

Capital Markets Union: breaking down barriers to cross-border investments and accelerating delivery

While the CMU will benefit all Member States, it will particularly strengthen the Economic and Monetary Union by promoting private risk-sharing.

Building on progress already achieved since the launch of the CMU in 2015, today's proposals will boost the cross-border market for investment funds, promote the EU market for covered bonds as a source of long-term finance and ensure greater certainty for investors in the context of cross-border transactions of securities and claims. The CMU is one of the priorities of the Juncker Commission to strengthen Europe's economy and stimulate investments to create jobs. It aims to mobilise and channel capital to all businesses in the EU, particularly small and medium enterprises (SMEs) that need resources to expand and thrive.

Quick adoption of these proposals by the European Parliament and the Council will enable businesses and investors to benefit more fully from Single Market opportunities. The Commission also calls on the co-legislators to ensure the speedy adoption of pending key reforms for the completion of the CMU, such as proposals to strengthen [capital market supervision](#), [business restructuring](#) and provide new [savings opportunities for consumers](#). Out of the 12 proposals presented by the Commission to establish the building blocks of the CMU, only three have been agreed by the co-legislators at this stage.

Valdis **Dombrovskis**, Vice-President responsible for Financial Stability, Financial Services and Capital Markets Union, said: *"Today's proposals are part of a broader strategy to strengthen capital markets and encourage investments in the EU. To have a genuine Capital Markets Union in Europe by 2019, we need to advance in three directions: European labels and passports for financial products, harmonised and simplified rules to deepen capital markets and more consistent and efficient supervision."*

Jyrki **Katainen**, Vice-President responsible for Jobs, Growth, Investment and Competitiveness said: *"We want to make it easier and cheaper for companies, especially small and medium-sized ones, to get the financing they need. A deepened single market will help companies to do that and will allow them to grow. The Commission is delivering on its commitment to put in place the building blocks of CMU. The European Parliament and Council must now do their part. The Commission stands ready to work with them to adopt all legislative proposals by 2019."*

Vera **Jourová**, Commissioner for Justice, Consumers and Gender Equality said: *"The new rules will facilitate access to credit by SMEs and promote cross-border investment. We want to provide legal certainty and remove legal risks in cross-border assignments of claims as well as in transactions that are important for SME funding."*

Today's proposals in details

The Commission is today proposing common rules – consisting of a Directive and a Regulation – for **covered bonds**. With EUR 2.1 trillion in outstanding amounts, they are currently among the largest debt markets in the EU. European banks are global leaders in this market, which represent an important source of long-term financing in many EU Member States.

Covered bonds are financial instruments backed by a segregated group of loans. They are considered beneficial not only because they fund cost-effective lending, but also because they are particularly safe. However, the EU market is currently fragmented along national lines with differences across Member States.

The proposed rules are based on high-quality standards and best practices. They aim to enhance the use of covered bonds as a stable and cost-effective source of funding for credit institutions, especially where markets are less developed. They will also give investors a wider and safer range of investment opportunities.

At the same time, the proposal seeks to reduce borrowing costs for the economy at large. The Commission estimates that the potential overall annual savings for EU borrowers would be between EUR 1.5 billion and EUR 1.9 billion.

Investment funds are an important tool to channel private savings into the economy and increase funding possibilities for companies. The EU investment funds market amounts to a total of EUR 14.3 trillion. However, this market has not yet achieved its full potential. Just over a third (37%) of UCITS funds and around 3% of alternative investment funds (AIFs) are registered for sale in more than three Member States. This is also due to regulatory barriers that currently hinder the cross-border distribution of investment funds.

Today's proposal aims to remove these barriers for all kinds of investment funds making cross-border distribution simpler, quicker and cheaper. Increased competition will give investors more choice and better value, while safeguarding a high level of investor protection.

The assignment of a claim refers to a situation where a creditor transfers the right to claim a debt to another person in exchange of a payment. This system is used by companies to obtain liquidity and access credit. At the moment, there is no legal certainty as to which national law applies when determining who owns a claim after it has been assigned in a cross-border case. The new rules proposed today clarify according to which law such disputes are resolved: as a general rule, the law of the country where creditors have their habitual residence would apply, regardless of which Member State's courts or authorities examine the case. This proposal will promote cross-border investment, access to cheaper credit and prevent systemic risks.

The Commission has also adopted a Communication to clarify which country's

law applies when determining who owns a security in a cross-border transaction. Enhanced legal certainty will promote cross-border investment, access to cheaper credit and market integration.

The [Mid-Term Review of the Capital Markets Union Action Plan](#) reported in June 2017 on the progress made so far in bringing the Action Plan forward and set the timeline for new action. In this context the Commission announced that it would publish in Q1 2018 several legislative proposals, notably in the areas of investment funds, covered bonds and dispute resolution. Today's package contains these proposals.

Background

The European Commission launched its [Action Plan for a Capital Markets Union](#) to help build a true single market for capital across the EU in 2015. The Action Plan is a key pillar of the [Investment Plan for Europe](#), the so-called "Juncker Plan". A single capital market will be beneficial for all EU Member States, but will particularly strengthen the Economic and Monetary Union, by fostering cross-border private risk-sharing in the euro area. This is crucial to absorb systemic economic shocks.

It is built around the following key principles:

- Deepening financial integration and increasing competition
- Creating more opportunities for investors
- Connecting finance to the real economy by fostering non-bank funding sources
- Ensuring a stronger and more resilient financial system.

More Information

[MEMO](#)

[Factsheet](#)

More [information](#) on the proposal

[Protecting European consumers: toys](#)

and cars top the list of dangerous products detected

The report shows that in 2017, the Rapid Alert System was increasingly used by national authorities with more than 2,000 alerts on dangerous products circulated through the system. Toys, for example several models of the popular fidget spinners, cars and motorcycles, topped the list of dangerous products detected and removed from the market.

Věra **Jourová**, Commissioner for Justice, Consumers and Gender Equality said: *“European consumer rules guarantee that only safe products are sold in the EU. If this is not the case, the Rapid Alert System supports authorities to react quickly and remove any products that might cause injuries. Thanks to this system, we are keeping our children safe and preventing fatal accidents on our roads. This is a good example of how to efficiently enforce EU consumer rules. Unfortunately, in many other areas we need to improve enforcement and make sure consumers can benefit from their rights. This is what our upcoming ‘New Deal for Consumers’ is all about.”*

The 2,201 alerts sent through the Rapid Alert System prompted nearly 4,000 follow-up actions, such as the withdrawal of products from the market. This shows that all national authorities closely monitored the alerts in the system and took all necessary measures to help make the market safer for consumers.

How does it protect consumers from dangerous products sold online?

Consumers increasingly purchase products online directly from third countries. The challenge is now to ensure that these products meet EU standards for safety.

Many of the dangerous products notified in the Rapid Alert System are also sold on online platforms or marketplaces. To address this phenomenon, the Commission is encouraging cooperation with its international counterparts and online platforms to make sure that unsafe products do not reach EU consumers. The Commission issued a [Recommendation](#) on 1 March 2018 with a set of operational measures to be taken by online platforms and Member States to further step the work on illegal online content, including when it comes to dangerous products.

In particular, the Commission is calling on platforms to take voluntary commitments that go further than their legal obligations in the field of product safety.

Which products are posing the most risks?

In 2017, ‘toys’ was the most notified product category (29%), followed by ‘motor vehicles’ (20%), and ‘clothing, textiles and fashion items’ (12%).

As far as risks are concerned, in 2017 the risk most often notified was

injury (28%), followed by chemical risk (22%).

Where are they coming from?

The majority of dangerous products notified in the system came from outside the EU. China is the number one country of origin, but the number of alerts remains stable at 53% (1,155) in 2017, same as the year before. The Commission continues to cooperate closely with Chinese authorities, working together to discuss specific cases and implement actions, such as exchange of good practices. Dangerous products of European origin accounted for 413 notifications (26%).

Next steps

The Rapid Alert System is an important tool for the enforcement of EU consumer laws by national consumer authorities. To further improve enforcement, the Commission will unveil its 'New Deal for Consumers' in April, which aims at modernising the existing rules and improving the protection of consumers.

The Commission will continue working on modernising the Rapid Alert System further, allowing authorities and businesses to better protect consumers from dangerous products.

The next step of the modernisation of the system will enable users to read each alert in all official EU languages.

Background

Since 2003, the Rapid Alert system ensures that information about dangerous non-food products withdrawn from the market and/or recalled anywhere in Europe is quickly circulated between Member States and the European Commission. This way, appropriate follow-up action (ban/stop of sales, withdrawal, recall or import rejection by Customs authorities) can be taken everywhere in the EU.

Thirty-one countries (EU together with Iceland, Liechtenstein and Norway) currently participate in the system. The Rapid Alert System functions thanks to daily and continuous close cooperation between Member States.

The Rapid Alert System has a dedicated public website (ec.europa.eu/consumers/rapid-alert-system) which provides access to weekly updates of alerts submitted by the national authorities participating in the system. Every week, around 50 alerts are registered and published on the web. Anyone can consult the notifications in the system. Consumers and businesses can now also create and personalise their own subscriptions to alerts according to their needs and preferences and share alerts through social media.

A specific tool is also available on the website for businesses to quickly and efficiently inform national authorities about a product that they have introduced on the market that might be unsafe.

For More Information

[Rapid Alert System homepage](#)

[Questions and Answers](#)

[Search tool for the Rapid Alert System published information](#)

[Rapid Alert System national contact points](#)

[Annual report and statistical information](#)

[Questions and Answers on the Rapid Alert System for dangerous products](#)

What is the Rapid Alert System for non-food dangerous products?

The European Rapid Alert System for non-food dangerous products is a building block of the Single Market. It ensures that information about unsafe products withdrawn from the market and/or recalled from consumers anywhere in Europe is quickly circulated between Member States and the European Commission, so that appropriate action can be taken everywhere in the EU. **Thirty-one countries** (EU Member States together with Iceland, Liechtenstein and Norway) participate in the system.

The system was established by the General Product Safety [Directive](#) and became fully operational in 2004.

The most common measures are: ban/stop on sales; withdrawal of a dangerous product from the market or recall from consumers; and import rejection by the customs authorities.

What is covered by this alert system?

The system records measures taken against unsafe, **non-food, consumer products** (e.g. toys, cosmetic products, clothing, childcare products) as well as professional products (e.g. machinery, lorries), that pose a serious risk to the health and safety of citizens and to the environment.

Pharmaceutical products, medical devices and food and feed are excluded from the scope of this Rapid Alert System as they are covered by their own specific alert systems.

What is the role of national authorities in the system?

The role of national authorities is to ensure that businesses respect their obligation to place only safe products on the market.

In case unsafe products are offered for sale or detected on the market, these products must be removed or banned. To ensure that these measures are also known by the other European countries and are swiftly followed Europe-wide, this information is circulated via the Rapid Alert System. This is done via designated national [Contact Points](#) that coordinate the information exchange at national level. Alerts submitted are validated by the Commission and rapidly circulated to the participating countries for appropriate action. The results of these follow-up activities are reported back through the system.

What is expected from businesses?

Once aware that a product is dangerous, producers, importers or distributors must immediately take the necessary action to correct this situation and cooperate with national market surveillance authorities. To facilitate compliance with the requirement, a new, user-friendly IT tool called “Product Safety Business Alert Gateway” can be used by the companies. It replaces the old “GPSD [Business Application](#)” tool.

Analysis of the activities related to the Rapid Alert System

What were the most significant developments in 2017?

The Rapid Alert System for non-food, dangerous products has registered a fairly stable number of alerts over the last few years. In 2017, the number of notifications of consumer products posing a risk to health and safety was 2,201, a slight increase compared with last year, when it was 2,044. A total of 3 952 follow-up measures were recorded. Last year these amounted to 4,015 (values including all risks and professional products).

Which EU countries sent the most alerts?

In 2017, all participating countries, except Liechtenstein, notified measures taken against unsafe products. The 3 countries which submitted the most alerts were:

Germany	16%	(354 alerts)
Spain	10%	(222 alerts)
France	9%	(191 alerts)

What does it show when a country sends many notifications – is that there are more dangerous products on that particular market?

The number of notifications sent by a particular Member State to the Rapid Alert System cannot be directly linked to the level of safety of the products on its market. There may be many reasons why some Member States send more

alerts than others: large market, large import volumes, experienced inspectors, etc. In general, the European countries which have the biggest markets and the greatest number of imported goods, and which also have the highest number of inspectors, find more unsafe goods and thus send alerts through the Rapid Alert System more often than smaller countries.

What were the main products and risks identified in 2017?

The product categories most often notified were:

Toys	29%	(636 alerts)
Motor vehicles	20%	(436 alerts)
Clothing, textiles and fashion items	12%	(258 alerts)
Electrical appliances and equipment	6%	(145 alerts
Childcare articles and equipment	5%	(109 alerts)

This distribution also shows a relatively stable pattern of product categories for which notifications have been made compared to the previous years.

This similar and recurring pattern can be explained by the high volume of consumption/supply of the above five categories (e.g. electrical appliances include mobile phones, laptops, extension leads, battery chargers), and this increases the chances of finding unsafe products.

The five most frequently notified risk categories were:

Injuries	28 %	(682 alerts)
Chemical	22 %	(544 alerts)
Choking	17 %	(410 alerts)
Electric shock	10 %	(253 alerts)
Fire	6 %	(148 alerts)

Where did the largest amount of unsafe products originate from in 2017?

The majority of unsafe products notified in the system came from outside the EU. China (including Hong Kong) was the country of origin in 53% (1167) of alerts, the same percentage as that registered last year.

Unsafe products of European origin accounted for 574 alerts (26%), up from 23% in 2016.

Why are alerts concerning products with European origin increasing?

The percentage of alerts concerning Chinese products has stabilized since last year. However, alerts concerning motor vehicles have increased since

last year, which has had a strong impact on the statistics. More alerts of motor vehicles means the risks linked to this category (injuries, fire) form a larger part of the total number of alerts and the share of countries producing these motor vehicles occupy a larger part compared to other countries. Most of such motor vehicles were of European origin.

How does the Commission cooperate with China on product safety issues?

The European Commission has an established, regular cooperation with the Chinese authorities on product safety issues. This includes, since 2006, a systematic exchange with the Chinese authorities, through a specific IT module called "RAPEX-China", on information related to alerts concerning unsafe products of Chinese origin detected by EU Member States. The Chinese authorities investigate the information received and the results and follow-up actions taken in China are reported back to the European Commission.

In the framework of the regular political dialogue with China, Commissioner Jourova met with her Chinese and US counterparts at the Trilateral Product Safety Summit in Beijing in 2017 to reinforce cooperation on product safety matters, with particular emphasis on the safety of products sold online.

For more information:

[ECB to participate in Luminale 2018 light show](#)

PRESS RELEASE

12 March 2018

- ECB will take part in biennial light, art and urban design event
- North façade of the Grossmarkthalle will be transformed into an animated street art gallery
- Central bank contributes to cultural scene of host city, Frankfurt

The European Central Bank (ECB) will take part in Luminale 2018, a biennial light, art and urban design festival in Frankfurt. From 18 to 23 March, the ECB will transform the north façade of the historic Grossmarkthalle, which is an integral part of its main building, into a huge animated street art gallery. The light show will take place every day from 19:30 to 22:30.

The light and video projection along Sonnemannstrasse will be staged by the Bremen artists' collective Urbanscreen in collaboration with Berlin-based illustrator, Andreas Preis. Urbanscreen has converted Preis' illustrations

into a 3D moving picture show.

The ECB is committed to promoting European art and culture and welcomes this opportunity to contribute to the cultural scene of its host city, Frankfurt. The ECB also took part in the Luminale in 2008 and 2016.

For media queries, please contact Rocío González, tel.: +49 69 1344 6451.

- Media photographers and videographers interested in the installation beforehand are invited to contact the ECB on +49 69 1344 7455 for details of rehearsal times.

[Media contacts](#)

Enforcement of intellectual property rights: Council adopts conclusions

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