

Mairead McGuinness
Commissioner
Financial services, financial stability and Capital Markets
Union
European Commission
200 Rue de la Loi
1049 Brussels

Brussels, 10 December 2020

Dear Commissioner McGuinness,

We are writing to you on behalf of the Financial Services Committee and the Sustainable Finance Task Force of the American Chamber of Commerce to the European Union (AmCham EU). We would like to congratulate you on your appointment as European Commissioner for financial services, financial stability and Capital Markets Union. We look forward to working together to build open, innovative and sustainable European financial markets. AmCham EU is a unique forum for discussion and advocacy on regulatory and policy matters relating to transatlantic capital markets and investment that are of mutual benefit to both the EU and the US. We have long supported and constructively informed dialogues between EU and US financial services authorities, such as the EU-US Financial Regulatory Forum.

We recognise that the COVID-19 pandemic presents an unparalleled health crisis, accompanied by unprecedented challenges and economic consequences. We believe that capital markets have an important role to play both in the recovery and in the transition to a more sustainable economy. In this context, we would like to strengthen our dialogue with the Commission on financial services and sustainable finance matters. The US business community is committed to and invested in Europe. We believe that we can offer valuable insight from the capital markets to support the EU's economic recovery as well as the development of the sustainable finance agenda.

While the EU has mobilised resources rapidly during the pandemic and introduced welcome temporary relief measures, we would encourage European policy-makers to further promote free flows of capital by avoiding regulation that encourages fragmentation and ring-fencing of capital and liquidity. We would like this opportunity to share our key recommendations:

- **Capital Markets Union:** The Capital Markets Union (CMU) agenda should remain a priority with renewed focus on the creation of open, innovative and sustainable financial markets. At present, the fragmented state of markets represents an obstacle to cross-border investments and the efficient allocation of capital. For wholesale capital markets which are fundamentally global, alignment to or definition of global standards increases the attractiveness of European capital markets and reduces the possibility of conflicts of law hampering growth. Thriving and globally connected capital markets will play a critical role in the economic recovery from the current crisis.
- **Sustainable Finance:** The EU's sustainable finance agenda can provide a positive framework for tackling the risks and uncovering the opportunities related to the transition to a more sustainable economy. Capital markets can be a powerful tool to mobilise, attract and activate new pools of investment in order to drive sustainable innovation. Deep, liquid and integrated European capital markets can provide the means through which investors can efficiently allocate capital across the Union to help meet Europe's sustainability goals. In 2018, AmCham EU set up a dedicated Sustainable Finance Task Force to bring together banks,

financial intermediaries, energy, and industrial companies to engage with EU policy makers on the challenge of tackling the energy and climate transition. Our priorities in this space remain rooted in the three principles of regulatory certainty and economic stability, evidence-based and data driven policy, and international openness.

- **Banking Union:** AmCham EU is a long-standing supporter of European rules aimed at strengthening financial stability via improvements to prudential requirements, as well as to recovery and resolution mechanisms. At the heart of international banks' ability to service their global customer base and support the European economy is their ability to allocate capital and liquidity where it is most needed. We therefore urge European policy-makers to complete the Banking Union, and to avoid divergences and inconsistencies when the EU comes to implement the remainder of the Basel package and to further promote the free flow of capital and liquidity by avoiding ring-fencing of capital and liquidity, preventing cross-border groups from managing them centrally.
- **Digital Finance:** Any new European regulation or supervisory approach should encourage and facilitate the adoption of digital business models by financial institutions and foster Europe's global competitiveness, while addressing, if appropriate, potential new risks to customers or the financial system arising from the speed or scale of adoption of new technologies. Indeed, COVID-19 and the events of recent months have shown how digital services can help maintain the resilience of the economy.

We look forward to exploring dialogue with you on these important issues in the coming months, and would like to invite members of your team to meet with us to exchange views on the financial services and sustainable finance agendas.

On behalf of the entire membership of AmCham EU, we wish you and your colleagues good health. We stand ready to engage with you on this essential work and remain at your disposal for any support that we can provide. Please do not hesitate to contact us or Maira Madala, Senior Policy Adviser, (MML@amchameu.eu) at the AmCham EU secretariat.

We wish you every success in your new role.

Yours sincerely,



Catherine Davidson
Chair
Financial Services Committee
AmCham EU



David Henry Doyle
Chair
Sustainable Finance Task Force
AmCham EU