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**The European Capital Markets Union
“Why are equity markets so important for Europe”**

**“KEYNOTE – Thorsten Müller,
Chair DVFA and MP of Lighthouse Corporate Finance GmbH”**

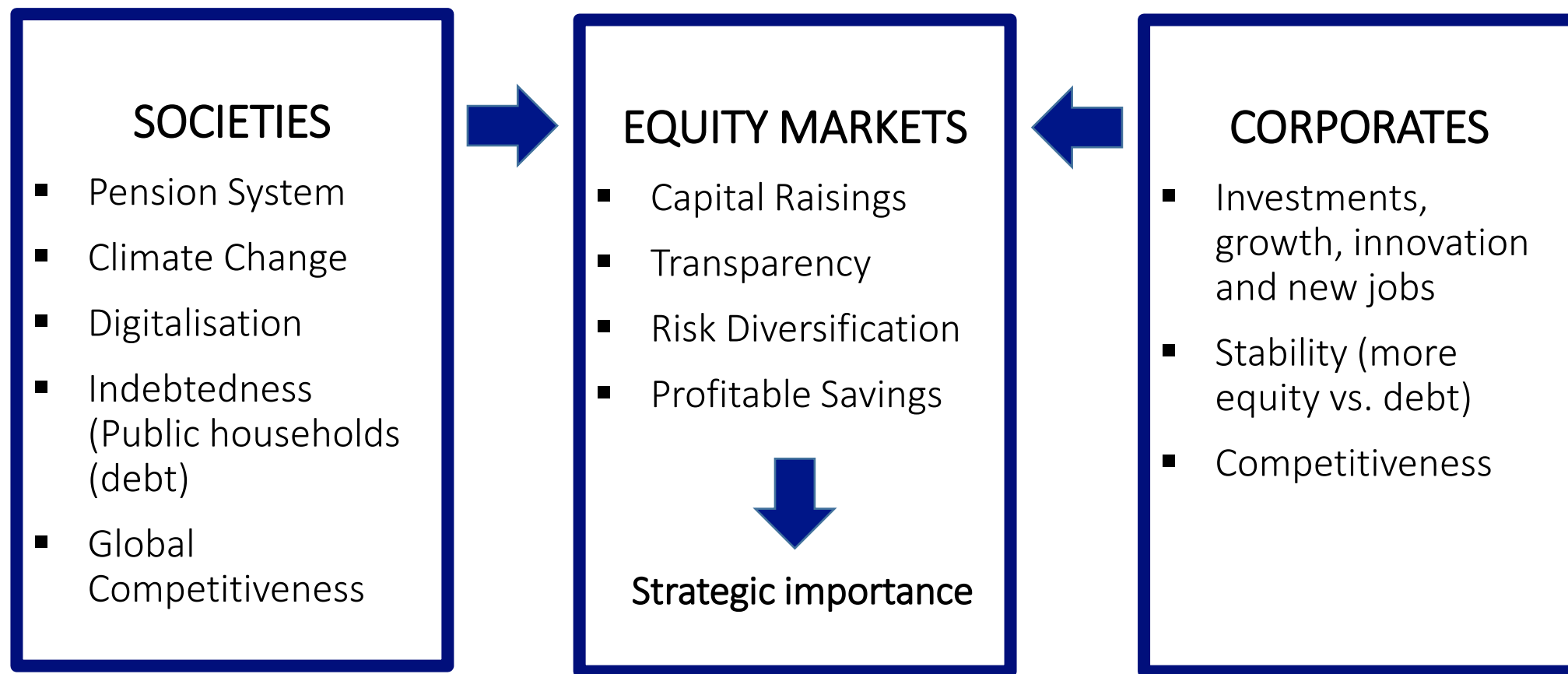
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Federation of
Financial Analyst
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Capital Markets Union

Importance of equity markets



Europe focuses on debt rather than equity financing.

Results are:

- Low resilience
- Low growth

Capital Markets Union

Importance of equity markets and the actual shortcomings

High importance....but  substantial shortcomings

MACRO

- Low Market Cap / GDP ratio
- Relative importance of Europe's market cap is decreasing
- No EU company among Top 10 by market cap

Number of listings / IPOs

- Decreasing number of listings
- Decreasing number of IPOs
- Biotech IPOs move to the USA

Taxation

- Tax discrimination of equity funding (corporate level)
- No / limited tax incentives for retail investors

Long term Investors

- No / very limited equity linked pension schemes
- Life Insurers have substantially decreased their investments in public equity
- Overregulation due to Solvency 2

Financial literacy

- Is limited / poor

The EU regulation is focussing to much on the short term volatility of equities.

This regulation drives long term investors out of equity products.