Basic information

1997/2159(COS) COS - Procedure on a strategy paper (historic)	Procedure completed
Introduction of the euro: impact on capital markets **Subject** 5.20.02 Single currency, euro, euro area	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs, Industrial Policy	FRIEDRICH Ingo (PPE)	18/06/1997

Committee for opinion	Rapporteur for opinion	Appointed
JURI Legal Affairs, Citizens' Rights	COT Jean-Pierre (PSE)	23/09/1997

Council of the European Union

Key events

Date	Event	Reference	Summary
02/07/1997	Non-legislative basic document published	COM(1997)0337	Summary
15/09/1997	Committee referral announced in Parliament		
26/11/1997	Vote in committee		Summary
26/11/1997	Committee report tabled for plenary	A4-0383/1997	
13/01/1998	Debate in Parliament		
13/01/1998	End of procedure in Parliament		
02/02/1998	Final act published in Official Journal		

Technical information

Procedure reference	1997/2159(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/4/09094

Documentation gateway				
European Parliament				
Document type	**Committee**	**Reference**	**Date**	**Summary**
Committee report tabled for plenary, single reading		A4-0383/1997 OJ C 014 19.01.1998, p. 0004	26/11/1997	
Text adopted by Parliament, single reading		T4-0004/1998 OJ C 034 02.02.1998, p. 0015-0030	13/01/1998	Summary
European Commission				
Document type		**Reference**	**Date**	**Summary**
Non-legislative basic document		COM(1997)0337	02/07/1997	Summary
Other institutions and bodies				
Institution/body	**Document type**	**Reference**	**Date**	**Summary**
EESC	Economic and Social Committee: opinion, report	CES1408/1997 OJ C 073 09.03.1998, p. 0141	11/12/1997	Summary

Introduction of the euro: impact on capital markets

1997/2159(COS) - 02/07/1997 - Non-legislative basic document

OBJECTIVE: to analyse the impact of the introduction of the euro on capital markets. SUBSTANCE: this report was the result of close cooperation between the European Commission, the European Monetary Institute (EMI) and a group of experts chaired by Mr A. Giovannini. The report focused on technical issues that would have a direct impact on the functioning of the capital markets after the introduction of the euro. It examined the consequences of the introduction of the euro on the bond market and the equity market, and in particular the necessary technical preparations. According to the Commission, the start of the two stage of EMU offered the possibility of creating a euro securities market as broad, liquid, deep and transparent as possible by defining a set of common rules, governing various aspects of market operations and to be applied in all participating countries of the euro area. The document drew together the current views of the market on how harmonized the future euro markets should ideally be and set out recommendations for the common technical specifications for these markets. (1) Regarding the bond market, the main topics on which the report presented recommendations were the following: - redenomination of existing debt in euros: this method would enhance liquidity and would enhance the credibility of the process by demonstrating clearly governments' commitment in this respect; - market rules and conventions: harmonized rules would be desirable, since they would provide greater transparency, avoidance of disputes and greater clarity as to the format of the future market; - price sources: continuity in price sources should be ensured; - issuing procedures: some informal coordination of government debt issuing would be beneficial; - benchmarks: in the absence of a federal issuer, the markets would decide which was the benchmark issue on the basis of quality, liquidity and the range of derivative products; - ratings: it had been argued that membership of the euro area could result in an adjustment for some sovereign credit ratings; - repo market: market participants considered that overly aggressive use of the initial margin in the official repo market should be avoided. (2) Regarding the equity market, the main conclusions were the following: - on the Stock Exchanges, exchanges would trade and quote in euro from 1 January 1999. Intermediaries would have to make the necessary conversion in order to account to their clients in the currency chosen by the latter; - coordination and harmonization of market rules and conventions appeared to be less important than for other markets; - redenomination would be a sensible step to take at the same time as the change in the accounting unit; - non par value (NPV) shares: this solution was recommended; it required, however, national legislation to be adopted in most of the Member States.

Introduction of the euro: impact on capital markets

1997/2159(COS) - 11/12/1997 - Economic and Social Committee: opinion, report

The Committee believes that the compensation system should continue as proposed by the Commission.

Introduction of the euro: impact on capital markets

1997/2159(COS) - 13/01/1998 - Text adopted by Parliament, single reading

In adopting the report by Mr Ingo FRIEDRICH (PPE, D), the European Parliament expressed the opinion that the introduction of the euro would be an excellent opportunity for pushing ahead with harmonization on the capital markets, thereby moving one stage closer to completion of the Internal Market. While market harmonization must be left to the markets themselves, the Union had a duty to remove the legal and fiscal barriers and to create a framework for reducing distortion of competition. The required measures ranged from harmonization of company law to harmonization of accounting rules and stock exchange regulations, as well as including the adoption, as a matter of urgency, of a statute for European companies. Parliament called on the Commission to: - submit, as soon as possible, a list of the harmonization measures it considered to be needed; - study the USA's experience as the principal world market for such capital, with the aim of drawing conclusions for the harmonization of markets in the internal market. Parliament considered that national provisions, some of which were inflexible and compelled pension funds to undertake most of their investment in their country of establishment, should be reviewed with the aim of facilitating investment throughout the euro zone.