Basic information

1995/2272(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Creation of a European Capital Market for smaller entrepreneurially managed growing companies **Subject** 3.45.03 Financial management of undertakings, business loans, accounting	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	HARRISON Lyndon H.A. (PSE)	21/11/1995

Committee for opinion	Rapporteur for opinion	Appointed
ENER Research, Technological Development and Energy		
RELA External Economic Relations	PORTO Manuel (ELDR)	28/11/1995
JURI Legal Affairs, Citizens' Rights	FLORIO Luigi Andrea (UPE)	24/01/1996

Council of the European Union

Key events

Date	Event	Reference	Summary
25/10/1995	Non-legislative basic document published	COM(1995)0498	Summary
13/11/1995	Committee referral announced in Parliament		
07/05/1996	Vote in committee		Summary
07/05/1996	Committee report tabled for plenary	A4-0168/1996	
04/07/1996	Debate in Parliament		
04/07/1996	End of procedure in Parliament		
22/07/1996	Final act published in Official Journal		

Technical information	
Procedure reference	1995/2272(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 148
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/07219

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee report tabled for plenary, single reading		A4-0168/1996 OJ C 181 24.06.1996, p. 0002	07/05/1996	
Text adopted by Parliament, single reading		T4-0387/1996 OJ C 211 22.07.1996, p. 0013-0040	04/07/1996	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(1995)0498	25/10/1995	Summary

Creation of a European Capital Market for smaller entrepreneurially managed growing companies

1995/2272(COS) - 25/10/1995 - Non-legislative basic document

OBJECTIVE: this report in response to the Council resolution of 7 April 1995 on high- technology industries takes stock of progress achieved so far and lists the obstacles which continue to hamper the creation, at European level, of an efficient, liquid, financially viable capital market for high-growth, entrepreneurially-managed companies. CONTENT: the Commission states in its communication that the common objective of increasing the competitiveness of industry and creating new jobs is partly undermined by the restrictions which hamper the growth of young, expanding companies because they are unable to access long-term equity on the securities market. As the enterprises concerned themselves admit, this difficulty represents a major obstacle to innovation. The Commission has examined the feasibility of developing the concept of a pan-European capital market which could offer small enterprises looking for investors similar advantages to those offered in the United States by the NASDAQ electronic securities market (National Association of Securities Dealers Automated Quotation) where as many as 10% of the new companies listed are European in origin. The Commission considers that, although it has been difficult in the past to envisage a proper pan-European stock exchange because of fiscal, regulatory or other barriers, the entry into force of Community legislation on 1 January 1996, especially the directive on investment services in the securities field, should increase the potential in this area considerably. The Commission stresses the need in this respect for directives on investments services and stock exchange listings to be transposed strictly and promptly. Work on identifying all the potential barriers to the creation of a European capital market also needs to continue. A study carried out by the Tax and Legal Committee of the EVCA (European Venture Capital Association) concludes that the main problems are the regulatory difficulties inherent in the creation of a European financial services market, restrictions on the investment of pension funds in unlisted securities, the irregularities which have arisen in one Member State in connection with the transposition of the directive on the publication of prospectuses, capital gains tax and dividends. The Commission concludes by stressing the fact that a number of large-scale projects took off last year in connection with the introduction of European securities markets such as the launch of a European capital market or EASDAQ (European Association of Securities Dealers Automated Quotation). An agreement was concluded in September 1994 to promote the creation of a pan-European growth securities market between EASDAQ-UK, the Paris stock exchange, NASDAQ and EVCA and aims to set up an operational market by the beginning of 1996. Procedures were set in motion in 1995 to give this body a legal personality, which has been set up as a public limited

company under Belgian law with start-up share capital of 1 million ecus. Even if, at this stage, there is no guarantee that these pan-European markets will prove to be profitable for investors, the Commission considers that its role is to: - encourage the private financial sector to examine the feasibility of a project to create a pan-European securities market for high-growth, entrepreneurially-managed companies, rather than take the initiative itself; - improve funding for innovation in Europe; - ensure that the Treaty is applied in order to safeguard the free movement of capital, while emphasizing that certain problems identified come within the jurisdiction of the Member States under the principle of subsidiarity. Under these circumstances and given the urgent need to find a solution, mutual cooperation between the Commission and the Member States needs to be stepped up in order to find the best way of reducing or eliminating the obstacles identified.

Creation of a European Capital Market for smaller entrepreneurially managed growing companies

1995/2272(COS) - 04/07/1996 - Text adopted by Parliament, single reading

Parliament adopted the report by Mr Lyndon HARRISON (PSE, UK) on the feasibility of the creation of a European Market for smaller entrepreneurially managed growing companies. The report welcomes the communication from the Commission detailing the initiatives which have been taken so far and which are expected to result in a market, the European Capital Market for Entrepreurially Companies (known as EASDAQ), opening for business in 1996. It considered however that this initiative, like those establishing other pan-European small company stock markets, could be a success only if the issues of liquidity, regulation and possible protectionism were addressed. It therefore put forward a number of proposals, inter alia: as regards liquidity-related issues: - repealing restrictions on pension funds' investments in securities listed on exchanges in other Member States, - setting limits on fees for acceptance to trading, - preventing fiscal discrimination against investors who buy or deal in shares in other Member States. As regards regulatory issues: - introducing and enforcing stringent rules, in order to attract the interest of the big institutional investors; - streamling the process of prospectus approval by means of harmonization or mutual recognition; - defining the relationship between EASDAQ and existing exchanges to prevent duplication, and determining the conditions under which businesses currently listed on the national exchange of a Member State may also be listed on EASDAQ; - examining the wider regulatory framework of a Europe-wide capital market, one feature of which could be a European Securities and Exchange Commission along the lines of the USA SEC. As regards protectionism: - ensuring that national markets do not engage in unfair competition practices with any pan-European small company stock market; - guaranteeing the full independence of any pan-European small company stock market's regulatory body.