EUROPEAN CAPITAL MARKETS INSTITUTE

Activities Report

European Capital Markets Institute

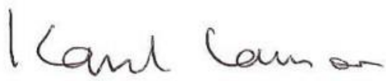
2020

Contents

Message from the General Manager

The year 2020 was a paradigm shift, also for capital markets. All sectors of the markets were affected, and the need for a well-functioning capital market financing in Europe was again exemplified: to support innovation, in this case in medical research and virtual tools; to finance governments to react to the downturn, and to provide for a compliment bank financing for corporates and SMEs. All this in the market's way, in a very fast response. In the case of ECMI, it allowed us, through our publications, events and statements, to address the many developments and new priorities for capital markets. This report gives an overview of our activities, and the broad set of issues we addressed. Thanks to ECMI's very representative membership base, we can address issues from its different perspectives in a balanced way.

The changes that happened in 2020 will provide us further food for thought for the current year, and beyond. In addition, there are the evergreens, such as sustainable finance, market integration, the fall-out of Brexit and European oversight, to provide for a rich agenda of discussions items.



Karel Lannoo

General Manager, ECMI

Overview

ECMI conducts in-depth research aimed at informing the debate and policy-making process on a broad range of issues relevant to capital markets. Through its various activities, ECMI facilitates the interaction among market participants, policymakers and academics. ECMI is managed and staffed by the Centre for European Policy Studies (CEPS) in Brussels.

ECMI in figures 2020	
603 006	Total visits to ECMI webpage
856	Social Media followers
221	Participants at the annual conference
34	Corporate and institutional members
17	Publications and studies
13	Events organised
4	Research projects completed
1	Concluded Task Force

Publications

Commentaries

Strengthening the EU policy framework for retail investors
by Cosmina Amariei

Retail investors need coherent and reliable narratives around capital markets. This requires moving away from reductive debates about products and providers. Rather, a comprehensive agenda for retail investors should focus on solutions (and underlying asset classes) to meet specific financial objectives (fully scalable and/or customised). And ultimately, the financial industry must deliver 'good value for money'. The CMU 2.0 Action Plan alone is not likely to solve long-standing structural problems. Ensuring that retail investors benefit in practice from the same safeguards as professional and institutional investors is essential. Weaknesses in supervision and enforcement could give rise to regulatory arbitrage or market fragmentation, which will be to the detriment of these investors. Available [here](#).

Fostering capital market integration: Is there a role for a CMU equity market index?
by Cinzia Alcidi, Willem Pieter De Groen, Aleš Berk Skok, Igor Lončarski, Inna Oliinyk, Roberto Musmeci and Mattia Di Salvo

In the EU there are still 27 national capital markets, which do not function as one. What measures could reduce fragmentation and improve access to finance for companies, particularly for smaller companies in small countries with less developed capital markets?

A recent CEPS study, prepared at the request of DG FISMA, investigates the feasibility of a CMU Equity Market Index Family. The idea is that the creation of a CMU all-share index, as well as CMU sectoral and thematic sub-indices, entails the elimination of capital markets' geographical labels. These are typical of the current classifications of capital market and weigh negatively on small and new EU member states. Eliminating them could help to attract both large investors and more funds towards smaller capital markets. At the same time, a wide use of such new indices would foster EU capital market integration. Available [here](#).

EU-UK financial market access in 2021
by Karel Lannoo

Amid the uncertainty of EU-UK negotiations, financial market access is sure to be marked by more friction. As the end of the transition period approaches, both sides are diverging, which indicates that financial services trade across the Channel will be very different next year. Even if a trade agreement were to be concluded by the end of 2020, market access will be well below what it is today. Equivalence decisions are limited in scope, and equivalence assessments await conclusion. And what will be the means for recourse? Available here.

ESG resilience during the Covid crisis: Is green the new gold?

by Jean-Jacques Barbéris, Marie Brière

The resilience of Environmental, Social, Governance (ESG) funds is not completely new. During the Covid-19 crisis – which clearly has strong social and environmental implications – investors perceived their strong performance as a defensive characteristic and cumulative flows continued to increase while massive sales occurred in traditional funds.

The analysis is this commentary shows that investors' preference for ESG compared to conventional funds has not lessened – quite the opposite, in fact. At the EU level, the focus on ESG is likely to remain strong for asset managers and institutional investors. On a policy level, this has been supported so far by the Action Plan on Sustainable Finance and will continue with the upcoming Renewed Strategy. Available here.

Sustainable finance in the Covid-19 era

by Cosmina Amariei

The Covid-19 pandemic has given a brutal reminder about the need to strengthen the resilience of our societies as a whole. This commentary looks at whether there is a trade-off between managing the crisis and moving ahead with the sustainable finance agenda. It argues that the opportunities to build competitive advantage and to mobilise private capital in support of recovery and growth make it essential to keep up the momentum in this area. Undoubtedly, decisions made under the current circumstances could shape the real economy and financial ecosystem for many years down the road. Hence, there is a sense of urgency to 'get it right' by such a variety of stakeholders. Available here.

A common euro-bond market in sight

by Vítor Constâncio, Karel Lannoo and Apostolos Thomadakis

The 'Next Generation EU' budget proposal has brought a common eurozone bond market suddenly and unexpectedly much closer. To fund the recovery, the EU Commission will go directly to the markets in the next two years and raise €750 billion. This will give an enormous boost to a common euro-bond market, a conditio sine qua non for long-term stability in the eurozone, the European capital markets, and the international role of the euro. It also is an impetus for further joint work on government bond issuance and settlement procedures, and for expanding maturities coverage. Available here.

Social bonds in response to the COVID-19 crisis: when financial markets save lives

by René Karsenti

A highly contagious respiratory virus is endangering humanity and our established order. Funding must be rapidly mobilised from all sources in the fight against COVID-19 and in the race to contain the resulting economic fallout and build resilience against future shocks. Several social COVID-19 bonds have already been issued by a number of multilateral institutions and public agencies and are already generating significant investor interest, paving the way for more issuances. The stage is now set for social bonds to move from a niche solution to a mainstream one.

A COVID-19 vaccine that is developed, licensed, manufactured and delivered on a global scale in 12 to 18 months would be an unprecedented achievement. Strong global collective action is critical to achieving this goal and bringing the pandemic to an end. Social bonds are poised to play a crucial role in these endeavours. In addition to direct contributions by governments and philanthropists, innovative finance mechanisms should be used to fund COVID-19 vaccines and health solutions. IFFIm Vaccine Bonds have shown that public and private money is available in the global financial markets to invest in an urgent and just cause – it only has to be allocated in the right way. Available here.

Can Europe's finance sector resist COVID-19?

by Karel Lannoo

We are back in crisis mode. In a matter of only three weeks, Europe has turned from boom to bust for markets and businesses. Von der Leyen's positive and strategic agenda has again been overtaken by the need to respond to the urgency of the moment and to try to keep the EU together. Still, the lessons from the 2008 financial crisis should not be forgotten, and all should now be done to ensure we do not go off track for years to come. This is certainly the case for Europe's financial markets.
Available here.

How to continue CMU

by Karel Lannoo

As the von der Leyen Commission reflects on how to strengthen market finance in Europe, global markets are moving on. While the first five years of the Capital Markets Union (CMU) have underlined the necessity of the project, and some new rules have been introduced, no significant change has occurred in market financing. European capital markets remain very fragmented, the participation of retail investors through funds is still limited and hindered by high costs, and the attractiveness for start-ups has not increased. These inefficiencies place Europe at an increasing disadvantage compared to other international markets. Available here.

Policy Briefs

Creating a common safe asset without eurobonds

by Wim Boonstra and Apostolos Thomadakis

Europe needs a capital market that is sustainably integrated and as single as possible. This will not be achieved without a broad and solid foundation. The international position of the euro is stagnating close to historical lows, while the lack of a European-wide common safe asset highlights the fragmented nature of national government bond markets. Although collective issuance of government debt by member states through eurobonds seems to be unattainable for political reasons, there are other ways to arrive at a common safe asset. Debt issuance by the European Central Bank (ECB) and the European Union could play a constructive role here. By financing the European budget through bond issues and at the same time allowing the ECB to issue short-term money-market paper, Europe could tackle multiple challenges in one fell swoop. Available here.

Europe's Capital Markets puzzle

by Karel Lannoo and Apostolos Thomadakis

Creating an attractive framework for more market financing in Europe is proving to be an increasingly complex puzzle. The EU and other European states are battling on several fronts, but without the unity and vision that is needed to move forward. Brexit is one of the difficult pieces of the puzzle, but also problematic is the dominance of universal banks, even more in mainland Europe, and limited acquaintance with more market finance. Market financing is however paramount for Europe's competitiveness.

The EU Commission's latest action plan – the New CMU Action Plan – lacks workable solutions and gets lost in small items that will not allow for significant change or bring Europe's markets up to speed. A positive development on the horizon is the emergence of a euro safe asset, a crucial building block for European capital markets, but the issues it raises are not reflected in the action plan either. Six years after the launch, we are no closer to the benchmark set by the United States.

The real actionable items of the new plan are limited; several elements are intentions, proposals for studies or elements to strengthen existing frameworks. Of course, there is no need for an extensive new legislative agenda. But rather a clear vision and strategy on what the EU wants to achieve, by when and how, on which there seems to be no agreement. The incremental approach followed over in recent years is now harming the EU's long-term interests. Available here.

The EU equivalence regime in financial services: an effective instrument to preserve financial stability after Brexit?

by Francesco Pennesi

Although the UK financial sector may lose access to the Single Market as early as 31 December 2020, the EU and the UK seem miles away from a common agreement on the regulation of cross-border EU/UK financial services. One possible solution to avoid market fragmentation is to use the EU's equivalence regime: on the basis of a European Commission decision, the UK financial sector could continue to provide certain financial services to EU clients.

The present policy brief analyses recent legislative reforms to the EU equivalence regime, and investigates to what extent equivalence is fit for the purpose of promoting EU financial stability (and competitive financial markets) in the post-Brexit context. The analysis shows that the relationship between equivalence and EU financial stability is not clear, as the former brings both benefits and shortcomings to the latter. On one hand, equivalence disincentivises UK financial institutions to relocate in the EU, forcing EU supervisory authorities to heavily rely on UK regulators to identify and manage systemic risks. On the other hand, equivalence can also be employed by the EU to influence UK financial rule-making and, following recent reforms, to supervise UK financial institutions providing services to EU clients.

The author argues that it is time for a wide-ranging reform of the EU equivalence regime, replacing the patchwork of different regulatory requirements and supervisory procedures with a single, coherent framework for all the regulated activities covered by equivalence. This would increase the international competitiveness of the Single Market for financial services, provide third country institutions with a single point of access and strengthen the supervisory powers of the ESAs and the ECB. Available here.

Research Reports

Feasibility study for the creation of a CMU equity market index family

by Willem Pieter de Groen, Cinzia Alcidi, Aleš Berk Skok, Igor Lončarski, Inna Oliinyk, Roberto Musmeci and Mattia Di Salvo

The CMU Equity Market Index Family assessed in this study* covers 38 indices, including all share, ESG, SME Growth Market, sectoral, company size, and market size-based indices. They are calculated for both the most liquid stocks and least liquid stocks to promote convergence. For each of the indices the price, gross and net return rates are calculated.

The authors conclude that there is some potential among investors for a CMU Equity Index Family. To some extent, the CMU All Share Index has potential as a benchmark for mutual fund, or to be tracked by ETFs, and this is especially the case for some of the sub-indices. Whether this potential is realised will depend largely on the quality of the index provider, the pricing of the use of the indices and the implementation strategy. Available here.

Derivatives in Sustainable Finance

by Karel Lannoo and Apostolos Thomadakis

In recent years, sustainability has risen in scope and importance on the agenda of policymakers. In Europe, this has translated into the EU Sustainable Finance Action Plan, which aims to: i) reorient capital flows towards sustainable investments; ii) manage financial risks stemming from climate/environmental/social issues; and iii) promote transparency and long-termism in financial and economic activity.

A market that could play a significant role towards Europe's green transition is derivatives. The market has been tightly regulated since the 2007-08 financial crisis, making it safer and more transparent. Derivatives facilitate capital-raising via the hedging of risks related to sustainable investments. Moreover, they enhance the transparency and the price formation process of the underlying securities, and thus foster long-termism.

This report highlights how derivatives markets can – through their forward dimension, their global and consolidated nature, and their proper regulation – contribute to:

i) enabling the EU to raise and channel the necessary capital towards sustainable investments;
ii) helping firms hedge risks related to ESG factors;
iii) facilitating transparency, price discovery and market efficiency; and
iv) contributing to long-termism

Available here.

Working Papers

Compressing over-the counter markets

by Marco D'Errico and Tarik Roukny

Over-the-counter markets are at the centre of the global reform of the financial system. The authors of this paper show how the size and structure of these markets can undergo rapid and extensive changes when participants engage in portfolio compression, which is an optimisation technology that exploits multilateral netting opportunities. They find that tightly knit and concentrated trading structures, as featured by many large over-the-counter markets, are especially susceptible to reductions of notional amounts and network reconfiguration resulting from compression activities.

Using a unique transaction-level dataset on credit-default-swaps markets, they estimate reduction levels suggesting that the adoption of this technology can account for a large share of the historical development observed in these markets since the Global Financial Crisis. Finally, the authors test the effect of a mandate to centrally clear over the counter markets in terms of size and structure. When participants engage in both central clearing and portfolio compression with the clearinghouse, results show large netting failures if clearinghouses proliferate. Allowing for compression across clearinghouses by-and-large offsets this adverse effect. Available here.

Task Force Report

Asset Allocation in Europe: Reality vs. Expectations

by Cosmina Amariei

The main objective of our initiative was to explore meaningful ways of activating long-term savings and investment channels across the EU, with a focus on households, asset/fund managers, insurers and pension funds, under the overarching theme of sustainability in the real economy.

1/ CMU remains as relevant as ever. But it needs rethinking at EU level and a strong proposition for member states, i.e. the importance of private capital to support their economic recovery and growth.

2/ The capacity of capital markets to enhance the resilience of our societies, especially when confronted with unprecedented shocks such as COVID-19, should be given more thorough consideration.

3/ European households need a more balanced, diversified and lifecycle adjusted asset allocation. This requires access to suitable products, affordable/unbiased investment advice and open distribution channels.

4/ Financial insecurity risks will become more widespread among many European households. Investors will also have to adapt to the lower-for-longer environment, with fewer options to generate consistent returns.

5/ The extent to which retail investors can easily gain exposure to equity (public or private markets) should be carefully analysed, i.e. identifying market and regulatory hurdles and promoting investment solutions.

6/ The feasibility of a fully horizontal regime in manufacturing, distribution and advice should be benchmarked against whether retail investors would benefit in practice from increased access, transparency and suitability.

7/ Asset managers will have to re-examine their organic growth in retail and/or institutional assets in a context of prolonged low interest-rate dynamics, increasing costs (research, regulatory, data) and fee pressure.

8/ Encouraging buy-and-hold behaviour by insurers should not be seen as the unique approach to investment; the capacity to actively rebalance portfolios over market/economic cycles is equally important.

9/ Pension plans should provide 'good value for money' by setting fair, affordable contribution levels and implementing adequate portfolio management in order deliver long-term returns to end-beneficiaries.

10/ Institutional investors will continue to go beyond traditional asset classes, with an increasing demand for alternatives, and rethink their mix of alpha-seeking, index-based as well factor-based strategies.

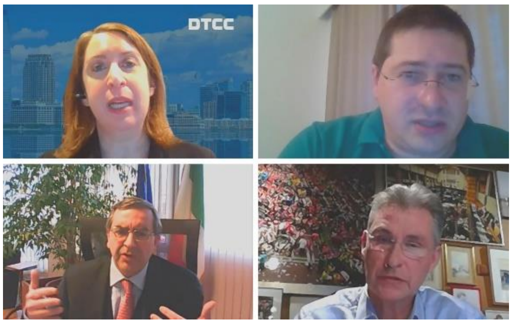
11/ Asset managers and institutional investors have a duty to act in the best interest of their clients, and therefore should be equipped to seize the opportunities and tackle the risks arising from ESG factors.

12/ Transparency, proportionality, aligned incentives between corporates and investors, and ultimately performance are crucial for mainstreaming sustainable finance going forward.

Available here.

Events

Regular events



How crisis-proof is the financial market infrastructure?

Online, December 3

The pandemic has caused unprecedented volatility in the financial markets. The corporate sector has been hit by supply disruptions and weak demand. Amid such turbulence, providers of infrastructure services for financial markets (e.g. exchanges, clearinghouses, trade depositories and custodians, financial data, and technology providers) play a vital role in providing robust and stable platforms and operations, as well as timely information to allow for efficient transactions. Their operational resilience should enable them to go on contributing to well-functioning secondary markets and ensure the recapitalisation of primary markets.

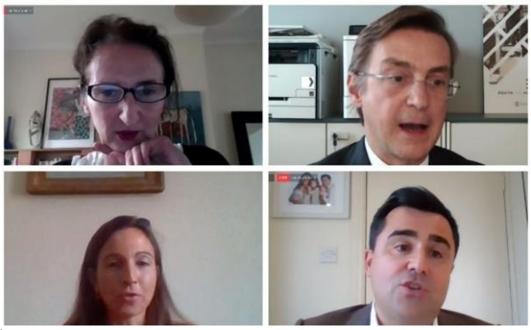
Agenda available here.

With the participation of: **Carmine Di Noia**, CONSOB; **Boris Augustinov**, DG FISMA; **Rachel Tyler**, DTCC; **Mark Spanbroek**, FIA EPTA; **Karel Lannoo**, ECMI.

The event report is available here.

How the bond market for SMEs can take off

Online, October 29



Making financing more accessible and attractive for small and medium-sized enterprises (SMEs) is one of the key points of the new Capital Markets Union (CMU) Action Plan. Special corporate bonds such as mini-bonds and mid-cap bonds could be an important alternative financing tool for SMEs. They provide affordable financing for firms and are an attractive risk/return trade-off for savers and investors at a time of low interest rates. At present, factors such as Covid-19, the Basel III accord and market fragmentation may make it difficult for such companies to extend their credit exposure to banks, which jeopardises their financing plans. The corporate bond market in Europe is dominated by large firms, as SMEs face a number of structural disadvantages (e.g. smaller size of issuance, information asymmetries, limited track record, lower visibility, and high issue costs). SMEs are also not able to tap into commercial paper programmes, which are much more flexible than national state aid.

Agenda available here.

With the participation of: **Agnes Le Thiec**, DG FISMA; **Maurizio Pastore**, Euronext Dublin; **Andrea Vismara**, Equita Group and Equita SIM; **Florence Vasilescu**, FirmFunding; **Apostolos Thomadakis**, ECMI.

Opening the MiFID II pandora

Online, October 6

Earlier this year, the Commission started consulting on a series of priority areas as part of its on-going MIFID II/MiFIR review. This webinar will focus on two issues that are rather technical (and perhaps controversial), but key to the functioning of capital markets. Namely, investment research and the non-equity transparency regime. ‘Re-bundling’ will be allowed for small/mid-cap issuers as well as fixed income, as a response to criticism that unbundling reduced research coverage - even if the evidence is far from conclusive on this matter. MiFID II expanded the scope of the pre-and post-trade transparency to the fixed income space. However, there are fears that the objectives have not yet been met, especially given the specific market structure. Proposals to simplify and improve the overall conditions for participants are made up of, for example, liquidity thresholds, waivers and deferral options.

Agenda available here.

With the participation of: **Tilman Lueder**, DG FISMA; **Liz Callaghan**, ICMA; **Pierre Chabrol**, French Treasury; **Matthijs Geneste**, AFM; **Karel Lannoo**, ECMI.

The event report is available here.

Fostering European equity markets: The role of a CMU Index

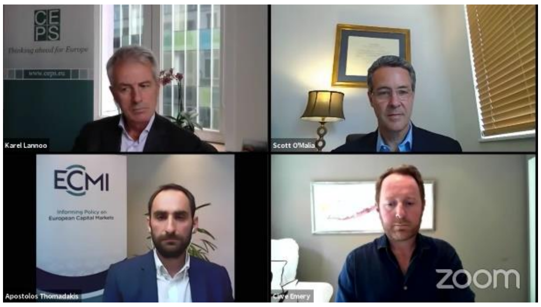
Online, September 17

The Capital Markets Union (CMU) has been a flagship project of the European Commission since 2014. While support for it is widespread, progress has been limited. Developing equity markets further will be imperative in a post-Covid EU, where debt will soar and where access to finance for (smaller) corporates relying only on bank lending may become more difficult. One key challenge is to create the right environment for market participants to invest in cross-border equity.

CEPS has recently completed a study for the European Commission’s DG FISMA on the feasibility of a CMU Equity Market Index Family. The study starts from the observation that only about half of EU equity markets are classified as developed markets and are included in the most commonly used equity indices, such as those provided by MSCI and FTSE Russell. This means that many EU listed companies that are part of smaller fragmented equity markets are excluded from well-known indices.

Agenda available here.

With the participation of: **Daiga Auzina-Melalksne**, Nasdaq Baltic; **Willem Pieter De Groen**, CEPS; **Joris De Moor**, KBC Asset Management; **Razvan Dumitrescu**, EBRD; **Filip Keereman**, DG FISMA; **Igor Lončarski**, University of Ljubljana; Cinzia Alcidi, CEPS.



–Derivatives in sustainable finance: Enabling the green transition

Online, July 16

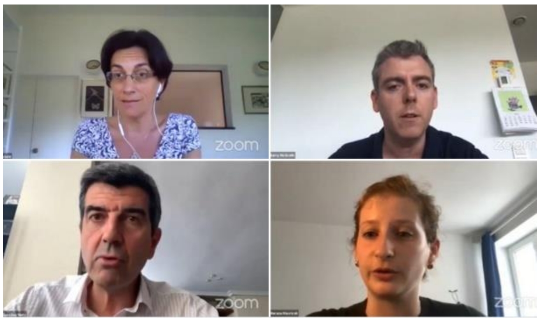
In recent years, the concept of sustainability has increased in scope and importance for policymakers. In Europe, this has been translated to the EU Sustainable Finance Action Plan, which aims to: i) reorient capital flows towards sustainable investment; ii) manage financial risks stemming from climate/environmental/social issues; and iii) promote transparency and long-termism in financial and economic activity. The EU will continue to pursue these aims with a renewed strategy in late 2020. The derivatives market could play a significant role in Europe's transition to a green economy.

Agenda available here.

With the participation of: **Apostolos Thomadakis**, ECMI; **Hannes Huhtaniemi**, DG FISMA; **Scott O'Malia**, ISDA; **Bernard Coopman**, ING; **Clive Emery**, Invesco; **Karel Lannoo**, ECMI.

Equity financing for SMEs - how to make it a reality

Online, July 7

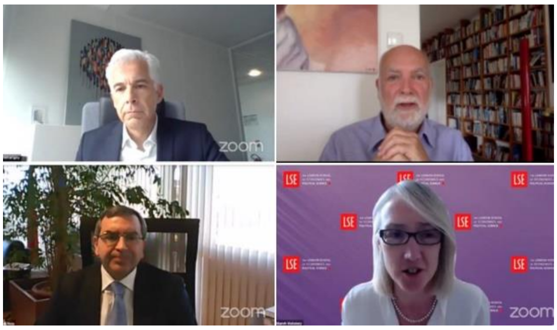


Governments, central banks and international institutions have been mobilising resources in an effort to mitigate the economic consequences of the coronavirus for small and medium enterprises (SMEs). But the current rescue programmes are largely debt-based, suggesting a rapid rise in debt levels at the firm level, not coordinated at the European level, and differing greatly in volume across EU member states. To overcome these inefficiencies, academics have recently proposed a European Pandemic Equity Fund (EPEF) to provide equity-like investments in SMEs, in exchange for a proportionate participation in the companies' earnings.

Agenda available here.

With the participation of: **Elena Carletti**, Bocconi University and European University Institute; **Jesús Gonzalez Nieto**, BME; **Barry McGrath**, EIF; **Morana Mavricek**, DG FISMA; **Apostolos Thomadakis**, ECMI.

The event report is available here.



Capital Markets Union: entering a new phase?

Online, June 16

Soon after the work of the Next CMU High-Level Group, the EU Commission set up its own High-Level Forum to discuss the continuation of CMU, with the final report launched on June 10th. It is expected that the Covid-19 crisis will sharpen focus on the real economy (SMEs and households) and the role of market finance in general, as recovery and resilience strategies will take centre stage. We are looking forward to an interesting debate on these topics, and also to drawing whatever lessons the crisis can offer in how market surveillance works in the EU, and how capable the financial sector is to withstand such unprecedented shocks.

Agenda available here.

With the participation of: **Thomas Wieser**, Chair of the CMU High-Level Forum; **Carmine Di Noia**, CONSOB; **Niamh Moloney**, London School of Economics; **Fabrice Demarigny**, Chair of the Next CMU High-Level Group and Mazars.

The event report is available here.

Will COVID-19 reduce the resistance to Eurobonds?

Online, April 2

With the COVID-19 virus spreading across Europe, governments and central banks are mobilising resources in order to avoid a deep recession with growing unemployment and corporate failures. The issuance of joint Eurozone debt or so-called Eurobonds could ensure the necessary fiscal resources to fight the crisis. Are Eurobonds a solution to the current challenges? What should the design of such an instrument be? Who would be issuing the Eurobonds? How would trading of these bonds be organised? Where would clearing and settlement take place? The intention of this webinar is to discuss the practical aspects (and conveniences) of a common euro bond.

Agenda available here.

With the participation of: **Vítor Constâncio**, University of Lisbon; **Maria Cannata**, Chair of MTS; **Karel Lannoo**, ECMI.

The event report is available here.

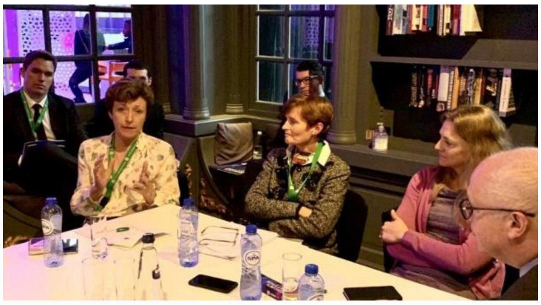
Sustainable Finance: 'Moving the Trillions?

CEPS Ideas Lab, Brussels, March 6

Environmental externalities are not fully incorporated into asset prices at present. But investors (from households to asset managers, insurers or pension funds) can provide powerful incentives to integrate environmental sustainability into business operations. A plethora of instruments is currently discussed under the European Commission Action Plan such as taxonomy, disclosure requirements for investors, low-carbon benchmarks, non-financial corporate reporting, credit and sustainability ratings, green bonds standards, eco-labels for retail financial products. Will they be able to 'move the trillions' of investable funds?

With the participation of: **Gunnela Hahn**, Church of Sweden; **Matt Orsagh**, CFA Institute; **Olav Aamlid Syversen**, Equinor; **Martin Spolc**, DG FISMA; **Åke Iverfeldt**, MISTRA Foundation.

The key takeaways are available here.



Regulating financial services post-Brexit

CEPS Ideas Lab, Brussels, March 5

After Brexit, the UK financial sector will lose access to the Single Market under the various passport regimes. While equivalence rules offer some alternative to passporting, they are available only for certain regulated activities. Equivalence decisions can also be withdrawn unilaterally by the authority granting them, be that the UK or the European Commission. There are also concerns about the increasing politicisation of the process. Given the UK's departure from the EU, and its stance against necessarily maintaining strict alignment or rules, the question arises how the respective regulatory autonomy of the EU and UK can be maintained while continuing to recognise the equivalence of each other's regimes. What additional regulatory and supervisory arrangements might be put in place alongside the existing equivalence regimes?

With the participation of: **Paulina Dejmek Hack**, European Commission; **Katherine Braddick**, UK Treasury; **Francesca Passamonti**, Intesa Sanpaolo; **Nick Collier**, City of London Corporation.

The key takeaways are available here.

SME market financing: Is there more to it?

Brussels, February 25

Small and medium-sized enterprises (SMEs) – in particular those that are young, innovative and have risky projects – face minimal financing opportunities. In recent years several initiatives have been introduced to close this funding gap and promote the development of capital markets for these companies (e.g. junior stock markets, SME Growth Markets, crowdfunding, Capital Markets Union). Yet the financing mix of European SMEs has barely changed: it is still heavily tilted towards bank loans and internal funds. More recently, in an effort to further support SMEs to raise capital in public markets, the newly elected Commission President von der Leyen has proposed the creation of a private-public fund specialising in Initial Public Offerings (IPOs).

Agenda available here.

With the participation of: **Joachim Schwerin**, DG GROW; **Sophie Manigart**, Vlerick Business School; **Piotr Borowsk**, Warsaw Stock Exchange; **Eivile Cipkute**, EIF; **Apostolos Thomadakis**, ECMI.

The event report is available here.

Annual Conference

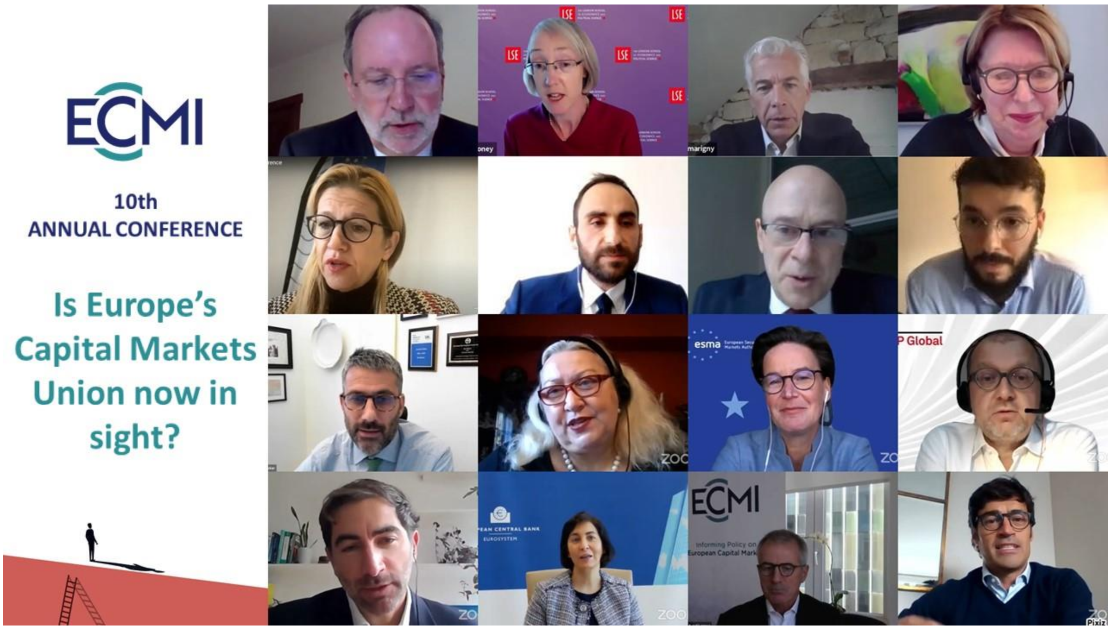
Is Europe's Capital Markets Union now in sight?

Online, 5-6 November

The pandemic is a brutal reminder of the need to strengthen the resilience of our economies. Political and corporate leaders are under pressure to devise adequate strategies to support the recovery of Europe's economy. Without doubt, the capital markets union (CMU) project has now taken on new relevance. The EU is about to become a major issuer and thereby advance the integration of government debt securities markets. It will provide more active support for equity capital in the case of SMEs – so far a domain mostly in the hands of member states. Further consolidation of the market players can thus be expected. To this end, the ECMI annual conference will provide insights from policymakers, industry representatives and academics on the continuation of the CMU project, the structure of equity and debt securities markets, and feature a special debate on the evolving role of credit rating agencies.

Detailed overview is available here.

Download post-conference report by **Apostolos Thomadakis, Karel Lannoo and Cosmina Amariei.**



5 November 2020

2020 ECMI Best Paper Presentation

6 November 2020

Panel debate: Mobilising funding for sustainable recovery
In conversation with: Credit rating agencies back in the spotlight?
Panel debate: Easing financing conditions for corporates

With the participation of:

Franklin Allen, Imperial College London
Bo Becker, Stockholm School of Economics
John Berrigan, DG FISMA
Marco D'Errico, ESRB
Fabrice Demarigny, Mazars and ECMI
Alberto Gallo, Algebris Investments
Raúl Gómez, Vidrala Group
Josina Kamerling, CFA Institute and ECMI Board
Yann Le Pallec, S&P Global Ratings
Karel Lannoo, CEPS and ECMI
Niamh Moloney, London School of Economics
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Statistical Package

The ECMI Statistical Package presents a comprehensive collection of the most relevant data on various segments of European and global capital markets. It enables users to trace trends so as to highlight the ongoing transformation of capital markets, including the structural changes brought about by competitive forces, innovation and regulation. It represents an important step towards overcoming the existing data fragmentation on the evolution of European capital markets by offering a 'one-stop-shop' for market participants, regulators, academics and students.

The 2020 version contains data on equity markets, debt securities, securitisation, covered bonds, exchange-traded and over-the-counter derivatives, asset management, mutual funds, insurance companies and pension funds, and global comparative data. Each table is associated with a corresponding illustrative figure, giving a visual overview of the most important trends. A user-friendly navigation is embedded in the programme allowing users to explore the comprehensive package in an easy and purposeful manner.

The package is available in Excel format on this dedicated webpage, free of charge for ECMI members. Non-members may purchase it here.

Table of Contents

Section 1 - Equity Markets
Domestic market capitalisation
Value of share trading
Investment flows
ETFs

Section 2 - Debt Securities Markets
Amount outstanding (by issuer and segment)
Debt issuance (by issuer)
Net issuance (by issuer)
Bond market by exchange
Covered bond market
Securitisation (issuances and amounts outstanding)

Section 3 - Exchange-Traded Derivatives Markets
Turnover (by exchange, risk category, maturity and location)
Open interest (by risk category)

Section 4 - Over-The-Counter Derivatives Markets
Notional amounts outstanding and gross market values
Foreign Exchange
Single-Currency Interest Rates
Equity-Linked
Commodity
Credit Default Swaps
Comparison of OTC and Exchange-Traded Derivatives (ETD)

Section 5 - Asset Management
Mutual Funds
Mutual Funds excluding Funds of Funds
UCITS market
Non-UCITS market
Comparison of EU27 UCITS and non-UCITS markets
Pension Funds (total assets)
Insurance companies (total assets)

Section 6 - Gross Domestic Product
Section 7 - Exchange Rates
Section 8 - Global comparative data

Contracts awarded

- **Study on the Non-Financial Reporting Directive**
  for DG FISMA, the European Commission (with Economisti Associati)

- **Study on the Review of the VAT rules for financial and insurance services, in light of the existing regulatory and other indirect taxation rules**
  for DG TAXUD, the European Commission (with Economisti Associati)

- **Study analysing the developments in EU capital flows in the global context**
  for DG FISMA, the European Commission

- **Study on the Audit Directive and the Audit Regulation**
  for DG FISMA, the European Commission (with Milieu and Europe Economics)

- **Study on the Adequacy of the information to be disclosed under Article 89(1) of the Capital Requirements Directive IV**
  for DG Just, the European Commission (with Milieu)

- **Study on the Disclosure, inducements, and suitability rules for retail investors**
  for DG FISMA, the European Commission (with Kantar Belgium and Milieu)

- **Study on the Disclosure, inducements, and suitability rules for retail investors**
  for DG FISMA, the European Commission (with Kantar Belgium and Milieu)

- **Research project on Improving stress testing for non-bank macro prudential regulators**
  with CFA Institute

For more information, please contact:

Willem Pieter de Groen, Head of the Financial Markets and Institutions Unit, CEPS

Willem Pieter is a Senior Research Fellow and he heads the Financial Markets and Institutions Unit at CEPS. He is also an associate researcher at the International Research Centre on Cooperative Finance (IRCCF) of HEC Montréal. He has (co)-authored studies and coordinated projects on EU and Near East financial institutions regulation, diversity in bank ownership and business models, retail financial services and financial instruments. Moreover, he also works on small and medium-sized enterprises obstacles to growth and access to finance as well as collaborative economy and taxation. As an associate researcher of the IRCCF, Willem Pieter contributes to research on financial systems.

About ECMI

Mission and governance

ECMI produces various outputs, such as regular commentaries, policy briefs, working papers, statistics, task forces, conferences, workshops and seminars. In addition, ECMI undertakes studies commissioned by the EU institutions and other organisations, and publishes contributions from high-profile external researchers. ECMI regularly organises workshops, seminars and task forces on a variety of issues facing European capital markets. Participation in ECMI events offers multiple networking opportunities. The Annual Conference is a unique event in Brussels, bringing together over 30 high level speakers and more than 300 participants.

ECMI is a non-profit organisation, funded through its membership base in addition to externally commissioned research, events/task forces fees and publications sales. The diversity of the membership base and the governance model are the best guarantee of ECMI's independence as a research institute.

The Annual General Meeting of Members is usually organised in October/November on the eve of the Annual Conference. Board Meetings are organised twice each year, usually in February/March and June/July, respectively. The board is very well diversified, composed of highly reputed individuals in their field of expertise. The board members provide the strategic direction of the organisation, supervise the work of the management team and the financial performance of the institute. The research staff works on the basis of an independent agenda; they are assisted by the academic committee

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Research Team

Karel Lannoo, CEO, CEPS and General Manager, ECMI

Karel Lannoo has been CEO of CEPS since 2000, a leading think tank and forum for debate on EU affairs. He has published extensively on financial regulation, and contributes as regular speaker in public hearings, international conferences and in briefings for executives. He acted as rapporteur for many task forces on capital markets chaired by senior officials and business leaders. He is the General Manager of the European Capital Markets Institute (ECMI) and the European Credit Research Institute (ECRI), both operated by CEPS, and also serves as non-executive member in boards of foundations, supervisory authorities and market operators.

Apostolos Thomadakis, Researcher, ECMI

Apostolo s Thomadakis joined ECMI in October 2016. Prior to this, he was a Visiting Scholar at the Applied Macroeconomic Research Division at the Bank of Lithuania (BoL) and a Visiting Scholar at the Foreign Research Division at the Austrian National Bank (OeNB). He has also completed a Traineeship in the Capital Markets and Financial Structure (CMT) Division of the European Central Bank (ECB) and a PhD Internship in the Country and Financial Sector Analysis Division of the European Investment Bank (EIB). Apostolos has held academic positions and taught Econometrics and Finance courses at University of Warwick, London School of Economics, University of Bath and University of Surrey. He has a PhD Economics (University of Surrey, UK); MSc Business Economics & Finance (University of Surrey, UK); BSc Physics (Aristotle University of Thessaloniki, Greece)

Cosmina Amariei, Researcher, ECMI

Cosmina Amariei joined ECMI in November 2013, as part of the Financial Markets and Institutions Unit in CEPS. Her main areas of expertise include: monetary policy and transmission mechanism, financial integration and stability, retail and institutional investors. She is responsible for markets and industry analysis, follows closely relevant policy and regulatory developments, and engages with multiple stakeholders on a regular basis. In the past, she worked at the National Bank of Romania and the Romanian Commercial Bank - Erste Group Bank AG. She has a MSc in International Economics and European Affairs (Bucharest University of Economic Studies and) and a BSc in Economics (Babeş-Bolyai University of Cluj-Napoca) and participated in an Exchange Programme in International Finance (University of Leuven - Campus Brussels).

Membership

The membership of ECMI is open to private companies/organisations, regulatory authorities and academic institutions.

Corporate/Institutional	EUR 3,000/year (36 months) EUR 5,000 (12 months)
Board	EUR 5,000/year (36 months)
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Benefits

- Stay well-informed on the latest market and regulatory developments in European capital markets
- Support policy-oriented research to enhance the growth potential of European capital markets
- Benefit from our in-house expertise through meetings, conference calls or webinars with our staff
- Engage with extensive networks of market participants, regulators and academics
- Gain preferential access to Task Forces, with up to 70% discount over non-member fees
- Attend our events (annual conference, seminars, workshops, symposia) at no extra cost
- Become a partner/co-host in the organisation of dedicated events
- Participate at public consultations (interviews, questionnaires, roundtables)
- Receive regular updates with our publications (commentaries, policy briefs, working papers)
- Gain free access to our statistical package, a comprehensive overview of Europe's capital markets
- Subscribe to our quarterly newsletter including our recent and forthcoming activities
- Participate in the board meetings and/or annual general meeting of member

More information on how to become a member is available here.

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Events and Membership Coordinator

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EFAMA European Fund and Asset Management Association

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About ECMI – Informing policy on European capital markets

ECMI conducts in-depth research aimed at informing the debate and policy-making process on a broad range of issues related to capital markets. Through its various activities, ECMI facilitates interaction among market participants, policymakers and academics. These exchanges are fuelled by the various outputs ECMI produces, such as regular commentaries, policy briefs, working papers, statistics, task forces, conferences, workshops and seminars. In addition, ECMI undertakes studies commissioned by the EU institutions and other organisations, and publishes contributions from high-profile external researchers.

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CEPS is one of Europe's leading think tanks and forums for debate on EU affairs, with an exceptionally strong in-house research capacity and an extensive network of partner institutes throughout the world. CEPS' commitment to institutional independence is rooted in the independence exercised by each member of its staff. As an organisation, CEPS is committed to carrying out state-of-the-art policy research that addresses the challenges facing Europe and maintaining high standards of academic excellence and unqualified independence and impartiality. It provides a forum for discussion among all stakeholders in the European policy process and works to build collaborative networks of researchers, policy-makers and business representatives across the whole of Europe.