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France Invest's contribution to the Commission's call for evidence on
European Savings and Investment Union

France Invest would like to thank the Commission for the opportunity to contribute to its call for evidence on European Savings and Investment Union (SIU).

We fully endorse the goals of the SIU to contribute to supporting the green and digital transitions and ensuring economic and social sustainability for the EU in the long term. **We agree that EU citizens' retirement needs should be better served and that EU businesses should have more financing options in the EU.** As highlighted in several recent reports, **strengthening the EU's competitiveness is an urgent priority**, and an efficient market is essential for enabling companies to scale up and compete on a global stage.

In this context, **a robust and competitive financial sector is crucial to channel EU savings toward policy objectives and provide companies with the funding they need** to grow, tackle transitional challenges, and enhance their global competitiveness. In particular, private equity and venture capital **(PE/VC) players have an essential role to play in bridging European savings and funneling them towards EU companies in strategic sectors.**

We recognize the **efforts already made to advance the Capital Markets Union.** While the European PE/VC market is partially unified in terms of participants, products, investments, and investors, significant work remains to unlock its full potential. Action is needed across all levels of the value chain to remove barriers and maximize opportunities.

Many of the practical measures outlined in **our manifesto for a stronger, greener, more innovative, equitable, and inclusive Europe¹** align with the high-level recommendations in the Letta and Draghi Reports aimed at boosting EU competitiveness. Specifically, we support proposals to encourage participation in capital markets, mobilize retail savings, promote long-term investments, facilitate institutional investment, address regulatory and supervisory harmonization and enhance SME access to capital.

In this context, France Invest would like to suggest the following **concrete ideas to bring the SIU into effect.**

- **Encourage European institutional investors, such as banks, insurers and pension funds, to invest more in PE/VC funds supporting European companies.** This could involve alleviating prudential requirements applicable to institutional investors in relation to their long-term investments and easing prudential rules to facilitate these strategic investments beyond the existing rules. As explained by Invest Europe, while the recent review meets most of the industry concerns, it is important to get the Delegated Acts right on the LTE category, in particular by ensuring that liquidity criteria are easy to meet and that no look-through should be required for exposures to non-substantially leveraged funds. This could also be achieved by promoting allocations to EU PE/VC through pension plans and life insurance contracts (e.g. via lifecycle investment mechanisms or through tax incentives) and by raising awareness among managers

¹ [Manifeste élections européennes | France Invest](#)

of these plans and contracts. For instance, the French initiative Tibi shows that there is value in promoting certain types of asset classes to institutional investors.

- **Encourage retail investors to diversify and allocate an increased portion of their investments in PE/VC funds.**
 - It is essential to give retail investors easy access to the solutions already available on the market for investing in European assets. This democratization also requires appropriate protection for individual investors, by reinforcing their financial education offered and maintaining access to advice for all investors. We are concerned that an exclusive focus on costs of financial products may not result in the expected outcome as regards channeling more EU savings into EU investments. While abusive costs could be addressed through supervisory actions, regulation should remain agnostic across various investment products categories, corresponding to different client needs and risk profiles. In this context, the RIS proposals should be simplified, in particular in relation to the customer journey. Proposals to introduce an inducement test and a best interest test should be removed and, if the value for money concept were to be maintained, the proposal to introduce benchmarks should be thoroughly reviewed.
 - Implement **a single European long-term savings product** to promote the channeling of resources towards businesses in key sectors, offering citizens potential higher returns and supporting European sustainable growth. This could be implemented as **a European label for national products that meet specific criteria, such as long-term focus, risk taking, lower liquidity, and predominantly European investments**. This label would ensure the necessary legibility and visibility for savers. However, we believe it should not be solely centred on low costs. In other words, costs should not be the primary defining criterion for these products; rather, **the overall benefits** they provide to savers in relation to their specific objectives should be considered.
 - This reallocation could be fostered by (i) coupling these investments with EIF investments, which would increase the size of the funds, their diversification and in turn their risk/return ratio (ii) encouraging Member States to introduce fiscal incentives to investing in products so labelled.
 - **The European categorization of investors should be streamlined** and the MiFID client classification simplified in order to allow that certain types of private individuals or family offices are allowed to commit their savings into diversified portfolios of long term-funds. Existing EU law does not make a sufficiently clear distinction between small retail investors and high net worth individuals. For example, most investors classified as “retail” under EU law which commit capital to VC/PE funds are only qualified as such due to the inadequacies of the current categorization. The “size of their commitment” - €100,000 threshold, which defines what “sophisticated investors” are in Article 6 of EuVECA (Regulation) – could be an objective and straightforward criterion to be considered.
- **Adapt the rules to encourage European PE/VC funds to invest cross border.** Address regulatory and administrative barriers to cross-border finance and investment. A more harmonized and legible framework would encourage cross-border investments into EU companies. For instance, the harmonization of insolvency regimes across the EU or the introduction of a 28th EU regime for innovative companies could be instrumental.
- More generally, **consider the competitiveness of EU players in the making of any new European regulation and perform robust impact assessments before introducing new regulations**, and strive to prevent gold-plating or creating competitive disadvantages for players in the EU compared to other regions, in particular in relation to reporting requirements. Additionally, the “one in, one out” principle should be strictly upheld. The consistent implementation and enforcement of existing rules by Member States are vital.

- Channel funding to the productive economy and **facilitate investment by VC/PE funds in innovative firms through a thorough revision of the EuVECA Regulation** which would fundamentally simplify and reshape it and significantly enhance its appeal to both managers and investors. For instance, eligible assets should be expanded and funds of funds permitted. A platform-based solution should be set up in order to support fund managers in scaling up their fundraising efforts and diversifying investments geographically. In addition, investor eligibility should be enlarged and disclosure requirements streamlined. Last, the label should be actively promoted, in particular vis-à-vis institutional investors.

We remain at the disposal of the Commission for further input and look forward to the publication of its Communication on SIU.

Contact

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About France Invest

Established nearly 40 years ago, France Invest brings together venture capital, private equity, infrastructure and private debt teams based in France, as well as the associated professions which support them. Its membership currently counts roughly 440 management firms and 200 associate members.

Private equity supports unlisted companies for a fixed period of time and provides them with the equity capital, through the acquisition of minority or majority stakes in their capital, needed to finance growth and transformation projects. It supports the creation of start-ups (venture capital), participates in the growth and transformation of many regional SMEs and mid-caps (growth capital) and contributes to the transfer of companies (replacement capital).

France Invest's members represent one of the main growth drivers for the French and European economy and support a significant portion of employment in France and Europe. In 2023, French private equity and infrastructure players invested €31 billion in 2,700 companies and infrastructure projects. They raised €33 billion from investors, half of which abroad (just under one third at EU level excluding France), which will be invested over the next 5 years². In addition to that, in 2023, private debt players (structures financing companies and infrastructure projects) invested €14 billion in 387 transactions and raised €10 billion that will finance new transactions in the coming years³. European companies, in particular start-ups and SMEs, are the main recipients of our members' investments. Over the 2017- 2022 period, over 330 000 jobs were created in companies backed by French venture capital and private equity⁴.

² <https://www.franceinvest.eu/activite-du-capital-investissement-francais-en-2023/>

³ <https://www.franceinvest.eu/activite-des-fonds-de-dette-privée-en-france-en-2023/>

⁴ <https://www.franceinvest.eu/croissance-et-creation-d'emplois/>