

Procedure file

Basic information

COS - Procedure on a strategy paper (historic) [1997/2094\(COS\)](#)

Procedure completed

European capital markets for small and medium-sized enterprises SMEs

Subject

3.45.02 Small and medium-sized enterprises (SME), craft industries

Key players

European Parliament

Committee responsible

ECON Economic and Monetary Affairs, Industrial Policy

Rapporteur

Appointed

15/07/1997

PSE [HENDRICK Mark Phillip](#)

Council of the European Union

Key events

05/05/1997	Non-legislative basic document published	COM(1997)0187	Summary
15/09/1997	Committee referral announced in Parliament		
25/05/1998	Vote in committee		Summary
25/05/1998	Committee report tabled for plenary	A4-0202/1998	
16/09/1998	Debate in Parliament		
17/09/1998	Decision by Parliament	T4-0524/1998	Summary
17/09/1998	End of procedure in Parliament		
12/10/1998	Final act published in Official Journal		

Technical information

Procedure reference	1997/2094(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/08920

Documentation gateway

Non-legislative basic document		COM(1997)0187	05/05/1997	EC	Summary
Committee report tabled for plenary, single reading		A4-0202/1998 OJ C 210 06.07.1998, p. 0007	25/05/1998	EP	
Economic and Social Committee: opinion, report		CES0790/1998 OJ C 235 27.07.1998, p. 0013	27/05/1998	ESC	
Text adopted by Parliament, single reading		T4-0524/1998 OJ C 313 12.10.1998, p. 0134-0195	17/09/1998	EP	Summary

European capital markets for small and medium-sized enterprises SMEs

OBJECTIVE: This communication aims to set out the prospects and potential obstacles to progress for European capital markets for small and medium sized enterprises. **SUBSTANCE:** The Commission communication endeavours to better define the potential obstacles to the efficient operation of the new capital markets for growing SMEs. First of all it defines recent developments in the creation of SME-capital markets in Europe and discusses their perspectives; it then outlines the many barriers of attitude and capability regarding stock market quotation which can hinder SMEs from seeking a flotation; finally, it deals with more specific barriers to cross-border trading in equities in general and on SME-capital markets in particular, for example in the regulatory and legal fields. The Commission concludes that the new capital markets for SMEs should be encouraged, not only for their direct benefits in potentially allowing enterprises access to long-term finance, but also because of the positive role they could play in stimulating venture capital and financial services in Europe. For these reasons, the Commission believes that the opportunities provided by the creation of national and European capital markets for growing SMEs should be maximised. It advocates the establishment of a genuine SME equity culture in Europe. ?

European capital markets for small and medium-sized enterprises SMEs

SMEs are widely recognised as the major source for new jobs in the years to come, but their development is hampered by a number of factors, in particular the difficulty to raise capital to grow. Reporting for the EMAC on the Commission Communication on European capital markets for SMEs, Mr Mark HENDRICK (PES, UK) welcomes the establishment in the EU of a number of capital markets for growing SMEs, such as the EASDAQ and the Euro-NM. However, while these new markets have been reasonably successful, the Committee notes that the US has been far more effective than the EU in supporting new ideas and companies. Although there is no one answer to why this is so, the Committee underlines that American investors - small or large - are more prepared to accept the risks inherent to investing in small companies. In Europe, the Committee continues, the attitudes towards investments are changing, with massive demand for shares during the privatisation of state utilities, but measures must be taken to help steering this demand towards higher yielding, but also higher risk, stocks on SME capital markets. Therefore, the Committee urges the Commission to analyse how share ownership in SMEs by individuals can be encouraged, for example through information campaigns. Also, the Committee calls on the Member States to adopt incentives in their tax systems to encourage individuals to provide venture capital for SMEs, and to otherwise ensure that the taxation of capital and assets does not have an adverse effect on investments in SMEs. Although stock market flotation also entails costs and additional requirements for SMEs, the Committee does not believe in lowering financial reporting requirements; instead the Committee calls for training measures to give SMEs the necessary financial skills. ?

European capital markets for small and medium-sized enterprises SMEs

Adopting the report by Mr Mark HENDRICK (PSE, UK), the European Parliament noted that there are currently 50 companies listed on Euro-NM and 22 on EASDAQ (European Association of Securities Dealers Automated Quotation), that the total capital raised is over ECU 170 million and that this has contributed to the creation of more than 10,000 jobs and commended the establishment in the EU of a number of capital markets for growing SMEs which allow these firms direct access to capital. Parliament urged the Commission to analyse how direct and indirect share ownership by individuals may be encouraged and to give consideration to information campaigns to encourage individuals and organisations to invest in SMEs through the capital markets. It also called on the Member States to: - incorporate incentives in their tax systems to encourage individuals to provide venture capital for SMEs; - adopt employment-friendly tax policies (lower labour costs will allow rapidly growing SMEs to expand); Parliament considers that the taxation of capital and assets must not have an adverse effect on the investment of venture capital by individuals. It rejected any idea of a ?Tobin? tax as such a tax would represent a direct threat to capital markets. Parliament called for existing listing criteria to be used for the purposes of floating companies on the European stock markets. Finally it called on the Commission to examine the consequences of a lack of a common definition of a public offer in the EU.?