

**Mr Valdis Dombrovskis**Vice-President  
Euro & Social Dialogue  
European Commission  
Rue de la Loi 200  
B-1049 Brussels  
BELGIUM

24 April 2018

Dear Vice-President,

**The Capital Requirements Directive and Regulation**

I write to you regarding current discussions regarding the proposed amendments to the capital requirement rules (CRD5/CRR2). BusinessEurope supported reinforcing prudential rules and strengthening supervision as financial market stability is fundamental for the economy and European companies. The new rules have restored confidence in financial institutions and made them more resilient. At the same time, bank lending came under pressure and there is a significant risk that as economic growth picks up banks will be unable to meet companies' funding requirements on the necessary scale. Future work on the capital requirement rules should therefore ensure that the legislation functions effectively, encouraging growth and preventing damage to businesses in the wider economy.

For this reason, we have expressed concerns that additional tightening of prudential rules should not further increase financing problems. We also emphasised the importance of the SME Supporting Factor for the financing of smaller and medium-sized companies. New capital requirements should also not discourage the use of hedging instruments and reduce their availability, neutralising the relief provided by the European Market Infrastructure Regulation (EMIR). And, in the area of trade finance, given the short term and low risk profile of this type of financing, new rules should not reduce the availability or increase the cost of trade finance products.

In the attached position paper, we have set out our views and suggestions regarding several proposals. We hope that our paper will contribute to current discussions and remain at your disposal should you wish to discuss this further.

Yours sincerely,

  
Markus J. Beyrer