

European financial markets: financial collateral arrangements and legal certainty, consequences on the SMEs

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The committee adopted the report by Fernando PÉREZ ROYO (PES, E) amending the proposal under the codecision procedure (1st reading). While it agreed with the aim of the proposal, the committee disagreed with the scope, as it felt that many small companies would be excluded. Whereas the proposal provided for both the collateral taker and provider to have a capital base of more than EUR 100 million or gross assets exceeding EUR 1000 million, the committee said that that this threshold was arbitrary and would leave out many companies that should also be able to benefit from the directive. It therefore deleted the threshold, thereby enabling any small company to be covered as long as the counterpart was a public authority, a central bank or a financial institution. The elimination of this threshold would also mean that it would be unnecessary to delegate to the European Commission the power to revise the thresholds and thereby modify the scope of the directive. The committee said that modifying the scope should not be done through commitology and adopted a number of other amendments linked to the commitology issue.