

### **DBG response: Call for evidence Savings and Investments Union**

SIU should provide for deep and liquid capital markets, capable of meeting rising funding needs for the digital and green transition and for safeguarding EU's autonomy and security, as bank lending alone will not be sufficient. As a regulated provider of market infrastructure to global capital markets and marketplace organiser, Deutsche Börse Group is a key player and supporter within the establishment of the SIU.

#### **Unlock savings, mobilise investments**

An underdeveloped capital market culture leads to citizens missing out on returns and private retirement savings. The SIU should encourage more retail participation, e.g. through the **creation of EU savings and investment accounts** that are simple, easily accessible and paired with tax incentives (see Swedish ISK model).

**Leveraging pensions** across all key pillars. Member States should build up state-driven funds that actively engage in equity markets and support long-term capital growth. Reform PEPP into a “401k EU” approach (employer sponsored; auto-enrolment; tax incentivised). To mobilise higher institutional volumes and move them towards European equities, we recommend:

- Revise Solvency II to mobilise existing institutional volumes towards equities.
- Incentivise IORP investments: Adjust investment rules to ensure target investment ratio (such as 20%) into EU equity, while allowing investments outside the EU for diversification / return considerations.
- Introduce a more flexible approach to investment limits in UCITS, similar to passive funds. We propose a 20/40 rule instead of the current 5/10/40 rule.
- Establish EU equity fund under EIB operated by private sector to inject capital into the economy. Citizens and corporates could invest into this fund via cost efficient products.

#### **Foster equity market, boost IPO ecosystem**

EU needs to review its approach to market structure and tackle the significant fragmentation on secondary markets: Aim for comparable share of lit trading as in the US (60-65%), limited to Large in Scale transactions; reduce complexity around MiFID/MiFIR, decreasing the number of waivers by means of streamlining and widen the Single Volume Cap to capture the full EU market.

Declining international competitiveness of EU capital markets is particularly reflected in the weak IPO figures, low market liquidity and a “trend” for companies to list abroad. The EU should **boost its IPO ecosystem** by facilitating access to equity markets, harmonising listing requirements, enhancing Prospectus Passporting Regime and improve pre-IPO financing realities.

#### **Leverage clearing ecosystem**

Enhance the global competitiveness of the EU clearing ecosystem, while reducing systemic overreliance on third country CCPs, to strengthen the EU's position as a global financial centre. This requires promoting a level playing field for EU CCPs compared to non-EU CCPs and non-centrally cleared markets, e.g. rules around segregation, resolution, porting, anti-procyclicality, margin transparency, bilateral margin requirements and haircuts, cross-product netting; and targeted incentives to boost the attractiveness of central clearing in growth segments like repo, FX, etc. A continued EU clearing strategy beyond EMIR 3.0 is hence an important element.

### **Reduce post-trade barriers**

Provision of effective cross-border post-trade services is impeded by various barriers. Main barrier is not the number of CSDs but rather the amount of national differences in regulatory frameworks, tax systems, market practices, and standards for securities issuance, settlement, corporate actions. The EU should reduce these differences to strengthen cross-border competition among CSDs, promote market-led consolidation, enhance T2S, and limit settlement internalisation. To support legal harmonisation, the EU should consider the continued use of the FASTER initiatives and the introduction of a 28th regime. Regarding the digital CMU, we appreciate the decision to continue the momentum of the ECB trials.