

## CMU Policy Update

### August

#### European Commission

##### Dombrovskis warns that CMU might be delayed - 17 August

European Commission's Vice-President **Valdis Dombrovskis**, in charge of the CMU, has [warned](#) that the CMU project might not reach its 2019 deadline due to slow progress on a number of legislative proposals.

For example, the proposals on business insolvency, ESAs reform, the pan-European Personal Pensions Product (PEPP) and proposals on covered bonds are taking longer than hoped. Whilst Dombrovskis believes that in theory it is still possible to finalise all key files by November 2019 (end of the current Commission's term), EU policy-makers need to move from political declarations to action and achieve faster progress.

#### European Parliament

##### First steps towards European Parliament's POSITION ON CROWDFUNDING Regulation - 10 August

The European Parliament has taken a first step towards developing its position on the European Commission's crowdfunding [regulation](#) from 8 March 2018, by publishing a [draft report](#) on the proposal. The draft report was prepared by the MEP **Ashley Fox (ECR/UK)**.

Mr. Fox proposes a number of substantive amendments to the Commission proposal. Most fundamentally, he would like to expand the proposal's scope to also cover initial coin offerings (ICOs). Whilst Mr. Fox acknowledges that his amendments would not amount to a comprehensive regulatory framework for ICOs, he highlights that they constitute a first step towards such a framework.

Some of the other key changes proposed by Mr. Fox include the following:

- Increase the threshold proposed by the Commission for crowdfunding offers, from EUR 1 million to EUR 8 million
- Enhance the role of national competent authorities (NCAs) in granting authorisation and supervision of the crowdfunding platforms, rather than a strong role for ESMA as envisaged by the Commission
- Differentiate between platforms facilitating the matching of investors and project owners on the one hand, and platforms that determine the pricing and packaging of offers on the other hand. Require different disclosure requirements for both, in order to ensure proportionality
- Allow third country platforms provide their services in Europe, as long as it is ensured that they adhere to the EU standards

At the same time, another [draft report](#) with more minor amendments on the MiFID [adjustments](#) proposed by the Commission was also published, this one prepared by **Caroline Nagtegaal (ALDE/NLD)**.

### First hearing on the draft report held

Following the publication of Mr. Fox's draft report, the ECON Committee held a first discussion on the topic.

At the hearing, it became apparent that the draft report has generated some mixed feelings. Whilst Mr. Fox's MEP colleagues applauded a number of the amendments he proposed, the ICO provisions are proving to be particularly difficult for some.

**Anne Sander (EPP/FRA)**, for example, feels that proposing provisions on ICOs is premature, emphasised that investors must be made well aware of potential risks, and expressed reservations about the third country provisions. **Eva Kaili (S&D/GRE)** by contrast actually agrees with the ICO provisions, but feels that the wording needs to be further discussed. She also wants to see more financial information provided to the investors, including the obligation to **disclose audited financial information**. **Ms. Kaili is also open to consider requiring platforms to invest some amounts to the projects marketed on their websites**. Finally, in contrast to Mr. Fox she feels that **ESMA must play an instrumental role**.

### Next steps

The European Parliament co-legislates on this file on an equal footing with the member states in the Council. Only once both institutions agree on a compromise, the proposal can become EU law. This process takes several months at best.

In the European Parliament, the ECON Committee will vote on Mr. Fox's draft report in a few weeks' time. After this, the Parliament can in theory engage in negotiations with the member states in order to find a compromise.

## International

### Mifid II starting to impact smaller brokers in the UK - 18 August

Financial Times (FT) [writes](#) that the new MiFID II rules are already beginning to impact smaller stock brokers in the UK.

The new MiFID II rules require banks and brokers to charge separately for investment research, instead of bundling research costs together with other fees. Some observers and market actors have feared that this might hurt smaller operators in particular. As a result of the reforms, many fund managers are cutting back on the analyst research that they receive, FT states.

## Other News

### AFME's CEO: Time to measure progress to complete Capital Markets Union – 23 August

**Simon Lewis**, the CEO of the Association for Financial Markets in Europe (AFME), [assesses](#) the strengths and weaknesses of the CMU project in his article published in Euractiv.

Echoing the words of Vice-President **Valdis Dombrovskis** (see article above), Mr. Lewis states that whilst early progress was achieved on securitisations and prospectus reform, much more needs to be done on business insolvency and the pan-European Personal Pension Product (PEPP) in particular. Capital markets in Europe remain fragmented, Mr. Lewis laments.

In order to prioritise the different CMU proposals and maintain political momentum, AFME proposes a set of measurable Key Performance Indicators (KPIs) for CMU. Their objective should be to track progress in key policy areas, and assist politicians to prioritise what action and initiatives need to be pursued with most urgency.

Mr. Lewis highlights that it is also important to understand the differences between member states in terms of how well developed their national capital markets are. Such KPIs could also help to identify the countries which have the furthest to go versus those where their markets are more well-developed, and where lessons can be learned, Mr. Lewis concludes.

## Events

- 27/09/2018, *European Banking Summit 2018*, EBF, Brussels. [Source](#)
- 11/10/2018, *The Future of European Financial Infrastructure*, QED, Brussels. [Source](#)
- 17/10/2018, *6th Annual QED Conference on Cybersecurity*, QED, Brussels. [Source](#)
- 06/11/2018, *Supervisory convergence of ESAs: The impact on day-to-day supervision*, Financial Future, Brussels. [Source](#)
- 04/12/2018, *Where do we stand now with the Capital Markets Union?* Financial Future, Brussels. [Source](#)
- Q4 2018, *7th Annual EU Financial Regulation Conference*, QED, Brussels. [Source](#)