



# CAPITAL MARKETS UNION

#CMU

**"Strong focus on SME Growth Markets"**

**THESSALONIKI SUMMIT**

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European Commission

## CMU - objectives

Jobs  
&  
economic growth



EU economy  
more diverse and more resilient



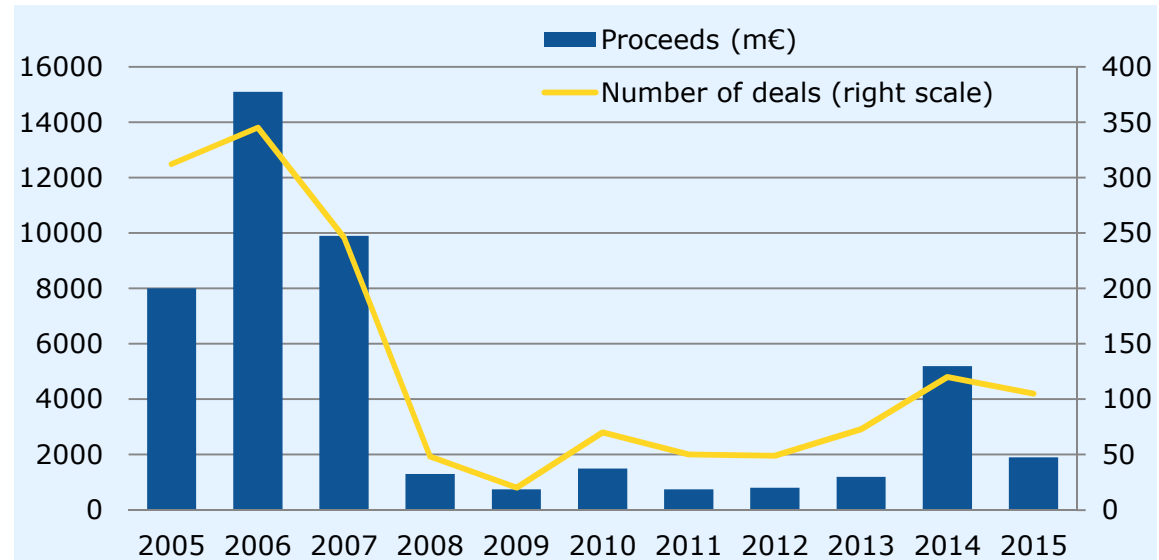
Increasing  
market-based finance to  
complement bank lending

Stimulating long-term finance  
for investments in infrastructure  
and SMEs

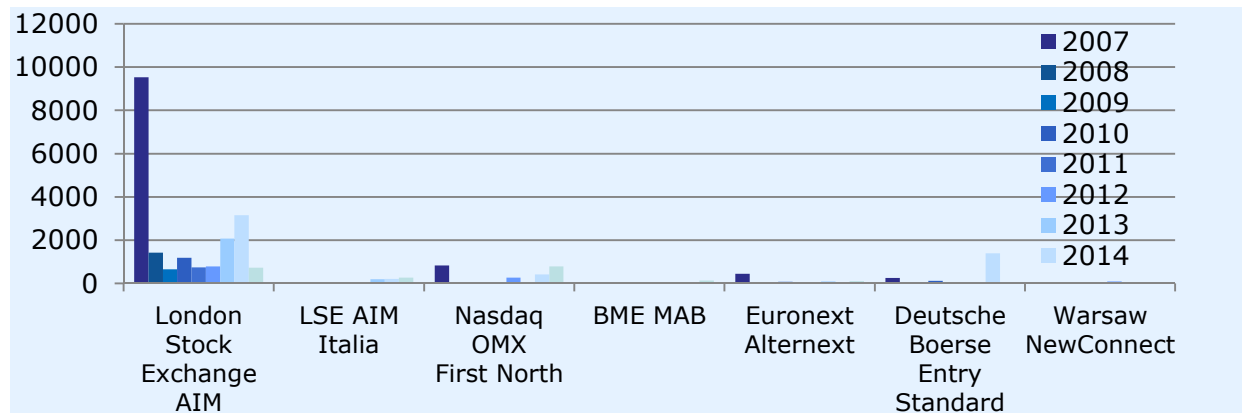
Removing cross-border barriers  
to capital raising and  
investments

## Europe's broken IPO pipelines

IPO proceeds & number of deals  
on European junior markets



Source Dealogic

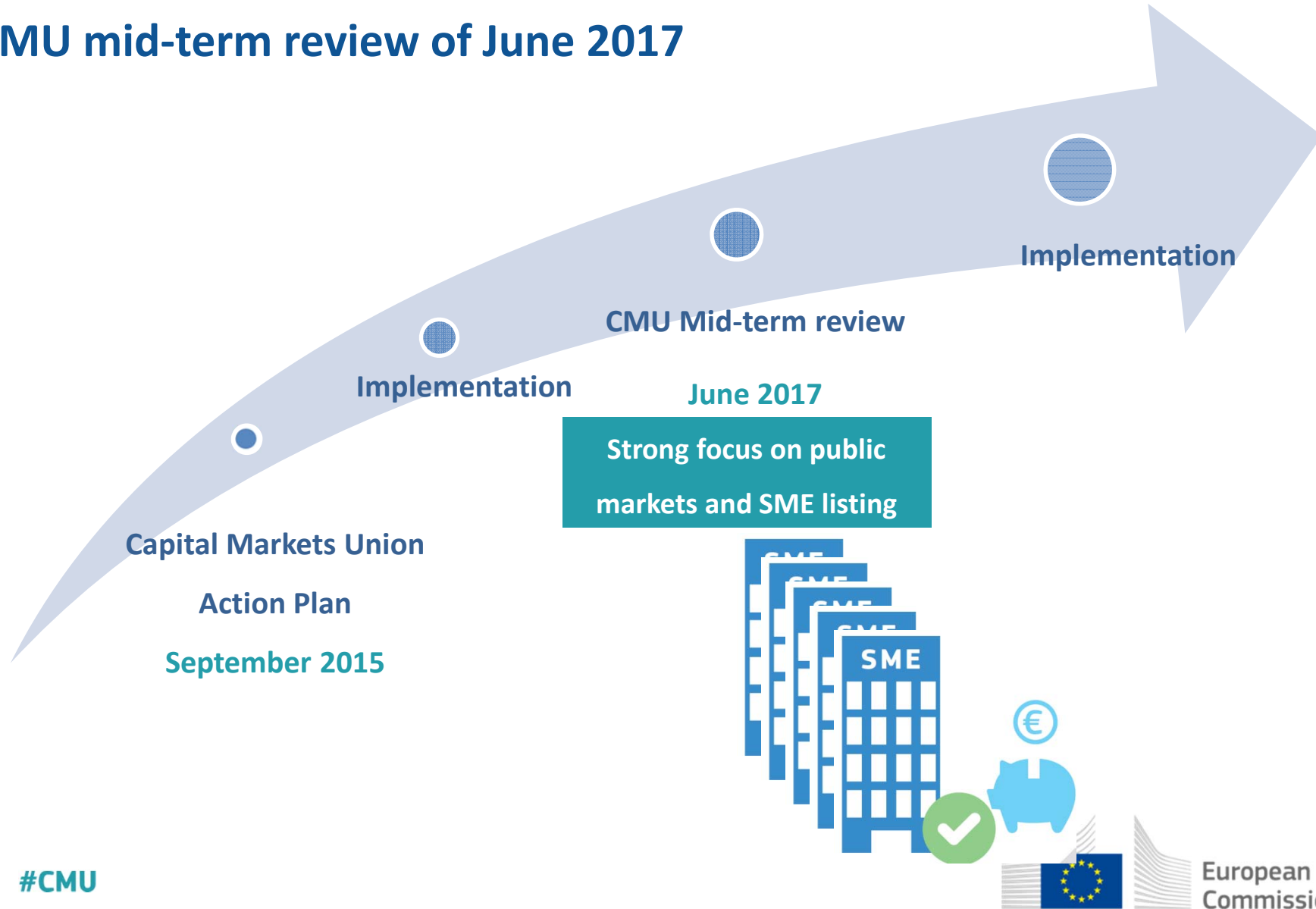


IPO values on European  
Junior Stock Exchanges

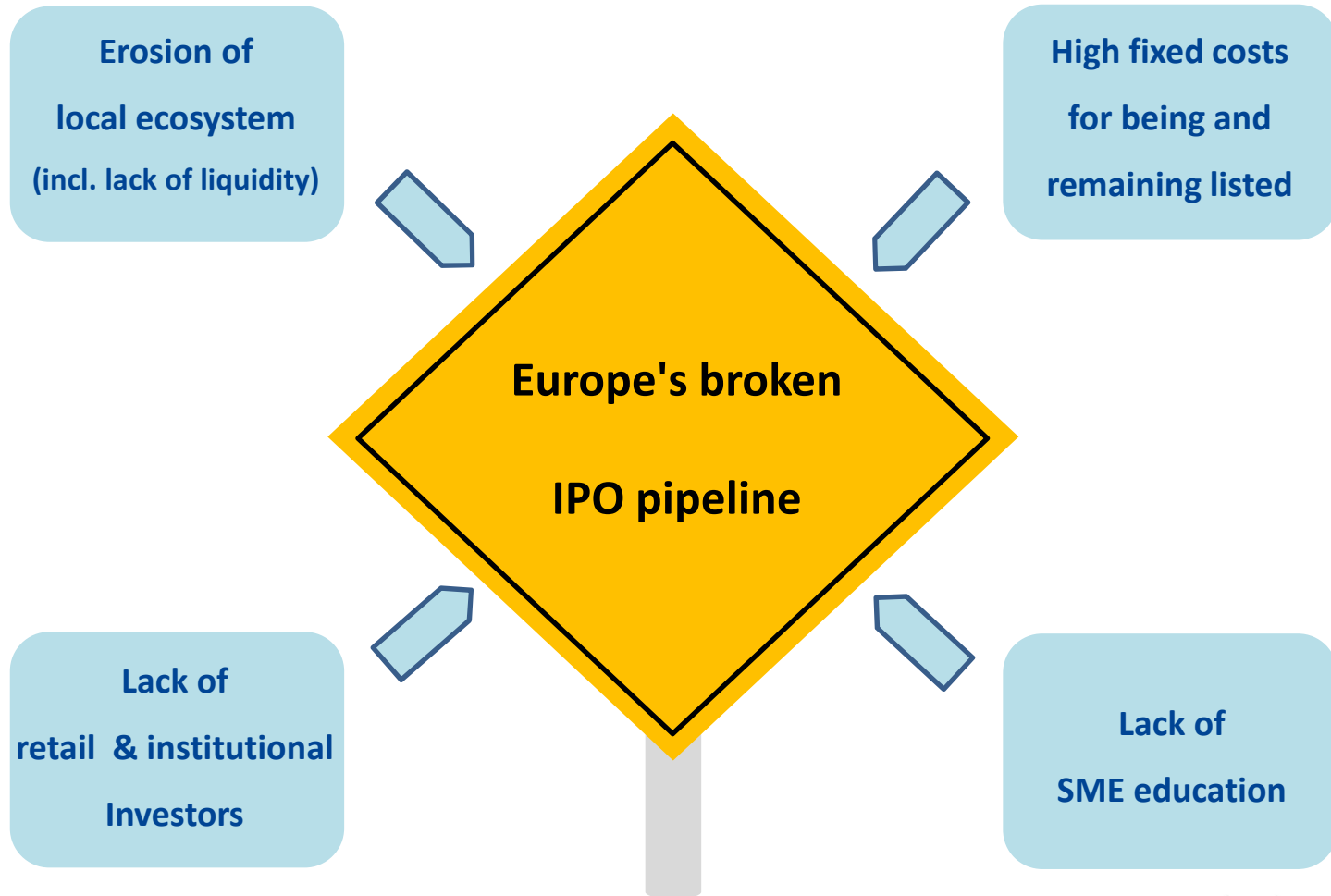
Source PwC IPO Watch

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## CMU mid-term review of June 2017



## Barriers for SMEs to access public markets



## CMU MTR: strong focus on SME access to public markets

- key workstream including legislative and non-legislative measures to help SMEs go public

<u>Policy Action</u>	
<b>Action 1</b>	Review of the regulatory barriers to SME admission on public markets to deliver a more proportionate regulatory environment to support SME listing on public markets
<b>Action 2</b>	Assess the implementation of the new MiFID II level II provisions on research to determine whether they have led to unintended consequences for the research coverage of SMEs
<b>Action 3</b>	Identify and share best practices of schemes that help SMEs bear the cost of listing on public market
<b>Action 4</b>	Explore how an EU financial support could contribute to addressing market failures faced by SMEs to go public (i.e. whether investment could be unlocked via a public-private fund)

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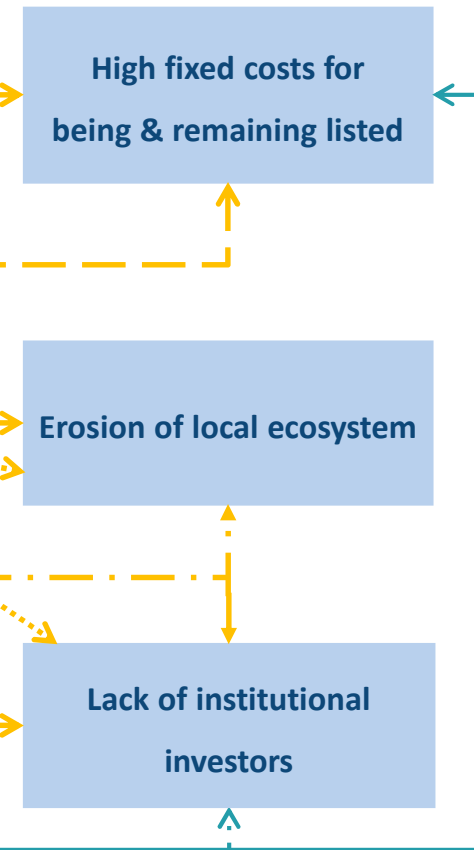
## Barriers

### CMU MTR – New Actions

- Review of the regulatory barriers to SME admission on public markets
- Identify and share best practices of schemes that help SMEs bear **IPO cost**
- Assess the implementation of new MiFID II provisions on **research**
- Explore whether investment could be unlocked via a **public-private fund**

### CMU – Implemented actions

- Revised rules on **prospectus** agreed in 2016
- Reform of the existing Venture Capital Funds Regulation (**EuVECA**)



## CMU MTR: Making a success of "SME Growth Market"

### The 'SME Growth Markets'

- new category of multilateral trading facilities under MiFID II applicable as from 1.01.2018

### Why a new category?

- Avoid a one-size-fits-all approach to rule-making but rather a **proportionate, adapted legislation** designed for SMEs
- Reflect the evolving challenges of the markets: Different SME-dedicated MTFs within the EU (covering over 3,000 companies with a market cap. over EUR 200 billion). Examples:





## Why are SME Growth Markets important?

	<b>Benefits</b>
<b>Issuers</b>	Less dependency on bank finance, higher investor base diversification, "follow-on" issuances, increased brand recognition
<b>Investors</b>	Higher return and higher level of portfolio diversification Exit opportunity for private equity investors
<b>Stock-Exchanges</b>	Pipeline of companies that may graduate to the regulated markets
<b>Funding escalator</b>	Key for the entire funding escalator as they provide fast and profitable exit opportunities to private equity investors and can act as a stepping stone towards regulated markets
<b>Jobs and Growth</b>	Increase in workforce after IPO and turnover growth Potential contribution to GDP

For the actions under CMU to succeed  
the full and constant support of  
the European Parliament  
Member States and  
all market participants  
is  
paramount



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**Thank you!**

