Financial derivatives: their present role on capital markets, their advantages and risks

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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.