

Press Release

ESMA makes recommendations for more effective and attractive capital markets in the EU

The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has today published its Position Paper on "Building more effective and attractive capital markets in the EU". The Paper includes 20 recommendations to strengthen EU capital markets and address the needs of European citizens and businesses.

ESMA's recommendations for a well-functioning capital market focus on three dimensions: citizens, companies and the EU regulatory and supervisory framework. The actions proposed in this paper go beyond changes to financial regulation and are thus directed not only to capital market supervisors but also to EU Member States, the European Commission and EU Co-legislators as well as to the financial industry.

Verena Ross, ESMA Chair, said:

"Creating effective and attractive EU capital markets requires improving the wider market ecosystem and putting investors and companies at the heart of it. Steps are needed to ensure capital markets can play their role in supporting the financing needs of Europe. Therefore, ESMA today puts forward proposals for how markets can serve the needs of European citizens and businesses."

Taking into account the current state of the capital markets and leveraging on our expertise and engagement with stakeholders, we have built this comprehensive set of recommendations. As we publish our position paper, I would also like to thank the members of ESMA's Board of Supervisors for their ideas, suggestions and support, which allows us to bring the voice of securities regulators to the debate."

Key proposals

- **EU citizens:** Simple, cost-efficient investment options are crucial for empowering citizens to invest their savings in capital markets that serve their long-term needs. Key recommendations in this area include the development of **basic long-term investment products** and pension systems that are suitably incentivised and contribute to the development of capital markets. This should be complemented by efforts to **improve financial education**.

- **EU companies:** Diverse and sustainable financing options are critical for fuelling growth and innovation in the EU, especially for SMEs. Key recommendations in this area include developing a **conductive ecosystem for public companies** and fostering **pan-European markets** while addressing barriers to integration, particularly for market infrastructures.
- **EU regulation and supervision:** EU capital markets must be agile to respond to evolving needs. Key recommendations to address this include **modernisation of the EU's regulatory framework**, to account for new tools such as **effective forbearance powers**. At the same time, **supervisory consistency** amongst EU supervisors should be prioritised, while further **centralisation of supervision at EU level** should be evaluated.

Next steps

ESMA will continue to engage and collaborate with all stakeholders regarding implementation of the recommendations outlined in this paper and contribute through its work to building more effective and attractive capital markets in the EU.

Notes for editors

1. [ESMA24-450544452-2207 ESMA position paper on EU capital markets](#)
2. [Factsheet](#)
3. In September 2023, ESMA established a Board-level Task Force to look further into the state of play of EU capital markets, and to identify ways to improve their attractiveness and effectiveness. For the past 8 months, this Task Force has analysed the functioning of capital markets from both national and EU perspectives, taking into account regulatory, market and international developments. The TF developed a number of recommendations, now approved by the ESMA Board of Supervisors, that could inform the European institutions, national governments and regulators, and the private sector, on what further initiatives could be undertaken to improve the state of EU capital markets.
4. ESMA is the European Union's EU's financial markets regulator and supervisor. Its mission is to enhance investor protection and promote stable and orderly financial markets.
5. It achieves this objective through three strategic priorities:
 - a. fostering effective markets and financial stability,
 - b. strengthening supervision of EU financial markets,
 - c. enhancing protection of retail investors,and two thematic drivers:

enabling sustainable finance; and
facilitating technological innovation and effective use of data.
6. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

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