

Accountancy Europe CMU Policy Update

December

European Commission

Commission publishes new study on green bonds – 2 December

The European Commission has published a new [study](#) on **green bonds**, aptly titled as *Study on the potential of green bond finance for resource-efficient investments*. As the name implies, the study focuses on the development, functioning, and main actors and sectors of the green bond market with particular focus on financing investments towards **resource efficiency**. It, moreover, provides an overview of the major obstacles to the further development of the green bond market across countries and sectors and proposes some solutions and policy recommendations to these. The report maintains that on top of bank and equity financing, green bonds may become a credible additional source of long-term green financing. Looking into practices from EU Member States, the study describes potential measures to improve the landscape for green bonds, including **mandatory disclosure** of green indicators for bond issuances and investments. Moreover, it highlights the need for **standardisation** in order to ensure that the proceeds from green bonds are used for genuinely green projects with **measurable** environmental objectives. With this regard, the study recommends to support a common **EU Green Bonds Standard** based on existing market-led initiatives.

European Commission appoints members of the High-Level Expert Group on sustainable finance – 22 December

The European Commission has selected and [appointed](#) all the members of its recently announced High-Level **Expert Group on Sustainable Finance** (for more details on the launch, objectives and background of the group, please see Accountancy Europe's CMU Policy Update from October). The Group will consist of 20 experts, and will be chaired by **Christian Thimann** from AXA. 12 of the experts come from the financial sector, 6 from civil society and two from academia and research sectors.

European Parliament

Trilogue agreement reached on Prospectus Regulation – 7 December

EU Member States and the European Parliament have [reached](#) a compromise during their negotiations on the Commission's proposed **Prospectus Regulation**. A number of key changes to the initial Commission proposal were adopted. With regard to **SME prospectuses** (so-called "EU Growth Prospectus"), there will no longer be the possibility of drawing up the prospectus in a **Q&A format**. It will be available to SMEs, mid-caps admitted to a SME Growth market and small issuances by non-listed companies. The details of the disclosure regime for the SME prospectus will be worked on and proposed by the **European Securities and Markets Authority (ESMA)** in due time. Of additional interest, smallest capital raisings and **crowdfunding projects** up to €1 million will no longer need to issue a prospectus at all; the EU prospectus will only be **mandatory** from €8 million in capital raised (previous threshold was €5 million); an alleviated **corporate bond prospectus** for admission to wholesale debt markets will be available; there will no longer be a requirement for paper prospectuses, unless specifically requested by an investor; and a new EU online prospectus database will be operated free of charge by ESMA. In terms of **next steps**, the agreed text will be submitted to both the European Parliament and the Council for a final round of votes. The text will be published in the Official Journal around May-June, and enter into force 20 days after that. ESMA will subsequently work on the technical standards – including disclosure requirements for SME prospectuses – to implement the political guidance received from the main institutions. This will, in all likelihood, include public hearings as well as a public stakeholder consultation around June.

ECON Committee votes on STS securitisation – 8 December

The ECON Committee of the European Parliament has voted on its draft [report](#) concerning the Commission proposal for the establishment of a **Simple, Transparent and Standardised (STS) Securitisation** framework in the EU. The dossier in the Parliament is led by the MEP **Paul Tang (S&D/NLD)**. The initial Commission proposal was published on 30 September 2016, and Member States [adopted](#) their negotiating position a mere two months later, in early December. Members of the European Parliament have, however, expressed strong scepticism towards the Commission proposal, seeing securitisation broadly as one of the root-causes of the global economic and financial crisis that erupted in 2008 on US subprime mortgage markets.

In terms of **substance**, the adopted draft report introduces a number of key changes to the initial Commission proposal. For example, after the Committee vote the Parliament's report calls for a 10% **retention rate** with certain exceptions, as opposed to the 5% proposed by the Commission. The Parliament is also calling for a **public securitisation register** for the EU.

In terms of **next steps**, the European Parliament will now enter into negotiations with the Member States ('trilogues') in order to find a mutually acceptable compromise. The negotiations are likely to be tough and take several months.

European Parliament report on venture capital reform – 13 December

The European Parliament's draft [report](#) on the Commission proposal to revamp the EU's **venture capital** regime has been published (for further details on the Commission proposal, please see Accountancy Europe's CMU Policy Update from July 2016). In the Parliament, the dossier is led by the MEP **Sirpa Pietikäinen (EPP/FIN)**. The draft report laments the so-far weak uptake of the current European venture capital fund (EuVECA) and European social entrepreneurship fund (EuSEF) structures, and puts forwards amendments to the initial Commission proposal in order to improve the status quo and the fund structures' attractiveness for market participants. For example, Ms. Pietikäinen proposes that the EuVECA and EuSEF frameworks should provide for both a marketing and a management passport; broaden the range and volume of managers, investors and eligible assets; lower

the required **minimum investment** from €100,000 to €50,000; differentiate between funds with less than €250 million under management where the level of own funds should be set in the regulation itself, and with larger funds where the **European Securities and Markets Authority (ESMA)** should set additional own funds requirements; and finally, grant ESMA the responsibility of registering such funds. In terms of **next steps**, an ECON Committee vote is currently scheduled for 22 March, possibly followed by a Plenary vote in May. Once the Parliament has formed its position on the dossier, it will begin negotiations with the Member States in the so-called 'trilogues'. Member States have already finalised their negotiating position (see article below).

Council

Priorities of the Maltese Presidency – 14 December

The **Maltese Presidency** has published an [overview](#) of its policy priorities for the next six months to come. Of particular interest, the Presidency states that it will give “more focus” to the CMU during its term, including taking forward interinstitutional negotiations on the Commission’s **securitisation** as well as **venture capital** proposals. The Maltese Finance Minister has stated earlier that Malta is disappointed with the apparently slow progress and low level of ambition of the European Commission’s CMU project. It will, therefore, be particularly interesting to see how the Presidency will concretely advance the dossier during its term.

Capital markets union: Venture capital rules agreed by Council – 16 December

EU Finance Ministers (ECOFIN) have [reached](#) an [agreement](#) on the Commission proposals to revamp the EU’s **venture capital** regime (for further details on the Commission proposal, please see Accountancy Europe’s CMU Policy Update from July 2016). In terms of **next steps**, negotiations with the **European Parliament** ('trilogues') on the dossier will begin once the Parliament has finalised its own position on the proposal – this is currently expected for May (see article above).

ECB & ESAs

ESMA’s Verena Ross delivers speech the 2016 Global Capital Markets Conference – 1 December

Verena Ross, the Executive Director of the **European Securities and Markets Authority (ESMA)**, has delivered a [speech](#) for the occasion of the 2016 Capital Markets Conference that took place in early December in London. In her speech, Ms. Ross notably focused on how ESMA’s work around **supervisory convergence** supports the CMU project, elaborates on progress taken in ESMA’s key current work-streams for **asset management**, and calls for a “genuinely European approach towards disclosure, distribution, execution quality, transparency, and cross-border supervision”.

Events

- 07/02/2017, **15th European Financial Services Conference**, Forum Europe, Brussels. **Source:** http://eu-ems.com/agenda.asp?event_id=3309&page_id=7933
- 23/02/2017, **Capital Markets Summit**, Politico, Paris. **Source:** <http://www.politico.eu/event/capital-markets-summit/>
- 20/06/2017, **CMU Review**, Financial Future, Brussels. **Source:** <http://www.financialfuture.eu/upcoming-events/>