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## Medium to long-term priorities of Capital Markets Union (CMU) for the ECB/Eurosystem

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### Remarks

While the Green Paper has set the right overall objectives of CMU and identified priorities for early action and the measures for the medium- to long-term, **CMU needs to be pursued through a higher level of ambition to achieve greater capital markets development and deeper financial integration.**

1. To bring about its expected benefits, the CMU should foster and result in a high level of financial integration in capital markets across the EU based on an adequate legal and regulatory framework. This would imply more steps towards greater harmonization of

1. bankruptcy law,
2. company law and
3. taxation of financial products

that pose great political challenges.

The aim is to ensure that investors have the same costs and equal access to finance irrespective of where they are located in the EU. Ultimately, the supervisory architecture will also warrant revision. The final destination in the path towards CMU will need to include the development of a single rulebook. These elements are key if we are to attain what has been ambitiously coined as CMU.

2. A schedule with clear milestones and deadlines in the upcoming action plan would facilitate implementation.

3. Market-led initiatives to promote capital markets are important but insufficient. Therefore, legislative action in targeted areas is warranted. While bold action towards the completion of the single rulebook for capital markets will be beneficial, a gradual approach to harmonization could be envisaged in those areas where political sensitivities prevent action at EU level in the short term.

4. Sufficient attention should be devoted to safeguarding financial stability, such as in the area of shadow banking.

5. A single rulebook for EU capital markets needs to be complemented with strengthened supervisory convergence, delivering a common implementation and enforcement of rules.

6. Further reducing still existing fragmentation in financial market infrastructures should be at the core of CMU. It needs to be recognized that banks will continue to play an important role for the financing of the real economy and in providing access to capital markets