## ANNEX

| I. Measures to support a green, digital, inclusive and resilient economic recovery by making financing more accessible to companies | Timeline / | EBF Comments |
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| **Action 1: Making companies more visible to cross-border investors**<br><br>The Commission will adopt a legislative proposal in Q3 2021 to set up a **European single access point (ESAP**). This platform shall provide seamless, EU-wide access to all relevant information (including financial and sustainability-related information) disclosed to the public by companies, including financial companies.<br><br>➢ **Known Focus**<br><br>The information to be covered should reflect the needs of investors and the interests of a broader range of users, including financial intermediaries and civil society. Therefore, this platform should also improve the availability and accessibility of sustainability-related data, steer more investments towards sustainable activities and contribute to meeting the objectives of the European Green Deal.<br><br>The platform will build on the European financial transparency gateway2 (EFTG) pilot project and be complementary to the business registers' interconnection system3 (BRIS), but will not alter its functions. The legislative proposal will entail streamlining EU legislation4 on disclosure of company data to the public. The platform will, to the greatest extent possible, build on existing EU and national IT infrastructure (databases, registers) in order to avoid adding to companies' reporting burden. All information will be provided in comparable digital formats. The details about the platform's information coverage, governance and business model are still to be decided. | Q3 2021 | The EBF supports the EC proposal to set up a European Single Access Point (ESAP). The ESAP should facilitate the reporting and therefore avoid generating unnecessary duplication of reporting activities and/or related costs for market participants.<br><br>The **ESAP** will need to be simple and user friendly, collecting relevant, reliable, and decision useful data. Data quality via standardised format will be key for the success of ESAP.<br><br>The diverse user base of non-financial information has to be considered by ESAP. While investors are one of the primary users, the information need of banks as lenders need to be also considered as a matter of priority. The ESAP should facilitate bank's reporting obligation under the EU legislation (e.g. NFRD, Taxonomy Regulation, SFDR) but also facilitate the risk management and steering lending and investment portfolios towards net zero economy and sustainable goals. The granularity should correspond to the information need of users and be consistent with EU regulatory requirements.<br><br>We fully support ESAP for its potential to:<br><br>- improve data availability and facilitate accessibility, analysis and comparability of company reporting in order to achieve benefits beyond financial accounts;<br><br>reduce fragmentation of information and increase consistency in data reporting; - positively impact capital markets development by empowering financial market participants, including SMES and retail investors, to steer assets towards sustainable investments in line with SF Action Plan)- improve SME companies' visibility and access to finance in line with CMU's action plan objectives<br><br>- provide a source of relevant information to facilitate the harmonization of corporate governance procedure across the EU, for instance in relation to the processing of General Meetings and Corporate Actions.<br><br>**Funding** |

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| | | We are concerned by the funding aspects of ESAP which would need to be precisely defined by and agreed upon by all stakeholders. The database should be made available for users at reasonable costs.<br><br>**Differentiation between financial and non-financial information** We propose to differentiate between financial and non-financial information.<br><br>**Financial information - staged approach**<br><br>We propose that the ESAP project start with multiple modules and a phased-in approach.<br><br>Start soon but start small: prioritize data dissemination by means of a pilot regime for i.e. listed EU large cap equity issuers. A second or third stage could include specific securities (i.e. Fixed Income securities, UCITS, AIF's, structured products etc.) and disclosures by SMEs and / or non-listed companies. The last example could be helpful for companies that on the one hand, are not able to raise capital through capital markets, but on the other hand, need financing. It should not only be staged-in input (i.e. which companies are directly reporting into the ESAP?), but also in output (how is the data disseminated?).<br><br>In addition, given that basic financial flows' information is necessary to ensure compliance of secondary market products, information on all companies should be available, with commensurate requirements for SMEs.<br><br>We believe that the question of the formatting of the information contained in the ESAP is of the outmost importance. It is critical that the information in the ESAP be used throughout the whole value chain (both business and financial value chains), by all stakeholders, from corporates to investors.<br><br>We believe an ESAP should be built as a hybrid structure whereby public information is submitted by companies at national level (to OAMs/NCAs) and then collected and disclosed by the ESAP. Authorities who are in charge of monitoring and supervising should be involved from the outset. It is key, as the EC proposes, to avoid multiple reporting channels and promote a file-only-once principle in a format accepted by all EU authorities/bodies/storage mechanisms.<br><br>An ESAP could, for example, collect:<br><br>1. name of issuer and other entries of national company registers as well as the issuer LEI; |

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| | | 2. all ISINs issued by issuer;<br>3. issuer-CSD with regard to each ISIN;<br>4. all financial information under the Transparency Directive;<br>5. all non-financial information required (sustainability-related company information, see below for more details);<br>6. publishes prospectuses and supplements under the Prospectus Regulation;<br>7. relevant trading venues (esp. SME growth market) per ISIN;<br>8. should the occasion arise, ESMA FIRDS list/short selling list;<br>9. should the occasion arise, most relevant market in terms of liquidity per ISIN, trading venue within the EU with highest turnover;<br>10. other (to be further discussed).<br><br>**Non-Financial information/ESG data**<br><br>ESAP should be designed to enable financial markets participants to:<br><br>• Comply with EU reporting obligation<br>• Steer lending and investment portfolios towards sustainable objectives (Paris aligned, SDGs etc)<br>• Facilitate proper risk management<br><br>ESAP could result in large benefits as far as accessibility to information is concerned. The handling of science-based targets, climate stress tests, scenario analyses and disclosure by financial institutions of the compatibility of their portfolios with the reduction targets of the Paris Agreement on Climate Change will possibly be easier. This kind of forward-looking sustainability data is an important prerequisite for improved assessments of the risks and opportunities associated with the future viability of companies and their external effects on the environment.<br><br>What is more, data relevant for Pillar 3 disclosure should be part of the centralised and harmonised data collection; and the data reported to, or collected by, the central data register, fit for multi-purpose use, complemented by the data from existing public databases that should be connected to the central data register;<br><br>**Scope**<br><br>1) Mandatory scope |

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| | | We **propose to include in the scope of ESAP on a mandatory basis all** companies in scope of the upcoming revised EU Non-Financial Reporting Directive (NFRD) which should be consistent with the other EU legislation and reporting requirements (i.e. alignment with EU Taxonomy Regulation, Disclosure Regulation, CRR2 Pillar 3 requirements, June 2019 EC Non-Binding Guidelines on Climate Reporting, ECB guidance) and with widely adopted frameworks, as far as it is possible in the EU context. The ESAP should collect periodically, with the help of new reading technologies, existing climate change mitigation and adaptation data from companies which publish non-financial statements under the NFRD and other available relevant information, ESG metrics, and pertinent data points including disaggregated raw data in an open-source format. and make them re-usable for finance providers via the central repository.<br><br>2) **Voluntary scope**<br>**It should be also possible for all remaining companies to submit data on a voluntary basis** compliant with the quality and credibility rules established for mandatory reporting.<br><br>3) **Interconnecting existing databases including at national level**<br>**ESAP should interconnect with existing databases at national level and Eurostat making the information already collected available via ESAP**. Environmental Goods and Services (activities), EGSS under the UN System for Environmental Economic Accounting, should be complementary to the data that companies and financial institutions report. This data is critical for financing, and tracking the economic performance of sustainable activities. Eurostat data sources should also be made re-usable for finance purposes (for example to apply in deterring the carbon footprint of an activity following an established method e.g. PCAF). The public sector (e.g. national banks, local authorities, utility companies) could also publish their data (energy efficiency, air pollution, etc.) on a statistical basis, protecting the private information for individuals. |

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| | | **<u>Common reporting framework for consistency, comparability, and usability</u>**<br><br>The data should be reported **based on common reporting standards** (as being developed by EFRAG) **and a minimum set of Key Performance Indicators**. We advocate for a simplified standard for SMEs, and/or reporting format, to disclose relevant ESG issues (some common information and other peculiar to the specific economic activity), with a suitable emphasis on proportionality and materiality in their circumstances<br><br>**Key areas to address:**<br><br>• alignment with EU legislation – e.g EU Taxonomy Regulation<br>• alignment on nomenclatures<br>• alignment with Environmental Accounts (SEEA) reporting by EU member states, with trade and production monitoring (PRODCOM etc);<br>• alignment with sustainability definitions in other EU policy domains (eco design directive, ecolabeling, etc.) including at national level;<br>• alignment with corporate environmental reporting development, environmental accounting (DG ENV);<br>• proper definitions rooted in accounting will facilitate and guarantee proper functioning in the international environment.<br><br>**<u>Interconnectedness with the Green Deal Dataspace</u>**<br><br>• We would like to ask for more clarity, in terms of the interconnection of this initiative with the<br>• Green Deal Dataspace (as reflected in the Green Deal Action Plan and the EU Data strategy),<br>• Article 8 of the EU Taxonomy Regulations and the revised NFRD.<br><br>We understand that these projects should ideally not be separated from each other, therefore a single access point cannot be overly investor-focused, as all relevant data reported by corporates needs to be useful and usable for other purposes, including lending and risk management, as well as for use by academia |

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| | | and other stakeholders. This is particularly true for non-financial reporting/ESG related data.<br><br>With all the different initiatives, it is important that the Commission acts as a **matter of priority to facilitate and improves ESG disclosures and the access to relevant and reliable data at EU level, based on EU legislation**. The European Single Access Point should support a common, publicly accessible and affordable digital data space that would include all relevant ESG factors to foster comparability and encourage the transition to sustainability and further development of sustainable finance solutions. |
| **Action 2: Supporting access to public markets**<br><br>In order to promote and diversify small and innovative companies' access to funding, the Commission will assess, by Q4 2021, whether the **listing rules for public markets (both SME growth markets and regulated markets) could be further simplified**:<br><br>1. the appropriateness and consistency of the SME definition across financial legislation;<br><br>2. potential simplification of the market abuse regime; and<br><br>3. the merits of introducing transitional provisions for first time issuers on regulated markets and SME growth markets. | Q4 2021 | **The appropriateness and consistency of the SME definition across financial legislation**<br><br>The EBF considers that the SME definition is, in general terms, an appropriate tool that helps to ensure that there is a standard of reference at European level, helping to develop appropriately targeted SME policies, improve equal treatment of these entities and allow a proper identification of these entities for appropriate provision of financing by banks. However, the definition of SME to be used in the context of capital markets should be more consistent and appropriate with the features of SMEs that access the different segments of the markets and with the policies needed to support and facilitate them avoiding ad hoc requirements for each regulatory proposal on SME definition.<br><br>In the context of the lending market, while many guidelines and policies in the EU are linked to the definition and changes which might lead to considerable (and unforeseen) implementation impacts, some issues still remain that could pose challenges to SME financing.<br><br>Until very recently, SMEs were classified as clients only in case of a loan request. As long as they remain "passive-clients" (no loan request), there is no legal basis for asking for more data from the client than KYC-data. To be able to classify an SME as client, a bank will have to implement costly processes that could interfere with the provision of finance to these businesses. The classification of an SME as client must be legally secure, both for the bank and the client. It is therefore very |

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| | | important, that both the definition of SME, and the process of identification are as clear and simple as possible for all concerned.<br><br>In the 2018 public consultation on the review of the SME definition no far-reaching changes were suggested regarding headcount and turnover. However, we note the definition and identification of non-autonomous enterprises as especially complex and as having negative implications for private equity and venture capital-backed companies. We advocate for the Commission to reassess the role of these funds as linked to enterprises and to have a clearer picture on ownership and independence, so as not to impede the smooth financing of these corporates.<br><br>Furthermore, we would like to highlight the consideration of the concept and status of small midcap, and midcap, as a positive step to take, in order to expand the general understanding of these terms to be used in different EU and national instruments to support small and medium enterprises more effectively.<br><br>In addition, small (micro–small) & medium-size company definitions should be distinguished.<br><br>• Pre-COVID-19 some EBF members advocated for the possibility of using only the last annual account (or 31st December previous year) as relevant, not allowing transitional periods anymore. With COVID-19, the average turnover of companies is expected to go down in 2020 and probably 2021:<br>  ○ according to the existing criteria, a large enterprise that falls below the turnover ceiling for two consecutive accounting periods may gain SME status;<br>  ○ this may go against the objectives of some pre-COVID EU policies aimed at SMES but may temporarily accommodate a different economic reality and increase the banking sector's capacity to support the economic recovery thanks to the SME supporting factor.<br>• In the recovery phase, it may prove important that:<br>  ○ SMEs under restructuring benefit from special temporary regimes; |

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| | | ○ enterprises temporally controlled by private equity or venture capital funds do not lose their SME status.<br><br>**Simplifying listing rules**<br><br>We agree that simplifying the listing rules could reduce the costs for SMEs as well as the time-to-market involved, as they are barriers for SMEs. Yet, it is essential to retain the principle of "same business, same rules", not least in the interests of investor protection. Alleviation of rules for issuers can typically go hand in hand with corresponding disadvantages for investors.<br><br>We support the proposal to create a legal / regulatory framework favorable to IPOs and to assess a more consistent and appropriate SME definition across financial legislation. However, a proposal to introduce a definition of MidCap (companies with employees between 250499) that may be more interested in access to public capital markets could be also introduced. We should also highlight the risk to suggest a "one size fits all" definition across the EU which would not be efficient.<br><br>Despite the need for setting up relief for SMEs, it is essential there be a level playing field for all issuers in the same market. Hence, simplification of the market abuse regime should apply to all issuers equally. For example, we consider necessary a clarification of the application of the market sounding rules, introduced by MAR for companies which have started the listing process.<br><br>We would also like to highlight the need for strong investor protection rules and ensure that the easing of listing rules is not made at the cost of investor protection. We therefore need to find the right balance between market development and investor protection, with high quality standards as far as listing rules are concerned. |
| **Action 3: Supporting vehicles for long-term investment**<br><br>The Commission will adopt a proposal for a review of the ELTIF Regulation 5 by Q3 2021, building on the results of a public consultation launched in 2020 and an impact assessment. | Q3 2021 | The proposals relating to the review of the European regulation on ELTIFs are positivewith regard to the objectives pursued. Improving the ELTIF structure would provide a valuable alternative possibility of investment diversification for investors.<br><br>The ELTIF could also be an opportunity to improve the wrapping of illiquid green projects for more investors and thereby foster long-term green finance from retail customers. |

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| | | The establishment of a European public / private fund for IPOs could improve the development of vehicles for long-term investments on primary/secondary markets, and would contribute to increasing the IPO in the EU and making capital markets more efficient and more liquid. We support the EU Commission's proposal, but the Fund should not be limited to pre-IPOs and primary market deals. It should also cover capital increases. It would be important to analyse the operating methods of the Fund to be set up. |
| **Action 4: Encouraging more long-term and equity financing from institutional investors**<br><br>A. As part of the review of Solvency II6, by Q3 2021 the Commission will assess whether the legal framework could be amended to further promote long-term investment by insurance companies, without harming financial stability and policy holder protection.<br><br>B. In its work on implementing Basel III, when reviewing the Capital Requirements Regulation7/Directive8 (envisaged for adoption by Q1 2021), the Commission will apply the flexibility embedded in Basel III to ensure the **appropriate prudential treatment of long-term SME equity investments by banks.** Furthermore, it will assess possibilities of promoting market-making activities by banks and other financial firms. | Q3 2021<br><br>Q1 2021 | We support the proposal to review the Solvency 2 regime regarding long-term investments by insurance companies. We would also clarify that the amendments to Solvency 2 should also concern the prudential treatment of investments in corporate debt instruments made. Such assessment should be made by an external third party being a bank or an insurance company.<br><br>Banks do not usually play a major role as institutional and long-term investors as banks´ core business is (and should remain as such) to provide credit to the economy and to support companies to access the capital market. However, the **EBF supports the objective to ensure an appropriate prudential treatment of long-term equity investments by banks in healthy companies.** This would put banks in a position to decide in a fair way to invest in the equity of these companies, such as fast-growing innovative and fintech companies, companies involved in later growing stages and also in sustainable transition investment programs. It's worth saying that the review of the prudential treatment should not pave the way to the involvement of banks in the re-equitization of companies in financial distress or over-indebted, as this role should be held by the market and specialized institutional investors (or public support measures where needed). Finally, we support the EC proposal aimed at reviewing the prudential treatment of market making activity by banks and other dealers in order to enhance the liquidity of the securities.<br><br>Finally, we support the EC proposal aimed at reviewing the prudential treatment of market making activity by banks and other dealers in order to enhance the liquidity of the securities. |
| **Action 5: Directing SMEs to alternative providers of funding**<br><br>With a view to facilitating access to finance for SMEs, by Q4 2021 the Commission will analyse the merits and feasibility of setting | Q4 2021 | The EC considers that bank financing, despite being essential for Europe's short-term recovery - by helping households and businesses stay afloat through addressing the liquidity squeeze caused by lockdowns – will not be enough in the future, given the magnitude and expected duration of the financing needs. |

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| up a referral scheme to require banks to direct SMEs whose credit application they have turned down, to providers of alternative funding.<br><br>➢ **Known Focus**<br><br>The feasibility assessment will analyse the effectiveness of existing banks' referral schemes. The Commission will also explore the merits of reciprocally requiring alternative funding platforms to refer turned-down SMEs to banks, and whether the scope of a referral scheme would need to be extended to **include equity finance providers**, matchmaking platforms and specialized advisory hubs. | | Companies of all sizes – particularly SMEs – will need solid market-based funding sources, and mainly more equity, to recover from the economic shock and become more resilient; leading the EC to consider that "***market financing*** *will be the lifeblood that sustains the recovery and future growth over the long term*".<br><br>Although fully agreeing that the recapitalisation of companies must be a top priority in the recovery phase, the EBF considers that "***sound funding structures, combining traditional and market-based financing,*** *will be the lifeblood that sustains the recovery and future growth over the long term*".<br><br>As for the **possible introduction of a requirement for banks to direct SMEs, whose credit application they have turned down, to providers of alternative funding**, the EBF looks at the following challenges and solutions.<br><br>**Challenges raised by this proposal**<br><br>Banks are the main financiers of the EU economy. That situation reflects both the structure of the EU economy, as well as the funding preferences of European SMEs.<br><br>While a small number of credit applications are declined, numbers differ depending on the type of SME being financed (Traditional vs Innovative/Born digital/Startup). We consider that this proposal may be better directed to the second type of company, and to those sectors of traditional SMEs that may benefit from a different type of financing on the funding escalator.<br><br>Banks are trusted advisers that support companies in their growth. In some cases, they are well positioned to help improve companies' financing mix, but they cannot be required to be the ones advising on a case-by-case basis all rejected applications. Banks are not in the position to carry out this activity, except in generic terms and, therefore, often without real advantage for SMEs in general. It is important to consider possible responsibilities which could result for banks if subsequently the alternative funding solutions do not prove adequate for SMEs.<br><br>In addition, when banks turn down credit applications, it is owing to poor data, in the majority of the cases. In the presence of poor data, capital markets may not be a good option. |

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| | | Lastly, references to providers of alternative funding, should be conducted in a way that generates no extra bureaucratic burden for the banks.<br><br>We understand that the challenges above, raised in the past during the discussions by business and banking associations, led to the 2017 SME Feedback Principles (HLPs). In 2017, banks considered it was not a viable option to name specific counterparties to which SMEs could be directed, due to the implications it might raise. Furthermore, there was the need to ensure the survival of companies and soften NPL increase.<br><br>A dialogue between the Commission, Banking and Business associations should discuss more in depth the possible impact and shape of such a referral scheme. It is important that no liability emerges when a contractual relationship has not been established between the bank and the customer; and that the institutions included in a possible list of alternatives are properly regulated, and are safe finance providers, to ensure financial stability.<br><br>1. Any process would have to be standardised. This would allow banks to provide a level playing field of responses, avoid undue liabilities and to compete on fair terms.<br><br>2. Ensure that the outcomes are usable and useful for the target audience (SMEs) in the different markets, while respecting fully competition law.<br><br>3. Scope and principles should be clarified:<br><br>• understand what kind of elements should be included in the repository – so it provides useful information on authorised alternative finance providers in the country, without specific assessment / advice being provided to SMEs;<br>• considering the COVID-19 crisis, a particular focus should be given to finance providers and financing solutions aimed at increasing the capitalisation of companies;<br>• the best practices already complied with, ensure that banks engage with companies in a way that companie's financing needs are covered by the bank-customer relation; best practices should be taken it into account when discussing the shape of this initiative;<br>• the combination of the two aspects above helps prevent potential liability for banks on any advice given, while ensuring appropriate risk |

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| | | management, plus allowing the benefits of a more tailored approach in a case-by-case basis; such a scheme should be complemented by a reverse referral from alternative finance providers to banks. |
| **Action 6**: **Helping banks to lend more to the real economy**<br><br>In order to scale-up the securitisation market in the EU, by Q4 2021 the Commission will carry outa comprehensive review of the EU securitisation framework 9 for both simple transparent and standardized (STS) and non-STS securitisation[10].<br><br>➢ **Known Focus**<br><br>The review will aim to strengthen the role of securitisation as an instrument available to banks to help them provide sustainable and stable funding to the real economy in a post-COVID-19 environment, with a particular focus on SMEs and the green transition. Particular attention will be paid to the capacity of the current framework to adequately reflect, the effective riskiness of both STS and non-STS securitisation instruments, including the appropriateness of disclosure requirements, the process for recognising significant risk transfer, and the prudential treatment of cash and synthetic securitisation, while preserving the financial stability of the EU. | Q4 2021 | The EBF supports the European Commission's objective to scale up the EU's securitisation market. This will open up new ways of funding for the EU economy (for example, the application of securitisation to green investments, which would also give a further push to the sustainable finance agenda of the EU). To that end the EBF considers four actions to be of particular importance:<br><br>1. Address the capital non-neutrality of the securitisation framework<br>In line with the EU's High-level forum on the Capital Markets Union, we would recommend addressing the problem of capital non-neutrality, which is currently disproportionate.<br>2. Streamline the significant risk transfer process<br>The current significant risk transfer process is too lengthy and unpredictable. Therefore, we would recommend that the assessments of the significant risk transfer be carried out faster, and further harmonisation be introduced into level 1 legislation. In light of the EBA report (November 2020) on significant risk transfer, the industry would appreciate a further exchange with the EU institutions to discuss the recommendations; in the course of future consultations, too.<br>3. Upgrading the HQLA eligibility of senior tranches<br>The EBF holds the view that it is necessary to realign the treatment of senior securitisation tranches in the liquidity coverage ratio (LCR) with that of the covered bond framework. This is also in line with the call of the European Parliament's own initiative report on CMU that advocates for a "realignment of the treatment of cash and balance-sheet synthetic securitisations and of regulatory capital and liquidity with that of covered bonds and loans". It could also be considered to extend the HQLA eligibility to a wider set of tranches, i.e. tranches with BBB- rating, if supported by quantitative evidence, or to increase their Level to 1 under certain specific circumstances as foreseen for covered bonds.<br>4. Exemption of private securitisations from Article 7 of the Securitisation regulation |

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| | | In the context of private securitisations, investors and originators agree on bespoke reporting arrangements that better suit their due diligence and monitoring requirements. As a consequence, transparency requirements (Art. 7), so called "ESMA reporting", tend to duplicate and over complicate the information already provided to investors or simply add not required information by investors. Being transparency requirements as per Art. 7 burdensome, costly, redundant and not useful in the case of private securitisations, we would recommend to remove them.<br><br>In line with Footnote 10 of the annex to the CMU action plan, the EBF is open to consider the issue of ESN together with its Members and will continue to assess the topic in the upcoming months. |

| ***II. Make the EU an even safer place for individuals to save and invest long term*** | **Timeline /** | **EBF Comments** |
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| **Action 7: Empowering citizens through financial literacy** | | The EBF generally supports any initiative aiming at improving financial literacy. |
| A. In order to promote a shared understanding of financial competence among public authorities and private bodies and to provide a basis for the development of financial competence in various applications and settings, the Commission will conduct a feasibility assessment for the development of a dedicated EU financial competence framework by Q2 2021, building on relevant existing frameworks. | Q2 2021 | The proposals relating to the introduction of a European framework dedicated to increasing the level of financial skills and the introduction of horizontal legislation requiring Member States to promote measures in support of consumer financial education appear to be generally positive and consistent with the commitment put in place by the banking world in recent years; also in partnership with public and private entities competent in the matter (e.g. Institutions, consumer associations). The EBF therefore intends to be proactive in following the measures to be proposed, in order to give the best possible contribution in line with the activities already put in place by individual EU countries. |
| B. The Commission will assess whether it is appropriate to extend the principle enshrined in Article 6 of the Mortgage Credit Directive11 to relevant sectoral legislation: Markets in Financial Instruments Directive12 (MiFID), Insurance Distribution Directive13 (IDD), Pan-European Personal Pension Product Regulation14 (PEPP), Undertakings for the Collective Investment in | Q1 2022 | If the EBF could support harmonisation of definition across regulations, it should be aware of the potential operational consequences of such a harmonisation. |

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| Transferable Securities Directive15 (UCITS), Packaged Retail and Insurance Based Investment Products Regulation16 (PRIIPs). It will do this with a view to proposing, if supported by a positive impact assessment, a horizontal omnibus legislation requiring Member States to promote formal, non-formal and/or informal learning measures that support the financial education of consumers, in particular in relation to responsible investing | | |
| **Action 8: Building retail investors' trust in capital markets**<br><br>A. The Commission will assess the applicable rules in the area of inducements and disclosure and, where necessary, propose to amend the existing legal framework in order to ensure that retail investors receive fair and adequate advice as well as clear and comparable product information.<br><br>B. The Commission will put forward a legislative proposal to amend MiFID II by Q4 2021/Q1 2022 to reduce the administrative burden and information requirements for a subset of retail investors. This will involve reviewing the existing investor categorisation of retail vs. professional investors or the introduction of a new category of qualified investors.<br><br>C. Subject to a positive impact assessment carried out in the context of the reviews of the IDD by Q1 2023 and MiFID II by Q4 2021, the Commission will introduce a requirement for advisors to obtain a certificate that proves that their level of knowledge and qualifications is sufficient to access the profession and shows that they take part in an | Q1 2022<br><br>Q4 2021 / Q1 2022<br><br>Q1 2023<br>Q4 2021 | The current regime already ensures full investor protection, hence there is no need for further action, especially, if in the direction of introducing a general ban on inducements for all retail products across the EU level.<br><br>The EBF welcomes a review of the information requirements since the current regime is too complex and not calibrated to clients' needs. We support easing requirements for professional and eligible counterparties as well as knowledgeable retail investors through changing opt-up criteria. We strongly advise focusing on knowledge and experience first, and second on financial loss absorption (indicated by AuM). EBF members would support deleting information obligation towards professional clients and eligible counterparties and relaxing some retail requirements (i.e. the loss reporting requirements, which have proven to be counterproductive). We would support a review of the opt-up criteria to faciliate experienced retail clients being treated as professional clients.<br><br>However, focus should also be on simple retail investors who face three overall challenges:<br><br>1) a lack of comparability in similar products or services for investors;<br>2) very complex regulatory-driven advisory processes;<br>3) information overload, especially for simple retail investors.<br><br>The EBF supports further improvement in this field and supports an alignment of IDD requirements on MIFID requirements. Consistency of rules and requirements is key. With regard to the proposal for the introduction of a pan-EU label for |

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| adequate level of continuous education. This aims to maintain a satisfactory level of advisor performance.<br><br>In addition, by Q1 2022, the Commission will assess the feasibility of setting up a pan-EU label for financial advisors, which can be used to comply with the requirement to obtain a certificate. | Q1 2022 | financial advisers, it is outlined in very general terms and thus it is necessary to acquire more information so as to understand its scope more fully and to evaluate any critical issues. |
| **Action 9: Supporting people in their retirement**<br><br>A. In order to strengthen the monitoring of the state of play as regards pension adequacy in Member States, the Commission will seek to identify the relevant data and methodology for developing pension dashboards with indicators.<br><br>B. In order to facilitate access to individualised pension information and raise people's awareness as regards their future retirement income, the Commission will seek to develop best practices for the set-up of national tracking systems.<br><br>C. The Commission will launch a study to analyse auto-enrolment practices and may analyse other practices to stimulate participation in occupational pension schemes, with a view to developing best practices, for such systems, across Member States. | Q4 2021<br><br>Q4 2021<br><br>Q3 2020 | The EBF supports action 9 as being a useful tool to attract more long-term retail investors to financial markets. |

| **III. Integrating national capital markets into a genuine single market** | | |
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| **Action 10: Alleviating the tax associated burden in cross-border investment**<br>In order to lower tax-related costs for cross-border investors and prevent tax fraud, the Commission will put forward a | Q4 2022 | There is an urgent need for progress on withholding tax issues.<br><br>We fully support the development of a workable pan-European EU withholding tax relief at source system. This should be accomplished by: |

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| legislative initiative by Q4 2022, subject to a positive impact assessment and in close consultation with Member States, as well as explore additional ways to introduce a common, standardised, EU-wide system for withholding tax relief at source.<br><br>➢ **Known Focus**:<br>This work will take into account the OECD treaty relief and compliance enhancement 17 (TRACE) project, and other EU initiatives, such us the Code of Conduct on withholding tax. | | - implementing the Commission's Tax Action Plan of 15 July 2020:<br>- using the model of the OECD TRACE Implementation Package; and<br>- drawing on the lessons from the Finnish experience.<br><br>The EBF stands ready to support the work of the Commission in this effort. |
| **Action 11: Making the outcome of cross-border investment more predictable as regards insolvency proceedings**<br>A. To make the outcome of insolvency proceedings more predictable, the Commission will take a legislative or non-legislative initiative for minimum harmonisation or increased convergence in targeted areas of core non-bank insolvency by mid-2022.<br><br>B. To regularly assess the effectiveness of national loan insolvency systems, the Commission and the EBA will analyse the possibility of making legal amendments to reporting frameworks by Q1 2021. This could lead to legal amendments in Q4 2022. | Q2 2022<br><br>Q1 2021<br>Q4 2022 | Measures intended by EU legislation to protect capital market participants against the default risk of a counterparty must be legally effective. Harmonising insolvency laws is a very challenging objective, as insolvency is very closely related to other areas of law such as corporate or labour law etc. It will therefore be important to evaluate the way in which such harmonisation can be achieved. Moreover, considering the usefulness, as supposed by the Commission, of a possible preventive Recommendation, followed, if necessary, by a proposal for binding measures.<br><br>The possibility should be considered - given the complexity of the single national systems - of applying harmonisation to certain specific aspects, while allowing taking into consideration Member States' specific context and situation. Furthermore, well established and recognised national insolvency law regimes should be amended by European legislation only when absolutely necessary. Otherwise, existing effective national regimes could be damaged. In addition, the protection of collateral and netting agreements needs to be consistent across the EU in order to exclude the possibility of uncertainties over the enforceability of these credit risk mitigation instruments, especially in the event of insolvency.<br><br>**In more detail**<br>1. Action 11 A: making the procedures more predictable.<br><br>a) Encourage centres of excellence within national courts. |

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| | | Notably even within the same country, there can occasionally be significant variances between different courts' competence levels in handling some of the larger, more complex cases. One potential solution could be to follow the example of the US and encourage the emergence of de-facto specific recognised courts having "centers of excellence" at Member State level. By focusing expertise on sometimes highly complex matters, this could be a way of boosting predictability without necessarily placing a huge financial burden on State budgets, and without taking away the flexibility on implementation of the EU directive, which many States appear to insist on.<br><br>b) Improve transparency of decision-making<br><br>As a more general comment, predictability is improved when all parties know in advance the court's obligation to accept the highest offer in an asset sale scenario. Even if the outcome of a debt restructuring is an out-of-court deal, if the parties all know what will happen in the absence of an agreement, the negotiation will go faster and be more efficient. This is the case in the Nordic countries for example where the absolute priority rule is key and fully transposed into national law (e.g. the Netherlands and Germany since the 1st January 2021). In the southern EU Member States where "job protection" is often listed as a criterion for decision-making, the courts (such as in France for example) can be led to approve the sale of a business out of insolvency to a lower bidder. This increases uncertainty and therefore hinders the process leaving open a broad path for subordinated stakeholders to extract value at the expense of senior creditors, (particularly, if shareholder-managers are authorised to bid, as was recently permitted as part of the Covid relief measures).<br><br>c) Ensure respect for the principle of the absolute priority rule and encourage managers to behave in the interests of the economic owners of the business.<br>The existence of a statutory duty of care of managers in favour of creditors would be a boost to encourage an outcome respecting the normal ranking of creditors. However, many EU countries do not even have this level of protection. |

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| | | ii) Action 11 B: in assessing the effectiveness of different systemsin addition to defining what we mean by "effective", it is necessary to consider objective data sources. |
| **Action 12: Facilitating shareholder engagement**<br><br>To facilitate investor engagement, in particular across borders, the Commission will assess: (i) the possibility of introducing an EU-wide, harmonised definition of 'shareholder', and; (ii) if and how the rules governing the interaction between investors, intermediaries and issuers as regards the exercise of voting rights and corporate action processing can be further clarified and harmonised. The Commission will also examine possible national barriers to the use of new digital technologies in this area. | Q3 2023<br><br>Q4 2021 | The EBF and its members remain fully committed to the implementation of a common, pan European, efficient and harmonised processes that deliver the objectives of SRD II. In this context, we welcome the Commission's initiative to introduce an EU-wide definition of 'shareholder' and further clarify rules governing the interaction between investors, intermediaries and issuers. We are convinced that this proposal is for the benefit of greater legal clarity and to the benefit of all.<br><br>The adoption of the new Shareholder Rights Directive II (SRD II) did not allow for harmonisation among the disciplines of the EU Member States. In this respect, EBF members support the view that SRD II is a **major market infrastructure projects** that was launched without: (i) clear specifications and (ii) adequate time for end-to-end testing. Precisely the lack of a harmonised definition of "shareholder" at European level raises interpretative doubts about the fulfilment of the obligations for intermediaries under the current legislation and contributes to **increasing** the **costs, complexity** and risks of participating to European capital markets.<br><br>In this respect, EBF members wish to highlight that changes to SRD II would only be of limited help if the conflicts and inconsistencies of law between SRD II and the 27 national company laws remain wide and largely unaddressed. Hence, it is important to ensure that an EU-wide definition of shareholder does not lead to new problems in the implementation of national company law.<br><br>Additional critical issues identified in relation to SRD II concern:<br><br>1) The absence of clear definitions and rules regarding, for example; i) the scope of the SRD II; ii) the information flow across the value chain as a whole together with the heterogeneity of the transpositions at EU27 Member State, national level; plus the secondary, local implementing regulations and operational market practices which raise legal uncertainties on top of the operational risks, rendering problematic both the interpretation and application of the regime's many abovementioned rules, both legally and operationally throughout the custody chain. |

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| | | 2) The requirementsof the Implementing Regulation lead to unnecessary and duplicate information of the shareholders, especially at the general meeting. The reason for this is that the requirements of national company law do not match the strict requirements of the Implementing Regulation.<br>3) A clear, specific and unambiguous definition of "corporate event" is still missing. Seemingly, it is not clear whether SRD II and Implementing Regulation 2018/1212 should apply: i) exclusively to those corporate events which imply an option right for the benefit of the shareholders; or ii) to the whole set of these events. Precise definition of the financial instruments in scope is desired.<br>4) The definition and rules regarding electronic voting are not harmonised throughout the different EU27 Member States' legal systems.<br>5) Another unclear issue revolves around what specific information must be communicated by the intermediaries to shareholders (since this information may "evolve" or change quickly throughout the process).<br>6) Last but not the least, the SRD II regime should be more considerate of the specific need for clear information required from retail clients and the medium through which information is received from the intermediary.<br>In light of the above, the EC's planned investigation, through market consultation arrangements, of the specific items listed in the action's description, is both welcome and encouraged by the EBF. |
| **Action 13: Developing cross-border settlement services**<br>To improve the cross-border provision of settlement services in the EU without negatively impacting financial stability, the Commission will review the rules covering a wide range of topics, including: (i) the cross-border provision of services by CSDs on the basis of a CSD passport and (ii) the procedures and conditions under which CSDs have been authorised to designate credit institutions or themselves to provide banking type ancillary services. | Q4 2021 | The EBF supports the proposal of improving rules regarding "cross-border provision of services by CSDs on the basis of a CSD passport", as this would increase in the long term the level of competition among EU CSDs, and the consequent level of efficiency of their services, with benefits for banks and other Central Securities Depositories' (CSDs) users.<br>However, coming to the provision of "banking-type ancillary services" by CSDs themselves, caution will have to be used in order to avoid potential overlap with the same services provided by banks over decades and with high standards of efficiency. In this respect, EBF members are of the view that any potential changes to the current rules should not result in a relaxation of the prudential requirements (as per the regulatory technical standards defined in the Commission Delegated Regulation (EU) 2017/390 additional risk based capital |

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| ➢ **Known Focus**:<br><br>This will be achieved through a targeted review of the Central Securities Depositories Regulation22, to be carried out by Q4 2021. Such a review is required under the Regulation and will be supported by an impact assessment. Before adopting the legislative proposal, by Q4 2020, the Commission will present a report on the Regulation to the European Parliament and the Council. This report will reflect a broad consultation with all stakeholders, including Member States and European Securities and Markets Authority (ESMA). | | surcharge, etc.) that apply to CSDs wishing to provide banking-type ancillary services. It is crucial, ultimately, to avoid the so-called "dis-intermediation" of banks in the provision of those services.<br><br>One key additional topic that needs review in order to maintain and develop cross-border settlement services, is the mandatory buy-in regime under the CSDR. The current CSDR rules for buy-ins will handicap the operation of European markets, and will reduce the attractiveness of European securities for third-country investors. . The EBF response to the recent European Commission consultation on a review of CSDR contains extensive information on this point. Among the many recommendations made by the EBF, there is a recommendation that there should not under any circumstances be a mandatory obligation placed on retail investors to execute a buy-in.<br><br>The EBF would also like to remind the European Commission of the EPTF report regarding its post-trade recommendations. Specifically, actions regarding a review of the Settlement Finality Directive and the Financial Collateral Directive would be welcomed. Both directives should be modernised, taking into account the developments on EU capital markets that have occurred since. Harmonisation of their transposition is of utmost importance, particularly since the departure of the UK from the EU. This includes the applicability to third country systems as well as the scope regarding direct or indirect participants.<br><br>In this context, harmonisation efforts undertaken by TARGET2-Securities and other ECB initiatives should also be considered under Action 13, particularly, with regard to any costs involved at T2S or CSD level. |
| **Action 14: Consolidated tape**<br><br>In order to create an integrated trading view across the EU and improve competition between trading venues, the Commission will propose legislative changes that will support the establishment of an effective and comprehensive post-trade consolidated tape for equity and equity-like financial instruments.<br><br>➢ **Known Focus** | Q4 2021 | Where the European Commission decide to introduce a consolidated tape (CT), we primarily suggest defining a robust and detailed governance for the CT and not compulsory mandating the consumption of its data. The EBF is also particularly cautious regarding the risk of further increase in the cost of market data. Unfortunately, a CT is not likely to solve the current problem of increasing market data costs. The market data cost issue must be addressed regardless of whether a CT exists. The EBF welcomes the proposal (detailed in the Annex to the CMU Action Plan) to focus the CT on equity and equity-like instruments and would suggest a phase-in approach, starting with post-trade equity data first. |

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| The Commission will ensure that the tape's coverage is comprehensive, and that the quality of data is adequate for the tape to provide added value for market participants, while taking into account costs of the set-up and the use-case. | | A further issue the EC and ESMA should expand, regards the frequency of the reporting and, more precisely, whether it be on a trade-by-trade or "at end of the day" basis. |
| **Action 15: Investment protection and facilitation**<br><br>The Commission will propose to strengthen the investment protection and facilitation framework in the EU | Q2 2021 | No comment at this stage |
| **Action 16: Supervision**<br><br>The Commission will work towards an enhanced single rulebook for capital markets by assessing the need for further harmonisation of EU rules and monitoring progress towards supervisory convergence. It will take stock of what was achieved in Q4 2021 and consider proposing measures for stronger supervisory coordination or direct supervision by the European Supervisory Authorities (ESAs). The Commission is also carefully assessing the implications of the Wirecard case for the regulation and supervision of EU capital markets will act promptly and decisively to address any shortcomings that are identified in the EU legal framework. | Q4 2021 | The European Commission's intention to create a single rulebook and improve supervisory convergence is welcome. Integration of European capital markets will be difficult to achieve without the creation of a single European rulebook, which is also necessary, for overcoming the contradictions to which banks are subject to as having to deal with different national legal regimes in the banking, financial, bankruptcy, economic and criminal law fields.<br><br>For instance, supervisory convergence across the Member States could reduce the administrative burden on CSDs, enable equivalence and help to further develop harmonized Union level supervision and risk management of national and regional infrastructure. |