

If we want to succeed, Europe needs an ambitious Capital Markets Union (CMU).

Public capital markets are a key financing tool and consist of a broad ecosystem that mobilises capital in Europe. **Exchanges play a central role in these markets**, providing access to capital for companies in support of growth, as well as opportunities for retail and institutional investors. Well-functioning public capital markets, with Exchanges at their core, boost economic growth and create jobs and wealth for the European economy.

Exchanges’ role in serving the real economy, by providing **transparency, reliable price formation and risk management**, should be recognised by policy makers, in an ever more complex world with challenges ahead posed by geopolitics, digitalisation, and climate change amongst others. Public capital markets are central to addressing many of these challenges. The demographic challenge and the need for better yields for pensioners is another reason why we need to boost equity culture.

However, **it’s time to face some uncomfortable truths**: European capital markets are not blossoming, in relative terms, compared to their American and Asian counterparts. Almost all the measures taken to improve the situation in the last 15 years have had little effect on improving conditions for market participants. So far, MiFID II has neither achieved the objective of more transparent markets with better data quality, nor significantly improved investor protection. Instead, it has allowed non-public markets to continue to grow to the detriment of transparent trading on Exchanges. Moreover, potential changes in market data will have an even deeper negative effect on the situation. Targeted changes and strictly enforced rules in MiFID II are urgently needed to fill this gap.

New proposals to the European regulatory framework need to be considered from a **global and holistic perspective**, addressing today’s key challenges:



How can markets best serve the European real economy to ensure funding, investment opportunities and efficient risk management?



How can European market infrastructure compete successfully on a global scale?



How can capital markets ensure transparency, safety, integrity and fairness?

This legislative period is critical for public capital markets and we call on legislators to:

1. **Deliver** on the lessons of the financial crisis, the G20 recommendations and the unachieved MiFID II objective of **deep, fair and transparent pools of liquidity**.
2. **Promote EU competitiveness**. The CMU needs to ensure that we create attractive financing conditions for companies, e.g. via IPOs through a refocusing on equity investments, while preserving local ecosystems.
3. **Protect** the **global competitiveness** of European Exchange-Traded Derivatives. Derivatives markets are global in nature. Therefore, the EU needs to follow global standards in order to foster integrated trading and clearing, minimising any systemic risk.
4. **Ensure** a **holistic sustainable and long-term oriented perspective**. Measures should be accompanied by an impact assessment to ensure the proposals do not carry any unintended consequences. With the UK leaving the EU, we must reflect on how the EU can foster a deeper and more integrated financial system while continuing to be open to global capital markets.