



Capital Markets Union
Consultation on European
Commission Green Paper
March 2015



An Roinn Airgeadais
Department of Finance

Consultation on European Commission Green Paper on Capital Markets Union

The Minister for Finance, Michael Noonan TD, invites interested parties to make submissions in relation to the potential impact for Ireland arising from the European Commission's plan for a Capital Markets Union (CMU), as set out in its green paper 'Building a Capital Markets Union' (ref: COM (2015) 63 final).

The consultation period **will run to 5pm, 21 April**. Any submissions received after this date will not be considered.

How to Respond

The preferred means of response is by email to: cmu@finance.gov.ie

Should you prefer you are welcome to respond by post to:

Niall O'Sullivan,
Department of Finance,
Government Buildings,
Upper Merrion Street,
Dublin 2.

When responding, please indicate if you are a business, business professional, adviser, representative body or member of the public.

Freedom of Information

Responses to this consultation are subject to the provisions of the Freedom of Information Acts. Parties should also note that responses to the consultation may be published on the Department's website.

Queries

Please email cmu@finance.gov.ie should you have any queries.

Your views are requested as follows:

The Commission green paper 'Building a Capital Markets Union'¹ is a consultation document which seeks views on how to develop Europe's Capital Markets so that they can best contribute to broad policy objectives of growth, employment and financial stability. The Commission has invited interested parties to respond to the questionnaire that accompanies the green paper by 13 May 2015. The Commission is also seeking views on related consultations on securitisation² and the Prospectus Directive³ by 13 May 2015. The Department encourages interested parties to submit their views directly to the Commission.

The purpose of this consultation is to help inform *the Department's response* to the questions set out in the green paper.

¹ See <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52015DC0063>

² See http://ec.europa.eu/finance/consultations/2015/securitisation/index_en.htm

³ See http://ec.europa.eu/finance/consultations/2015/prospectus-directive/index_en.htm

While it is appreciated that CMU is still in inception phase we would particularly like to receive feedback from interested parties on how the proposals contained in the green paper may impact on Ireland. Set out below are sample questions indicating areas which are of interest as follows:

1. Which areas of a CMU action plan would you like to see prioritised? Which areas require an EU regulatory response and which areas are best left either to domestic regulation or to the market?
2. The Commission's indicates some key features that would underpin a "high quality securitisation market". What potential opportunities might this create for Ireland and what needs to be done within a domestic and EU context to maximise any such opportunities?
3. To what extent is the current Prospectus regime considered to be a barrier to more SME issuances? What single change to the current Prospectus regime could have the most positive impact in terms of improving Irish SME issuances?
4. Which areas of CMU have the greatest potential to impact upon the attractiveness of Ireland as a location for inward investment?
5. The green paper raises the possibility of some far-reaching CMU elements (for example relating to supervisory convergence, company law, differences in tax regimes). How might such horizontal changes impact on Ireland, both in terms of our domestic market and more generally our attractiveness as a location for inward investment?
6. What developments are required to make European private placement markets more attractive to Irish companies vis-à-vis the US? Is there scope for companies that currently cannot realistically secure private placements to benefit?
7. Taking into account the establishment of a Central Bank owned central credit registry, how well does Ireland fare in terms of SME data coverage, fragmentation, quality, integrity, etc? What opportunities or issues may arise for Irish SMEs in the event of the creation of an EU credit database or at least formal arrangements between national database owners that would go in this direction? To what extent would such developments likely meet investors' requirements and thus encourage greater investment in SMEs?
8. What is the potential for the MiFID II created "SME Growth Market" to support more IPOs by Irish firms with a market capitalisation of up to or a little beyond €200 million? What needs to be done to realise any such potential?
9. How might equity markets generally better serve the financing needs of Irish SMEs and mid-caps?

10. How can participation levels (direct or indirect) by retail investors in the capital markets be increased? What role can EU or domestic policy play in this regard? What steps can be taken to improve transparency and comparability for retail products?
11. What is considered to be “appropriate regulation” for crowdfunding within a national or EU context? To what extent would an EU ‘passporting’ regime for crowd-lending and/or crowd-investing provide opportunities for Irish SMEs?

What happens next?

Any submissions received will be considered by the Minister and his officials in the context of the Department’s response to the Commission’s green paper and input into its follow-on CMU Action Plan scheduled for later in the year. The Minister considers that this broad consultation will better inform the Irish position on CMU.

Background

The Commission, in the green paper, sets out its Capital Markets Union vision as follows:

Building a Capital Markets Union is a key initiative in the work programme of the Commission. It would ensure greater diversification in the funding of the economy and reduce the cost of raising capital, particularly for SMEs. More integrated capital markets, especially for equity, would enhance the shock-absorption capacity of the European economy and allow for more investment without increasing levels of indebtedness. A Capital Markets Union should enhance the flow of capital - through efficient market infrastructure and intermediaries - from investors to European investment projects, improving allocation of risk and capital across the EU and, ultimately, making Europe more resilient to future shocks.

The green paper states that Capital Markets Union should be based on the following key principles:

- it should maximise the benefits of capital markets for the economy, jobs and growth;
- it should create a single market for capital for all 28 member states by removing barriers to cross-border investment within the EU and fostering stronger connections with global capital markets;
- it should be built on firm foundations of financial stability, with a single rulebook for financial services which is effectively and consistently enforced;
- it should ensure an effective level of consumer and investor protection; and
- it should help to attract investment from all over the world and increase EU competitiveness.

For further details, including relevant speeches and background documents, the Commission’s CMU webpage can be accessed at http://ec.europa.eu/finance/capital-markets-union/index_en.htm.