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## Joint Trade Associations Statement on Enhancing the EU Legislative and Supervisory Framework to support EU Market Competitiveness

The Trade Associations urge EU policymakers to seize the opportunity presented by the Market Integration and Supervision Package (MISP) to introduce durable improvements to the EU’s regulatory and supervisory framework. Improving how financial services legislation is developed, implemented and supervised in practice is essential to deliver on our shared objectives of strengthening competitiveness and achieving impactful simplification.

MISP represents a key and timely opportunity to enhance the proportionality, predictability, and international competitiveness of the regulatory and supervisory framework. Central to this objective is the reduction of legal uncertainty and a more rigorous assessment of the costs and benefits associated with regulatory standards. Absent targeted policy action to address structural factors, there is a risk that the EU’s attractiveness as a global financial centre could be undermined.

### *Regulatory and Policy Activities –Embedding a competitiveness objective into ESMA’s mandate*

The Trade Associations consider it important that ESMA systematically assess the impact of its regulatory and policy activities on the attractiveness of EU capital markets. Introducing a secondary competitiveness mandate into the ESMA Regulation would help ensure that the development of its regulatory toolkit supports market integrity and efficiency in a manner that is genuinely proportionate to underlying risks and policy objectives, while also reflecting the global competitive position of EU markets.

In this context, we recommend the co-legislators to explicitly require ESMA to incorporate competitiveness considerations into its impact assessments and cost–benefit analyses. Furthermore, given ESMA’s responsibilities in regulatory approval procedures, for example in authorisations or model validations, this secondary objective should guide ESMA to adopt decisions for new solutions and products within clearly defined timeframes supporting a shorter time-to-market and fostering innovation.

Importantly, this proposed secondary objective should be pursued without prejudice to ESMA’s core objectives. Rather, it aims to complement them by introducing a dimension that has thus far been insufficiently reflected in the way ESMA approaches its regulatory activities.

### *Implementation of EU requirements – sequencing and no-action relief powers*



Improving the sequencing and application of EU financial legislation is essential. In practice, requirements articulated in primary law often apply before technical standards are finalised, creating uncertainty, unnecessary costs and potential for duplicative implementation efforts. New obligations should apply only once supporting technical standards have been published and appropriate implementation periods for regulators and financial market participants are provided.

Enhanced regulatory flexibility, encompassing effective tools to address both misaligned timelines that can arise despite better sequencing, and unforeseen market developments, is crucial. This would equip EU authorities to respond proactively and effectively, fostering legal certainty and predictability for market participants, while also contributing to the competitiveness of the EU financial markets. In particular, we urge the co-legislators to establish credible no-action relief mechanisms that grant EU authorities the appropriate competences and powers to respond swiftly and effectively to situations requiring immediate intervention, thereby ensuring legal certainty and predictability, facilitating smooth transitions and avoid cliff-edge risks for financial market participants.

#### *Supervision – avoid duplicative arrangements*

The Trade Associations support effective, consistent and efficient supervision in EU markets. Any reformed supervisory model should avoid duplicative supervision and undue complexities resulting from insufficiently delineated responsibilities and hybrid supervisory arrangements, undermining the Savings and Investments Union (SIU) objectives of competitiveness and convergence.

Addressing these issues would enhance the overall effectiveness and coherence of the EU regulatory framework. This would support the objectives of the SIU by fostering deep, liquid and innovative markets that remain open and attractive to international participants.

#### **About the trade associations**

**About AFME:** The Association for Financial Markets in Europe (AFME) is the voice of the leading banks in Europe’s financial markets, providing expertise across a broad range of regulatory and capital markets issues. We represent over 150 leading global and European banks and other significant market players. Our members play a vital role in Europe’s financial ecosystem, underwriting around 90% of European corporate and sovereign debt, and 85% of European listed equity capital issuances. Importantly, AFME members are market makers, providing liquidity, which is essential for ensuring financial markets can function efficiently. We also represent law firms and other associate members which advise market participants and support AFME’s legal and regulatory initiatives.



**About EACB:** The European Association of Co-operative Banks (EACB) is the voice of cooperative banks in Europe. It represents, promotes, and defends the common interests of its 29 member institutions in banking as well as cooperative legislation. With 2,400 banks and 35,150 branches, cooperative banks are widely established across the European Union and play a vital role in its financial and economic system. They have a longstanding tradition serving their 228 million customers, mainly consumers, retailers, and communities. An important task of the EACB is to raise awareness on the unique characteristics of the cooperative business model: democracy, transparency, and proximity. In Europe, cooperative banks represent 91 million members, providing employment to 747,000 individuals and maintaining an average market share of approximately 20%. Website: [www.eacb.coop](http://www.eacb.coop).

**About EACH:** The European Association of CCP Clearing Houses (EACH) represents the interests of Central Counterparties (CCPs) in Europe since 1992. CCPs are financial market infrastructures that significantly contribute to safer, more efficient and transparent global financial markets. EACH currently has 18 members from 14 different European countries. EACH is registered in the European Union Transparency Register with number 36897011311-96. EACH works with public authorities and industry stakeholders in order to offer the consolidated opinion of its membership in regulatory discussions and consultations and help member CCPs to agree appropriate standards and guidelines for the industry.

**About EBF:** The European Banking Federation (EBF) is the voice of the European banking sector, bringing together national banking associations from across Europe. The federation is committed to a thriving European economy that is underpinned by a stable, secure and inclusive financial ecosystem, and to a flourishing society where financing is available to fund the dreams of citizens, businesses and innovators everywhere. Website: [www.ebf.eu](http://www.ebf.eu) Twitter: @EBFeu.

**About ECSDA:** ECSDA represents 41 national and international central securities depositories (CSDs) across 36 European countries. The association provides a forum for European CSDs to exchange views and take forward projects of mutual interest. It aims to promote a constructive dialogue between the CSD community, European public authorities, and other stakeholders aiming at contributing to an efficient and risk-averse infrastructure for European financial markets.

**About ESBG:** ESBG represents the locally focused European banking sector, helping 32 members in 27 European countries strengthen their unique approach that focuses on providing service to local communities and boosting SMEs. Advocating for a proportionate approach to banking rules, ESBG unites at EU level some 859 banks, which together employ 620,000 people driven to innovate at 37,000 branches. ESBG members have total assets of € 6,35 trillion, provide € 3,72 trillion in loans to customers, and serve 163 million Europeans seeking retail banking services. ESBG members commit to further unleash the promise of sustainable and responsible 21st century banking.

**About EUSIPA:** EUSIPA, set up in 2009, represents the interests of the European structured products industry, at both the investment and leverage products side. Together with its currently 10 member associations from Europe's main markets the association is actively engaged in formulating common positions on a variety of legal and regulatory issues. EUSIPA also has as a mission to promote standards



throughout the sector. These include consistent market reporting, clear product classification and naming rules, coherently interpreted technical terms and also a strong commitment to embed the before into coordinated customer and salesforce education activities on a broad scale. More information can be found on [www.eusipa.org](http://www.eusipa.org).

**About FESE:** The Federation of European Securities Exchanges (FESE) is the unique voice of European exchanges, advocating for fair, transparent and efficient capital markets to support growth and prosperity in Europe. We are committed to financing the economy, ensuring financial stability, and fostering sustainable development. FESE represents 17 full Members and 1 affiliate Member operating in equities, bonds, derivatives, and commodities across 32 countries.

**About FIA:** FIA is the leading global trade organization for the futures, options and centrally cleared derivatives markets, with offices in Brussels, London, Singapore and Washington, DC. Our membership includes clearing firms, exchanges, clearinghouses, trading firms and commodities specialists from about 50 countries as well as technology vendors, law firms and other professional service providers.

**About ICMA:** ICMA promotes well-functioning cross-border capital markets, which are essential to fund sustainable economic growth. It is a not-for-profit membership association with offices in Zurich, London, Paris, Brussels, and Hong Kong, serving over 630 members in 71 jurisdictions globally. Its members include private and public sector issuers, banks and securities dealers, asset and fund managers, insurance companies, law firms, capital market infrastructure providers and central banks. ICMA provides industry-driven standards and recommendations, prioritising three core fixed income market areas: primary, secondary and repo and collateral, with cross-cutting themes of sustainable finance and FinTech and digitalisation. ICMA works with regulatory and governmental authorities, helping to ensure that financial regulation supports stable and efficient capital markets.

[www.icmagroup.org](http://www.icmagroup.org)

**About ISDA:** Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 1,000 member institutions from 77 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: [www.isda.org](http://www.isda.org).

**About ISLA:** The International Securities Lending Association (ISLA) is the leading trade association for the securities financing industry. Its 280+ global members based in 35 jurisdictions include beneficial owners, institutional investors, asset managers, custodial banks, lending agents, prime brokers, fintechs, and service providers, spanning the breadth of the securities financing ecosystem, covering activities such as securities lending, borrowing, financing, collateral management, and related



digital transformation. ISLA works with its members, global regulators, and policymakers to drive clarity, certainty, and best practice.