

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

2001/0118(COD) - 28/01/2003 - Final act

PURPOSE : to ensure the integrity of Community financial markets and to enhance investor confidence in those markets by adopting combined rules to combat both insider dealing and market manipulation.

COMMUNITY MEASURE : Directive 2003/6/EC of the European Parliament and of the Council on insider dealing and market manipulation (market abuse). **CONTENT** : the existing Community legal framework to protect market integrity is incomplete. This Directive puts in place a single framework to combat market abuse. The main provisions are as follows: - Member States must put in place rules to prohibit market abuse. Any infringement of the prohibitions or requirements laid down in this Directive must be dealt with through sanctions; - the Directive applies to any financial instrument admitted to trading on a regulated market in at least one Member State, or for which a request for admission to trading has been made, irrespective of whether the transaction itself actually takes place on that market; - a single competent authority must be designated in each Member State to assume at least final responsibility for supervising compliance with the provisions adopted in pursuance of this Directive, as well as international collaboration. The competent authority must be of an administrative nature guaranteeing its independence of economic actors and avoiding conflicts of interest; - each competent authority must have a common minimum set of effective tools and powers in order to ensure supervisory effectiveness; - competent authorities have an obligation to cooperate with each other whenever necessary for the purpose of carrying out their duties; - the Directive defines inside information. The competent authority has the power to issue guidance on matters covered by the Directive such as the definition of inside information in relation to derivatives on commodities or the implementation of the definition of accepted market practices relating to the definition of market manipulation; - Member States must tackle the practice known as 'front-running', including 'front running' in commodity derivatives, where it constitutes market abuse under the definitions contained in the Directive; - market operators must contribute to the prevention of market abuse and adopt structural provisions aimed at preventing and detecting market manipulation practices; - there are particular provisions concerning derivative instruments not admitted to trading but falling within the scope of this Directive; - the Commission will be assisted by the European Securities Committee established by Commission Decision 2001/528/EC. **DATE OF TRANSPOSITION** : 12/10/04. **ENTRY INTO FORCE** : 12/04/03.