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Capital Markets Union: facilitating corporate financing

In the coming weeks, European regulatory news will likely be dominated by the European Commission's first proposals regarding the Capital Markets Union. We interviewed Guillaume Eliet, Deputy Managing Director of the Autorité des Marchés Financiers, about the Union and the AMF's recommendations for facilitating corporate financing.

What does the AMF see as the main goal, the unifying theme of the Capital Markets Union?

The goal is more diverse and fluid financing sources for European companies, especially SMEs. We need to do a better job of channelling savings towards financing the economy. Companies must be able to obtain needed financing at every stage of their development. The Capital Markets Union also aims to create a large, unified European financial market capable of attracting investors from around the world. These goals require a convergence of rules, practices and oversight.



How will the Prospectus Directive reform make it easier for companies seeking financing to tap the market?

The challenge we face is to simplify and streamline the constraints on issuers without sacrificing investor protections. During the European Commission's consultations, we

recommended that under certain conditions, recurring issuers who are up-to-date on their disclosure obligations be exempted from visa requirements. The prospectus summary has grown too cumbersome. We need to invent a simplified key information document to replace it, along the lines of the documents now used for UCITS. We also recommend substantially revising the proportionate schedule used by SMEs to ease restrictions even further.

Why revive the oft-criticized securitisation market?

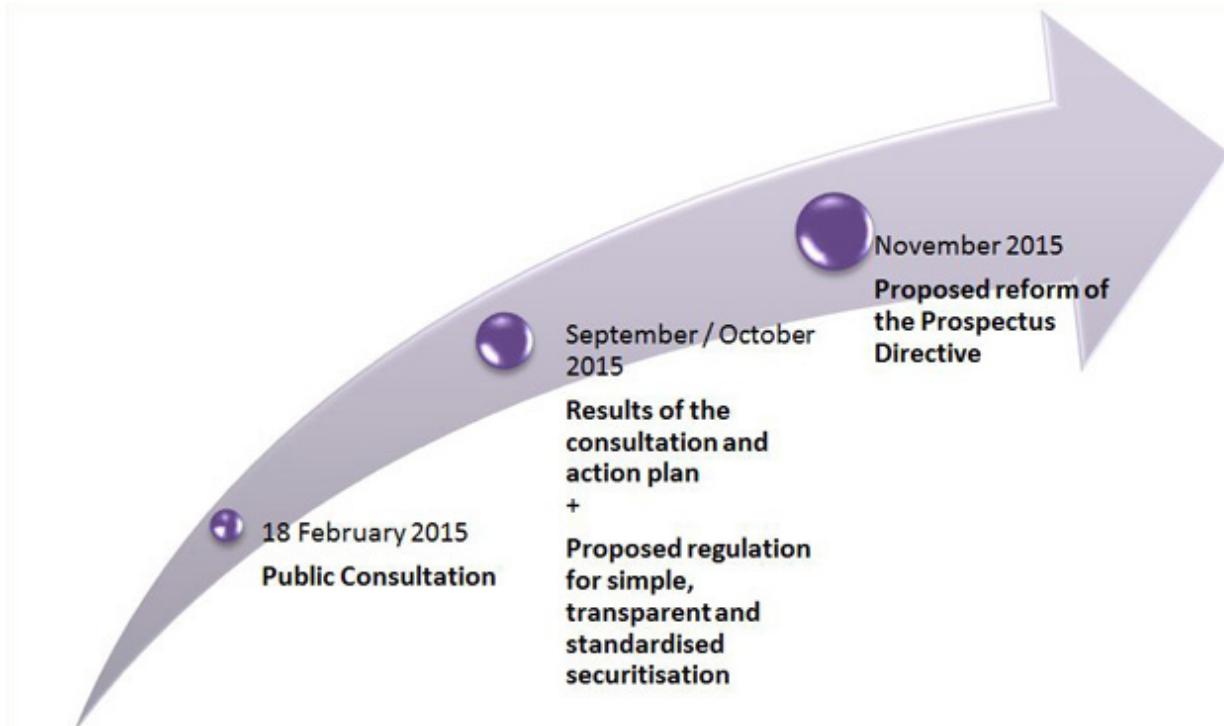
It's true that securitisation is at the heart of the crisis, and many remain wary of it. However, it is a necessary tool for financing the economy. It allows banks to lighten their balance sheets and gain room to issue new loans. And we need to make sure that the excesses of the past do not recur. The goal is to simplify the securitisation process and make sure that investors are well informed about the quality of underlying assets. The Commission proposes certifying securitisations that fully respect these criteria. We agree, but recommend two additional paths. Securitisation vehicles must be managed by authorised institutions and regulated under the same conditions as investment fund managers. This would ensure that products are managed in the interests of the investors, without conflicts of interest.

In addition, we would like a public authority to be in charge of certifying that products meet the specified quality criteria. We are against self-certification. Our recommendations would rebuild investor trust and make it possible to streamline the prudential constraints that currently apply to investments in securitisation.

What about the investor, without whom there would be no financing?

Naturally, investors are at the heart of the Capital Markets Union project, because their renewed confidence will lead to more long-term investments in companies' development. So there is no question of easing up on investor protections. For example, the AMF believes it is necessary to protect the fundamental role of investment advice in the distribution of financial products. It is also necessary to examine new forms of marketing – especially digital – and adapt investor protection rules accordingly.

Capital Markets Union – upcoming key dates for the European Commission (projected calendar)



Read more

- AMF answers to the European Commission consultation: Green Paper – Building a
↳ Capital Markets Union
- AMF answers to the European Commission consultation: Review of the
↳ Prospectus Directive
- AMF answers to the European Commission consultation: simple, transparent and
↳ standardised securitisation
- ↳ Dedicated Capital Markets Union page on the European Commission website

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