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Towards a pragmatic SIU approach to the benefit of all EU member states

It is with great pride that I deliver this final reflection, inspired by the insightful remarks shared during the last panel. During my remarks I aim to present a pragmatic vision for a Savings and Investment Union (SIU) that can truly serve all EU member states. I shall focus particularly on the importance of local ecosystems in supporting both investors and issuers—especially small and medium-sized enterprises (SMEs) and scale-ups.

Let me clarify that I speak not in my capacity as Chair of the International Organization of Securities Commissions (IOSCO), but as Chair of the Belgian Financial Services and Markets Authority (FSMA)—that is, from the standpoint of a national regulator. Although I have no political mandate, I firmly believe that national supervisors such as myself must be part of the conversation. I am grateful to Didier and his colleagues for offering me this platform.

At present, the real issues of the SIU are scarcely addressed in public discourse. Perhaps this is because, as Mario Draghi rightly noted, there is no single solution or "silver bullet." In the absence of such a solution, discussions tend to focus on adjacent topics such as supervisory architecture. However, much of the information circulating is, unfortunately, inaccurate. For this reason, I feel compelled to share some facts and figures—not to suggest that progress is unnecessary, but rather to clarify the challenges and reaffirm the role of regulators in helping to build the SIU.

Whether one works in the public or private sector, we share a crucial objective: to make market-based savings accessible throughout the European Union. In this respect, SMEs are key. As a Belgian, I come from a relatively small country, but one that is home to 400,000 listed SMEs. These businesses are the backbone of open economies. According to Eurostat, SMEs make up to 99 per cent of all businesses in the EU. They employ 48 per cent of the workforce and generate 35 per cent of gross value added.

Europe is abundant in promising ideas and innovation. Our universities are world-class, and our joint ventures offer solutions to both digital and sustainable transitions. They also increasingly contribute to strengthening our defence capabilities. When we speak of drones or finance, the innovation rarely comes from established giants. It emerges instead from joint ventures, FinTechs, and start-ups, often working in close collaboration with universities and local ecosystems. These young, dynamic companies must be able to access EU capital markets easily—from pre-seed funding to initial public offerings (IPOs).

In my role as Chair of the Corporate Governance Committee of the OECD, I have learned from valuable research that more than 8,500 companies are listed on growth markets across Asia. By contrast, Europe has only 3,486. While China is, of course, not a small country, this disparity is telling. If companies are forced to seek funding outside the EU during their growth phases,

they may ultimately choose to list on non-EU stock exchanges. The challenge is how to enable them to go from A to B within Europe.

I propose three measures. First, SMEs must gain a clear understanding of the benefits and opportunities offered by EU capital markets. Are we truly confident that this understanding exists? Or is the Eurofi initiative operating in an echo chamber? Consider the following: as a member of the Euronext College of Supervisors, I discovered that only a small fraction of companies listed on Euronext Brussels utilise the European passport. Why? Not because of fees or barriers—it is free and available immediately upon request. The problem seems to be a lack of awareness.

This suggests a lack of knowledge beyond informal financing methods like "friends and family." Therefore, we must improve communication. One solution would be to establish an EU-wide financial literacy network that shares best practices among national authorities. This network should not only enhance investor literacy—a cause I have long championed—but also coordinate efforts to guide SMEs towards market-based finance. Many capable entrepreneurs hesitate to go public, daunted by the demands of transparency and the need to communicate openly, even during downturns.

We are addressing this in Belgium with the launch of a new academy dedicated to market readiness. Interestingly, our Financial Services and Markets Authority (FSMA) also educates companies on avoiding

market abuse, underscoring the enabling role that regulators can play. Belgium's Wikifin programme—a national initiative led by the FSMA—has become a model for investor education. Moreover, we routinely provide public guidance on new legislation, even when not legally required. This proactive approach equips companies with the tools they need to navigate financial markets confidently.

Second, we must not shy away from simplifying the administrative and regulatory burdens faced by SMEs. Your concerns are mine as well. I was among the first to advocate for the endorsement of International Sustainability Standards Board (ISSB) standards by IOSCO. At the same time, I cautioned against an overly broad scope for the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

This is why I welcome the Commission's Omnibus package proposal. As the ESRS are revised, it will be essential to engage directly with companies and users of sustainability disclosures. The goal should not be to generate statistics, but to provide material information that helps firms attract capital and supports investor decision-making. In this context, the Commission might also consider launching work on optional "IFRS-light" accounting standards for listed SMEs.

We could also exempt plain vanilla bonds from prospectus requirements.

Third, and finally, we must preserve and strengthen local ecosystems across the EU in particular as product offerings often differ from one member state to another. The European securities market is a tapestry of diverse local environments. Consider that over the past decade, 501 companies have been listed in Sweden—more than in France, Germany, the Netherlands, and Spain combined. This is partly due to a strong investment culture and an openness to risk and failure.

Sweden offers a compelling example of a vibrant financial ecosystem, composed of law firms, boutique advisory services (often lacking

in other jurisdictions), investment banks, institutional investors, and experts in financial regulation, accounting, and communication. The industry recognises this as a competitive advantage.

It is no coincidence that I have been invited to deliver the closing remarks—perhaps in the hope that most bankers have already slipped out for a drink. Joking aside, it is imperative that all stakeholders remain engaged. High underwriting fees can pose a serious barrier for small issuers. In some EU IPOs, fees reach 5 to 7 per cent of the transaction value. While this may be lower than in the United States, we must question whether we are truly operating in the same global environment.

This is not an issue of supervisory or administrative costs. For small IPOs, the pressure to seek listing opportunities outside Europe remains strong. In Belgium, we are actively addressing this with support from the banking sector. Adequate tax incentives are also essential to encourage investment in SMEs. To put it bluntly: when you multiply one thousand by zero, you still get zero. No IPOs mean no progress.

Let me conclude with a brief reflection on supervisory architecture. Reform in this area is unlikely to be a cure-all. The experience of the Banking Union has shown that centralised supervision does not necessarily lead to market integration or the emergence of pan-European players. Instead, we should aim for a balanced, efficient system that respects the interests of all member states.

In business-to-consumer (B2C) activities, such as product supervision, national regulators should retain responsibility within a common EU framework. Investment fund distribution continues to reflect national and cultural preferences. As a member of the Board of the European Securities and Markets Authority (ESMA), I fully support its mission. However, ESMA should maximise its tools to promote supervisory convergence and ensure a level playing field.

For instance, the process for notifying cross-border distribution of UCITS and AIFMs could be

streamlined. A fund could inform its home supervisor of the compartments and share classes it intends to distribute elsewhere. The home authority would update the ESMA register, and this information would then be automatically shared with host supervisors. Though technical, this reform would simplify life for thousands of asset managers.

In the field of trading infrastructure, we could go further by enhancing the supervision of stock exchange groups. As a member of the Euronext College of Supervisors, I believe that national supervisors and colleges should also further strengthen the group dimension of market operators. Granting ESMA a coordinating role or expanding the remit and creating a new generation supervisory colleges with enhanced powers, would support the effective functioning of cross-border market operators.

Finally, I would caution against fragmenting supervisory powers over issuer disclosures between national authorities and ESMA. The lessons from Wirecard failure are instructive here: a two-tier oversight system can lead to inefficiencies. We should avoid such duplication in corporate financial reporting. Dividing responsibilities could result in incomplete information flows and hinder effective supervision.

Building a successful SIU will require a comprehensive, SME-focused strategy rooted in strong, convergent local supervision. We must invest in financial literacy and foster a deeper investment culture. Most importantly, we must learn from one another and work collectively to create a thriving financial ecosystem.

To conclude, in my capacity as IOSCO Chair, I urge EU jurisdictions to fully engage in multilateral cooperation. Global standard-setters such as IOSCO and the Financial Stability Board are essential to addressing cross-border risks in areas such as non-bank financial intermediation. No single country can do this alone. Whatever the geopolitical context, enhanced international collaboration remains imperative.

Thank you for your attention.