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EBF Commends EU Member States' Leadership in Delivering the Savings and Investments Union and Flags Key Areas

The European Banking Federation (EBF) welcomes the strong engagement of several EU Member States in advancing the Savings and Investments Union (SIU), and their shared commitment to strengthening Europe's capital markets.

Today, unlocking the full potential of the SIU is not only an economic priority but a strategic imperative for the European Union. More effective mobilisation of savings into long-term investment, in particular equity financing, will be key to supporting growth, resilience and economic security, while enabling households to build more sustainable long-term (pension) wealth through investing.

Delivering on these objectives requires ambition at both EU and national levels, underpinned by sustained political leadership and a clear focus on simplification and practical outcomes.

In this context, the EBF commends the leadership of the E6 Member States and their support for the European Commission's efforts to advance the SIU. Maintaining this momentum remains essential in the current economic and geopolitical environment.

The EBF calls on EU leaders to sustain a high level of ambition to strengthen Europe's competitiveness and attractiveness, in line with Mr. Draghi's and Mr. Letta's wake-up calls.

In this context, the EBF would highlight a few areas that could support further progress:

- 1. Reforms aimed at broadening retail participation in capital markets must remain priority**

Enhancing market participation, especially from retail investors, is crucial to deepen European equity markets. In this context, the EBF emphasizes that negotiations on the Retail Investment Strategy should result in a proportionate and well-calibrated Level 1 text.

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While acknowledging the significant progress achieved to date, the EBF notes that certain technical but key aspects remain challenging from an implementation perspective (e.g., relating to Value for Money and new Inducement Test) and would benefit from targeted adjustments at Level 1 while still possible.

Addressing these elements at this stage, through calibration at Level 1, would help avoiding the need for more complex and resource-intensive refinements at Level 2 or Level 3.

2. Regulatory solutions should ensure the success of the EU's Equity market structure

While changes to supervision or infrastructure rules alone will not, in themselves, drive the transformation of savings into long-term investment, the Market Infrastructure Package (MIP) can play an important enabling role by improving the conditions for EU equity markets to operate at greater scale, transparency and efficiency, thereby supporting broader, demand-driven reforms.

The key priority should remain be the successful delivery of a consolidated tape (including the five layers of best bid and offers) to provide investors with a comprehensive and reliable view of all pre-trade market liquidity and price formation. Nevertheless, EBF cautions against rushing any decision to limit the availability of alternative trading mechanisms or favour any model specifically to ensure a level playing field.

The structure of equity markets is complex and interdependent, and changes in this area can have far-reaching implications. The EBF calls therefore for an open and expert-driven discussion to inform any potential policy outcome.

Such discussion should consider the following starting points:

- **Diversity of trading mechanisms supports investor choice** and allows market participants flexibility in accessing liquidity and executing trades. In this context, mechanisms such as systematic internalisation contribute to market functioning by enabling credit institutions to provide liquidity bilaterally, using their own balance sheet and risk capacity to serve client needs.
- At the same time, it is important to recognise that **reducing structural costs in intermediation models can facilitate broader access to markets** and support effective competition. Excessive fragmentation, coupled with extensive best execution requirements, may lead to additional operational and connectivity costs, where intermediaries acting on behalf of clients must access multiple venues.

A balanced approach is therefore needed, one that supports transparency and efficiency, fosters competition, and preserves the diversity of market models that underpin well-functioning and attractive European equity markets.

3. Pushing for simplification and coherence in the regulatory framework is key

The EBF strongly supports the EU's simplification agenda. Ongoing and future reforms should prioritise streamlining the regulatory framework, reducing unnecessary burdens, and limiting opportunities for national fragmentation and gold-plating.

The EBF encourages the European Commission to undertake a comprehensive mapping of overlaps, duplications, and inconsistencies across EU financial legislation, with a view to eliminating unnecessary complexity. This exercise should also take into account the findings of the ongoing consultation on the competitiveness of the EU banking sector.