067495/EU XXVIII. GP
Eingelangt am 14/04/26

Council of the European Union

Brussels, 14 April 2026
(OR. en)

8218/26

Interinstitutional Files:
2025/0381 (COD)
2025/0382 (COD)
2025/0383 (COD)

EF 112
ECOFIN 475
CODEC 673
ECB

COVER NOTE

From:	The President of the European Economic and Social Committee Séamus BOLAND
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
Subject:	OPINION of the European Economic and Social Committee on EU market integration and efficient supervision

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European Economic and Social Committee

OPINION

European Economic and Social Committee

EU market integration and efficient supervision

Proposal for a Regulation of the European Parliament and of the Council on settlement finality and repealing Directive 98/26/EC and amending Directive 2002/47/EC on financial collateral arrangements (COM(2025) 941 final – 2025/0381 (COD))

Proposal for a Directive of the European Parliament and of the Council amending Directives 2009/65/EC, 2011/61/EU and 2014/65/EU as regards the further development of capital market integration and supervision within the Union (COM(2025) 942 final – 2025/0382 (COD))

Proposal for a Regulation of the European Parliament and of the Council amending Regulations (EU) No 1095/2010, No 648/2012, No 600/2014, No 909/2014, 2015/2365, 2019/1156, 2021/23, 2022/858, 2023/1114, No 1060/2009, 2016/1011, 2017/2402, 2023/2631 and 2024/3005 as regards the further development of capital market integration and supervision within the Union (COM(2025) 943 final – 2025/0383 (COD))

ECO/694

Rapporteur: **Antonio GARCÍA DEL RIEGO**

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Advisor	Rosa ARMESTO (to the rapporteur)
Legislative procedure	EU Law Tracker 2025/0383(COD) EU Law Tracker 2025/0382(COD) EU Law Tracker 2025/0381(COD)
Referral	European Parliament, 17/12/2025 and 12/1/2026 Council of the European Union, 23/2/2026 and 2/3/2026
Legal basis	Articles 114, 53(1) and 304 of the Treaty on the Functioning of the European Union
European Commission documents	COM(2025) 941 final COM(2025) 942 final COM(2025) 943 final Summary of COM(2025) 941 final, 942 final and 943 final Legislative train – 2025/0381(COD) Legislative train – 2025/0382(COD) Legislative train – 2025/0383(COD)
Relevant Sustainable Development Goals (SDGs)	SDG 8 – Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
Section responsible	Economic and Monetary Union and Economic and Social Cohesion
Adopted in section	25/2/2026
Plenary session No	604
Outcome of vote (for/against/abstentions)	177/0/0

1. **RECOMMENDATIONS**

The European Economic and Social Committee (EESC)

1.1 **calls** on the co-legislators to support the objectives and measures set out in the European Commission's proposals, with a view to deepening and integrating EU capital markets in a properly targeted and calibrated manner; **considers** that markets contribute to capital allocation. Capital markets reflect a society's confidence in its own future; **welcomes** the encouragement for a market-driven approach; **stresses** that more ambitious reforms are needed to address the structural underperformance of EU capital markets and **calls** on Member States to commit firmly to further integrate EU capital markets and develop local markets in order to ensure meaningful progress;

1.2 **calls** on the co-legislators to support the proposal to place operators of market infrastructures with significant cross-border activities under the supervision of the European Securities and Markets Authority (ESMA); **stresses** that, regardless of the model, the supervisory framework must remain consistent, proportionate and cost-effective and strive to deliver identical outcomes across the EU under a clear and agile governance structure; **recommends** a clear allocation of responsibilities to reduce duplication and complexity, and coordination to avoid overlapping layers of supervision between ESMA and national competent authorities for entities under ESMA oversight;

1.3 **welcomes** the proposed measures to strengthen passporting regimes, facilitate access to financial market infrastructures and investment funds and simplify regulatory requirements, as these could support cross-border integration while reducing administrative burdens; **calls** for consideration to be given to removing further overlapping reporting obligations across sectoral legislation, as well as to ensuring a level playing field during the negotiations; **recommends** that additional measures be considered to incentivise clearing by fund managers; **calls** for the application of the principle of proportionality under the DORA framework to be assessed carefully, in order to avoid disproportionate burdens;

1.4 **calls for** measures to strengthen transparency and reduce liquidity fragmentation in EU equity markets, with the objective of building deeper capital pools; **recommends** reinforcing a level playing field among execution mechanisms, including a review of transparency requirements for systematic internalisers (SIs); **proposes** that ESMA and the UK Financial Conduct Authority (FCA) work together to resolve persistent data issues; **supports** the proposed inclusion of SIs in the pre-trade equity consolidated tape;

1.5 **underscores** the need for further initiatives to enhance the attractiveness of public markets and revitalise the initial public offering (IPO) environment; **proposes** that legislators learn from successful international initiatives and consider establishing a category of 'covered cross-border bonds' for large private placements under an EU-level rulebook with ESMA supervision;

1.6 **welcomes** the Commission's efforts to facilitate innovation and remove regulatory obstacles to distributed ledger technology (DLT)-based innovation and the use of new technologies;

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underlines the importance of clear transitional trajectories from the DLT Pilot Regime into modernised standard regulatory frameworks once the indicated aggregate thresholds are reached, in order to prevent liquidity fragmentation and ensure legal certainty for market participants; **points out** that cybersecurity remains an overarching objective as supervision of markets relates to efficiency and proper surveillance;

1.7 **supports** the review of the Settlement Finality Directive and the Financial Collateral Directive which is intended to enhance the resilience and efficiency of EU financial market infrastructure within a framework that remains technologically neutral; **recommends** assessing proposed changes to the settlement facility in order to ensure that the disapplication of standard insolvency rules is not unduly broadened.

2. EXPLANATORY NOTES

Arguments in support of recommendation 1.1 – General introduction

2.1 The EESC strongly supports the objective of unlocking the untapped potential of the single market for capital[1] in order to enhance the EU's competitiveness, as highlighted in the Draghi and Letta reports[2]. The EU is at a pivotal moment, and strengthening capital markets and advancing market-based financing through a market-driven strategy that stimulates both supply and demand is essential to secure long-term competitiveness and economic growth.

2.2 The EESC strongly supports the Savings and Investment Union (SIU) strategy[3], which sets out a clear agenda to stimulate demand, including proposals linked to pension pillars II and III, recommendations on Savings and Investment Accounts to boost retail participation and a Financial Literacy Strategy containing a set of actions at EU and Member States' level. On the supply side, the EESC considers that progress is required on simplification and burden reduction, together with a recalibration of prudential requirements for market makers, as well as decisive measures to encourage listing ecosystems.

2.3 The EESC considers that the removal of barriers arising from divergent rules in application – e.g. some operational requirements or passporting –and supervisory practices is essential to reduce fragmentation and compliance costs, while ensuring that investor protection and financial stability remain intact.

2.4 The fragmentation across EU legal and tax frameworks – e.g. securities regulation or insolvency law – continues to be the main obstacle to further consolidation and integration of trading and post-trading services[4]. Further action is therefore welcome, but it must be undertaken in a way that preserves and reinforces local market infrastructures and economies – e.g. avoid gold plating.

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1 OJ C, C/2025/5155, 28.10.2025, ELI: http://data.europa.eu/eli/C/2025/5155/oj.

2 *The future of European competitiveness – A competitiveness strategy for Europe*, Mario Draghi, September 2024, *Much more than a Market: Speed, Security, Solidarity*, Enrico Letta, April 2024.

3 COM(2025) 124 final.

4 *Study on consolidation and reducing fragmentation in trading and post-trading infrastructures in Europe : final report*, Bourse Consult & Civitta, December 2025.

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2.5 The EESC notes that addressing current challenges and seizing future opportunities requires joint and coordinated action by EU institutions and Member States. While it would be preferable for all Member States to fully embrace ambitious reforms, initiatives such as the European Competitiveness Lab[5] can help stimulate bold proposals among a 'coalition of the willing'.

2.6 The EESC stresses that more ambitious reforms are needed to resolve the structural underperformance of EU capital markets. Reduced liquidity fragmentation and greater transparency (see recommendation 1.4 on trading) and a thriving listing ecosystem (see Recommendation 1.5 on competitiveness) remain core objectives that are insufficiently addressed by the current package.

Arguments in support of recommendation 1.2 – Supervision

2.7 The EESC welcomes the proposals for more integrated supervision which, if properly calibrated, could make a significant contribution to the effectiveness of the SIU. Stronger supervisory convergence is essential to ensure that European capital markets operate on a level playing field and deliver consistent outcomes for investors and issuers across the EU.

2.8 While national competent authorities remain crucial for local ecosystems, large cross-border infrastructures continue to face challenges arising from divergent supervisory practices, fragmented oversight and rising compliance costs. Therefore, the EESC reiterates[6] its support for the proposal to place operators of market infrastructures with significant cross-border activities under ESMA supervision.

2.9 Regardless of the supervisory model applied, effectiveness and efficiency must remain the guiding principles, with identical supervisory outcomes across the EU. For that, any risks of duplicated fees or overlapping requirements must be avoided. Approval procedures should be streamlined, communication and decision making improved, and oversight applied proportionately. Fewer and faster approval steps would reduce delays, foster innovation and strengthen competitiveness, while clear documentation, defined deadlines and focused supervisory questions would enhance predictability and efficiency. Supervision must also be cost-effective, with any changes to the supervisory architecture resulting in lower overall costs and avoiding disproportionate fee increases for supervised entities.

2.10 The EESC considers that a level playing field of supervised entities is essential to prevent regulatory gold-plating, and that clear allocation of responsibilities should reduce duplication, conflicts of interest and unnecessary complexity. In particular, the EESC cautions against potential overlap between ESMA and national competent authorities for entities under ESMA supervision. Supervision should also promote innovation and competitiveness as a secondary mandate, alongside financial stability, granting entities greater autonomy and flexibility through less prescriptive rules that allow them to adapt efficiently to their specific services, products and clients.

5 European Competitiveness Lab launches to accelerate single market integration, press release, Government of Spain, 3 October 2025.

6 OJ C, C/2025/5155, 28.10.2025, ELI: http://data.europa.eu/eli/C/2025/5155/oj.

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Arguments in support of recommendation 1.3 – Integration and simplification

2.11 The EESC welcomes the Commission's proposed measures geared to enhancing the passporting and facilitation of access to financial market infrastructures, Undertakings for Collective Investment in Transferable Securities (UCITS) and alternative investment fund managers. These measures are expected to reduce operational costs and facilitate a more integrated single market, enabling investors and companies to fully capitalise on its benefits. The EESC also welcomes the proposed transition of certain provisions from directives to regulations, as this could reduce complexity and avoid gold-plating.

2.12 The EESC strongly supports the Commission's initiatives promoting the use of Target2-Securities (T2S), in line with previous recommendations[7]. Migration of flows to T2S by Member States and market participants would help address fragmentation in settlement and foster cross-border cooperation among financial infrastructures.

2.13 In this proposal and related initiatives[8], the Commission has rightly identified simplification through streamlined regulatory requirements as a key priority. The EESC would welcome the removal of the remaining overlapping reporting obligations under files such as MAR, MiFID, MiFIR, EMIR, REMIT and CSDR[9].

2.14 Ensuring a level playing field should be a key consideration in the assessment of this proposal. For example, in the area of clearing, ensuring comparability between EU and non-EU central clearing counterparties (CCPs), as well as between non-centrally cleared markets is particularly important in relation to requirements on anti-procyclicality and margin transparency.

2.15 The EESC recommends that potential additional measures be considered in order to incentivise clearing by fund managers, insurers and public entities as a means to enhance market depth and reduce systemic risk. Attention should furthermore be given to the application of the principle of proportionality under the DORA[10] framework, in order to ensure that requirements remain effective without imposing disproportionate burdens.

Arguments in support of recommendation 1.4 – Trading

2.16 The EESC notes that fragmentation in EU equity capital markets continues to hinder the creation of deep and liquid capital pools. This results in less available capital and carries a broader cost of inaction. While clarifications on passporting regimes for market operators and facilitation of membership may encourage cross-border activity, they will not in themselves lead to liquidity concentration.

7 OJ C, C/2025/5155, 28.10.2025, ELI: http://data.europa.eu/eli/C/2025/5155/oj.

8 De-prioritisation of Level 2 acts in financial services legislation, 1 October 2025.

9 Market Abuse Regulation (MAR), Markets in Financial Instruments Directive (MiFID), Markets in Financial Instruments Regulation (MiFIR), European Market Infrastructure Regulation (EMIR), Regulation on Wholesale Energy Market Integrity and Transparency (REMIT), Central Securities Depositories Regulation (CSDR).

10 Digital Operational Resilience Act (DORA).

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2.17 While MiFID II successfully fostered competition and innovation, it also contributed to increased liquidity fragmentation[11]. It did not achieve its intended objective of shifting securities trading from opaque bilateral mechanisms to transparent trading venues. Lit trading, i.e. trading in pre-trade transparent order books, should be prioritised due to its central role in the price formation process[12].

2.18 The recent MiFID II review[13] acknowledges the need to reinforce pre-trade transparency of SIs and maintain a level playing field between trading venues and SIs. The EESC calls for more meaningful measures to achieve this, with the objective of increasing transparency off-exchange and preventing the ongoing shift of activity away from lit venues. This could include measures such as limiting the activity SIs to large trades, while requiring that retail orders be carried out in transparent venues to enhance transparency, access and investor protection.

2.19 The EESC encourages a comprehensive examination of equity market trading structures, including the role of non-EU actors, such as Anglo-Saxon investment banks active in the EU, in order to adequately assess the implications of current trends. This should include enhanced data-sharing arrangements between ESMA and third-country supervisors, strengthen supervisory convergence and improve the monitoring of cross-border activities. The authorisation and supervision regime for SIs should also be revisited.

2.20 The EESC reiterates[14] its support for the introduction of the shares and exchange traded funds consolidated tape in the EU, which will significantly enhance transparency as a central point of information. The EESC welcomes the proposed inclusion of SIs in the pre-trade equity consolidated tape, as this will increase visibility in the bilateral space.

Arguments in support of recommendation 1.5 – Competitiveness

2.21 The EESC reiterates[15] its call for further initiatives to improve the attractiveness of public markets and the IPO environment. This is a key pillar for the EU's competitiveness, yet IPO markets in Europe remain subdued, particularly when compared to international counterparts[16].

2.22 The Listing Act is an important step toward reducing administrative burdens, boosting equity research and rationalising listing procedures. However, it should be regarded only as the starting point for a broader roadmap, in which any SIU-related proposals take into account potential measures that would have a positive impact on encouraging European companies both to choose to list and to remain listed in Europe.

2.23 In particular, the Commission proposal does not go far enough in introducing measures with a direct impact on revitalising the listing ecosystem. The EESC reiterates its earlier

11 The liquidity matrix - Addressing fragmentation in European equity markets, Oliver Wyman, July 2025.

12 Fragmentation, price formation and liquidity of Spanish equities in a European context, working paper, CNMV, December 2024.

13 The adoption of the MiFID II / MiFIR review marks the transition to the revised Single Rulebook for securities markets.

14 OJ C 290, 29.7.2022, p. 68.

15 OJ C 184, 25.5.2023, p. 103.

16 Capital Markets Union Key Performance Indicators - Eighth Edition, AFME, November 2025.

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recommendations on the trading market structure (Recommendation 1.2). An attractive listing ecosystem must go hand in hand with an appropriate trading and post-trading landscape. In particular, an efficient secondary market with greater transparency and liquidity plays a vital role in supporting new listings and investor participation[17].

2.24 To improve access to funding for high-growth companies at later stages of development, the EU should draw pragmatic lessons from successful initiatives abroad. A relevant example is the US National Securities Markets Improvement Act[18] (NSMIA), which reduced fragmentation by limiting sub-national regulatory barriers for certain private offerings. Late-stage companies raising capital under this regime became significantly more likely to attract out-of-state investors[19]. A comparable EU approach could involve creating a category of 'covered cross-border bonds' for large private placements, subject to an EU-level rulebook and supervision by ESMA.

Arguments in support of recommendation 1.6 – DLT Pilot Regime

2.25 The EESC welcomes the review of the DLT Pilot Regime[20] and the proposed amendments intended to modernise the broader EU regulatory framework in order to enable the use of DLT in financial services. Enhancing the commercial viability of the DLT Pilot Regime and providing legal certainty regarding its duration are crucial steps. Equally important is the modernisation of standard regulatory frameworks in order to ensure continuity of DLT adaptations beyond the sandbox.

2.26 The proposed changes to the Central Securities Depository Regulation (CSDR), intended to enhance technological neutrality and foster innovation, are positive developments. The updated framework, which under specific conditions permits the settlement of the cash leg of securities transactions using certain e-money tokens authorised under the Markets in Crypto-Assets Regulation (MiCA), could help ensure that post-trade legislation remains fit for purpose and responsive to innovation.

2.27 The EESC reiterates[21] its support for measures designed to: i) protect the end-users of digital finance; ii) safeguard financial stability; iii) protect the integrity of the EU's financial sector; iv) ensure a level playing field among the different operators in the economic and financial system. The DLT pilot regime must therefore be designed to foster innovation while fully upholding these four principles.

2.28 The EESC stresses the importance of clear transitional trajectories from the sandbox into standard frameworks such as MiFID II and the CSDR. Legal certainty must be guaranteed for market participants wishing to deploy DLT outside the pilot regime. Expanding the scope of the pilot regime or raising thresholds without a proper transition into standard frameworks risks

17 Attracting New Listings: What shapes IPO Activity Across Markets, working paper, WFE, November 2025.

18 National Securities Markets Improvement Act of 1996, report, U.S. Congress, 1996.

19 The Deregulation of the Private Equity Markets and the Decline in IPOs, Review of Financial Studies, 7 February 2020.

20 Sandbox designed specifically to test blockchain and other distributed ledger technologies (DLT) in financial markets.

21 OJ C 155, 30.4.2021, p. 31.

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exacerbating liquidity fragmentation in EU capital markets, contrary to the objectives of the proposal.

Arguments in support of recommendation 1.7 – Post-trading

2.29 The settlement finality framework remains a cornerstone of the safety and stability of EU settlement and payment systems, and its robustness has been demonstrated in past crisis situations, as confirmed by the Commission[22]. The framework must remain technologically neutral and capable of accommodating traditional infrastructures, DLT-based systems and future innovations.

2.30 The EESC recognises that several amendments to the Settlement Finality Directive and the Financial Collateral Directive could enhance the resilience and efficiency of EU financial market infrastructure. In particular, extending Settlement Finality Directive protections to all central clearing counterparties and clearing houses with due regard for their default management rules would reinforce systemic stability, while broadening the range of eligible collateral under the Financial Collateral Directive to encompass all assets accepted as collateral would increase flexibility and support more effective liquidity management.

2.31 The EESC encourages careful examination of whether certain changes in the Settlement Facility could unduly relax the application of standard insolvency law provisions. In particular, consideration should be given to whether the newly proposed designation process, intended to promote greater harmonisation across Member States, might have unintended effects on legal certainty or on the established balance between systemic protection and creditor rights.

3. PROPOSED AMENDMENTS TO THE LEGISLATIVE PROPOSAL OF THE EUROPEAN COMMISSION

Amendment 1
Linked to recommendation 1.4
COM(2025) 942 final, Article 3, Amendments to Directive 2014/65/EU, insertion of Article 17a in Directive 2014/65/EU
Insert a new article

Text proposed by the European Commission	EESC amendment
	1. Systematic internalisers shall be required to obtain authorisation to provide their services. To authorise investment firms or market operators as systematic internalisers, Member States shall require that applicants provide the competent authority with a detailed description of their business activities and of the functioning of their systems, including any links to a regulated market, MTF, OTF, or another systematic internaliser. Competent authorities shall assess this description

22 COM(2023) 345 final.

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	and decide whether to grant authorisation to act as a systematic internaliser. ***All authorisations granted to investment firms or market operators as systematic internalisers shall be notified to ESMA.*** ***Upon request, competent authorities shall make the descriptions provided by applicants available to ESMA.*** ***ESMA shall maintain and publish on its website a list of authorised systematic internalisers, which shall be updated annually.*** ***2. Systematic internalisers shall be required to implement effective systems, procedures and arrangements to prevent their algorithmic trading systems from creating or contributing to disorderly trading conditions. This includes requiring participants to carry out appropriate algorithm testing and providing environments to facilitate such testing, as well as managing any disorderly trading conditions that may arise.*** ***ESMA shall develop draft regulatory technical standards further specifying the requirements for algorithm testing to ensure that algorithmic trading systems, including high-frequency trading systems, cannot create or contribute to disorderly trading conditions. ESMA shall submit these draft standards to the Commission by [OP please insert 12 months after entry into force].*** ***Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1035/2010.***

Reason
Investment firms or market operators shall be authorised to provide SI services to ensure greater transparency around SIs activities. To this end, investment firms and market operators intending to act as SIs shall submit a detailed description of their business activities as part of their application to the competent authority. This requirement also enables authorities to more effectively monitor market developments and identify potential deviations from the regulatory perimeter.

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Brussels, 18 March 2026.

The President of the European Economic and Social Committee
Séamus BOLAND

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