Position paper

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Proposals for reducing the regulatory burden at European level (capital market topics)

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VÖB Priorities

The current level of regulatory density in capital markets requirements is discouraging both investors and issuers, leading to reduced market participation and hindering the development of essential new business models. To address these challenges, the European Commission should consider implementing an immediate moratorium on new capital markets regulation (e.g. a pause for a period of two years), at least regarding measures that are not strictly necessary, meaning, this should apply to exceptional cases only (due to investor protection scandals and the likes). Such a pause would allow for a thorough re-assessment of the existing framework and should be followed by a targeted review, focusing on streamlining and simplifying regulations which have been progressively expanded in the post-crisis years. The goal should be to create a regulatory environment that is both effective and beneficial to growth rather than one that is characterized by excessive complexity.

Immediate suspension of not-yet implemented rules
The European Commission should consider suspending regulations that have not yet been implemented and are likely to create an additional burden. This is particularly true for the politically adopted Retail Investment Strategy where an already very complex regulation like the MiFID will be detailed further.

Need for a Comprehensive Regulatory Review
Before introducing further rules, existing regulation needs to be thoroughly analyzed, focusing on their practical impact and necessity from the perspective of market participants and investors. This review should assess whether regulations achieve their intended goals or are merely adding layers of bureaucracy without clear benefits.

Overregulation deters market participation
The sheer volume and complexity of existing capital markets regulation have created significant barriers to entry and operation. Issuers face high compliance costs, legal uncertainties, and administrative burdens, which discourage participation and innovation.

Inhibition of product and business model innovation
The current regulatory framework hinders the development of new financial products and services, especially in critical areas such as private

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pensions and sustainable finance. Overly prescriptive rules limit flexibility and experimentation, preventing the market from responding effectively to evolving social and economic needs.

The Association of German Public Banks (Bundesverband Öffentlicher Banken Deutschlands, VÖB) is a leading association within the German banking sector. It represents the interests of 64 banks, including the Landesbanken (the head institutions of the German Savings Banks Finance Group), as well as the promotional and development banks owned by the Federal Republic of Germany or the individual German federal states. With total assets of some 3,200 billion euros, VÖB's member institutions cover approximately one quarter of the German banking market. Public-sector banks honour their responsibility towards SMEs, other enterprises, the public sector, and retail customers; they are deeply rooted in their respective home regions, all over Germany. With a 57 percent market share, ordinary VÖB member banks are market leaders in local authority financing; in addition, they provide some 22 percent of all corporate lending in Germany. In 2024, development and promotional banks at federal and state level provided 60 billion euros in new development and promotional loans. VÖB is the only German banking association exercising the functions of an employer association for its member institutions: the Public-Sector Banks' Employer Association (Tarifgemeinschaft Öffentlicher Banken), which comprises VÖB member institutions with a total of 65,000 employees (as at financial year 2024) and which performs collective bargaining duties.

More information is available at www.voeb.de/en

Detailed proposals

Regulation	Proposal
General	**No entry into force of Level 1 where Level 2 is not yet in place** Where regulations are not fully specified on level 1 (which they hardly ever are) and guidance through Level 2 measures is required, the rules on Level 1 should not enter into force. Otherwise, this leads to market uncertainty and unnecessary duplication of effort. Market participants are forced to prepare for implementation without final guidance, risking costly adjustments later once final measures are published.
General	**Avoid use of temporary exemptions:** • Temporary exemptions require continuous monitoring, creating administrative burden. • They also create market uncertainty as it is unclear if and when the exemption will cease to exist (e.g., repeated extensions and eventual removal of time limits for equity options under Delegated Regulation 2016/2251).
Prospectus Regulation	**Removal of unnecessary notification obligations for financial intermediaries** The requirement for each financial intermediary to individually inform investors about prospectus supplements is not practicable in the context of base prospectuses (e.g. EMTN programmes). It creates disproportionate operational burden without materially enhancing investor protection. To ensure a legally certain and operationally feasible solution that is better aligned with the base prospectus regime, we propose that: • A centralised, generic publication of the supplement by the issuer or the lead manager (syndicate lead / issuing bank) on a publicly accessible platform (e.g. website or regulated information system) should be deemed sufficient; • Financial intermediaries should not be required to notify investors on an individual basis where reference is made to such central source. **Practical standardisation of prospectus format and content** The numerous new requirements regarding both the content and format of prospectuses introduced by the EU Listing Act have not simplified the European prospectus regime. Rather, they risk undermining established market practices through a “one size fits all” approach. Prospectuses are liability documents, and their structure and presentation should remain at the discretion of issuers. Otherwise, additional liability risks and costs may arise.

	In particular, the rigid requirements regarding the order and presentation of information complicate the use of internationally established base prospectuses (e.g. under EMTN programmes) and lead to unnecessary implementation costs. We therefore call for: • Allowing flexibility in presentation through the use of cross-referencing (e.g. via a cross-reference table), in line with international market practice; • Detailed ESG disclosures shall be classified under the flexible Category C. This is necessary to avoid frequent and highly inefficient prospectus supplements triggered by changes in dynamic portfolios over the lifetime of the instrument. • Fair Level-2 review procedures. The proposed automatic rejection mechanism upon expiry of the review period ("drop-dead" provision) in Art. 45a Delegated Regulation Draft should be removed. Instead, a legal basis for extending the review period upon request by the issuer should be introduced.
Capital markets reporting in general	**Simplification of capital markets reporting obligations (EMIR, MiFIR and SFTR)** • Focus on essential data fields only - eliminate redundant or unnecessary data fields. • Follow the approach of source-based reporting (e. g. ETD should be reported by trading venues) and make best possible use of identifiers such as LEI, ISIN, etc. • No new reporting requirements should be introduced. • Remove existing redundant reports - e.g., AAR reporting under EMIR (Art. 7b) if data is already covered by EMIR reporting.
Retail Investment Strategy (RIS)	**Further simplify the RIS or at least implement it in a simplified and practical way** The comprehensive review of MiFID II was originally intended to lead to further simplifications in the capital markets sector, in order to allow more retail investors to participate in the markets and, in this context, also to reduce so-called information overload. However, despite many concessions made during the process, the RIS is now introducing complicated new regulations that could once again significantly complicate securities and capital market transactions. While the EU Commission's proposed ban on commissions for the non-advisory business that is widespread in Germany has been withdrawn, the overall impact remains significant. However, the general requirements regarding the permissibility of commissions in securities trading will be further tightened. Furthermore, a value-for-money approach will be implemented in the product governance processes of both issuers and distributors, which is intended to measure the "value" of certain financial products in relation to their associated costs. While there have been some relaxations compared to the original

	proposals, the value-for-money concept remains complex. The RIS also introduces further innovations in various areas of MiFID, such as investment advice, customer classification, and the areas of marketing communications and financial influencers. The adoption of the RIS appears somewhat contrary to the guiding principles of the current EU legislative period, which aim, among other things, to significantly increase the EU's competitiveness and, in this context, also to reduce the regulatory burden. Therefore, it was understandable that it had to be significantly streamlined during the trilogue negotiations. We remain highly critical of the adopted MiFID review, as it further burdens the already heavily regulated capital markets business. On a positive note, however, the originally planned ban on commissions in non-advisory business and the stringent benchmark requirements for the value-for-money approach for securities have been dropped. For more attractive European capital markets, however, a strict and critical review of capital market regulation, including within MiFID, is still necessary. This opportunity was missed with the RIS. We generally warn against the introduction of extensive regulations on the adopted topics. This applies particularly to the establishment of a value-for-money approach, which would further complicate the securities business and the underlying processes. The concept carries the risk of ushering in price regulation, which we strongly oppose, especially since it is unclear whether the diverse range of products and business models can be adequately addressed. It is crucial that issuers retain flexibility in product classification and that ESMA does not develop overly detailed and specific requirements. We oppose any tightening of regulations on commissions. Commissions enable retailers – including those with lower and middle incomes – to offer a wide range of securities services. Current regulations in Germany already ensure a very high level of transparency and prevent conflicts of interest. Stricter regulations or even a ban in this area could severely restrict the availability of certain services. In particular, the new upfront commission test threatens to further obscure the system and render it impractical. Therefore, the RIS should be further simplified before its official finalisation and then be implemented in a practical and simplified way.
EMIR-reporting	**Eliminate reconciliation of market valuations** The reconciliation requirement should be removed - different internal valuation methods make reconciliation impossible and add no value. **Reform self-reporting procedures**

	Simplify the overly complex process and align with the proven, efficient MiFIR self-reporting mechanism.
EMIR risk mitigation	**Remove bilateral initial margin (IM) requirements** Eliminate IM obligations for bilateral derivatives - counterparty risk is already managed through other means. **Remove EMIR FRANDT obligations** • Delete Art. 4(3a) EMIR and Delegated Regulation (EU) 2021/1456 requirements. • Intended to support access to clearing for low-volume participants but creates unnecessary bureaucracy. There is no practical benefit from FRANDT (fair, reasonable, non-discriminatory, transparent) publication and bilateral disclosure obligations. **Remove clearing service information requirements** Delete Art. 7c EMIR - experience shows that these disclosure obligations provide no meaningful added value. **Eliminate annual due diligence for client clearing** Remove annual review and feedback collection under Art. 25(1) and (2) of Delegated Regulation 2017/589 which is redundant and burdensome.
MiFIR	**Requirements regarding best execution policy** The planned new requirements should be abolished; they undermine Level I simplifications (e.g., removal of best execution reports). **Exempt DPEs from reference data reporting and clock synchronization** Remove these obligations for DPEs (Data Reporting Services Providers): • DPEs only have limited impact on market transparency compared to trading venues. • Clock synchronization requirements are disproportionately burdensome for DPEs.
AMLR / AMLD	**Implement the AMLR in a pragmatic and efficient way** The AMLR is to be applied by credit institutions from 10 July 2027. Further details are still to be provided through delegated acts (RTS) and AMLA guidelines. Any implementation should take into account the harmonised approach and the competitiveness of EU credit institutions

by simplifying the requirements instead of making the handling for banks even more complex. If necessary, the level 1 text must be adjusted appropriately. Especially, we call for fast clarifying adjustments/corrections regarding the following points:

- Extending the reference in article 48 AMLR to article 20 (1) lit. g), h) and i) as originally intended in the commission's draft and later unintentionally left out making the reliance on other obliged entities a practical option.
- The exemptions provided for in article 65 should not only apply to legal entities but also to obliged entities and their obligation according to article 22 (2) AMLR. It is reasonable to exempt the afore mentioned legal entities from providing information about their beneficial owners since they cannot have a beneficial owner due to their specific form and structure. However, in consequence obliged entities cannot be expected to collect such data. Additionally, the exemption in lit b) should be extended to contracting authorities as in Article 2(1), point (4), of Directive 2014/24/EU. An exemption from the prohibition of disclosure should be extended to any court procedures, e.g. in civil courts.
- Clarifying that senior managing officials according to article 63 (4) subpara 2 are only members of the management body in its management function.

Implement the AMLD in a pragmatic way

Especially the collection of data points for the risk assessment of obliged entities by the authorities should be limited to the absolute necessary minimum and the data points have to be defined thoroughly. Banks have to start new processes for the data collection which makes the whole process particularly burdensome.