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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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Capital Markets Union

Importance of equity markets

SOCIETIES

- Pension System
- Climate Change
- Digitalisation
- Indebtedness (Public households (debt)
- Global Competitiveness

EQUITY MARKETS

- Capital Raisings
- Transparency
- Risk Diversification
- Profitable Savings

Strategic importance

CORPORATES

- Investments, growth, innovation and new jobs
- Stability (more equity vs. debt)
- Competitiveness

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.