it is worth recalling Ireland's unique CSD model as an example of simplification and consolidation that advances both European and national interests. Following Brexit, Irish securities, previously held at our UK-based CSD, were transferred to Euroclear Bank, an international CSD based in the EU. Functions that are usually performed by a national CSD are now delivered through a pan-European infrastructure. This experience shows that more integrated European structures are achievable through collaboration and alignment between authorities and market participants.

The industry must deliver further solutions that reduce cost and increase efficiency, working with all stakeholders. They include the implementation of multi-jurisdictional CSD platforms, effective market links for all asset classes and robust DLT infrastructure deployed at scale under high regulatory standards.

The SIU will succeed if these three levels of action – EU, national and industry – reinforce one another. Europe does not need to build a new financial system from scratch; it needs to connect, scale and modernise the one it already has. The time for designing integration is over. The time for delivering it is now.



STÉPHANE BOUJNAH

Chief Executive Officer and Chairman of the Managing Board – Euronext

Delivering SIU through supervision, transparency and retail participation

Over the last years, we have witnessed the old world-order unravel. In this environment, Europe, more than ever, needs the capacity to stand on its own feet while remaining open for business and opportunities coming from outside. We should not close ourselves off, but we can no longer continue with business as usual as European savings are under-invested while homegrown companies struggle to find financing and sufficiently liquid markets in Europe.

To support competitiveness, growth and strategic autonomy, Europe must mobilise capital more effectively than today. We need to build capital markets that are deeper, more liquid and genuinely attractive to investors. This is a core challenge and one that deeply resonates with the history and mission of Euronext where we have to date integrated seven, and soon eight exchanges, as Euronext Athens will follow soon, within one single technology platform enabling one single liquidity pool. The objective needs to be empowering European champions, not only of today, but also of tomorrow, while at the same time providing citizens with opportunities allowing them to take part in this wealth creation to support their future pensions and investment needs.

In this context, the European Commission's proposal on the Market Integration and Supervision Package (MISP) is most welcome as it aims to integrate markets, improve scaling opportunities and reduce cross-border barriers. The proposal gives ESMA a strong direct supervisory role over significant market infrastructures such as CSDs, CCPs and significant trading venues. It also introduces a genuine single licence for pan-European market operators allowing firms, like Euronext, to operate across borders without navigating a patchwork of national regimes. Reducing this fragmentation is not a technical exercise; it is the foundation for scale as, if achieved, European capital markets would gain further efficiency and depth to compete globally.

Alongside integration, Europe must strengthen the structure of its equity markets by ensuring a level playing field between lit markets and bilateral execution venues. The E6 group, gathering the Ministers of Finance of France, Germany, Italy, Poland, Spain and The Netherlands, in tandem with the European Parliament Rapporteur, have shown strong leadership in bringing this issue to the core of the MISP negotiations. What matters now is the follow-through, as EU co-legislators need to prioritise measures that enhance market liquidity, price formation and efficiency. Doing so would enable deeper more liquid secondary and primary markets, ensuring companies can access the capital they need to invest, innovate and grow.

The Savings and Investments Union will only succeed if ordinary households become active participants in capital markets. One encouraging path to this is the creation of Savings and Investment Accounts (SIAs) across Europe. Setting up national frameworks for these accounts that promote simple and attractive investment products would help citizens put their savings to work more effectively, offering better returns and long-term financial security, while bringing more capital to companies looking for financing. Euronext is actively supporting these developments at the local level to bring this vision to reality.

Supplementary pensions offer a second lever. As demographic pressures weigh on public pension systems, citizens need stronger options to secure their long-term financial future. The review of the Pan-European Personal Pension Product (PEPP) and the wider pensions package would encourage higher participation in supplementary pensions, while also creating a steady source of long-term capital to fund European growth for decades to come.

> **Europe's challenge today is not diagnosis but delivery.**

Bringing these strands together, three priorities stand out as part of a successful Savings and Investments Union: integrated supervision and market integration; a more transparent equity market structure; and greater retail participation through SIAs and supplementary pensions.

Europe's challenge today is not diagnosis but delivery. We all know we need deep and liquid markets, capable of financing Europe's strategic investments, benefiting companies, citizens and Europe as a whole. The commitment by Ministers of Finance to find a rapid agreement on the MISP is a strong signal. Action is now needed to ensure European markets can finance strategic priorities, support business growth and innovation, strengthen economic resilience, and deliver better outcomes for citizens and the European economy as a whole.



TERRI DEMPSEY

Senior Vice President Chief Executive Officer and
Country Head – State Street Ireland

Safeguarding the competitiveness of EU depositary banks

The European Union is undertaking important legislative reviews, amid a global strategic calibration driven by continued geopolitical and economic tensions.

The political goal is laudable—to dismantle internal financial barriers and fundamentally assess the overall competitiveness of its financial system, or risk falling behind in the global competition for growth. The Savings and Investments Union (SIU) offers a timely, ambitious blueprint to strengthen and deepen European capital markets.

By focusing on savings and investment mobilisation and cross-border scale, the Market Integration and Supervision Package (MISP) directly targets the structural friction and barriers towards such integrated capital markets: national gold-plating, duplicative notification hurdles, and fragmented marketing practices.

Discussions continue to progress well and it's positive to see the proposal to introduce an EU depositary passport remaining an important element of the overall package. Current rules bind fund depositaries to the domicile of the underlying fund, permitting cross-border service provision only under rare, highly restrictive exceptions. This territorial lock-in limits depositary choice—a vulnerability felt most acutely in smaller Member States.

Custody-bank specific policy recommendations (supporting the MISP depositary passport, and on banking competitiveness) would not only improve European banks' ability to support economic growth across the European Union but also enhance their ability to compete on the global stage.

The MISP discussions on the depositary passport have raised certain concerns which can be effectively addressed without sacrificing investor protection. Moving those talks to consider additional safeguards—such as clarifying that cross-border depositaries will follow local laws of the funds they service and delineating clear duties and supervisory coordination among national competent authorities—is welcome.

There is an important role for ESMA in addressing these concerns—that is, developing binding technical standards to harmonise home-host NCA protocols and guarantee clear application of host-state laws where funds are domiciled. By preserving local supervisory proximity while establishing unified cross-border practices, we can finally operationalise a workable depositary passport that enhances Europe's competitiveness without sacrificing investor protection.

Permitting EU-authorised credit institutions to provide depositary services seamlessly across borders is a long-overdue evolution that directly mirrors the core philosophy of the Single Market, and ambitions for the SIU.

The MISP will close a remaining gap for 'passportable' financial services by banks in the EU. Equally important is ensuring that banks in the EU can operate in a sound, yet competitive, environment. While the SIU strategy will improve the way the EU financial system facilitates the allocation of savings to productive investments, it also envisages an efficient and integrated banking sector. In that context, State Street strongly welcomes the report from the European Commission on banking competitiveness.

Custody-bank specific policy recommendations, such as a more risk-sensitive treatment of banks' exposures to unrated corporates, or a recalibration of the Leverage Ratio framework to permanently exempt central bank placements, would not only improve European banks' ability to support economic growth across the European Union but also enhance their ability to compete on the global stage.



JOHN VIBERT
Senior Managing Director and Head of Credit – PGIM

Making the Savings and Investments Union (SIU) work for investors

Europe needs deeper and more competitive capital markets to support innovation and growth, as well as the development of its infrastructure, defence strategy, and green and digital transitions. It also needs them for its financial resilience and to give households better opportunities to invest their long-term savings. These objectives are widely shared by policymakers and investors. The SIU remains the right agenda to help achieve this goal; the harder question is how to make it succeed in practice.

This matters more so than ever as the SIU moves from vision to implementation. The past decade has seen over 70 legislative and non-legislative initiatives launched under the SIU and its predecessor, the CMU. Europe should avoid launching the next big idea while many existing rules remain too complex and ineffective.

Unlike the U.S., which has swung wildly between regulation and deregulation in the past two decades, stability and predictability are strengths of the European regulatory framework. But Europe has become too conservative in many aspects of its rulemaking: laser focused on investor protection while ignoring the increasingly urgent need for growth.

Nonetheless, there are encouraging signs. The review of the European Long-term Investment Funds (ELTIF 2.0) framework showed the EU can revisit a well-intentioned framework and make it more usable. Sustainable finance is another opportunity to focus less on disclosure complexity and more on decision-useful information. These are good examples of areas where the EU has sought to iron out wrinkles in existing rules with real positive outcomes for markets.

The Market Integration and supervision Package (MISP) is something different – a massive legislative overhaul designed to eliminate cross-border barriers and centralise financial oversight across the EU. While this can help reduce fragmentation, the boundaries between EU- vs. national-level supervision should remain clear. Multiple layers of national and EU-level supervision could add unnecessary complexity to the system and stifle borrowers and investors alike.

The SIU also needs to be more investor-centric as well as borrower-centric. Too much of financial regulation is debated through the lens of supervisors, banks and market structure. While these perspectives matter, they should not always dominate. The important question to ask is whether reforms balance financial stability with the urgent need to improve choice, access, returns and resilience for end investors, while helping companies obtain the financing they need.

The latter lens should guide the current legislative files under discussion. The Retail Investment Strategy will be successful if it improves competition, advice, transparency and access to better products. It will be less successful if it mainly adds cost and process. The supplementary pensions package should support flexible pension frameworks, appropriate private market investment and remove constraints such as rigid fee caps or barriers to efficient delegation. The European Savings & Investment Accounts are good examples of simple, attractive and tax-supported initiatives that benefit investors.

Perhaps nowhere is the need for an investor-centric approach more acute than in the case of EU Securitisation Reform. While the reform reduces capital constraints for banks and simplifies rules for issuers, the reform is not delivering for European investors. They remain locked out of global securitisation markets that their international peers can access and may face a new sanctions regime.

A final ingredient is a more proportionate approach to risk. The lessons of the GFC remain important with prudent regulation and financial stability being foundations for confidence. But regulation should reflect actual risks rather than historical perceptions of risk, while considering opportunity costs that are difficult to measure, but potentially far more costly given the urgent need for growth.

> **The SIU needs to be more investor-centric as well as borrower-centric.**

All of this argues for more ambition. The SIU should not be judged by the number of legislative initiatives launched but by whether savers are better off, capital is transformed into productive investment, and if European companies and infrastructure projects can access deeper pools of capital both domestically and abroad.

If policymakers keep that end-user test at the centre of every measure, the SIU can avoid becoming another well-intentioned strategy that is refreshed, renamed and relaunched without changing outcomes — and instead become a route to stronger capital markets, better retirement outcomes and a revitalized European economy.