Financial services: investor-compensation schemes

1993/0471(COD) - 19/02/1997 - Text adopted by Parliament, 3rd reading

In adopting the report by Mr James JANSSEN van RAAY (UPE, NL) Parliament approved the joint text achieved in conciliation with the Council on a directive providing for the establishment of an investment compensation scheme intended to protect investors in the event of bankruptcy or fraud. A minimum level of protection is to be assured (ECU 20 000) for investors, in particular small investors, in the event of failure of an undertaking for reasons not associated with the investment itself. The system would be financed by the firms. The implementation of the directive will be subject to the principle of checks by the country of origin. The proposed directive seeks also to harmonize the levels of protection. Parliament ensured that the provisions of the directive are largely in line with those of another directive on the deposit guarantee schemes and the deletion of the export ban clause which prevents firms from offering the level of protection of the Member State of origin when it is higher in another Member State providing a lower level of protection. Lastly, a compromise was reached which will apply to the two directives and will be implemented for the end of 1999. Compromise was also reached on three other amendments concerning the calculation of the claim, the speed of payment of the compensation and a rapid review procedure in the event of disturbances on the market.