


Procedure file

Basic information		
INI - Own-initiative procedure	1994/2207(INI)	Procedure completed
Financial derivatives: their present role on capital markets, their advantages and risks		
Subject 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments		

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs, Industrial Policy	PSE KATIFORIS Giorgos	30/11/1994

Key events			
12/12/1994	Committee referral announced in Parliament		
07/09/1995	Vote in committee		Summary
07/09/1995	Committee report tabled for plenary	A4-0207/1995	
20/09/1995	Debate in Parliament		Summary
22/09/1995	Decision by Parliament	T4-0432/1995	Summary
22/09/1995	End of procedure in Parliament		
16/10/1995	Final act published in Official Journal		

Technical information	
Procedure reference	1994/2207(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/06247

Documentation gateway				
Committee report tabled for plenary, single reading		A4-0207/1995	07/09/1995	EP

		OJ C 269 16.10.1995, p. 0024			
Text adopted by Parliament, single reading		T4-0432/1995 OJ C 269 16.10.1995, p. 0194-0217	22/09/1995	EP	Summary

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The committee adopted the report by Mr Giorgios KATIFORIS (PSE, EL) on financial derivatives. The rapporteur stressed that it was impossible to legislate on this matter without broad support, both at European Parliament level and from the profession in this sector, given that the aim was to introduce a certain degree of self-regulation into the system. The report dealt with general guidelines and the question would have to be re-examined at a later date in order to resolve the more specific problems. The report called for the Commission to file proposals a year after the adoption of the present text seeking mainly to: - make the codes of conduct compulsory if voluntary compliance proved to be insufficient; - harmonize accounting standards in order to take account of financial derivatives; - increase training for operators, by introducing a uniform professional examination at European level; - strengthen the validity of compensation agreements covering contracts relating to derivatives, including by using private-sector initiatives to finalize such mechanisms; - ensure that these measures covered all agencies involved in derivatives. The report called for the Commission to examine the possibility of introducing an instrument which allowed the specific degree of risk linked to various types of derivative to be evaluated and quoted on a public listing. In addition, the report called for the Commission to draft regular reports on developments on the derivatives markets in order to increase the information available on this type of instrument. Similarly, the Commission was called upon to draft and submit to the European Parliament and the Council a report on the systematic risks which financial derivatives might present. Obviously if the report highlighted any such risk, the approach would have to be completely changed. Finally, the Committee on Economic Affairs and the Sub-Committee on Monetary Affairs should contact the American Congress and the Japanese Diet, with a view to introducing an international code of conduct governing trading in and the use of derivatives. ?

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Commissioner MONTI noted that the KATIFORIS report on financial derivatives demonstrated a considerable degree of expertise on this matter. As regards the harmonisation of the rules on accounting and information, the Commission was in the process of determining whether or not it was appropriate to legislate in this area in light of the different Anglo-American and European accounting cultures, which were not entirely compatible. Similarly, the objective of ensuring that operators were highly knowledgeable should be linked to the requirement for subsidiarity, which was fundamental in the area of training. In relation to strengthening netting agreements and guarantees, Mr MONTI referred to the Council's recent common position on the proposal for a directive on netting agreements and guarantees. Finally, the Commissioner stated that he could take over Amendments Nos 1 to 11 and 16; however, he rejected Amendments Nos 12, 13, 14, 15 and 17.

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Adopting the report by Mr KATIFORIS (PSE, EL), the European Parliament called on the Commission to present proposals in its annual programme of work for 1996 seeking to: - codify the proposals submitted to date by the various professional organizations on voluntary rules of conduct for managers, brokers and users operating on the financial derivatives market and supplement or regroup these rules as codes of conduct; - adapt accounting and advertising standards to the specific characteristics of conditional assets and liabilities (especially financial derivatives) in approved company accounts (with a view to encouraging Member States to clarify their legislation and harmonize accounting standards on the internal market); - increase the level of training of managers of this type of instrument by introducing a uniform professional examination at European level; - strengthen the validity of compensation agreements covering contracts relating to financial derivatives and encourage other techniques for improving credit, including by creating multilateral compensation mechanisms; - ensure that the measures described cover both banks and financial (or non-financial) companies which manage this type of instrument. Parliament also called for the Commission to examine the possibility of introducing an instrument which allowed the specific degree of risk linked to various types of financial derivative to be evaluated and quoted on a public listing. It also called for the Commission to draft regular reports on developments on this type of market and on the risks inherent in the development of this type of instrument. Finally, Parliament called on its Sub-Committee on Monetary Affairs to take immediate steps to contact the American Congress and the Japanese Diet in order to deploy a joint coordinated initiative at global level. ?