Investment services: application of conduct of business rules (Directive 93/22/EEC)

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The committee adopted the report by Piia-Noora KAUPPI (EPP-ED, FIN) on the Commission communication. While welcoming the paper as a necessary step towards clarifying and modifying the Investment Services Directive (ISD), which had proved a disappointment, the committee regretted that the Commission had not been bolder in pressing for a 'country of origin' approach. It pointed out that the current text of the ISD had led to considerable difficulties of interpretation and implementation and that a number of its articles needed to be reviewed. One of the main stumbling blocks had been the clause designating responsibility for implementing and enforcing the rules to the country where the service was provided. This had caused confusion and led to different interpretations of the rules. As a first step, therefore, the committee favoured moving to a system for cross-border investments based on country of origin where the company offering the service was based. It also wanted to see different rules applying to professional and retail investors, with the former subject to less rigid controls. Moreover, there was a need to review the rules relating to advertising investment services. Here again, the committee advocated that those rules should be based on the country of origin principle but should not be too restrictive. Lastly, it welcomed the recent creation by the Commission of an out-of-court complaints network for financial services (FIN-NET) and hoped that it would become an effective mechanism for the out-of-court resolution of cross-border complaints.