



13 May 2015

**Statement**  
**EACT Response to the European Commission Green Paper on Building a Capital Markets Union**

*The European Association of Corporate Treasurers (EACT) has submitted its response to the European Commission's consultation on Building a Capital Markets Union (CMU).*

*EACT Chairman Richard Raeburn said: "CMU is a long-term project that we fully support. Its relevance is primarily for mid-size companies rather than the very large and very small. CMU can play a key role in stimulating growth and employment but the Commission needs to balance its short and long term policy responses"*

*Key points in our detailed response (available here) are:*

- 1) We believe that it is important for European companies that funding sources are diversified and that generally speaking Europe should seek better to supplement bank funding with non-bank sources. The end objective should be that more European companies have choice of and access to different and varied funding sources such that the real economy is less dependent on the health of the banking sector.*
- 2) On the proposed short-term actions, we support the efforts for reviving securitisation, but emphasize the importance of non-financial companies having the ability to control whether their loans or receivables are securitised. We also recommend that as another short-term priority the Commission preserves the fundamental ability of non-financial companies to hedge their business risk.*
- 3) We support the development of various types of market-based funding, varying from private placements, commercial paper, private equity and venture capital to crowdfunding and peer to peer lending. We argue that at*



*this stage it would be more helpful to support the development of such funding sources by non-legislative actions rather than legislating in this area.*

- 4) On the suggestions to harmonise corporate bond issuance, we underline that in our view this is already the case in relevant areas; however we strongly discourage any mandatory standardisation of aspects such as maturities, coupon dates and covenants as this approach fails to recognise issuers' underlying funding requirements.*
- 5) On the question of taxation, we reiterate our strong opposition to the Financial Transaction Tax that we see as in complete contradiction with the aim of the CMU project. On other tax aspects we support using and harmonising the tax system in order to encourage investment in companies, and abolishing any existing discriminatory measures at Member States level; and we highlight that the tax treatment of different sources of financing should be as neutral as possible to avoid distortion of investment decisions.*
- 6) We acknowledge that the European Supervisory Authorities will have an important role in the creation and implementation of the CMU and we therefore once more highlight that it is crucially important that the ESAs involve all relevant stakeholders in their work, including non-financial end-users.*
- 7) Finally, we call the Commission's attention to the fact that the shortage of capital market funding is not (by far) the only structural issue non-financial companies are suffering from today in terms of the current environment: many aspects of past legislation and the initiatives currently in discussion are detrimental to the real economy and create unnecessary burdens on businesses without contributing in any way to financial stability. These should be tackled simultaneously with the CMU initiative so as to improve overall the way in which the financial system supports the real economy.*



## The European Association of Corporate Treasurers

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