

FESE BLUEPRINT: CAPITAL MARKETS UNION BY 2024 A VISION FOR EUROPE

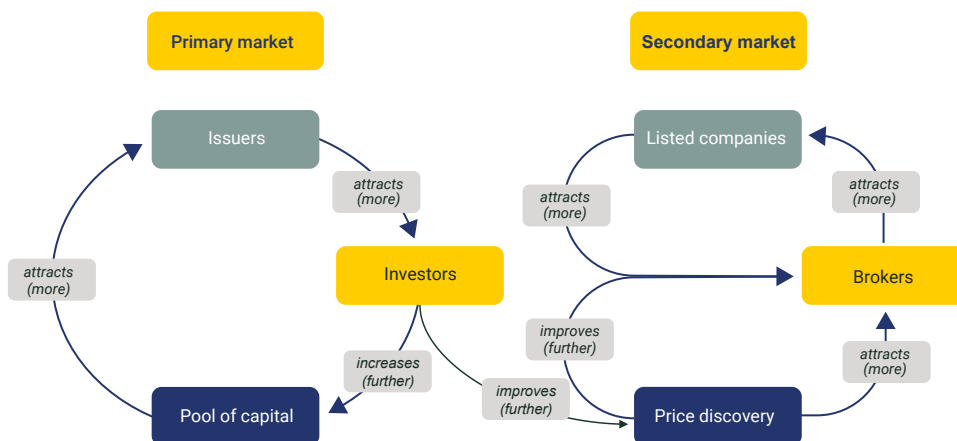


EXCHANGES ARE FAIR, ORDERLY, AND TRANSPARENT MARKETPLACES WHERE COMPANIES ACCESS CAPITAL BY MEETING PRIVATE AND INSTITUTIONAL INVESTORS IN EXCHANGE FOR RETURNS.

EXCHANGES PERFORM THREE MAIN FUNCTIONS



EXCHANGES OPERATE THROUGH PRIMARY AND SECONDARY MARKETS



OUR VISION

- An ambitious and holistic approach towards fostering a more liquid and integrated financial system
- Funding the economy, serving investors and companies benefitting the real economy
- Fair and orderly equity market structure with efficient price formation and transparency
- Safe hedging and efficient risk management through Exchange Traded Derivatives (ETDs)
- Sustainable finance as a paradigm change for healthier capital markets
- New technologies as enablers of innovation
- Pursuit of competitiveness and access of European markets in a global environment

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LIST OF RECOMMENDATIONS TO TAKE THE CAPITAL MARKETS UNION FORWARD

The CMU should:

Overall Ambition and Approach

- ▶ **1** Integrate upcoming reviews of EU legislation (MiFID) into the CMU;
- ▶ **2** Reaffirm the goal of reaching a 100% stock market capitalisation of EU GDP by 2024;
- ▶ **3** Ensure a streamlined interaction and proper allocation of roles between the European Supervisory Authorities and national regulators;
- ▶ **4** Review fiscal disincentives against equity financing;
- ▶ **5** Avoid any measures that would disincentivise investing in capital markets;

Funding the Economy: Serving Investors and Companies

- ▶ **6** Ensure public support and EU-wide initiatives to support Exchanges in their public good and educational activities;
- ▶ **7** Conduct a review on the impact of MiFID II's inducement rules;
- ▶ **8** Review equity capital charges under Solvency II and bring many of the smaller EU markets with listed companies on investors' radar screens;
- ▶ **9** Support local ecosystems by considering the specificities of debt-only issuers and a single set of accounting rules for finance and taxation;

Fair and Orderly Equity Market Structure

- ▶ **10** Support an increase in the share of price forming trading taking place on lit trading so as not to risk unintended changes in market structure;
- ▶ **11** Promote liquid markets with efficient price formation and without unnecessary regulatory burdens;
- ▶ **12** Ensure that market data issues are assessed holistically, with a focus on the entire industry value chain and safeguarding price formation;
- ▶ **13** Ensure a consistent approach across the different legislative files that impact the benchmark administration business;

Efficient Risk Management – Exchange Traded Derivatives (ETDs)

- ▶ **14** Promote a consistent and proportionate position limits regime;
- ▶ **15** Extend the EMIR clearing obligation to all standardised contracts, in particular standardised equity derivatives;
- ▶ **16** Remove ETDs from the scope of the MiFIR 'non-discriminatory' access provisions;

New Technologies

- ▶ **17** Ensure a level playing field in new technologies by applying a risk-based approach and the principle "same business, same rules";

Sustainable Finance

- ▶ **18** Develop a sustainable finance vision which ensures a level playing field between public and private markets and proper risk management;

Pursuit of Global Competitiveness and Access

- ▶ **19** Build on the reforms strengthening equivalence while recognising the differences between equity and derivative markets;
- ▶ **20** Ensure that EU equivalence rules do not unduly restrict market innovation and access to global capital markets.