

Securities: issuers trading on a regulated market, transparency requirements

2003/0045(COD) - 30/03/2004 - Text adopted by Parliament, 1st reading/single reading

In giving a first reading (by 390 votes in favour to 8 against with 102 abstention) to the proposed directive on the harmonisation of transparency requirements on securities markets, MEPs adopted amendments agreed as part of a compromise with the Council, negotiated by rapporteur Peter SKINNER (PES, South East). This means the measure should be adopted after first reading, before the end of the present Parliamentary term in June. The agreement means a rejection, supported by Parliament, of mandatory quarterly reporting. Instead, there will be a far lighter approach, with issuers making public statements by management during the first half and second half of the financial year. These statements will have an explanation of events or transactions that have taken place and a general description of the financial position. Companies publishing quarterly reports will not have to issue these statements. Mr Skinner has argued that quarterly reporting "is an extremely costly mechanism and it encourages management to focus on short term earnings performance at the expense of long term strategy." The compromise included a request to the Commission to come forward with proposals on remuneration, and it provides for a voluntary approach to payments to governments. Member States should encourage extractive companies (mining, oil etc.) to disclose payments to governments in their annual financial report. Regarding the accounting systems of third countries, where Member States consider third countries systems to be equivalent to those within the EU, they may exempt issuers from some of the requirements under this directive.