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**Ansprache anlässlich des Herbstempfangs des  
Deutschen Aktieninstituts | Speech on the Occasion  
of Deutsches Aktieninstitut's Autumn Reception**

ING Auditorium, Rue du Trône 1, 1000 Brüssel,  
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**Valdis Dombrovskis**

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sozialen Dialog – Finanzstabilität, Finanzdienstleistungen  
und Kapitalmarktunion | Vice President of the EU-  
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Stability, Financial Services and Capital Markets Union

**Vice-President Dombrovskis****Speech at Deutsches Aktieninstitut**

Ladies and Gentlemen,

Many thanks for the invitation to come here to Deutsches Aktieninstitut and speak to representatives of so many successful European companies. As the end-users of financial markets, your ability to raise capital for jobs and growth will be the measure for our success. So I am happy to have this occasion to discuss with you today. And in particular, to update you on our work to strengthen the Economic and Monetary Union, build a Capital Markets Union, and promote sustainable and green finance.

Europe's continued economic recovery provides a favourable context for this work. The Commission now expects the EU's economy to grow by 2.3 percent this year, and average budget deficits to fall to 1.2 percent of GDP. EU unemployment is at a 9 year low. This positive trend shows that our economic policy priorities of supporting investment, structural reforms, and responsible fiscal policies are delivering results.

But our economy still faces challenges:

- Public and private debt levels are high, and there is not enough long-term investment.
- Unemployment is high in certain Member States,
- And we need to tackle inequality by achieving sustainable and inclusive growth.

As President Juncker made clear in his State of the Union address, we need to strengthen the Economic and Monetary Union or EMU. This is needed to make Europe more prosperous and better protected from future economic shocks. I am working closely with colleagues in the Commission on a package of measures to complete EMU, which we will present on 6 December.

I see in particular three priorities:

First, step by step we need to improve the EMU's capacity to tackle any future crises more efficiently. By transforming the European Stability Mechanism into a European Monetary Fund, we can provide our currency union with effective tools for this purpose. It is vital that the many Europeans affected by our actions - whether through economic assistance programmes or as taxpayers – consider them legitimate. As a concrete step to strengthen democratic accountability, the Commission wants to bring intergovernmental agreements created during the crisis under the EU framework.

Second, the EMU needs to do better on economic convergence, both within the Euro area and for future members. We are seeing many positive initiatives in Member States. Building on the successful experience with the Structural Reform Support Programme, we plan to strengthen the EU's support for such initiatives in partnership with Member States. As part of a new dedicated euro area budget line within the EU budget, we will propose stronger structural reform assistance and Euro accession support.

Third, we need to improve the ability within the Euro area to deal with asymmetric shocks that hit only some Member States but not others. This is a key challenge for a currency union. I hope we can develop pragmatic ideas to better support Member States in dealing with such shocks before it is too late and they become overwhelming. At the same time, we should not create new permanent budgetary transfers nor reduce incentives for sound economic and fiscal policies. We presented three options for a fiscal stabilisation function back in May in the EMU reflection paper.

I would like to highlight the option of a European Investment Protection Scheme. Public investment is the first item to be cut from national budgets in times of strain, and we should address the harm this can cause to future growth. Such a scheme could take the form of a financial instrument.

In the short term, further financial integration is the most immediate priority for making EMU more shock resilient. And this is where your work as capital-markets based companies is important for our currency union as a whole. The more private risk-sharing we have among Member States through integrated financial markets, the less public risk sharing we will need.

Alongside well-functioning banks, Europe's companies need vibrant capital markets to invest in jobs, growth, and innovation. Our Capital Markets Union is an ambitious program for deepening and integrating European capital markets.

And we have already done a lot based on our 2015 action plan:

- We have just adopted new rules for simple, transparent and standardised securitisation. These rules would reboot securitisation markets in a safe way, by clearly distinguishing the products that satisfy these criteria and those that do not.
- As of mid-2019, new rules will make it cheaper and easier to produce a prospectus for issuing equity and debt on public markets. The new rules include enormous simplification for secondary issuances, and a new registration document to fast-track approval for frequent issuers.

Building on these achievements, we are now raising our ambitions for integrating EU capital markets:

Retail investors and savers are a particular focus. Their investments in insurance, pension and investment funds provide the pools of capital our markets need to grow. In June, we proposed an EU-label to develop a pan-European personal pension product, or PEPP. This would be a voluntary product that would complement existing pensions.

Another focus is supervision. We recently proposed targeted changes to the tasks, governance, and funding of the European Supervisory Authorities. We need to ensure that they are equipped to better promote supervisory convergence and to address new challenges and risks. This is especially important in light of Brexit.

Speaking of supervision, I know that legislation passed during the crisis to restore stability and confidence has increased the reporting burden for many businesses. That is one of the reasons why we launched the Call for Evidence, our public consultation on the combined impact of financial services regulation. It was the first example globally of such a comprehensive exercise, and others are following suit, including the US.

We will soon present a report on the Commission's active follow-up to the Call for Evidence in the past year. Among other things, it will show how we are working to make regulation fit for the digital age, to reduce burdens for the industry, and improve supervision.

We relied on the feedback from the Call for Evidence when we proposed in May a review of the EMIR Regulation governing derivatives markets. We want to make the application of EMIR simpler and more proportionate, without compromising financial stability. The new rules would benefit non-financial companies in particular, by alleviating reporting requirements. The proposal is currently with co-legislators, and earlier today I was in the European Parliament asking MEPs to make urgent progress on this.

Ladies and Gentlemen,

For Europe's financial industry to stay relevant in the face of future trends, we need to start preparing today. This brings me to the last topic I want to mention today, on sustainable and green finance.

Tackling climate change is an important challenge, but also an opportunity for our financial sector. By putting in place the right conditions, the EU can become a magnet for green investment, and lead the way in mobilising both public and private financing for sustainable projects.

For this, we will need to provide the trust in green products needed for investors to fund the transition to the low-carbon economy. This means providing clear and reliable information to help avoid products that are merely green-washing. It means improving access for retail investors, and helping institutional investors direct their capital towards a long-term impact.

These will be key issues at the upcoming summit on climate finance in Paris, on 12 December. The Commission is currently working on an action plan on sustainable and green finance, which we will present early next year.

Ladies and Gentlemen,

These are just a few examples of our work to build a Capital Markets Union. By further integrating and deepening European capital markets, we can make our Economic and Monetary Union more prosperous and shock-resistant. Our aim is to have the right conditions and incentives in place by 2019, and I hope to count on your support.

Thank you very much.