

Industry meeting of investment firms

## Lindner is skeptical about strengthening ESMA

At the ICSA conference of international securities firms, Federal Finance Minister Lindner expressed scepticism about the planned expansion of ESMA. Duplicate structures should be avoided, said the FDP politician. BaFin also advocates simplification.

Frankfurt, 21 May 2024, 18:24 Anna Slegers



*Federal Finance Minister Christian Lindner at the ICSA conference in Frankfurt.  
Stock exchanges newspaper*

In the debate about expanding the European securities regulator ESMA along the lines of the powerful US authority SEC, German Finance Minister Christian Lindner (FDP) is skeptical. At the annual meeting of the International Council of Securities Associations (ICSA) in Frankfurt on Tuesday, he stressed that uniform rules and standards must apply in a European capital markets union. "But expanding the power of ESMA is not necessarily the right answer," said Lindner.

### **Fear of bureaucracy**

Apparently it is the bureaucratic monster of a central European supervisory authority, recently conjured up by BaFin President Mark Branson, that is bothering Lindner. In front of the ICSA conference participants who came from all parts of the world, he said: "We have to be careful not to set up expensive duplicate structures." This is particularly important for smaller investment firms.

## **Improving competitiveness**

The financial industry has been calling for a European Capital Markets Union for years. The debate began to move in the spring. At a summit in Brussels, European heads of state and government discussed a proposal from former Italian Prime Minister Enrico Letta. The aim is to make the European Union more competitive.

Because of the highly fragmented capital markets, Europe is significantly less attractive from an investor's perspective than the USA. This makes it more difficult to finance the transformation to a more sustainable economy.

## **Strengthening ESMA is convenient for France**

The Eurogroup has agreed to expand ESMA's powers. This is in line with French location policy, not least because the authority is based in Paris. The paper also points out that transaction and other costs for market participants must fall.

In theory, everyone agrees on this. At the Börsen-Zeitung's Financial Centre Day in March, ESMA head Verena Ross signalled that she prefers a principles-based approach to detailed regulation.

## **BaFin against complex rules**

BaFin Executive Director Thorsten Pötzsch emphasized the need for simplification at the ICSA conference: "Complex rules are expensive and act as a barrier to market entry, so they slow down competition." However, the availability of reliable and granular market data could be a competitive advantage for the EU prove.