

Finansdepartementet  
Finansmarkedsavdelingen  
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Deres ref 8542762/1

28. april 2015

## **GRØNNBOK OM KAPITALMARKEDSUNION**

### **1 Innledning**

Det vises til Finansdepartementets høringsbrev 4. mars 2015 om EU-kommisjonens ambisjon om å legge til rette for en europeisk kapitalmarkedsunion ("CMU"), slik denne ambisjonen kommer til uttrykk i EU-kommisjonens høringsnotat ("Grønnbok") 18. februar 2015.

Innledningsvis vil vi gi vår fulle støtte til at Finansdepartementet inviterer aktører i det norske finansmarkedet til å kommentere Grønnboken i en tidlig fase. Det er opplagt et rom for et utvidet samarbeid om gjennomføring av også andre av EUs regelverk på finansmarkedsområdet

Når det gjelder Grønnboken vil Nordic Trustee gi sin tilslutning til den overordende ambisjon om å skape et mer effektiv europeisk kapitalmarked. Vi er imidlertid noe bekymret for EU-kommisjonens uttalelser om et potensielt behov for å harmonisere markedet for selskapsobligasjoner. Etter vår vurdering vil en for omfattende harmonisering av dette markedet kunne få negative konsekvenser for det norske foretaksobligasjonsmarkedet, og vil kunne føre til at man mister markedets fleksibilitet og evne til dynamisk utvikling.

Vi går nærmere gjennom dette i det følgende. I den grad departementet skulle ønske å benytte noen av våre innspill i sitt høringsbrev til EU-kommisjonen, tillater vi oss å gi resten av høringsuttalelsen på engelsk.

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## **2 Nærmere om vårt syn**

### *2.1.1 General comments*

We support the overall aims of the CMU Green Paper. We note that many of the proposals are quite open-ended and we may revert with more concrete comments to any further specific proposals being put forward at a later stage.

However, we would like to express a specific concern related to an issue of particular interest to the Norwegian securities market – more specifically to the Norwegian (and Nordic) market for high yield corporate bonds.

### *2.1.2 The Norwegian market for high yield bonds*

The Norwegian market for high yield bonds is an international active market that provides low cost funding to both Norwegian and international small and mid-size issuers within a safe but flexible legal regime, in competition with traditional bank funding and market funding in traditional financial markets (i.g. Eurobonds).

More than 50 % of the Norwegian corporate bond market consist of high yield bonds, and this high yield bond market have been rapidly growing the last ten years, as a successful source of funding for small and mid-size Norwegian, Nordic and international companies. An increasing number of issuers in this market are non-Norwegian and non-Nordic issuers, the latter amounting to more than 50 % of the number of issuers. The number of international investors is very high, with investors from inter alia US, UK and Asia. Further, approximately 2/3 of the Nordic high yield bonds are issued in Norway, however, the rest of the Nordic market is increasing and we may see a more integrated Nordic market in the near future.

Many Norwegian bonds have been under distress as a result of the financial crises. The Norwegian market has proved flexibility, and good systems for efficient handling of distressed bonds have been developed. This is partly a result of the Norwegian bond trustee model, and many bonds have been successfully restructured.

During approximately 30 years of existence, the modern Norwegian corporate market has developed an efficient infrastructure, based inter alia on low cost, well tested flexible and simple and standardised documentation and professional participants.

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### 2.1.3 Corporate bonds in the Green Paper

We note the following comments from the EU Commission in relation to corporate bonds in the Green Paper:

*Despite the recent growth in corporate bond issuance, it is characterised by low levels of standardisation and price transparency. Although in recent years new electronic bond trading platforms aimed at retail investors have emerged in some Member States, a lack of standardisation may inhibit the development of bond trading venues and of a liquid secondary market. Greater standardisation of corporate debt issuances could allow for more liquid secondary market for corporate bonds to develop. The Commission would welcome views on whether the possibility of developing a more standardised corporate debt market should be explored further, and whether this can best be achieved by a market led initiative or regulatory intervention.*

We are in favour of initiatives that would seek to improve the access for small and mid-size companies' access to European bond markets, but we are in doubt to which extend a common regulatory framework for issuance of corporate bonds would strengthen this goal. First, one cannot infer from the absence of a liquid secondary market that there is a market failure in the relevant bond market. Second, it is of great importance that there should be room for competition between different bond markets within the framework of an European Capital Markets Union. The recent growth of the Norwegian (and the Nordic) high yield bond market can serve as an example in this context. In our view, this growth can to a large degree be explained by the Norwegian bond market being a suitable alternative to the Eurobond market, and that *absence* of common and harmonized legal norms for the issuance of such bonds may lead to further emergence of other European domestic or regional markets. One of the great advantages of the Norwegian and Nordic high yield bond market is the lower threshold for small and mid-size corporates to enter into this market compared with the Eurobond market. The Norwegian high yield bond market has thrived inter alia due to its low cost, strong infrastructure and flexible processes and documentation.

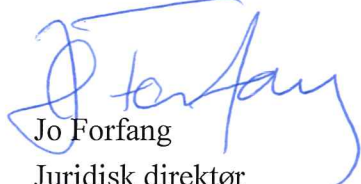
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Consequently, we fear that the imposition of a common regulatory framework for high yield corporate bonds might remove the basis for the market competition that led to the success of inter alia the Norwegian high yield bond market. This is particular the case if such regulations will follow the already established norms for the Eurobond market, in which case the result may lead to higher threshold for i.g. instance Nordic companies to enter into a corporate bond market.

### **3 Oppfølging**

Vi kan stille på et møte i Finansdepartementet på kort varsel dersom det er ønskelig for å diskutere saken nærmere.

Med vennlig hilsen  
Nordic Trustee ASA



Jo Forfang  
Juridisk direktør