Our position

European Savings and Investment Union (SIU): enabling more competitive financial markets

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Speaking for American business in Europe

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Executive summary

On 19 March 2025 the European Commission published a Communication on its ambition to create a Savings and Investments Union (SIU). The Communication states that problems in the European Union's system of financial intermediation, and the fragmentation of European capital markets, have contributed to the structural underperformance of the European economy when compared to its international counterparts. It sets out a series of future initiatives to deal with these problems.

Despite past EU efforts to eliminate market barriers, reduce costly and complex compliance and advance the Capital Markets and Banking Unions, significant challenges remain. By consolidating Europe's post-trade landscape, placing investors at the centre of regulatory simplification, empowering both individual and institutional investors and fostering stronger dialogue among all stakeholders, the EU can deepen the momentum already generated towards a genuine Single Market.

Introduction

A fully-fledged SIU is an essential step to unlock the full potential of cross-border investment in Europe. This is investment that Europe needs to meet the escalating funding challenges that the EU faces to enable the green and digital transition, increase defence spending, overcome the region's housing challenges and support the retirements of an ageing population. Hence, the renewed impetus for a deep and liquid capital markets union as part of the SIU is timely and necessary.

Financial market participants have consistently cited highly complex and increasing compliance costs and market fragmentation as active deterrents to investment in the EU. The competitiveness agenda set by the second von der Leyen Commission, building on the 2024 Letta, Noyer and Draghi reports, highlights the political urgency for the EU to develop deeper, more frictionless capital markets that will improve the prospects of European citizens and companies.

Achieving the SIU will be a shared endeavour, requiring market participants, policy makers, Member States and all regulators to work together to provide the regulatory and business environment that will allow for streamlining of cross-border capital flows, to ensure fair and efficient market access and create an attractive post-trade infrastructure. When designing the regulatory framework, a consistent risk-based approach should be taken to ensure requirements are aligned with strategic objectives, including to stimulate needed long-term investments in innovative or new sectors that inherently carry higher risks. Key shared objectives should be to:

1. **Further deepen capital markets integration** – by advancing the Capital Markets Union (CMU) through the creation of a true Single Market in post-trade, the lowering of barriers to EU market integration, the leveraging of new technologies such as DLT/tokenisation and the completion of the Banking Union (BU).
2. **Improve retail investor participation** – by empowering retail investors through increasing financial literacy, simplifying the investor journey, widening access and strengthening incentives, without overburdening providers; and by tackling cross-border barriers to distribution and marketing to facilitate greater portability and scale across Member States.
3. **Promote long-term investment** – by encouraging productive capital allocation and reducing barriers, particularly for private market investments, and starting with reform to revitalise the EU securitisation market. This involves simplifying and harmonising investment regulations to support greater flexibility and diversification.

4. **Leverage and unlock institutional investment potential** – focusing on reforming the pension sector to facilitate portfolio diversification, removing prudential barriers to equity investment and enhancing risk-return frameworks.
5. **Simplify the EU financial services legislative acquis** – to create certainty and consistency across the Union that helps attract and retain global investors.
6. **Maintain transatlantic dialogue and cooperation** – to ensure continued focus on convergence and that emerging regulatory frameworks are not developed in silos in what are interconnected global financial markets.

AmCham EU and its members have long been steadfast supporters of well-functioning, competitive and integrated European capital markets. As global businesses with significant operations and investments across the EU, our members are uniquely positioned to contribute to the strategic objectives of the SIU. Collaborative efforts between policy makers, institutional investors and global financial market participants will provide a comprehensive way to achieve a fully functioning SIU that improves retail participation, deepens capital markets integration and promotes long-term investment opportunities.

This paper addresses these six pillars in further detail to explain how they will help bring the region closer to achieving a genuine Single Market.

Strengthening capital markets integration

Over many years, European financial markets – and most of Europe's financial market infrastructure – have been developed on a national basis. This has resulted in notable differences between Member States in how developed national financial markets are and in the kinds of barriers market participants face if they want to operate on a cross-border basis.

The continued fragmentation of European capital markets remains one of the most significant obstacles to efficient investment and growth. Despite progress under the CMU initiative, cross-border capital flows are still hindered by divergent national rules, gold-plating and legal uncertainty.

These issues make European markets less attractive both to savers and investors. Policy measures to deal with this fragmentation require a clear vision of the desired outcome, alongside realistic and practical steps to put this vision into action.

AmCham EU's vision for a Single EU Post-Trade Area

Key elements of this vision are:

1. **A Single European Settlement Area (SESA)** – where, for any given security, EU market participants can settle all their transactions with all their counterparties from a single settlement account, no matter where their counterparties are located, and with common standardised operational processes.
2. **A Single European Issuance Area (SEIA)** – with common issuance processes across all central securities depositories (CSDs) as well as common end-to-end processes connecting issuers to investors (eg regarding corporate actions, general meetings and shareholder identification).
3. **A Single European Collateral Area** – where market participants can easily pool securities collateral and can use a single collateral location to receive and deliver securities collateral relating to transactions with all their EU counterparties.

The realisation of this vision will integrate capital markets on all levels, which is essential to unlocking the EU's investment potential and ensuring a level playing field for all market participants, domestic and international alike. It would enhance the strengths of national capital market ecosystems, while at the same time giving opportunities for market participants to operate on a cross-border basis, thereby increasing the scale and efficiency of European capital markets.

Improving financial market infrastructure

Europe's post-trading environment, in particular cross-border settlement and clearing processing, remains cumbersome and fragmented – meaning capital and liquidity also remain fragmented. CSDs, for example, are still subject to different licensing and passporting requirements between Member States. Barriers also subsist not only between CSDs and central counterparties (CCPs), but also between CCPs themselves through lack of proper interoperability. This is a source of increased costs and complexity not seen in other jurisdictions, putting EU businesses at a competitive disadvantage.

The Commission's legislative proposal to shorten the standard settlement cycle of transactions in European securities to T+1[1] will encourage greater standardisation of post-trade processes and thus will go some way towards achieving greater cross-border post-trade integration. However, the Commission can further strengthen market infrastructure by (1) enhancing the passporting rights of CSDs – for instance, by encouraging a greater use by CSDs of TARGET2-Securities (T2S), facilitating the consolidation of CSDs and ensuring a high degree of harmonisation in the provision of core CSD services, through a review of the Central Securities Depositories Regulation (CSDR) – and (2) promoting CCP interoperability. The greater interoperability, efficiency, standardisation and resiliency of the post-trade environment would attract and retain global investors.

Several other barriers also hinder the ability to achieve a more fully integrated EU financial market. We believe that policymakers and regulators should focus on:

- **Facilitating cross-border market access:** Many market participants, for example in the funds sector, still face barriers when trying to operate across borders. Licensing requirements, investor disclosure obligations and marketing rules often differ by jurisdiction. The Commission must create a clearer, more harmonised rulebook that enables seamless passporting and reduces the burden of operating in multiple Member States. The Commission's targeted consultation on EU capital markets integration, and its dedicated channel for the flagging of market barriers, have created valuable opportunities to leverage businesses' experiences of operating in Europe and identify market shortcomings in an efficient manner before legislation is proposed at the end of the year.
- **Advancing supervisory convergence:** More harmonised supervisory practices can contribute to lower compliance costs and stronger, more efficient EU capital markets. This will require a reduction in regulatory uncertainty and improving supervisory effectiveness, ensuring more efficient financial markets. While single supervision should not be seen as the silver bullet to reduce fragmentation in capital markets, the Commission should use its 'right of initiative' to propose level one texts that target gold-plating and ring-fencing often seen at the national level, as these elements directly increase regulatory burden. At the same time, convergence efforts at the EU level – where the European supervisory authorities will continue to play a

[1] T+1 means when you buy or sell a stock, the money and shares officially move to the right accounts the next business day.

vital role in oversight – must not diminish the advantages EU capital markets gain from local market expertise.

- **Harmonising Tax Rules**: A concerted effort to standardise tax procedures and regulations — particularly with regard to the treatment of withholding taxes on cross-border investments — is crucial to fostering a more seamless and efficient internal market. While standardisation does not inherently imply lower taxation, improving consistency and transparency across Member States would significantly reduce administrative burdens and barriers, creating an environment more conducive to investment and savings.
- **Harmonising insolvency and company law:** Disparities in insolvency regimes across Member States lead to different recovery rates, time frames and legal risks for investors. This undermines investor confidence, especially in cross-border transactions. The Commission should accelerate efforts toward minimum harmonisation of insolvency proceedings, alongside greater alignment in company law (eg shareholder rights, corporate actions and corporate governance standards). Such convergence would reduce legal risks and enhance predictability for investors. Europe should also agree on harmonised definitions, leading to a single interpretation and, as a result, to measurable reductions in compliance burdens. Terms that would benefit from common definitions include ‘beneficial owner’, ‘securities’ (in some cases referring to participants, in others to financial instruments), ‘shareholder’ and ‘investor’, for example, in the Shareholder Rights Directive 2 (SRD2) and Faster and Safer Tax Relief of Excess Withholding Taxes (FASTER) Directive on Withholding Tax Harmonisation.

Embracing tokenisation

Distributed ledger technologies (DLT) have the potential to transform financial services by accelerating payments, enhancing fraud prevention, providing greater liquidity, facilitating retail investor access and enabling faster, more efficient clearing and settlement of trades. They can offer significant cost and operational benefits, with clearing and settlement savings estimated at approximately EUR 17.3 billion annually. Both incumbent banks and new market entrants are developing DLT-based solutions to cut costs, innovate in their provision of services and meet growing customer demand. DLT-based payment mechanisms should be viewed as a critical enabler for a single European Settlement Area in any DLT-driven capital markets infrastructure.

However, for the EU to reap the benefits of a DLT-based capital markets ecosystem, it is critical to resolve legal and regulatory ambiguity, in a globally coherent manner. In that context, to incentivise the development of a diversified and competitive ecosystem in the EU, the Commission should:

- **Refine the definition of cash:** refine the definition to reflect technological advancements, including tokenised central bank money, tokenised commercial bank money, and electronic money tokens. In the absence of tokenised central bank money, settlement should be permitted in tokenised commercial bank money and e-money tokens.
- **Differentiate tokenised deposits from e-money tokens:** clarify the regulatory distinction between tokenised commercial bank deposits — ledger-based representations of deposit balances used for settlement — and e-money tokens as defined under the Markets in Crypto Assets (MiCA) Regulation.
- **Reassess prudential standards:** ensure the prudential treatment of crypto-assets by leveraging – where possible – existing prudential frameworks, taking a risk-based and technology-neutral approach, and following the principle of ‘same risk, same prudential treatment’. Ensuring proper calibration will help avoid regulatory arbitrage or market

instability which will in turn also ensure that banks are encouraged to engage in responsible innovation and that activity is not driven outside of the regulatory perimeter.
- **Reassess custodial liability:** align custodial liability requirements with global norms by ensuring banks are not held liable for crypto-asset losses beyond their control, preventing disincentives for traditional custodians.
- **Remain technology neutral:** allow for both private and public blockchains to support the different market needs.

For the SIU to deliver on its promise, deep and genuine integration of Europe's capital markets must be at its core. Bold steps to remove fragmentation and leverage digital capabilities will not only make the EU more competitive globally but also strengthen its economic resilience in times of uncertainty.

Completing the Banking Union

A true SIU requires a well-functioning Banking Union (BU) as part of an integrated and frictionless Single Market. As critical facilitators of deeper capital markets, policy makers should continue their efforts to complete the BU. The BU and the CMU are mutually reinforcing initiatives. A more transnational and resilient EU banking sector can complement capital markets' ability to absorb external shocks. Around 70% of the financing of the European economy is provided by banks, unlike the United States, where around two-thirds of the economic development is financed through capital markets. The creation of a genuine BU is key to ensuring the financing of economic activity and Europe's financial sovereignty.

Ultimately, the completion of the Banking Union would significantly increase the financing capacity of the banking sector and achieve proper diversification of risks while channelling investment into strategic European sectors.

To complete the BU, co-legislators and the Commission must work together to:

1. Provide more effective tools for bank resolution and further work towards a single EU deposit guarantee scheme (EDIS).
2. Push for coherent supervision practices to enable better cross-border banking and cross-border consolidation.

A streamlined regulatory and supervisory landscape would support banks in risk management while improving access to credit for households, SMEs and corporates in less developed or capital-scarce regions. Whilst financial regulation in the EU has traditionally been rightly risk averse, global competitiveness must play at the forefront in the assessment of rules for the banking sector. For American businesses in Europe, an integrated BU would be a crucial step towards bolstering this competitiveness. It would create greater predictability, reduce compliance costs and harmonise prudential rules, which are key to scaling investment in the EU's Single Market.

Improving retail investor participation

The SIU cannot succeed without the active engagement of Europe's households and retail investors. Despite high aggregate savings rates in the EU, too large a share of personal savings remains parked in low-yielding deposit accounts, rather than being channelled into capital markets. Although Eurostat places savings rates above 15.3% (in Q4 2024), only a fraction of EU households invest in capital markets — compared to over half in the US. While the Retail Investment Strategy (RIS) should stimulate individual investors' participation and confidence, the SIU should also look to reinforce ancillary areas such as the pensions sector and alternatives already in use by financial institutions. At the core of this pillar remains a joint industry and public institutional effort to foster better learning and a more equitable environment for retail investors.

Savings and investment accounts

A fundamental shift is needed to empower individuals to become active participants in European and global financial markets. This shift starts with an investment framework that is easy for investors to engage with. The framework should offer different, complementary solutions for citizens based on their diverse investment objectives and time horizons, reflecting investors' ability to bear risk and their need for liquidity.

European investors' primary needs are to set money aside for future needs and to maximise the return based on risk appetite and liquidity. Historically, there has been a negative bias both towards liquidity (retail investors always believing that they might need money in the short term) and risk appetite (risk aversion). When individuals start to own some higher risk investments, however, they tend to significantly increase the share of their overall savings allocated to those products. Therefore, a strong and well-defined set of initial actions by the Commission— developed with the industry support and a focus on retail investors — can deliver the necessary momentum to fuel adoption of the accounts.

In this context, the proposal for a **blueprint for a savings and investment account, built on examples of best practices,** is a promising step forward. If properly designed, such an account could provide a simple, accessible and portable vehicle for long-term investment across Member States. The key, however, will be ensuring that such an account offers a simplified customer journey, is an attractive proposition for retail investors and clearly puts their interests first by providing the broadest possible investment universe. To meet these criteria, the Commission's blueprint for a savings and investment account should be:

- **Simple:** ensuring ease of use by retail investors and simplicity of access. Its administration, for example, should leverage existing technologies deployed by financial institutions to ensure efficient onboarding and account management. Tax reporting provisions should also be optimised to reduce the administrative burden on retail investors.
- **Diversified:** including a wide choice of investable assets to promote investor choice and allow investors to benefit from the best opportunities in global financial markets, including ELTIFs and real assets to incentivise long-term investing.
- **Attractive:** encouraging uptake by offering compelling incentives for retail investors. This includes favourable tax treatment to reward long-term investment and setting investment limits that are designed to accommodate a wide range of savers – from first-time investors to those with higher capacities – while remaining simple and transparent.
- **Scalable:** ensuring that providers can operate across borders to create a competitive EU-wide savings and investment account marketplace.
- **Clear:** providing comparable and transparent product information is essential to enable informed decision-making by retail investors. However, this must be matched by a regulatory framework that is proportionate and innovation-friendly, allowing firms to design user-centric investment solutions without facing excessive compliance burdens. Overly complex disclosures or marketing constraints can have the unintended consequence of discouraging participation altogether.

Financial literacy

Financial literacy remains uneven across Member States, where competency ultimately sits. This deprives individuals of the full opportunity to make informed investment decisions. American businesses support efforts to integrate financial education into national curricula and adult learning programmes. Public-private partnerships can also play a role in delivering accessible and engaging tools to improve investor understanding of risk, return, diversification and long-term wealth-building strategies.

The SIU should prioritise the availability of products and strategies that help European investors realise their objectives and align with their risk appetite. Standardised disclosures and existing digital comparison tools can help investors navigate choices with greater confidence. Regulation should encourage innovation in product design while maintaining a clear and user-friendly interface for consumers. Finally, where retail savings and investment accounts have been the most successful, banks have often played a key role in supporting investors on their journey. Restoring citizens' trust in their banks through education can create more room for individuals to start developing a balanced investment portfolio.

The private sector remains at the forefront of innovation in digital finance such as digital comparison tools and embedded learning through online platforms, education and outreach. The Commission should leverage this industry expertise by joining cooperative outreach campaigns with the industry to educate entrepreneurs and citizens about different offerings and tools to help build trust in alternative means of financing.

Pension sector and scheme reforms

Coupled with the new savings and investment accounts, the EU must collaborate with Member States to create new opportunities in second and third pillar pensions. Proposed pension reforms, particularly those aimed at creating more integrated and portable pension systems across the EU, should be a priority as the EU works to address the pension gap. The current fragmentation in pension schemes across Member States presents barriers to savings mobility and limits investment opportunities. American businesses, including institutional investors, are particularly well-positioned to contribute to pension fund growth and efficiency, provided the Commission's reforms create a more flexible and cohesive framework for cross-border pension investments.

The Commission's proposed reforms could create opportunities for pension funds to adopt more diversified investment strategies. Currently, many pension funds are restricted by national regulatory frameworks that limit their ability to invest in cross-border assets or certain types of long-term, high-growth investments especially in private markets. By harmonising regulations and providing incentives to invest in EU-wide capital markets, the Commission can unlock significant pools of institutional capital. This would enable pension funds to achieve better returns, diversify their portfolios and, in turn, contribute to financing long-term economic priorities such as infrastructure, the green transition and innovation.

An SIU that focuses on incentives for individual EU citizens to begin saving for better retirements will also deliver better results. However, any future reforms must look to maintain a flexible system that recognises the vital role of equity financing. Ensuring that pension reforms encourage long-term, sustainable investment in Europe's capital markets is crucial for securing financial stability for EU citizens.

Additional areas of focus

The SIU also presents an opportunity to:

- **Leverage digital platforms for inclusion:** Digital investment platforms, robo-advisors and mobile-first applications are transforming the way retail investors interact with capital markets. The Commission should support a regulatory framework that promotes digital onboarding, remote identity verification and cross-border access to digital financial services. These tools can lower entry barriers, particularly for younger and first-time investors, and improve financial inclusion across regions**.**
- **Incentivise long-term investment behaviour:** Tax incentives and behavioural nudges can be powerful levers to encourage long-term investment habits. Improving frameworks for personal pension products and long-term savings vehicles to further incentivise patient capital – such as the Pan-European Personal Pension Product (PEPP) and Institutions for Occupational Retirement Provisions (IORPs) – would be a positive step toward deepening capital markets integration.

Ultimately, improving retail participation in capital markets requires a user-centric approach, grounded in trust, simplicity and value. Traditional financial institutions are well-positioned to contribute to this agenda through innovation, global experience and long-term commitment to the European market.

Enhancing long-term investment opportunities

Mobilising private capital towards long-term, productive investments is a cornerstone of a successful SIU. Europe faces major investment needs to meet its green and digital transition goals, boost competitiveness and ensure sustainable growth. American businesses operating in the EU – many of which are long-term investors themselves – fully support targeted steps taken to create a regulatory environment that attracts and sustains long-term capital.

Securitisation framework

Revitalising securitisation in Europe will help support the EU's need to unlock private finance as an additional tool to channel Europe's savings into productive investments for SMEs, infrastructure and sustainability. It complements traditional capital markets, frees up bank balance sheets and broadens investment options for both institutional and retail investors.

Whilst not the panacea to all of Europe's funding challenges, revitalising securitisation in Europe will help unlock private finance and thereby create better conditions for the financing of the EU economy. A well-calibrated securitisation framework – ensuring appropriate risk weights, transparency, some simplification and supervisory trust – can expand lending capacity without compromising financial stability.

Despite the establishment of the EU Securitisation Regulation (EUSR) – the most comprehensive securitisation framework globally, including regimes for the simple, transparent and standardised (STS) framework, synthetic and NPL securitisations – the European market remains underdeveloped. STS has not significantly boosted market activity or participation. Key barriers include overly burdensome disclosure and due diligence requirements, mis-calibrated prudential requirements in the Capital Requirements Regulation (CRR) and the liquidity coverage ratio (LCR) Delegated Act, as well as the exclusion of private, unfunded credit protection providers such as (re)insurers under Solvency II. These players can offer valuable capacity for senior mezzanine tranches and lower-risk portfolios critical to the real economy.

During the negotiations co-legislators should aim to:

- **Simplify and align disclosure and due diligence** requirements with actual risk.
- **Remove inconsistencies** in capital treatment of equivalent exposures.
- **Eliminate regulatory capital non-neutralities** between securitised and non-securitised assets.
- **Ensure that the new framework remains open to third-countries**.

A revitalised securitisation market will channel savings into higher-yielding and productive investments, as well as enhance financial inclusion and credit access. A balanced, risk-sensitive approach to the proposal will boost investor confidence, increase market liquidity and diversify financing options for firms beyond public markets.

Other areas of focus

Alongside the short-term benefits brought by securitisation, many other factors should be examined to promote a long-term investment mentality in the EU.

- **Improving the regulatory treatment of long-term equity holdings**: Prudential and accounting rules should reflect the long-term nature of certain investments and not unduly favour short-term liquidity. Equity in private and public markets fosters better collaboration for growth while also fulfilling the SIU objectives to support equity funds and attract venture capital investment.
- **Supporting public-private partnerships and blended finance instruments**: Global investors play a key role in mobilising venture capital and private finance that can de-risk large-scale investments while crowding in other institutional investors.
- **Scaling up the use and appeal of long-term investment vehicles**: Recent reforms such as the revisions to the European Long-Term Investment Funds (ELTIF) Regulation are beneficial. However, more work is needed to ensure that ELTIFs are truly scalable and competitive. The Commission should look to remove national barriers, clarify distribution rules and align tax treatment across Member States to improve uptake and encourage broader participation by both retail and institutional investors.

Leveraging and unlocking institutional investment potential

Institutional investors, such as pension funds and life insurance companies, are critical actors in the effort to channel long-term savings into productive investment. Yet in the EU, institutional capital remains underutilised in areas essential to strategic autonomy and competitiveness, including infrastructure, equity markets, innovation and the twin transition. From the perspective of AmCham EU members that have global investment experience, there are several concrete steps the Commission can take to better unlock this potential.

For example, AmCham EU members cite current prudential rules and capital requirements – particularly the Solvency II and Institutions for Occupational Retirement Provision (IORP) II Directives – as likely to discourage insurers and pension funds from investing in long-term and non-traditional classes, such as venture capital, securitisation and real estate or infrastructure projects. These regulatory barriers mean there is a 'missing lender' in the EU, which creates inefficiencies and investment gaps. The Commission's commitment to recalibrate these frameworks is a positive step to ensuring they appropriately reflect long-term risk profiles and do not disincentivise productive investment.

The SIU should embody and promote a pan-European approach to institutional investment. National fragmentation of investment rules, diverging tax treatments and reporting obligations make it difficult for institutional investors to operate seamlessly across EU Member States. Harmonising the frameworks will allow for more diversified portfolios, lead to the enhanced depth of the EU's capital markets and create a genuine Single Market for citizens and businesses operating in the EU.

Simplifying the EU's financial services rules

Simplification of the EU financial services acquis should also be an important part of a successful SIU. This simplification should address the following areas to reduce disproportionate regulatory burdens:

- **Investor protection and market access**: While investor protection is essential, the current regulatory environment can inadvertently limit retail investors' access to capital markets products, especially across borders. A recalibration is needed to ensure that rules such as the Markets in Financial Instruments Directive (MiFID II) and the Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation protect consumers without creating excessive complexity or compliance burdens for providers. Proportionality in regulation is key to avoiding a 'one-size-fits-all' approach that stifles innovation and access.
- **Framework for Financial Data Access (FiDA)**: To align the framework with the SIU, the Commission should look to clarify the role of financial information service providers (FISPs) as well as key definitions regarding financial data sharing schemes (FDSS) to ensure consumer trust. Furthermore, the FIDA framework must maintain a balanced approach that does not disproportionately burden financial institutions, particularly smaller entities. FiDA should also aim for proportionality in compliance requirements to avoid stifling innovation and maintain a diverse financial ecosystem.
- **Retail Investment Strategy (RIS)**: The ongoing negotiations around RIS should look to align the proposal with the simplification agenda. This would include streamlining the extensive disclosure requirements and providing clear and concise advice that aids decision-making without compromising the transparency process. Furthermore, the proposed changes to the inducements regime could result in extensive disruption to the market – potentially hindering consumer access to investment and insurance products, contrary to the goal of the RIS. Additionally, the value for money process should be simplified based on existing industry practices and, if benchmarks are included, they should be only for supervisory purposes. Finally, the retail investment journey should be simplified, with a straightforward approach to the multitude of tests being proposed.
- **Sustainability frameworks**: As pointed out by ESMA, the ECB, the Financial Stability Board (FSB) and other expert bodies, investors' interest in sustainability-aligned strategies continues to reinforce the need for the EU to provide a clear, proportionate and interoperable sustainable finance framework. Misaligned frameworks can deter cross-border institutional

investment. Specifically, the Commission can look to provide consistent implementation of the Sustainable Finance Disclosure Regulation (SFDR) and EU Taxonomy Regulation, while maintaining an open channel for international alignment.

- **Utilise digital-first solutions**: Digital alternatives to the current mixed reporting formats for institutional investors can reduce paperwork and compliance costs – for example, a single EU-wide digital onboarding standard for investors.
- **Cross-border fund distribution and marketing rules**: The current rules lead to varying Member State interpretations. The inefficiencies discourage cross-border participation, despite the globally competitive and successful framework for Undertakings for Collective Investment in Transferable Securities (UCITS). The Commission and Member States should look towards harmonising the EU approach for fund operation and distribution.
- **Long-term viability of Climate Transition Benchmarks (CTB) and Paris-Aligned Benchmarks (PAB):** The long-term viability of CTB/PAB strategies and their cost-efficiency for investors could be enhanced by introducing a more flexible approach to the current decarbonisation trajectory and catering to regional and sectoral differences. In practice, such flexibility could be achieved by introducing a buffer on the annual decarbonisation target to reflect the gap between the CTB/PAB minimum annual decarbonisation target and the pace of decarbonisation in the real economy. Adapting the CTB/PAB framework to emphasise the 'transition finance approach' would provide emitters with better access to finance for transition activities, especially in sectors with a high impact on the climate, which require further investments. This would ensure progress at the level of emitters rather than merely 'portfolio decarbonisation'. Furthermore, the EU climate benchmarks framework could benefit from more frequent review of the adequacy of the Level 2, considering market developments and investor feedback. Importantly, while labels are useful to the market, they should remain voluntary to leave space for market-led innovation.

Strengthening regulatory convergence and transatlantic cooperation

As the EU institutions develop and build out the SIU, they should also pursue transatlantic dialogue on regulatory cooperation. Given how deeply interconnected global financial markets are, regulatory alignment where possible – particularly in areas like sustainable finance, digital finance, prudential regulation and accounting standards – can greatly enhance market efficiency, reduce regulatory friction and improve access to capital.

Despite current EU-US tensions, continued dialogue is needed, especially on emerging issues (eg the evolving respective digital and sustainable finance frameworks) to ensure that regulatory frameworks are not developed in silos. These discussions can be supported through existing forums like the EU-US Financial Regulatory Forum, the EU-US Transatlantic Legislative Dialogue or through sector-specific dialogues that focus on building consensus in key areas of common interest.

While recognising the complexities of international relations, especially in a rapidly evolving global landscape, the SIU must leverage the global financial system by ensuring access to global capital and opportunities that can be facilitated by all financial institutions. At a time when the financial services sector risks being caught in the crossfire of broader transatlantic trade tensions, sustained regulatory cooperation can serve as a stabilising force, reinforcing mutual trust and resilience. Strengthened alignment in key regulatory areas would not only support the EU's goals for the SIU but also position Europe as an attractive destination for global investors.

Conclusion

Overall, the SIU represents an opportunity for Europe to deliver existing and innovative financial services that enhance EU citizens' participation in financial markets. Through streamlined and targeted regulatory reforms, private and public sector actors can put retail investors at the core of the vision.

Through key initiatives such as post-trade infrastructure integration, financial literacy programmes, a standardised EU-wide savings and investment account, pension sector reforms and securitisation, the EU can make great strides towards achieving a genuine Single Market. As the SIU Strategy continues to be implemented, AmCham EU members stand ready to contribute to its objectives.