

Financial markets: insider dealing and market abuse (repeal. Directive 89/592/EEC)

2001/0118(COD) - 14/03/2002 - Text adopted by Parliament, 1st reading/single reading

The European Parliament approved by 398 votes to 3 with 37 abstentions the proposal to deal with insider trading, with a few amendments. The rapporteur was Robert GOEBBELS (PES, Luxembourg). (Please refer to the text dated 26/02/02). An amendment is made ensuring that the precise definition of inside information does not include publicly available research material. The definition of "insider trading" now covers trading after hours which could mislead investors and the dissemination of false information which could also mislead investors. Parliament has amended the annex to the directive, inserting a non-exhaustive list of examples of methods being used for market manipulation. Professional economic actors must contribute to market integrity by various means. These could include the creation of "grey lists", the application of "window trading" to sensitive categories of personnel, the application of internal codes of conduct and the establishment of Chinese walls. Preventive measures must be enforced with determination and dutifully controlled, which implies the designation of compliance officers and periodic checks conducted by independent auditors. An amendment is inserted to the effect that Member States are to ensure that market operators adopt structural provisions making market manipulation more difficult. Such provisions, inter alia, include maintaining a minimum level of liquidity for each financial instrument, transparency of transactions concluded, total disclosure of price-regularisation agreements, and a fair system of order pairing. Parliament is concerned that a variety of competent authorities in Member States creates confusion among economic actors. A single competent authority should be designated in each Member State to supervise compliance with the directive. A European body is to be responsible for settling cross-border disputes. Parliament seeks to clarify the legal situation on sanctions and the Commission is asked to draw up an indicative list of measures and sanctions as a guidance for national authorities.