

**Jonathan Hill
Commissioner for Financial
Stability, Financial Services and
Capital Markets Union
European Commission
Rue de la Loi / Wetstraat 200
B - 1049 Brussels**

Ref: ESMA's response to the EC Green Paper on Capital Markets Union and the EC consultations on the review of the Prospectus Directive and a framework for simple, transparent and standardised securitisation

Dear Commissioner Hill, *DEAR JONATHAN,*

The European Securities and Markets Authority (ESMA) welcomes the opportunity to respond to the European Commission's Green Paper on Capital Markets Union (CMU).

ESMA is fully supportive of the aims of CMU to support deeper and more integrated capital markets encompassing all 28 Member States of the EU and is committed to working collaboratively with the European Commission to achieve this goal.

ESMA's main objectives, namely enhancing investor protection and promoting stable and orderly financial markets, are fully aligned with the objectives of the CMU. For capital markets, ESMA is well-placed to support the Single Market and ensure the consistent implementation of the single rule book and achieving consistent supervisory outcomes. While for larger listed companies the EU has successfully increased the integration of European capital markets, this process has lagged behind for SMEs. An EU with open capital markets and with reduced fragmentation, will also attract investments and strengthen Europe as a global financial center and boost competitiveness of EU firms.

Increasing the role of the non-banking sector and diversifying sources of funding, will not only help in accessing the much needed capital for investments, it should also help in making a shift from debt to more equity funding.

To achieve the benefits mentioned above, an increased participation of investors will be essential and the level of confidence and trust of investors (and especially retail investors) in capital markets needs to grow. Therefore, all CMU initiatives, especially the ones that could give greater access to investors to capital markets, need to embed investor protection objectives to ensure the long term viability of a greater role of capital markets.

Our detailed response to the Green Paper is attached hereto. Please note that separate responses may also be forthcoming from a number of National Competent Authorities.



The ESMA response to the EC consultation to the review of the Prospectus Directive is also attached hereto. ESMA considers that this review can make an important contribution to the overall goals of the CMU. Our response proposes an approach that facilitates easier access to capital while maintaining a robust level of investor protection.

Finally, please also find attached our response to the EC consultation on a framework for simple, transparent and standardised securitisation. The emphasis of our response is on the need to provide investors with incentives to conduct adequate risk surveillance, monitor ongoing risks and perform thorough due diligence of their securitisation investments. Furthermore, we also consider it important to develop a common set of key terms that can be used in a consistent manner across the relevant pieces of sectoral legislation. Finally, we believe it would be beneficial to also assess the full effect of the currently still ongoing reforms.

Should you wish to discuss any of the issues we have raised above, please do not hesitate to contact me or Laurent Degabriel, Head of the Investment and Reporting Division.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'S. Maijor', written over a horizontal line.

Steven Maijor

cc: Jonathan Faull, Director General, DG Financial Stability, Financial Services and Capital Markets Union