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CORE: Together Accelerating European Capital Markets

CEE Exchanges
on Savings and Investments Union

POSITION PAPER

20 March 2026

Executive Summary

In November 2024, seven stock exchanges from Central and Eastern Europe, including Bratislava Stock Exchange, Bucharest Stock Exchange, Budapest Stock Exchange, Bulgarian Stock Exchange, Ljubljana Stock Exchange, Warsaw Stock Exchange and Zagreb Stock Exchange (CEE exchanges), together with the European Bank for Reconstruction and Development, signed a Memorandum of Understanding aimed at strengthening regional business cooperation and fostering the development of regional capital markets. This paper sets out the joint position of CEE exchanges¹ on accelerating the Savings and Investments Union (SIU), reflecting a joint regional perspective and policy priorities.

Well functioning public and private capital markets play a fundamental role in ensuring the efficient allocation of capital from investors to companies, thereby underpinning the financing of innovation and long-term economic growth. In many cases, the development of capital markets is intrinsically linked to the development of national economies and their competitive advantages. **The prominent positioning of capital markets on the European Commission's policy agenda within Savings and Investments Union (SIU) is particularly welcome and represents a significant opportunity to strengthen the European Union's economic resilience and competitiveness.**

In March 2025, the European Commission published the Communication² identifying four core pillars of the Savings and Investments Union (SIU): (1) Citizens & Savings, (2) Investments & Financing, (3) Integration & Scale, and (4) Efficient Supervision. This report presents the perspective of CEE exchanges on the proposed initiatives, structured around the **CORE** value proposition:

¹ High-level overview of CEE stock exchanges is available in Appendix 2 of this document.

² European Commission (2025). *Savings and Investments Union – A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU*.

Pillar	Our value proposition
Citizens & Savings	C atalyse European household savings into capital markets
Investments & Financing	O ptimise investment flows and financing for innovative SMEs
Integration & Scale	R enew the role of IPO venues on European capital markets
Efficient Supervision	E mpowering development through supervision

In December 2025, the European Commission announced the Market Integration and Supervision Package (MISP). Given the scope of the proposed changes and their potential impact on market structure, this initiative constitutes a pivotal regulatory chance for the future of European capital markets as well as represents a unique opportunity to strengthen the competitiveness of the EU.

Regulated markets remain the cornerstone of Europe’s public listing ecosystem and transparent price formation. They provide the highest standards of market integrity, disclosure discipline, and investor confidence and therefore remain central to the SIU’s objective of channelling household savings into productive investment and supporting the financing of innovation and growth

Equally important is the principle of fit-for-purpose regulation, which must adequately reflect the role of regional and local markets as the backbone of real-economy financing, **while avoiding unintended consequences that could disproportionately burden smaller, well-functioning ecosystems.** Regional capital markets play a particularly important role in financing SMEs, which account for a significant share of national income and employment across Member States. The report therefore sets out specific proposals from CEE exchanges aimed at more effectively **accelerating the SIU**, while fully reflecting regional and local perspectives.

A truly integrated European capital market cannot be achieved without fully engaging all parts of Europe’s market ecosystem, including smaller EU Member States and the wider Central, South-Eastern and Eastern European region, as well as pre-accession countries. Capital-market integration remains incomplete as long as reforms primarily

reflect the structures, scale and operating models of the largest financial market infrastructures. A genuine single market requires that regulatory and supervisory reforms work effectively across different market sizes, levels of liquidity and stages of development. This perspective has also been raised by smaller Member States in policy discussions at EU level. Ensuring that the MISP delivers inclusive and proportionate outcomes across all geographies will strengthen the resilience, competitiveness and cohesion of Europe's capital markets as a whole.

1. Citizens & Savings

Catalyse European household savings into capital markets

Within the first pillar of the SIU, a key objective is the mobilisation of household savings and the enhancement of retail investor participation in capital markets. We fully agree with the Commission's proposals that this can be achieved primarily through a comprehensive set of measures aimed at facilitating retail investment.

a) European framework for simplified savings and investment accounts.

In line with the European Commission's proposal³, we support the introduction of simple investment accounts designed to strengthen retail investor participation in capital markets and to channel household savings towards investments in instruments traded on regulated markets. There already exist various good examples across member states. **The key feature of any investment account should be the provision of fiscal incentives for deploying long term household savings in the form of capital to finance equity and debt of EU companies listed on regulated markets in the EU.** This solution would also contribute to strengthening domestic investor base and enhancing liquidity on regional and local markets. We believe it is important that any new EU initiatives should not be detrimental to, or should not create an uneven playing field with, national solutions.

³ European Commission (2025). *Savings and Investments Union – A Strategy to Foster Citizens' Wealth and Economic Competitiveness in the EU*, p. 5.

b) Facilitating retail investments – simplification and harmonisation of MiFID appropriateness and suitability questionnaire.

Retail investors in Europe - compared to other regions with more active retail participation - do not fully benefit from the opportunities offered by capital market investments, which may limit their potential returns and, in turn, their contribution to the financing of innovative growth.

One of the potential barriers is the set of requirements related to investment knowledge and experience assessed through the MiFID appropriateness and suitability questionnaire. Current practices in the application of MiFID vary across Member States and are not always aligned with the actual needs and profiles of investors, often leading to an overly restrictive approach to risk-taking and, consequently, to the inefficient allocation of household savings.

A key concern is that current rules for defining target markets are too narrow and prevent investors from accessing a broader range of investment products. To address this, we suggest revising the ESMA product governance guidelines to allow for more flexibility. **Suitability and appropriateness processes should be calibrated so that non-complex products and diversified investment solutions are not unnecessarily restricted**, while maintaining strong investor protection through clear disclosures, advice-based safeguards, and transparent risk communication.

A more balanced and proportionate framework would enable a more efficient allocation of household savings, while maintaining appropriate levels of investor protection.

2. Investments & Financing

Optimise investment flows and innovative SME financing

To ensure the effective financing of small and medium-sized enterprises, which lie at the core of innovation in the European Union, it is essential to significantly strengthen the role of pension funds in capital markets, both public and private. Further support for innovative SMEs is also required, including through a reduction of regulatory and administrative burdens, as well as improved access to growth capital.

a) Accelerating the development of funded pension schemes in Europe.

The development of funded pension systems should be recognised as a stable and long-term source of demand in public capital markets. Measures aimed at increasing participation in pension schemes, such as mandatory participation mechanisms, opt-out solutions or auto-enrolment, together with life-cycle strategies featuring a meaningful equity component, would contribute positively to the development of the broader capital-market ecosystem.

In this context, increasing the share of equity investments in European capital markets within the portfolios of long-term institutional investors, including defined-contribution pension funds and insurance undertakings, should be actively supported. Pension funds should be enabled to invest in higher-risk assets and asset classes, including SME growth markets as well as private equity and venture capital funds, in order to strengthen the early-stage financing ecosystem.

Consideration should also be given to a gradual shift from defined-benefit (DB) pension schemes towards defined-contribution (DC) models, where appropriate.

b) Strengthening SME Growth Markets – SME IPO Funds.

SME Growth Markets were introduced under MiFID II in 2018 to provide a tailored regulatory environment that facilitates access to public capital for small and medium-sized enterprises. Their core purpose is to support SMEs in raising funds through equity markets by offering proportionate disclosure requirements and a more accessible listing process. However, to fully realise their potential, these markets

require stronger engagement from institutional investors. Enhancing institutional participation would not only improve liquidity and valuation for listed SMEs, but also strengthen the credibility and attractiveness of these markets across the EU.

One measure with the potential to materially reinforce SME financing in Europe would be the establishment of **European SME IPO Funds**, structured as 50/50 public-private funds, supported by local asset managers and focused on investments in innovative SMEs, in particular those listed on SME Growth Markets. Within such structures, 50% of assets could be invested domestically, with the remaining 50% allocated to SME Growth Markets in other Member States.

By increasing the predictability and attractiveness of IPOs as a growth pathway for scale-up companies, such funds would strengthen primary market activity and expand financing capacity. The presence of long-term institutional investors would also contribute to improved corporate governance, more stable post-IPO valuations, reduced volatility, and greater investor confidence.

c) Diversifying investment product distribution.

Excessive dependence of EU economies on bank financing constrains the capacity to fund long-term innovation. Capital-market development should therefore be further strengthened, alongside continued diversification of investment product distribution channels, including by **increasing the role of independent asset managers, limiting excessive consolidation among asset managers, and potentially expanding the availability of higher-risk investment products, including equities**. Such measures would facilitate a more efficient flow of capital from households to innovative enterprises, including SMEs. Appropriateness and suitability requirements of MiFID should be properly calibrated in order to lower entry barriers and boost competition.

3. Integration & Scale

Renew the role of IPO venues on European capital markets

Strengthening European capital markets is a vital objective. However, to ensure balanced outcomes, regulatory initiatives should carefully reflect the fit-for-purpose principles and market diversity. Overly uniform approaches, primarily focused on economies of scale, are likely to further increase the trading market share of global players at an expense of European regional intermediaries, potentially further limiting the ability of local ecosystems - particularly in Central and Eastern Europe - to support SME and innovation financing.

Local capital markets play a critical role in serving early-stage and growth companies that lack access to global capital. Tailored services, local currency financing, and proximity to domestic investors are essential features of these ecosystems. Regulatory frameworks should therefore support their continued development, recognising the higher relative compliance burdens faced by smaller exchanges. Promoting regional cooperation and operational integration can further enhance efficiency while preserving the diversity and resilience of Europe's capital markets.

a) Reducing the fragmentation of European capital markets by strengthening regulated markets, that is IPO venues

Following the introduction of pre-trade transparency waivers under MiFID I and the OTC trading growth, dark trading has gained significant prominence in European equity markets. On the other hand, following the implementation of MiFID II and prohibition of using BCN resulting from share trading obligations, systematic internalisers (SIs) have increased their role in equity trading⁴.

We fully acknowledge impact of the MiFID / MIFIR on lowering trading costs and increasing transparency, it should be noted however that this has not translated into stronger primary markets.

As a result of these developments, the share of traditional exchanges - venues at which IPOs and capital raising is taking place - in total equity trading in Europe has declined

⁴ Oxera (2019). *The design of equity trading markets in Europe*, p. 50-54.

markedly, from almost 100% before MiFID 1 to around 38% in 2020, and to approximately 30% in 2026⁵.

The European market has evolved into a structure in which less than one third of equity trading takes place on transparent, regulated venues. These venues — the IPO exchanges — play a central role in price discovery, carry essential supervisory and transparency responsibilities, and invest substantial resources in attracting issuers and advancing capital market development more broadly.

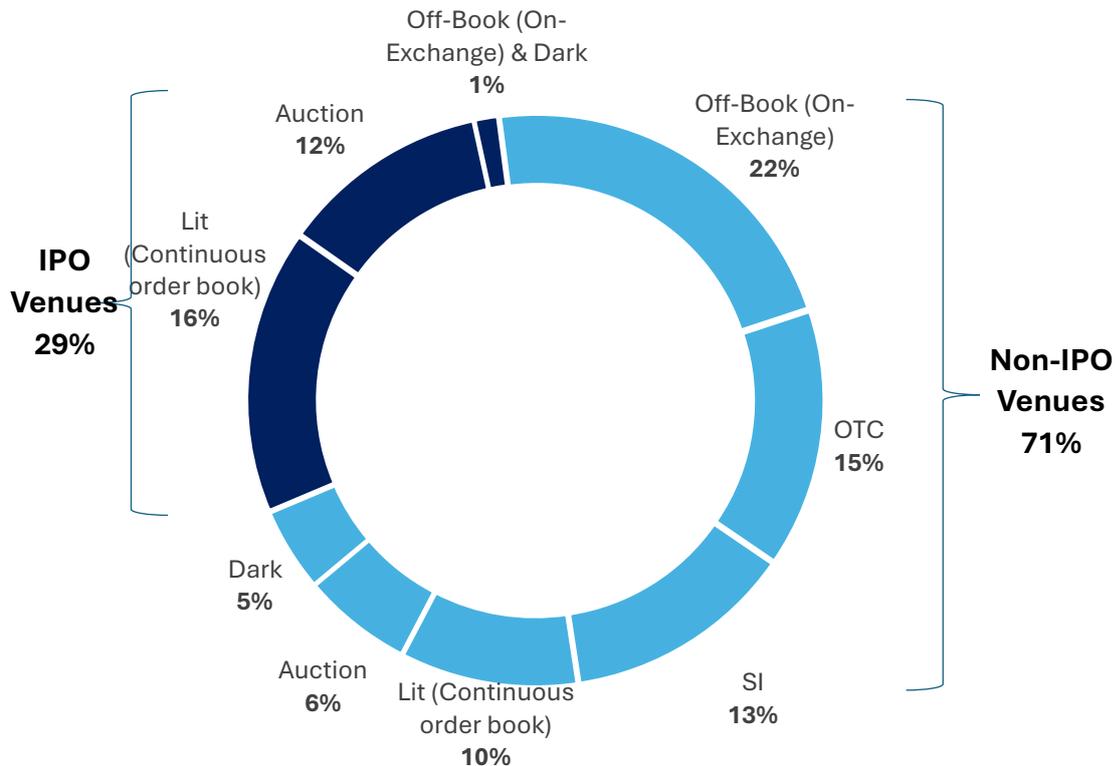
For example, IPO venues:

- run **educational IPO programmes for SMEs,**
- sponsor **brokerage research on SME issuers,**
- sponsor **domestic and international issuer conferences,**
- organise and supervise **SME Growth Markets,**
- promote **financial education among schools and students, and**
- devote significant effort to **attracting retail investors.**

While regulatory changes have intensified competition among execution venues, it is legitimate to question whether this competition has exceeded a level that supports market development and has instead contributed to market and liquidity fragmentation.

⁵ Kukies, J., and Noyer, C. (2026). *Financing Innovative Ventures in Europe*, p. 107.

Chart 1. Total turnover in EU equities in Europe (2025).



Source: xyt.

As highlighted in the FIVE Report, Europe is experiencing a structural decline in both the number of initial public offerings and the overall population of listed companies compared with the United States. Europe’s share of global IPO activity fell from approximately 32% in 2015 to 8% in the first half of 2025, while the number of delistings between 2005 and 2024 significantly exceeded that observed in the US⁶. These trends underscore the need for a reassessment of the current market structure.

Against this backdrop, **we advocate a reform of the European capital-market architecture aimed at restoring the central role of transparent, regulated trading venues. Such reform should seek to counter excessive fragmentation of off-exchange trading, reinforce the price-discovery function of IPO venues and ensure that the market structure continues to support IPO activity and long-term capital formation across the European Union.**

⁶ Kukies, J., and Noyer, C. (2026). *Financing Innovative Ventures in Europe*, p. 94-95.

In particular, we propose that retail orders should be executed exclusively on lit multilateral venues, supporting liquidity and enhancing investor protection

Certain other developed markets limit high-risk leveraged products for retail investors or require stricter transparency and clearing arrangements; the EU may consider whether enhanced transparency and risk controls for such products could support both investor protection and market integrity.

b) Consolidated Tape

It should be emphasised that the regulatory compromise on the Consolidated Tape (CT) was reached only relatively recently, following a long and complex negotiation process. At this stage, priority should be given to the implementation and operational launch of the Consolidated Tape Provider in its agreed form, followed by a thorough and evidence-based assessment of its functioning.

Re-opening key elements of the agreed compromise before the CTP becomes operational would introduce regulatory uncertainty and could undermine market participants' confidence in the stability and credibility of the legislative process. Regulatory predictability remains a critical prerequisite for market integration.

In this context, we support the introduction of the Consolidated Tape in its informational form, namely providing a single best bid and offer without indicating the identity of the trading venue from which the data originates. At the same time, we see material risks associated with a trading-oriented Consolidated Tape, featuring five best offers with venue identifiers, as such a model could disproportionately increase the role of alternative trading venues at the expense of regulated stock exchanges and transparent trading. Also, CTP model should take into account the size of the market and potential financial burden of CTP on the smaller markets.

The objective of the Consolidated Tape should be to support market integration. However, careful consideration must be given to potential unintended consequences, the outcome of which could be further market fragmentation rather than greater cohesion.

c) Post-trade (CCP/CSD)

The post-trade segment is often cited as an area with potential for greater efficiency. However, it is important to recognise that existing arrangements are result of the diversity of tax, corporate and company law frameworks across Member States. As long as these legal regimes remain unharmonised, the structure of post-trade services will naturally continue to reflect national specificities. Also, post-trade processes, like corporate actions, are not in practice fully harmonised across the EU. Without prior alignment in these areas benefits of linking the post-trade infrastructure will be limited.

In this context, the post-trade proposals under the MISP warrant careful consideration. While efforts to enhance integration are welcome, a shift toward greater reliance on pan-European CCPs and CSD hubs should, over time, not affect the risk of diminishing the role of local infrastructures and ecosystems. Large pan-European venues should coexist with smaller local market and local players as complementary solutions. Otherwise, this may be detrimental to competition, ecosystem diversity and ultimately local investor and SME access to capital markets, yielding results contradictory to SIU objectives.

This should also be considered in the context of local CSD's services for public authorities, as many of them service government or central bank fixed income instruments in national currencies – structural changes resulting from MISP proposals might have a negative influence on the conduct of monetary policy, especially in times of financial tensions as well as some impact on sovereignty of public authorities' decisions in public debt management.

The proposed MISP package, while appropriately aiming to advance post-trade market integration, may inadvertently place disproportionate burdens on smaller CEE markets by mandating extensive interoperable links and broad CSD designation rights by members of the trading venue without sufficiently accounting for differences in market scale and the risks already posed by the continued migration of turnover in the most liquid stocks to off-exchange venues. To ensure balanced implementation, targeted proportionality measures — such as limiting mandatory interoperable links, ensuring transparent cost recovery mechanisms and providing adequate transitional

arrangements — would help safeguard smaller markets while supporting the broader objectives of the package.

Centralisation, that might be result of the MISP proposals, might increase costs of many local market participants, especially in Central and Eastern Europe, as they may face challenges in meeting the collateral and capital requirements of large international CCPs. This could lead to higher participation costs, reduced service capacity, and a decline in market diversity and liquidity. Also, it is likely that large International CSDs might be the main beneficiary of such centralisation, and their higher fees as reported by AFME⁷, which are largely result of divergent local regulations and not aligned post-trade processing of securities, might negatively impact position of retail investors and SME issuers. This is particularly important in context of well developed infrastructures but underdeveloped institutional investor base in capital markets of Central and Eastern Europe, struggling also with mobilising retail capital and listing activity of SMEs.

d) Rebuilding European brokerage and investment-banking ecosystem – at pan-European, regional and local level.

We also underscore the importance of revitalising the European ecosystem for brokerage and investment banking. As highlighted in the FIVE Report⁸ and other analyses, the unbundling requirements introduced under MiFID II have contributed to a notable decline in research coverage for mid- and small-cap companies, with knock-on effects on investor engagement, market liquidity, and the availability of advisory services, particularly those traditionally provided by smaller, regional, and local firms. While the “best execution” principle has helped reduce trading costs for large institutional investors, it has also contributed to a shift in market share toward global intermediaries, placing additional pressure on smaller European brokerage houses. It is also important to recognise that the weakening of Europe’s brokerage and investment-banking ecosystem is linked not only to MiFID II-related market-structure changes, but also to prudential rules that may render certain primary-market activities structurally uneconomic. In particular, the treatment of underwriting, stabilisation, and

⁷ AFME “Analysis of CSD fees in major European markets”, October 2025

⁸ Kukies, J., and Noyer, C. (2026). *Financing Innovative Ventures in Europe*, p. 104-105.

related balance-sheet usage under the current prudential framework may discourage European banks from supporting IPOs and secondary-market liquidity. A more proportionate and targeted regulatory approach in this area could help rebuild European intermediation capacity while preserving overall resilience.

The restoration of a vibrant network of pan-European, regional, and local brokers and investment firms is essential to the development of competitive, deep and inclusive European capital markets. These intermediaries play a critical role in supporting issuer visibility, investor access, and primary-market activity – particularly for innovative and growth-oriented companies. Proposed regulatory solutions should therefore be assessed through the lens of their potential impact on regional and local capital market ecosystems, including their capacity to foster investment in innovation, enhance SME financing, and contribute to a more resilient and competitive European economy.

4. Efficient Supervision

Empowering development through supervision

a) Empowering development through supervision

Efficient supervision plays a key role in supporting the diversity of capital markets across the EU. In Central and Eastern Europe, local capital market institutions often serve broader functions, facilitating SME access to equity financing, fostering long-term investment culture, and strengthening the connection between capital markets and the real economy. In this context, we see value in further aligning supervisory practices with the needs of harmonisation and standardisation. To complement this, we propose introducing **a development-oriented dimension to supervisory mandates**, enabling – and empowering - authorities to support the sustainable growth of European capital markets.

b) Reducing reporting requirements for SMEs.

In line with the directions set out by the European Council in the Declaration on the New European Competitiveness Deal (Simplification Revolution)⁹, we support the

⁹ Council of the EU (2024). *Budapest Declaration on the New European Competitiveness Deal*.

objective of reducing reporting requirements for small and medium-sized companies by at least 25%. Such a reduction would meaningfully alleviate administrative and compliance burdens, while supporting innovation, growth and competitiveness among European SMEs.

Concluding remarks

Well-functioning capital markets are essential for mobilising savings, financing innovation, and supporting long term economic growth. As the European Union advances the Savings and Investments Union (SIU) and the Market Integration and Supervision Package (MISP), it is important that regulatory and supervisory reforms strengthen, rather than dilute, the role of transparent, regulated markets that have a critical role in listing processes and reflect the diversity of Europe's capital market ecosystems. Smaller and mid-sized markets play a vital role in financing SMEs, building domestic investor bases, and fostering long term investment culture, and must be fully integrated into any credible path toward deeper market integration. Proportionate, predictable and development-oriented regulation - across trading, post trade and supervision - is therefore essential to ensure that European capital market integration delivers inclusive, resilient and competitive outcomes across all Member States and neighbouring regions.

This position paper is jointly submitted by the Bratislava Stock Exchange, Bucharest Stock Exchange, Budapest Stock Exchange, Bulgarian Stock Exchange, Ljubljana Stock Exchange, Macedonian Stock Exchange, Warsaw Stock Exchange and Zagreb Stock Exchange

Appendix 1 – Initiative of Exchanges in Central and Eastern Europe

On 13 November 2024, seven stock exchange operators from Central and Eastern Europe, together with European Bank for Reconstruction and Development (EBRD), signed a Memorandum of Understanding in Bratislava with the objective of strengthening regional business cooperation and fostering the development of regional capital markets.

The signatories to the Memorandum included the Bratislava Stock Exchange, the Bucharest Stock Exchange, the Budapest Stock Exchange, the Bulgarian Stock Exchange, the Ljubljana Stock Exchange, the Warsaw Stock Exchange and the Zagreb Stock Exchange. At a later stage, the Macedonian Stock Exchange also joined the initiative. The objectives of the initiative include, inter alia:

- closer cooperation aimed at strengthening regional capital markets,*
- the development of primary markets and improved access to capital for companies from the region,*
- facilitation of cross-border processes,*
- support for increasing the attractiveness of regional markets for global and regional investors,*
- operational integration of capital-market infrastructure within the region,*
- the implementation of modern technologies,*
- activation of retail investors through the promotion of long-term investment, improved market liquidity and the reduction of barriers to investing on regional stock exchanges.*

On 25 August 2025, the Ministries of Finance of the eight countries from which the participating stock exchanges originate signed a Memorandum of Understanding on the development of capital markets through closer cooperation, regulatory alignment and increased market integration. This initiative complements and reinforces the earlier cooperation framework established by the stock exchange operators.

Appendix 2 – Overview of stock exchanges participating in the regional integration initiative

Stock Exchange	Market cap, € billion	Market cap. growth, 2025/2024	Number of listed companies	GDP, € billion	GDP growth, 2024/2023	Real GDP per capita, 2024	Currency	Market classification, MSCI
 Bratislava SE	2	13%	32	130	2%	€23,850	Euro (€)	No classification
 Bucharest SE	56	31%	86	354	1%	€18,560	Romanian leu (RON)	Advanced Frontier Market
 Budapest SE	54	32%	70	206	1%	€21,550	Hungarian forint (HUF)	Emerging Market
 Bulgarian SE	9	16%	445	105	4%	€16,260	Euro (€)	Standalone Market
 Ljubljana SE	17	46%	17	67	1%	€31,700	Euro (€)	Advanced Frontier Market
 Macedonian SE*	6	2%	90	16	3%	€8,590	Macedonian denar (MKD)	No classification
 Warsaw SE	254	35%	757	848	3%	€22,610	Polish złoty (PLN)	Emerging Market
 Zagreb SE	32	14%	81	86	4%	€22,200	Euro (€)	Frontier Market

Note: Market capitalisation figures reflect total equities market capitalisation as of November 2025 according to World Federation of Exchanges. GDP data refers to 2024 (from Eurostat), as more recent figures for 2025 are not yet available.

*North Macedonia is the only country on the list which is not a member of the European Union.

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