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From: General Secretariat of the Council
To: Delegations
Subject: Council conclusions on the Commission Communication on the mid-term review of the Capital Markets Union Action Plan (11 July 2017)

Delegations will find in the annex the Council conclusions on the Commission Communication on the mid-term review of the Capital Markets Union Action Plan, adopted by the Council at its 3555th meeting held on 11 July 2017.

**Council conclusions on the Commission Communication on the mid-term review of the
Capital Markets Union Action Plan**

THE COUNCIL:

1. RECALLS its conclusions of 10 November 2015 on the Commission Action Plan on building a Capital Markets Union¹ welcoming the adoption by the Commission of the Action Plan on Building a Capital Markets Union²;
2. WELCOMES the Commission Communication on the Mid-Term Review of the Capital Markets Union Action Plan³, which follows up on the good progress already made so far in delivering the measures announced in the Capital Markets Union Action Plan and NOTES that there is a need to further intensify policy efforts in building the Capital Markets Union (CMU), also in view of a well-functioning EMU.
3. UNDERLINES the continued relevance of the CMU as a project of shared importance for all Member States, in order to foster growth, create jobs and promote investments and innovation, in compliance with the principles of subsidiarity, proportionality and better regulation as well as preservation of financial stability and investor protection to be respected consistently across all related initiatives;
4. NOTES the success of existing capital markets in Europe and supports the objective of building the CMU on the previous positive developments in these existing markets across Member States, and LOOKS FORWARD to a comprehensive EU strategy to be prepared by the Commission on steps that can be taken at the EU level to support local and regional market development across the EU;

¹ Doc. 13922/15

² Doc. 12263/15

³ Doc. 10082/17

5. UNDERLINES its continued strong commitment to the Capital Markets Union as reflected for example by the recent political agreements reached with the European Parliament on the Regulations on simple, transparent and standardised securitisation and on the European Venture Capital Funds and European Social Entrepreneurship Funds as well as by the adoption of the Prospectus Regulation;
6. RECALLS its support for enhancing the variety of financing sources available for infrastructure and businesses, in particular SMEs and small mid caps, from smaller or larger financial markets of all Member States, and for increasing investment opportunities available for retail and institutional investors;
7. LOOKS FORWARD to examining the Commission legislative proposals and the delegated acts announced in the Commission Communication;
8. SUPPORTS the inclusion of the new priority initiatives proposed by the Commission, which aim to further strengthen the Capital Markets Union as it is faced with new challenges;
9. LOOKS FORWARD to discussing the Commission proposals for amendments to the European Supervisory Authorities framework;
10. NOTES that supervisory convergence and the role played by the ESAs in that regard are relevant in the context of establishing an effective CMU and a sound and efficient EU financial market as a whole;
11. LOOKS FORWARD to the upcoming legislative proposal regarding the prudential treatment of investment firms, which should provide an adequate framework to address the risks their activities entail when those activities are not appropriately addressed by existing requirements, while observing the principle of proportionality;
12. LOOKS FORWARD to examining the upcoming legislative proposal regarding a European framework for covered bonds, which should build on the continued well-functioning national regimes and strike the right balance between harmonisation and national specificities;

13. WELCOMES the Commission's commitment to deliver a more proportionate regulatory environment to support SME listing on public markets, which – coupled with related non legislative actions – would further promote the development of equity capital markets across all Member States; UNDERLINES as a general policy priority the importance of enhancing the cost effective availability of economic, business and financial information related to SMEs in order to carry out meaningful credit analysis, which would be instrumental to broadening financing sources for all SMEs across all public and private markets; AGREES that enhancing the cost-effective availability of SMEs' information should be pursued initially by building on voluntary initiatives by the private sector and, should this approach fail to deliver its expected benefits, through other means that would have the potential to be more effective;
14. WELCOMES the Commission's upcoming assessment of a potential EU framework in the field of FinTech, based on their activities rather than technologies, to harness the potential of FinTech in broadening choice, competition and access to capital market based finance, while being mindful to address effectively any possible emerging risks associated with FinTech;
15. LOOKS FORWARD to examining possible Commission's initiatives stemming from the recommendations of the High Level Expert Group on Sustainable Finance and to the steps announced in the CMU Mid-Term Review as the basis for fostering EU global leadership on sustainable investment;
16. TAKES NOTE of the Commission's initiatives aimed at promoting long-term investment including an appropriately designed Pan-European Personal Pension Product and an amendment to the Solvency II Delegated Act, in full respect of Member States' tax competences;
17. LOOKS FORWARD to work on removing unjustified national barriers to the cross-border movement of capital;
18. TAKES NOTE of the Commission's proposal to draft an interpretative communication on existing EU rules for the treatment of cross-border EU investments; ENCOURAGES the Commission to assess options for a modern European framework for the effective and binding resolution of investment disputes;

19. WELCOMES the initiatives aimed at strengthening banks' capacity to lend to the economy, including measures to support secondary markets for non-performing loans;
 20. UNDERLINES the importance of enhancing the efficiency of European financial markets as a whole, which implies striking the right balance between harmonised rules and the need to cater for local and regional market characteristics and to preserve well functioning markets;
 21. INVITES the Commission to carry forward the Action Plan for the Capital Markets Union, as adjusted following this Mid-Term Review in order to have the Capital Markets Union building blocks in place by 2019, in particular by delivering on measures listed in the Annex to the Mid-Term Review in full respect of the principles of better regulation;
 22. INVITES the Commission to continue to report on the progress made, at least every six months, to the Council through the Financial Services Committee and the Economic Financial Committee, providing an evidence-based assessment of the progress made in the build-up of the Capital Markets Union, including on the basis of key indicators and evidence.
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