Financial services: investor-compensation schemes

1993/0471(COD) - 03/03/1997 - Final act

OBJECTIVE: to supplement and ensure the smooth operation of the single market in investment services by the establishment of an investor compensation scheme to cover bankruptcy or debt. COMMUNITY MEASURE: Directive 97/9/EC of the European Parliament and of the Council on investor-compensation schemes. SUBSTANCE: the directive provides that each Member State must ensure that within its territory one or more investor-compensation schemes are introduced and officially recognized. No investment firm authorized in a Member State may carry on investment business unless it belongs to such a scheme. The scheme should provide cover for debts arising from the inability of an investment company to repay money or return instruments to investors. The scheme must provide cover of not less than ECU 20 000 for each investor (Until 31 December 1999 Member States in which, when this Directive is adopted, cover is less than ECU 20 000 may retain that lower level of cover, provided it is not less than ECU 15 000). The implementation of the directive will be subject to the principle of checks by the country of origin. Investor-compensation schemes introduced and officially recognized in a Member State shall also cover investors at branches set up by investment firms in other Member States. However, until 31 December 1999, the level of cover provided for may not exceed the maximum level of cover offered by the corresponding compensation scheme within the territory of the host Member State. Member States must ensure that the investment firms provide their investors with all the information necessary for the identification of the investor-compensation scheme of which the investment firm and its branches within the Community are members. They must establish rules limiting the use in advertising of this information. ENTRY INTO FORCE: 26/03/1997 DEADLINE FOR TRANSPOSITION: 26/09/1998