Financial services : clearing and settlement of cross-border transactions

2002/2169(COS) - 15/01/2003 - Text adopted by Parliament, single reading

The European Parliament adopted a report drafted by its rapporteur Generoso ANDRIA (EPP-ED, Italy) on clearing and settlement within the EU. (Please refer to the document dated 03/12/02.) Parliament proposed the introduction of an arrangement for 'core' settlement services that should be managed for legal purposes as a user-owned service governed by the rules of non-profit status, so as to generate fewer costs without distorting competition. This formulation will be able to stimulate lower prices, higher quality services and increased innovation, allowing market forces to consolidate the structure thus created, with appropriate legislation where there is risk. Central securities depositories should perform national and cross-border infrastructure securities settlement services and securities depository services on an exclusive basis. 'Value-added services' must be provided by means of a shared and supervised structure that should remain separate. The risk exposure of such entities should be limited to the taking of operational risks, to the exclusion of any banking risk. They should be organised and supervised in such a way as to ensure that the risk of contagion between the various functions is non-existent. Other services must be supplied in a clearly separate manner and subject to supervision, so as to avoid any distortion of competition. Settlement services must be invoiced in a transparent manner and in keeping with the principles of fair competition and free user choice. The Commission is asked to bring its inquiry into competition aspects of clearing and settlement systems to a close, in order to ensure that Community competition policy is respected in this sector with regard to discriminatory pricing, exclusive arrangements and excessive pricing. Finally, Parliament stated that there should be enhanced cooperation between supervisors to ensure that there is adequate supervision of clearing and settlement systems. Supervisors should cooperate on a regular basis in accordance with a common framework, including rules of admission, supervision and passports for freedom of establishment and freedom to provide services.