

# Policy Recommendations

## A Strong Capital Market



Germany is facing major challenges. It is bringing up the rear of the G20 countries, foreign direct investment is decreasing and well-known German companies such as BioNTech and Birkenstock decided to pursue their stock exchange listing (IPO) in the US. **Despite these challenges, there are also opportunities for Germany as an economic nation.** The key to economic success is rooted in a strong capital market:

Well-developed and liquid capital markets promote long-term growth by enabling efficient capital allocation and financing innovation.

### EU capital market: Completion of the Capital Markets Union

*Prioritizing the Capital Markets Union to secure financing of the future*



#### Financing key technologies: Facilitating IPOs in Europe

- We need the Capital Markets Union to finance Europe's digital and sustainable transformation
- Smart incentives for IPOs promote investments in AI, blockchain, and cloud as well as strengthen European competitiveness

- > Tax incentives for equity capital compared to debt capital
- > Harmonization of insolvency law in the EU



#### Strengthening wealth accumulation and securing pensions: Promoting an investment culture

- Securities are an indispensable element of asset accumulation and retirement planning
- Sweden is a role model: simple, tax-incentivized investment savings accounts encourage people to participate in the capital market

- > Introduction of an equity pension scheme and investment savings accounts with tax incentives
- > Expand financial education measures

## Blockchain for the future capital market

Exploiting the potential of blockchain as a driver of innovation



### Enabling innovation: Designing a practice oriented DLT pilot regime

- Blockchain (DLT) is particularly promising in the financial sector: it enables faster, more efficient, and cheaper transactions
- The DLT pilot regime allows firms to deploy market solutions using blockchain technology and tokenization: the EU can play a pioneering role here

> **Expand the DLT pilot regime: Higher volumes, more asset classes**

> **Open up existing regulation for DLT (e.g. CSDR)**



### Promoting tokenization: Utilizing the potential for investors and the real economy

- Tokenization allows for more efficient securities markets and offers investors new investment opportunities, e.g. in real estate, art, and wind parks
- Tokenization uses public blockchains as infrastructure that can be used by all market participants

> **Technology-neutral regulation for market infrastructures**

> **Equal treatment of public and private blockchains must be ensured**

## Establishment of crypto assets in the future capital market

Facilitating access to crypto assets for institutional and private investors



### Extending the European lead: Harmonized rulebook for crypto assets

- The „Markets in Crypto Assets Regulation“ (MiCAR) is a regulatory milestone with a role model function for other countries
- Proportionate implementation and tailor-made further development of the crypto markets, e.g. staking (a type of interest payment on crypto assets) should be the way forward

> **Pioneering role must not be put at risk by excessive national bureaucracy**

> **Legal certainty through harmonized rules for staking**



### Creating transparency with environmental balance: fair assessment of crypto assets

- MiCAR requirements ensure transparency about the ecological footprint of crypto assets
- The debate on sustainability matters of crypto assets (e.g. Bitcoin) must be conducted fairly and consider the use of sustainable energy sources

> **Transparency about cryptocurrencies is key, not bans**

> **Regulation must embrace new technologies to enable progress**