

## Develop a plan for the capital market.



Only 38% market capitalization in relation to GDP



Clear policy framework needed

### Stimulate the capital market in Austria.

Austria needs a capital market strategy that clearly defines the guidelines for the domestic stock market. The **Vienna Stock Exchange is on a rising trend** driven mainly by foreign investors. The ATX, Austria's leading index, broke through the 3,000-point-mark for the first time in six years, and market capitalization – now at approx. EUR 120 billion – has risen to its highest level since 2008. Unfortunately, the full potential of the capital market for

economic growth and employment is not being exploited. Market capitalization in relation to GDP is only half the European average. What is needed in this context is a clear policy framework that gives market participants new options and ways to work sustainably on developing the Austrian capital market. The Vienna Stock Exchange has identified the critical issues that need to be addressed by a capital market strategy by policymakers and has presented these for discussion.

## Create tax incentives. Improve financial education.



Only 3% are direct shareholders



Dividend yield is between 3-4%



ATX TR (incl. dividends) +7% p.a. (average since inception)

### Added value should benefit everybody.

Currently, only a small percentage of the Austrian population is able to profit from returns earned on the capital market: 68% of investments are held by the top 5% of wealthy households, but just 2% are held by the lower half of the population. This is unfortunate, as the Austrian leading index, the ATX (incl. dividends), gained 7% per year over the long term. Especially today, in the digital age, all Austrians should have an opportunity to participate in the added value created. Including low-income citizens, because this group gives up consumption to help create wealth. An exemption from capital gains tax for

low-income earners and the reinstatement of the capital gains tax exemption for long-term investments are suitable measures that could be implemented swiftly and would support personal wealth creation. As **education is the best investor protection**, the curricula at schools should include a stronger focus on economic and financial themes. Over the long term, prosperity for Austrians can only be guaranteed by introducing fully-funded pension schemes to supplement the current pay-as-you-go state pension system.

## Strengthen employee participation.



Every 10th job is linked to an exchange-listed company



Participation in profits by citizens and employees through shares

**Securing jobs in Austria.** Currently, 434,577 people work at listed companies, which translate into around 9.31% of all jobs in Austria. The figures are very impressive, but do not reflect the full potential of the Viennese marketplace for Austrian companies, employees and private investors. Employees of listed companies can obtain objective information about the strategy and economic standing of their employers from publicly-

available sources. Additionally, employees can invest directly in 'their' companies, becoming co-owners that participate in the profits. In a next step, the government should **support the creation of employee foundations**. Participation of all employees through this type of foundation can help to ensure a strong Austrian core shareholder interested in keeping and creating jobs in Austria.

No additional regulations for Austria. Bundle responsibility.



Every eight euro of domestic added value is created by a listed company



Excessive regulation

**Promote growth – Increase competitiveness and capacity** to master future challenges. The overall economic output of exchange-listed companies is currently around EUR 31.64 billion. This is around 11.56% of Austria's total economic output. Economic growth in Austria is closely related to the development of listed companies, which compete internationally for business. Any legal provisions in Austria that go beyond

European regulations check this growth. They constitute a disadvantage for domestic companies, and for investors, they mean lost opportunities to earn additional private income. In this context, politicians are called on to create a single, responsible coordinating body. It is important to **bundle legal competence** and take effective action without bureaucratic constraints.

Enable SME market.



99.7% of market economy businesses are SMEs



Re-opening of the SME segment on the Vienna Stock Exchange

**Open up Austria as business location – Promote SMEs.** Austria is a country of small and medium-sized enterprises (SME). They have strong regional roots and close relations with their employees, and contribute enormously to the success of Austria's economy. However, precisely these **5,455 SMEs, which employ from 50 to 249 persons,** raise funds primarily through borrowed capital (loans) and are not able to fully exploit their

potential for growth. To achieve additional growth and create new jobs, lawmakers must change the legal framework to permit the re-opening of the SME segment on the Vienna Stock Exchange (Third Market) and must also develop new incentives. Tax allowances for initial public offerings by SMEs and financial assistance for ongoing costs – mainly to meet regulatory requirements – could swiftly have positive effects on the economy.