

Clearing and settlement in the European Union

2004/2185(INI) - 07/07/2005 - Text adopted by Parliament, single reading

The European Parliament adopted the report drawn up by Piia-Noora **KAUPPI** (EPP-ED, FI) by 470 votes for, 20 against and 82 abstentions. (Please refer to the summary dated 24/05/2005).

Parliament supports the goal set out in the abovementioned Commission communication of an efficient, integrated and safe market for clearing and settlement of securities in the EU. It believes that the creation of efficient EU clearing and settlement systems will be a complex process, and notes that true European integration and harmonisation will require the combined efforts of different stakeholders and that the current public policy debate should take due account of the principles underpinning Directive 2004/39/EC and focus on: a) bringing down the cost of cross-border clearing and settlement; b) ensuring that systemic or any other remaining risks in cross-border clearing and settlement are properly managed and regulated; c) encouraging the integration of clearing and settlement by removing distortions of competition; and d) ensuring proper transparency and governance arrangements.

Moreover, Parliament believes that, as a general principle, legislation by the EU should be subject to a cost-benefit analysis and that the EU should resort to legislation where there is clear risk of market failure and where legislation is an effective and proportionate way to remedy clearly identified problems.

It states that if the Commission, on the basis of the results of the impact assessment study, does opt for legislation, its proposal should particularly focus on:

- re-confirming and strengthening access rights in order to ensure fair and non-discriminatory access to central clearing and settlement service providers;
- strengthening passporting rights for providers of clearing and settlement services supported, when needed, by regulatory convergence;
- allowing for transparency and enabling market forces to work effectively;
- achieving consistency of regulation, supervision and transparency to enable providers of clearing and settlement services to manage systemic risk and anti-competitive behaviour;
- establishing a functional approach to the regulation of different players, which takes into account the different risk profiles and competitive situations of different entities;

introducing definitions that are coherent and consistent with existing market practices and with the terms used globally and within the EU.

Lastly, it agrees with the Commission that it is principally the market that should decide the structure of clearing and settlement services; considers that no particular model should be mandatory, e.g. user owned and governed, shareholder owned, publicly owned.