

## VIDEO

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# Focus on Funds: European Capital Markets Union Holds Potential for Funds and Investors

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The January 9, 2015, edition of *Focus on Funds* details a new initiative in the European Union that could open and deepen its capital markets while enabling funds to better serve investors and the European economy.

### Transcript

**Stephanie Ortbals-Tibbs, ICI Director, Media Relations:** Welcome to *Focus on Funds*, the Investment Company Institute's weekly roundup of industry news, ICI activities, and research findings.

The European Union is beginning to take up an issue with very significant long-term implications for funds. It's the question of a capital markets union. And I spoke with ICI Global's Giles Swan about what is going on.

Giles, in the EU there's increasing talk of a capital markets union. What does that mean?

**Giles Swan, ICI Global Director of Global Funds Policy:** Well, the capital markets union—or the CMU, as it's being called—is an initiative to deepen and to develop European capital markets, to improve financing for business. This was announced by Jean-Paul Juncker as part of his presidency of the European Council and Commissioner Hill, Lord Hill—who is responsible for overseeing the delivery of the capital markets union—has outlined his vision, his general approach: that it should concern all 28 countries of Europe, that it should enable businesses to access a diversified source of funding, reduce their cost of capital, to allow cross-border debt and equity investment, and also to allow investors to better diversify their portfolios.

**Ortbals-Tibbs:** So, it is early days, but we're starting to understand what some of the potential implications could be for funds. Outline those for me if you would, please.

**Swan:** Well, funds are major players in the capital markets and we hope that a well-structured, deep, integrated capital market would actually benefit funds and their investors by providing new investment opportunities, and would allow fund managers a better range of distribution opportunities as well. So, we think this will allow funds to better serve their investors and fund managers to better serve the European economy in terms of financing.

**Ortbals-Tibbs:** What are the next steps?

**Swan:** The next steps—the commission has announced a wide-ranging public consultation on the CMU. They have called for ideas as to how to improve stable cross-border investing, and ICI Global will be engaging with the commission to provide input and provide ideas as they draw up an action plan which will be the road map through which the CMU will be delivered over the next five years.

**Ortbals-Tibbs:** That's this week in funds. See you next week.

## **Additional Resources**

- [ICI Global Comment Letters on “Shadow Banking” Issues](#)
- [ICI Global Comment Letters on Trading and Market Structure](#)