

POSITION PAPER on

EuropeanIssuers' priorities for the Savings and Investment Union

February 2025

Introductory Remarks

From EuropeanIssuers' perspective, the Draghi Report¹ puts forward two key messages:

- I. First, **Europe needs to become more competitive and innovative** to achieve economic success, keep pace with the USA and China, and preserve its strategic autonomy. **Overly complex and costly legislation hampers entrepreneurial activities** at the expense of innovation and competitiveness.
- II. Second, Europe will have to mobilise **750 to 800 billion Euros** (representing 4.4% to 4.7% of EU GDP) of additional investments per year until 2030 to finance the twin transition and innovation, as well as to strengthen the EU's defence and security capabilities. To mobilise financial resources and channel them into innovative activities, **capital markets need to be developed** and the **Savings and Investments Union (SIU)** needs to be brought forward with **high priority**.

EuropeanIssuers fully shares this analysis and calls on co-legislators to take action and advance concrete measures. EuropeanIssuers considers the following topics to be of particular importance:

1. **Channel European households' savings better into capital markets investments.**
2. **Reduce administrative burden for companies in general and listed companies in particular.**
3. **Improve the public market ecosystem, lower barriers of entry and develop all segments of the capital markets.**
4. **Ensure harmonised and practice-proof supervision.**

¹ Draghi M. The future of European competitiveness – a competitiveness strategy for Europe; 2024.

5. Ensure effective, smooth and low-cost services along the entire value chain from pre-issuance to post-trading within a well-defined harmonised framework.

Furthermore, the SIU political initiatives should be based on a **changed mindset** that regards well-developed capital markets and easy access to funding for European companies as key factors to address the enormous challenges the EU currently faces. Since the 2008 financial crisis, actions undertaken by the European Commission, policymakers and authorities, have been focused on **financial stability and investor protection**. This was necessary in the aftermath of the crisis but has not always taken the most effective form. EuropeanIssuers considers that investor protection can be achieved while also meeting other objectives that should be put more into the focus of the upcoming debates. More specifically:

- European financial markets need to be **attractive and easy to access for issuers and investors**.
- Companies and financial markets participants need to be **competitive and profitable**.
- EU regulators should adopt a more **risk-based approach**.
- EU retail investors should be incentivised to **take more risks as shareholders and investors in well-diversified portfolios, preferably European**.

Overall, changing the mindset also means that **the issuers' needs and perspectives must be better reflected in the regulation**, and that **issuers need to be better included in legislative processes** and have more interaction throughout it. This holds particularly true for (listed) Mid-caps/SMEs which regularly lack the capacity to actively follow legal developments, to be present in working groups or even in business associations. For true participation of this group, a **more active dialogue** ignited by the European Commission would be helpful, so that **Mid-caps'/SMEs' specific issues can be identified** early in the process and Mid-caps/SMEs have a real opportunity to bring in their needs.

Savings will be and will remain invested in the EU only if the European economy offers profitable projects. Therefore, the **SIU will not happen without a significant enhancement of EU competitiveness and attractiveness**. Companies need the SIU to support projects and investments that make their businesses more competitive.

Our proposals below should work as guidance on how we believe topics are interlinked and what could be done with respect to several key objectives of the SIU project.

Table of contents

Overarching Objectives	4
I. Channel European households' savings better into capital markets investments	5
II. Reduce administrative burden for companies in general and listed companies in particular	6
III. Improve the public market ecosystem, lower barriers of entry and develop all segments of the capital markets.....	7
IV. Ensure harmonised and practice-proof supervision	8
V. Ensure effective, smooth and low-cost services along the entire value chain from pre-issuance to post-trading within a well-defined harmonised framework.....	9

Overarching Objectives

Overall, the following overarching objectives are key for European Issuers and its members:

1. **Channel European households' savings better into capital markets investments**
 - 1.1. Include financial market investments better in **public pension systems** and develop a common framework for a **European long-term savings product or account**;
 - 1.2. Foster **employee share ownership** and provide companies with a stable core of medium- to long-term investors;
 - 1.3. Revise **UCITS diversification rules** and raise the cap to 20 percent for shares;
 - 1.4. Improve **financial education** across the EU.
2. **Reduce administrative burden for companies in general and listed companies in particular**
 - 2.1. Assist companies in complying with new regulations, through significantly **longer transition phases** or specific tools that support the application process;
 - 2.2. Simplify the **sustainable finance regulatory framework** to reduce complexity and burden;
 - 2.3. Ensure that **Level 2 measures** adopted under the Listing Act align with the overarching goal of reducing regulatory burden and compliance costs;
 - 2.4. Ensure that the European Supervisory Authorities (ESAs) do not add **requirements going beyond Level 1 requirements**.
3. **Improve the public market ecosystem, lower barriers of entry and develop all segments of the capital markets**
 - 3.1. Develop a **diversified capital markets ecosystem** that offers the full spectrum of assets and financing opportunities for companies of all sizes;
 - 3.2. Make investments from non-local investors in local companies (EU) more attractive by **evaluating institutional and other obstacles (retail) investors are confronted** with when they wish to invest in shares or debt instruments from other European markets;
 - 3.3. **Address the issue of split liquidity** in a single share in upcoming discussions;
 - 3.4. Foster the European **securitisation market** and increase the financing capacity of the banking sector;
 - 3.5. Evaluate how the entry **barriers to the primary bond market** could be lowered.
4. **Ensure harmonised and practice-proof supervision**
 - 4.1. Enhance the **uniform and practice-proof implementation of rules** and improve **coordination** between authorities;
 - 4.2. Support the concept of an **approval-once principle** as incorporated in the passporting regime, alongside a **clear allocation of competences** for each relevant supervisory issue;
 - 4.3. Complement the **mandate of the ESAs**, starting with ESMA, to introduce considerations regarding **competitiveness**;
 - 4.4. Strengthen the **"No Action Letter"** powers of the ESAs.
5. **Ensure effective, smooth and low-cost services along the entire value chain from pre-issuance to post-trading within a well-defined harmonised framework**
 - 5.1. Ensure that all **services** and processes along the entire value chain from pre-issuance to post-trade work **effectively, smoothly and at the lowest possible costs** and risks;
 - 5.2. Keep the **definition of the shareholder** for company law purposes **out of the scope of any harmonisation proposal**.

I. Channel European households' savings better into capital markets investments

EuropeanIssuers shares the analysis that **a root cause of the underdevelopment of European capital markets lies in the way savings and pensions are allocated**. Putting more savings into financing long-term, risky and innovative business models has therefore rightly been identified as one of the key drivers of the SIU project.

We encourage the co-legislators to **adopt measures to incentivise capital market savings in Europe and capital market-oriented pension systems**, as well as **develop incentives to use financial market instruments**, in particular shares, for private wealth building. This would be to the benefit of European people's financial situation and strengthen the investor base for European companies.

Creating a **new investment culture at the European and Member States' level** has a number of dimensions:

- Besides better including financial market investments in **public pension systems** (as it is already the case in some Member States), one way forward could be to **develop a common framework for a European long-term savings product or account** based on an EU label with common principles and which would have to be implemented at domestic level including appropriate tax-incentives.
- In addition to that, **fostering employee share ownership** will show that capital markets also work for European citizens, strengthen equity investments in European companies and **provide these companies with a stable core of medium- to long-term investors**. To fully unlock the potential of employee share ownership, additional measures should be adopted to provide a smoother framework: this could include harmonising some elements of cross-border share ownership plans in order to foster cross-border offerings.
- The **UCITS diversification rules** are an example of regulation that may disadvantage European companies. They limit actively managed funds to a 10% cap per issuer. This restricts equity fund managers focused on single European markets from fully tracking leading indices. If a successful company exceeds 10% index weight, managers may be forced to sell, harming both investors and companies. We advocate raising the cap to 20% for shares, aligning with passive ETFs.
- EuropeanIssuers supports any initiative aimed at **improving financial education** in the EU, permitting consumers/investors to improve their knowledge of financial products, concepts, opportunities, and risks and acquire the skills and confidence to make informed choices and know where to go for financial assistance. In this sense, good financial education forms the basis of a new investment culture in the EU and should be introduced as early as possible in people's path of education if it is to be effective.

II. Reduce administrative burden for companies in general and listed companies in particular

EuropeanIssuers considers that **it is key to pursue the objective of burden reduction** to decrease the costs of compliance for listed companies and financial markets participants and free up entrepreneurial resources.

As a matter of fact, the requirements imposed by EU legislation and the resulting **administrative burden** directly impact the competitiveness of companies. These requirements already constitute an **obstacle to the development and financing of companies, in particular Mid-caps/SMEs, and reduce the attractiveness of public markets**. The objective of reducing reporting requirements by 25% should be achieved as soon as possible with a commitment to further reducing the costs linked to administrative burdens for Mid-caps/SMEs, up to 50%, as put forward by the Draghi Report. We also generally encourage the European Commission to assist companies in complying with new regulations, be it by significantly **longer transition phases or specific tools that support companies** in the application process.

Against this background, EuropeanIssuers:

- **Strongly supports the efforts to simplify the sustainable finance regulatory** framework through the Omnibus proposal, recently published on 26 February 2025. In the face of intensifying global competition, European companies must not be penalised by disproportionate requirements and standards that others would not have to bear. To achieve a meaningful simplification aimed at achieving the green transition while strengthening European competitiveness, we believe the sustainable finance framework must be reorganised around a new architecture. **A streamlined Corporate Sustainability Reporting Directive (CSRD), with a stronger emphasis on business secrecy and a reduction in data points under the European Sustainability Reporting Standards (ESRS), should serve as its foundation.** Additionally, related legislation—including the EU Taxonomy Regulation, Corporate Sustainability Due Diligence Directive (CS3D), Sustainable Finance Disclosure Regulation (SFDR), EU Green Bonds Regulation, and Benchmark Regulation—must be adapted to align with this approach and ensure consistency across the framework. **EuropeanIssuers’ key positions on the Omnibus proposal** are detailed in a separate paper, which can be found [here](#).
- Calls for **Level 2 measures adopted under the Listing Act to be consistent with the overarching goal of reducing regulatory burden and reduce compliance costs.** In that respect, EuropeanIssuers is particularly **concerned about the Delegated Act on the Market Abuse Regulation.** The European Securities and Markets Authority’s (ESMA) proposals currently under consultation regarding the end event in protracted processes to be published as inside information are in our eyes not yet sufficient to reduce significantly the compliance burden as well as legal and procedural risks for issuers. **EuropeanIssuers’ response to ESMA’s Consultation on the Draft Technical Advice Concerning MAR** can be found [here](#).

Additionally, EuropeanIssuers continues to closely follow the **revision of the Prospectus Regulation** and the updates to the CDR on metadata, as outlined in ESMA’s recent Consultation Paper. We support the Commission’s objective to streamline the content of prospectuses and

disclosures. However, we emphasise that changes to the annexes of the Delegated Regulation that are not explicitly required by Level 1 and do not contribute to reducing the volume of disclosures, risk disrupting established practices. Such changes could impose additional costs and administrative burdens on issuers as they adapt to new requirements **European Issuers' response to ESMA's Consultation Paper on draft technical advice concerning the Prospectus Regulation** and on updating the CDR on metadata can be found [here](#).

- In general terms, there has been a **tendency by the European Supervisory Authorities (ESAs) to add requirements going beyond Level 1 requirements**, through guidelines in particular, and causing unnecessary complexity (e.g. ESMA's Guidelines on funds' names using ESG or sustainability-related terms that could be detrimental to the development of green bonds and the financing of the transition). This tendency needs to be stopped.

III. Improve the public market ecosystem, lower barriers of entry and develop all segments of the capital markets

In general, the EU needs to **develop a diversified capital markets ecosystem that offers the whole spectrum of assets and financing opportunities for companies of all sizes**: this is linked to both developing a strong European investor base (see point I.) and reducing the regulatory burden for listed companies (see point II.). Addressing both issues will be key to creating the basis on which an attractive ecosystem will evolve.

However, creating such an ecosystem requires dealing with additional dimensions, some of which are outlined below.

- The above-mentioned points concern equally big companies and listed Mid-caps/SMEs. However, **SMEs face some specific problems**. First, though some alleviations in regulation have been put forward in recent years (e.g. the EU Growth Market concept), capital market compliance is still extremely burdensome for Mid-caps/SMEs, having in mind the limited resources of smaller companies. In addition to that, smaller companies tend to have much smaller benefits from a single European capital market as they rely strongly on a local investor base as well as local infrastructures and have problems accessing investors from other European countries. In particular, retail investors' access to other EU markets is de facto limited and/or more costly. It should therefore be an objective of the SIU to **make investments of non-local investors in the shares or debt instruments of local (EU) companies more attractive**. In terms of availability of information, this problem will somewhat be reduced by the European Single Access Point (ESAP), but there is also a problem relating to the possibility of cross-border trading at reasonable costs.

However, from an issuer's perspective, it is not easy to identify regulatory and other reasons for the current situation. **We therefore suggest evaluating institutional and other obstacles (retail) investors are confronted with when they wish to invest in shares from other European markets**. On this basis, targeted measures could be developed that could range from appropriate channelling of information to investors, increasing competition by enlarging direct

access of investors to trading facilities to other interventions if analysis shows that there are unjustified or abusively high fees regarding the access to specific national markets. Similarly, it would be worth identifying obstacles to cross-listings for those Mid-caps/SMEs who wish to overcome the limited access to non-local investors by entering another market in addition to the home market.

- Generally, issuers are concerned about the comparably **low levels of liquidity in European markets**, which in our view are mainly **linked to the missing investor base**. In particular, for smaller issuers, the low liquidity level can be critical for the decision to list or for subsequent capital measures. This problem is aggravated by the European market structure where the liquidity in a single share tends to be spread across a number of trading or execution venues, many of them off-exchange venues with a lower level of transparency for the traded companies. We therefore believe that the **issue of split liquidity in a single share** (which in our perception also may be linked to current Markets in Financial Instruments Directive (MiFID) provisions) should be paid specific attention in upcoming discussions.
- Active securitisation markets are a vital element of a diversified ecosystem as they play a key role in linking bank finance to capital markets finance and thus help to **ensure that companies and investors are provided with the whole spectrum of financing and investment opportunities**. Securitisation markets in Europe lack volume, which is linked to regulatory and prudential requirements for banks, companies, and investors. EuropeanIssuers therefore invites the European Commission to rapidly adopt measures to **foster the European securitisation market** and to **increase the financing capacity of the banking sector** for those companies that do not have access to public markets.
- As a complement to the securitisation of loans, better access and lower barriers of entry to the **primary bond market** could support SMEs, Mid-caps and infrequent borrowers in obtaining the required funding. More debt instruments issued by more borrowers across all business sectors and EU jurisdictions would give **investors** the opportunity to build well-diversified **portfolios** with low credit risk. Such debt portfolios could form part of pension assets as well as being offered to retail investors.

IV. Ensure harmonised and practice-proof supervision

From the perspective of EuropeanIssuers, the appropriate structure of supervision cannot be discussed and decided without also addressing the question of how existing and future capital market regulation is designed and enforced.

Regarding the structure of supervision, issuers have experienced significant differences in how National Competent Authorities (NCAs) interact with the market, how they give guidance and how they apply EU rules (and sanctions in case of violation of those rules). Against this background, **issuers are interested in a uniform and practice-proof implementation of rules and feel that the coordination between authorities** (and the coordination role of ESMA) **can and should be further**

improved, in particular in cases of cross-border relevance and overlapping supervisory competences.² Furthermore, **we support the concept of an approval-once-principle** as it is incorporated in the passporting regime and a clear allocation of competences for each relevant supervisory issue as it avoids doubling supervisory action and allows for developing good supervisory practices. Against this background, any debate on the structure of supervision in the EU should carefully balance all pros and cons of potential supervisory models including the application of a 28th regime for certain market participants and specific situations.

At the same time, there are **a number of examples where Level 2 and Level 3 work of ESMA and the NCAs has led to overshooting requirements** and there is a tendency on the part of supervisors to choose the strictest possible interpretation of rules. With respect to this aspect, a lot of important proposals have been made by the recent high-level reports, a good share of which is supported by EuropeanIssuers. More concretely:

- The **mandate of the ESAs**, starting with ESMA, **should be complemented to introduce considerations regarding competitiveness**. In the UK, the Financial Services and Markets Act was amended to entrust the Financial Conduct Authority with competitiveness as a secondary objective, which could serve as a role model for the EU.
- For the sake of pragmatic implementation of complex regulation and in order to avoid overburdening supervised entities, EuropeanIssuers is in favour of **strengthening the “No Action Letter” powers of the ESAs**, allowing the authority, in exceptional and strictly delineated circumstances, to temporarily suspend the application of the provisions of a Delegated Act.

V. Ensure effective, smooth and low-cost services along the entire value chain from pre-issuance to post-trading within a well-defined harmonised framework

For issuers, the primary interest is to **ensure that all services and processes along the entire value chain work effectively, smoothly and at the lowest possible costs and risks**, in particular where issuers are directly involved and affected. EuropeanIssuers furthermore believes that competition between the providers of post-trading services on the basis of interoperability requirements generally best ensures these objectives, sets incentives to innovate and would automatically lead to a consolidation if the benefits of this consolidation outweigh its costs.

Notwithstanding this, post-trade fragmentation and post-trade inefficiencies have much to do with the situation that there are still differences in technical, legal, and tax conditions that set the framework

² A perfect example for potential transaction cost savings is Euronext which applies a single rulebook to its seven European regulated markets with harmonised trading rules, but has to bilaterally obtain validation of changes to rules from a number of different national supervisors including France, Belgium and Italy before it can apply these rules on its seven markets, although the European legislation does not require prior approval of trading rules. The lack of a strong coordination and the failure to apply the approval-once principle are factors contributing to inefficiencies and delays in the listing rules approval process.

for the current processes, although the EU and market participants have worked intensively to overcome barriers. EuropeanIssuers has supported and still supports **market initiatives** (like the work on EU-wide standards for general meetings and corporate action processing) and **legislative initiatives to overcome the remaining obstacles** (like the previous review of the Shareholder Rights Directive aiming at introducing common minimum standards for general meeting information, voting procedures and shareholder identification processes).

In this context, a debate may arise on the harmonisation of securities laws. EuropeanIssuers reminds the co-legislators that such a debate could relate to the national company laws governing the question of whom an issuer must recognise as the legal holder of its securities (which also defines the rights of shareholders and the legal processes regarding shareholder interaction). **EuropeanIssuers is of the opinion that defining the shareholder for company law purposes should be out of the scope of any harmonisation proposal.**

EuropeanIssuers is the pan-European organisation representing the interests of publicly quoted companies across Europe to the EU institutions. Our members include both national associations and companies from all sectors in 15 European countries, covering markets worth €12.4 trillion market capitalisation with approximately 6,000 companies. We aim to ensure that EU policy creates an environment in which companies of all sizes—from emerging growth companies to the large blue-chip companies—can easily raise capital through the public markets and deliver growth over the longer term.

Published in 2024, [EuropeanIssuers' Key Messages for the next Legislative Cycle](#) present key priorities and policy recommendations in a number of areas to support the EU policy makers during their mandate.

More information on our positions can be found at www.europeanissuers.eu or on EuropeanIssuers LinkedIn and X.

For more information: Manuel Prieschl, Policy Adviser, manuel.prieschl@europeanissuers.eu

EuropeanIssuers' EU Transparency no: 20935778703-23