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Honourable Members of the Parliament,

Thank you for your letter of 29 June 2020 concerning the High Level Forum on Capital Markets Union ('HLF') and its final report.

I take full note of your views regarding the HLF's final report. Allow me, however, to begin by saying that a broad range of stakeholders have welcomed the report, including Better Finance, the public interest non-governmental organisation advocating and defending the interests of European citizens as financial services users at the EU level.

The reaction of Member States to the report has been positive as well. In the ECOFIN Council Conclusions of 5 December 2019, Member States invited the Commission to assess and explore a number of measures in its work on the CMU, particularly with respect to the High Level Forum. Many of those measures are now included in the High Level Forum's final report.

I also note that the European Parliament's draft report on further development of the Capital Markets Union acknowledges both the Next CMU High-Level Group's report of October 2019 and the High Level Forum's report of 10 June 2020, and broadly reflects many of the ideas put forward by the HLF.



You also express concerns about certain recommendations that, in your view, would undo important pieces of financial legislation adopted in the wake of the 2008 crisis. Let me reassure you that upholding post-crisis safeguards and financial stability is of the utmost importance to the Commission. The report repeatedly emphasises the need to safeguard key principles of financial stability. For instance, the report states: “For every measure contemplated in designing the new Capital Markets Union, as part of an impact assessment, it should be assessed whether it will genuinely contribute to the strengthening of capital markets, market operators and end-users, without compromising the objectives of financial stability and market integrity.”

Regarding your concerns over the composition of the HLF, I would like to assure you that the selection process of HLF members was carried out with the utmost rigour with a view to selecting the most suitable candidates fulfilling the criteria set out in the call for expression of interest, while respecting, to the extent possible, the criteria of geographic and gender balance.

Of the 28 experts who participated in this forum, 12 members were appointed in a personal capacity and were as such required to act independently and in the public interest. The remaining 16 members were appointed on the basis of their expertise in a relevant area of common interest. This included, for instance, the two representatives of consumers and financial services users, but also high-level representatives from other financial market actors, such as financial market infrastructures, asset managers, issuers, investment banks, among others. Such a broad and diverse composition was needed to ensure that the HLF would use the specific knowledge and expertise that was indispensable for its work. Among the selection criteria, DG FISMA considered the absence of circumstances that could give rise to conflict of interests, and proven capacity to represent effectively the position shared by stakeholders.

In addition, nine observers from European institutions and authorities actively participated in the discussions and contributed to the work of the HLF, which resulted in additional emphasis being given to the public interest in the work of the Forum. For instance, all three European Supervisory Authorities were represented: the protection of investors and consumers is an important part of the mandate of these authorities.

The call for application was open to all civil society organisations. Their applications were most welcome, both as Type A or Type B members. Regrettably, some of the organisations you would have liked to see represented in the HLF either did not apply – despite the encouragement from DG FISMA, acknowledged in your letter –, or the applicants did not meet the required selection criteria.

It is also important to note that all ideas put forward by any of the subgroups were subject to a meticulous screening process by the plenary, which ensured that, for instance, consumer representatives had a say on all recommendations, including on those that were elaborated in any of the subgroups in which the consumer organisations were not actively participating. The HLF Chair Thomas Wieser, a respected policy-maker who can look back on a long career in public service, had a particular role in ensuring that ideas put forward were considered on the basis of their specific merit.

With regard to your third question about external advice drawn upon by the HLF, on a number of occasions the Commission services were asked to provide technical input for the Forum.

Observers from other European institutions and authorities also provided substantive input, thereby helping the High Level Forum members to arrive at a balanced range of views. In a limited number of cases, subgroups invited guests on specific matters, including experts on securitisation, insurance, but also experts from the Financial Services User Group, and from the Norwegian Consumer Council.

With consideration to privacy and data protection, I would ask for your understanding that we cannot share the paperwork concerning the selection of HLF members.

I hope that these explanations are helpful in responding to the important issues raised in your letter.

I would also stress that the HLF recommendations are to feed into the Commission's CMU Action Plan and possible next legislative steps, which, as usual, will be subject to impact assessments and public consultations. The European Parliament will be duly consulted at every step.

Regarding the upcoming Action Plan on the Capital Markets Union, I would welcome an exchange of views with you and other interested parliamentary colleagues after the summer recess. Depending on the developments related to the COVID-19 pandemic, our meeting could take place either in person or virtually.

I would very much welcome the European Parliament's views on how to make swift and decisive progress on the Capital Markets Union. The euro area members need to achieve such progress not only for increasing the resilience of Europe's Economic and Monetary Union, but also in the context of Brexit. I would be also interested to hear which concrete steps you regard as priority.

To follow up and set up a meeting, I would invite you to please contact Mr [REDACTED] in my cabinet [REDACTED]

Yours sincerely,

[REDACTED]

Valdis Dombrovskis