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Report

drawn up on behalf of the Committee on Economic and Monetary Affairs

on the creation of a European stock exchange

Rapporteur: Mr F. COLLOMB

Pursuant to Rule 25 of the Rules of Procedure, the President of the European Parliament referred the motion for a resolution to the creation of a European stock exchange (Doc. 1-796/79), tabled by Mr F. Petronio at the plenary sitting of 10 March 1980, to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee for an opinion.

The Committee on Economic and Monetary Affairs appointed Mr Collomb rapporteur on 28 May 1980.

It considered the motion for a resolution at its meeting of 18 and 19 March and 10 June 1981 and adopted it at the latter meeting unanimously with two abstentions.

Present: Mr Jacques Moreau, chairman; Mr De Ferranti and Mr Deleau, vice-chairmen; Mr Collomb, rapporteur; Mr Albers (deputizing for Mr Ruffolo), Mr Beazley, Mr Beumer, Mr von Bismarck, Mr Bonaccini, Miss Forster, Mr Giavazzi, Mr de Goede, Mr Herman, Mr Leonardi, Mrs Lizin (deputizing for Mr Schintzel), Mr Mihr, Mr B. Nielsen (deputizing for Mr Combe), Mr Nyborg, Mr Petronio, Sir Brandon Rhys Williams, Mr Tuckman (deputizing for Mr Hopper) and Mr von Wogau.

The opinion of the Legal Affairs Committee is attached.

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The Committee on Economic and Monetary Affairs hereby submits to the European Parliament the following motion for a resolution together with explanatory statement:

MOTION FOR A RESOLUTION

on the creation of a European stock exchange.

The European Parliament,

- having regard to the motion for a resolution (Doc. 1-796/79),
- having regard to the report by the Committee on Economic and Monetary Affairs and the opinion of the Legal Affairs Committee (Doc. 1-290/81),

1. Notes that stock exchanges play an essential part in the raising of risk capital and may therefore make a substantial contribution to innovation and competitiveness in industry, economic growth and job creation in the Community,
2. Notes that the Community is experiencing a serious shortage of risk capital at a time when the reorganization of industries in crisis and the promotion of advanced technologies necessitate considerable investment;
3. Stresses therefore the need to create a genuine European stock market by increasing interpenetration of the national markets;

Considers that the general trend towards the creation of further links between stock exchanges and the computerization of stock exchange transactions could facilitate the necessary interpenetration of the markets;

4. Stresses that there can be no European stock market if transactions between Member States are obstructed by restrictions on the free movement of capital;

Calls on the Commission to carry out a survey of the obstacles which still exist in this field and to submit the necessary proposals;

5. Notes that transactions in securities are all too often subject to discrimination and distortion because of insufficient harmonization of direct and indirect taxation;

Calls therefore on the Commission to promote the process of harmonizing

corporation tax systems, the structure of rates and the basis of assessment;

Considers that in the long term indirect taxes on stock exchange transactions should be abolished;

Approves of the tax incentives introduced in certain Member States to promote investment in securities and hopes that measures of this kind will be extended and coordinated at European level in order to avoid creating further distortions;

6. Considers that the initial directives adopted by the Council concerning conditions for admission to the stock exchange and the Community prospectus are an important first step in the process of harmonization, which must be continued; in order to facilitate the interpenetration of the stock markets, the obstacles created by differences in the Member States' rules on access to stock exchanges, trading methods or freedom of establishment of intermediaries should be removed;
7. Stresses that optimum transparency of the stock market is an essential objective, on which the equal status and confidence of investors depends and which may therefore ensure the popularity of this type of investment among a growing number of savers;
8. Calls therefore on the Commission to take all the necessary measures to ensure that all the Member States fully and effectively apply the principles set out in the Commission recommendation of 25 July 1977 on a European code of conduct for stock exchange transactions;

Hopes that the Commission will shortly submit proposals on improving information for investors at all the necessary stages and preventing

9. Considers that full use of data processing aids in stock exchange transactions will make it possible to determine prices more reliably, to provide a wider variety of information more quickly and to cut costs, while retaining some human involvement;

Calls therefore on the Commission, in collaboration with the Member States' stock exchange authorities to determine the conditions and means of achieving the closest possible links between computerized dealing systems;

Calls also on the Commission to consider the implementation of all measures aimed at simplification and rationalization, for example the harmonization of the opening hours of stock exchanges and a general move away from the holding of securities in tangible form.

10. Stresses that greater integration of stock markets in the Community must not take place at the expense of regional stock exchanges;
Points out that these stock exchanges have a vital role to play in promoting small and medium-sized firms and regional development and must be closely involved in and benefit from rationalization programmes;
11. Considers finally that, as the creation of a European stock market would be an important factor in economic integration in the Community, the Community institutions and the authorities of the Member States should take steps to ensure that the legal, fiscal, administrative and technical prerequisites for the achievement of this aim are met as soon as possible;
12. Instructs its President to forward this resolution to the Council and the Commission of the European Communities and to the governments and parliaments of the Member States.

EXPLANATORY STATEMENT

Saving and investment must be encouraged in order to stimulate economic growth, ensure the creation of jobs and maintain standards of living. The raising of risk capital by stock exchanges is an important factor in innovation, rationalization and economic growth. This essential function of stock exchanges is particularly important in periods of recession and low investment.

In this connection it is regrettable that there is no genuine European stock market capable of meeting investment needs in the Community because of the obstacles which still impede the free movement of capital and the differences in the rules governing securities.

However, the first directives on this subject, adopted by the Council on the basis of Commission proposals, the common concern of all the professional groups involved to achieve a gradual interpenetration of markets in a pragmatic fashion, and the potential of electronics provide justification for further resolute action to create a European stock exchange; this is the purpose of the motion for a resolution with which this report is concerned¹.

I. The need for a European stock exchange

1. Free movement of capital is one of the objectives of the EEC Treaty (Article 3(c)). This long-neglected objective would now appear more vital than ever because of the serious lack of investment which is a feature of the Community in the present period of recession. The European stock market which is too compartmentalized and is governed by divergent administrative and fiscal rules, is suffering as a result and cannot properly carry out its task of raising risk capital.

There are two possible approaches - integration and interpenetration of the stock markets - which must be considered before a choice is made.

(a) Integration or interpenetration

2. There is a temptation to try to achieve full integration of the stock markets in the Community and create, say, a European stock exchange. By exploiting the existing potential of electronics, it would be possible in a European stock exchange to achieve the closest possible match of supply and demand in the Community and to provide a wide range of accurate information for all investors regardless of their importance. There is,

¹ Doc. 1-796/79

in fact, a growing tendency towards the concentration of stock markets. The role of the central stock exchanges very often expands at the expense of the regional stock exchanges. The Irish and United Kingdom stock exchanges have merged. Since the national market system was created, the stock market in the United States has become more concentrated. Seven stock exchanges and the National Association of Securities Dealers now participate in the system, which is operated by the stock exchanges themselves and controlled by the state. The national market system is based on a computerized communications network, which provides information on prices and the amount of each transaction, as well as on all offers, so that investors can find the best deal. In the opinion of its members, the national market system promotes competition and profitability; it has a substantial capacity handling between 40 and 80 million shares daily in 1979, with a target of 150 million shares daily. Although this system can be used as an example, it cannot simply be grafted on to the Community because of the substantial differences in the structure of the stock markets in the United States and Europe.

3. The creation of a European stock exchange would give rise to many highly complex problems concerning the selection of securities to be traded on the interconnected European markets, the type of European market selected, a fixing or continuous market, a forward or spot market, dealing on a quantity or unit basis? Which intermediaries would be authorized to trade? In what currency would dealings be carried out? Would there be a national or European control authority? Where would this European stock exchange be based?

The difficulties and obstacles in the way of such a venture are apparent and, although it might be desirable, it must first be preceded by measures aimed at the interpenetration rather than the integration of markets. The stock exchanges of the nine Member States of the Community each have their own characteristics and traditions.

In the United Kingdom and Ireland the organization of the stock exchange falls entirely within the scope of private law; consequently, the stock exchange system is largely self-regulating. The system is characterized above all by the search for an efficient and flexible market which will give the public confidence. In contrast to this northern model, the stock exchanges in France and Italy, while organized on a self-managing basis are subject to inspection and intervention by the state either directly in the case of stockbroking firms or indirectly through the Commission for Stock Exchange Operations in France or 'Consob' in Italy. The Federal Republic of Germany, Belgium and Luxembourg have an intermediate system involving self-management and less intervention by the public authorities.

Quotation systems or preference for a particular system, e.g., auction, registration, telephone, market-maker, and the importance of computerized quotation systems such as ARIEL (United Kingdom) and EUREX (Luxembourg) vary considerably from one Member State to another. Dealing techniques also vary between Member States and result in vertical (different treatment of very active or less active securities) and horizontal (listed, unlisted and parallel markets) compartmentalization, which leads more often than not to specialization and a specific range of services.

In some Member States (France, Belgium) dealing is the exclusive preserve of stockbrokers, who have a monopoly, while in other countries the banks may also take part. The United Kingdom is unique in having 'jobbers'.

The number of users of stock markets varies from one Member State to another. While there are only 1.5 million investors in securities in France, there are 4.5 million in the Federal Republic of Germany. Similarly, the volume of transactions in securities accounted for by institutional investors, insurance companies, banks and pension funds can vary quite substantially from one Member State to another.

Although the integration of stock markets in the Community is a somewhat unrealistic objective, there still remains an obvious need to raise risk capital.

(b) Need to raise risk capital

4. The Community is experiencing a lack of risk capital at a time when the reorganization of industries in crisis and the promotion of advanced technology industries require major investment to boost the economy out of its present no-growth position and create new jobs.

At the moment, investors prefer bonds bearing a very high rate of interest or safe investments. On the international market the oil-producing countries hold large sums in liquid assets estimated at \$115,000 million, which are not at present being recycled to the best advantage of the economy as a whole.

The potential of the stock market must therefore be developed. The stock exchanges are an essential means of allocating resources. Their function is to match the supply and demand of capital to be invested in securities on the best possible terms. Consequently, by facilitating the raising of the necessary capital they can make an appreciable contribution

to innovation and competitiveness in industry, which is a prerequisite for growth.

However, before the stock exchanges can play their full role in the Community, a number of conditions must be met, some of which relate to the operation of the stock exchanges themselves and others to the fiscal and monetary policies of governments and the degree to which laws have been harmonized and barriers to the movement of capital in the Member States of the Community removed.

Only once these have been met is there any hope that the rate of investment in securities will increase. The promotion of the stock market should benefit not only large manufacturing and distribution firms but also small and medium-sized undertakings. Increasingly broad categories of savers must want to participate in the expansion of undertakings, provided the stock market inspires them with confidence and they are well informed and given incentives.

It goes without saying that, if the Community is incapable of creating a genuine European stock market, investors in Europe and elsewhere will turn to other markets.

The expansion of the stock market in the Community is thus bound up closely with a whole range of policies at Community level and could be an important factor for economic integration prior to economic and monetary union.

(c) Favourable technical and psychological factors

5. As well as the economic need for genuine interpenetration of the stock markets in the Community, there are a number of favourable technical and psychological factors.

- First steps towards harmonization

6. Over the past three years an initial set of measures has been adopted at the initiative of the Commission; these constitute the first steps towards the harmonization of legislation governing stock markets.

The first directive, adopted in March 1979¹, coordinates the conditions governing the admission of securities to official stock exchange listing, including the obligation to publish immediately any information which could have a significant effect on prices. The second directive adopted by the Council in March 1980², harmonizes the contents of the Community

¹ OJ No. L 66, 13.3.1979

² OJ No. L 100, 17.4.1980 pp. 1 et seq.

prospectus, which must be published when securities are admitted to the stock exchange. The third proposal, concerning the coordination of information which must be published regularly by listed companies, is being considered by the Council. These three directives are intended to facilitate access to the various stock exchanges and at the same time help to provide more reliable information for investors. Finally, on 25 July 1977 the Commission forwarded to the Council a recommendation¹ on a European code of conduct for securities transactions. One of the main aims of the code is to ensure the provision of full and accurate information for savers and to guarantee the equal status of shareholders.

- Computerization of stock markets

7. The increasing computerization of dealing in securities undoubtedly creates a favourable climate for growing interpenetration of the markets; the use of ARIEL, EUREX and electronic share quotation systems is becoming widespread in the Community. Computerization may result not only in lower costs but also in increased protection for the investor against transaction risks. If the full range of transactions from placing the order to delivery is computerized, the transactions can easily be recorded in chronological order and, if necessary the information can be retrieved, say, to investigate investors' complaints. The efficient operation of these computerized systems and their interconnection presupposes some degree of technical, administrative and legal harmonization of trading in securities in the Community. It was clear from the colloquium 'Towards a European stock exchange' held on 13 and 14 November 1980 in Brussels that very many of those concerned hoped that the conditions for the interpenetration of the markets could be met.

The measures taken recently by the United Kingdom and France to liberalize movements of capital, and the interest generated by the tax provisions adopted in France to encourage savers to purchase securities all serve to promote the development of the stock market in the Community.

II. Prerequisites for the creation of a European stock exchange

Before there can be interpenetration of the stock markets in the Member States and, in the longer term, some degree of integration, various conditions relating to the free movement of capital, harmonization of taxes and the removal of administrative barriers must first be met.

a) Free movement of capital

8. There can be no interpenetration of the stock markets as long as

¹ OJ No. L 212, 20.8.1977, p. 37

securities transactions across frontiers are impeded by restrictions on the free movement of capital and yet, the Commission has granted several Member States exemptions from the first two directives on the free movement of capital adopted by the Council in 1960 and 1962.

In Denmark, for instance, residents do not have the right to acquire securities quoted abroad; in Ireland the purchase of foreign securities is subject to exchange controls. Finally, Italy requires its residents to deposit with the Bank of Italy 50% of any sums invested abroad. However, the United Kingdom removed all restrictions on the movement of capital in October 1979 and measures were adopted recently to remove controls in France.

The removal of restrictions on movements of capital should also mean free access to all stock exchanges in the Member States of the Community. France, which was previously given authorization to retain restrictions on the acquisition of foreign securities, no longer applies these restrictions in practice. In Italy, on the other hand, virtually no foreign securities are quoted. The Commission should carry out a survey of obstacles which still impede the free movement of capital and submit the necessary proposals.

Interpenetration of the stock markets would be facilitated if exchange rates in the Community became relatively stable. In this connection the establishment of the European Monetary System in March 1979 has brought about a remarkable degree of stability of exchange rates in the Community. It is highly desirable that the United Kingdom should become a full member of the European Monetary System.

b) Harmonization of taxation

9. Securities transactions in the Community are still affected by discrimination and distortion owing to insufficient harmonization of direct and indirect taxation.

- Direct taxation

In August 1975 the Commission submitted a proposal for a directive on the harmonization of corporation tax systems. It suggested that corporation tax should be based on the imputed method which, unlike the traditional system, gives partial or total relief from double taxation. The proposal provides for a standard rate of corporation tax in the Member States of between 45% and 55%.

In its interim¹ the European Parliament considered that, where the method was concerned, it would be necessary to harmonize not only the tax systems and rates but also the provisions governing the calculation of the taxable income of companies, i.e., the basis of assessment, in order to ensure a neutral tax effect. It would be desirable for the Commission to come forward rapidly with a proposal for the harmonization of the basis of assessment so that Parliament could finally approve the proposal on the harmonization of corporation tax. This proposal is coupled with a related proposal on the application of the directive harmonizing corporation tax and unit and investment trusts, which play an important role in promoting saving and whose use should be facilitated and encouraged.

- Indirect taxation

Stock exchange activities are subject to indirect taxes, which vary from one Member State to another. As long as there are different rates and bases of assessment for the calculation of these taxes, distortions of competition may well result, adversely affecting a particular market which may lose its clients even though it offers other services at more attractive rates.

Indirect taxes on securities transactions differ considerably. As regards structure, one Member State (Luxembourg) has no taxes, some Member States have a single tax, others levy one tax on the sale of securities and another on their purchase, while the United Kingdom and Ireland levy a tax when securities are registered. The rate of tax is high in the United Kingdom and Ireland and lower in the other Member States.

When the directive on indirect taxes on securities transactions², aimed at harmonizing the structure (choice of double taxation, i.e., on both the purchase and sale of securities) and fixing maximum rates was adopted, the European Parliament rightly stressed that the ultimate objective should be the abolition of these taxes.

(c) Removal of administrative barriers

10. The establishment of a genuine European stock market is threatened at present by numerous administrative barriers created by the different rules applied in the various Member States concerning admission to the stock exchange and trading methods.

¹ Interim report by Mr NYBORG (Doc. 104/79), OJ C 140, 5.6.79, p.19

² Report by Mr DYKES, (Doc. 315/76), OJ C 259, 4.11.79, p. 34

However, on 5 March 1979 the Council adopted a first directive coordinating the maximum conditions for admission to stock exchanges. Most of these technical obstacles are caused by the diversity of established traditions and the degree of flexibility of the structure of markets, which depends on whether they are naturally outward-looking because of either their history, as in the case of London, or their geographical situation, as in the case of Luxembourg, or more inward-looking.

III. Preliminary measures for the creation of a European stock exchange

11. A European stock market must be created gradually and must above all meet the requirements of the issuers, investors and intermediaries. The Eurobond market was created step by step in this way. What is involved, therefore, is not the creation of a new structure from scratch, but the creation of conditions which will allow demand for capital to be directed to where it is most likely to be satisfied and where supply can best be matched with demand. It must also be borne in mind that a share is much less fungible than a bond.

In general terms, the creation of a European stock market should enable stock exchanges to carry out their main tasks more effectively, namely:

- regular and sometimes instant purchase and sale of securities,
- fixing reliable prices,
- constantly improving the liquidity of securities and the depth of the market,
- providing equal opportunities for those using the market,
- cutting costs.

The first moves towards a European stock exchange could be made in three main areas: harmonization, rationalization and incentives.

(a) Harmonization of laws and regulations

Priority should be given to the harmonization of legal provisions in the following fields:

- Equal status of shareholders

12. If the confidence of investors in the stock markets is to be strengthened, then they must be placed on an equal footing and guaranteed optimum transparency of the market. This desire for transparency is one of the

principles set out in the code of conduct of 25 July 1977. In this connection the Commission, through the appropriate liaison committee, must ensure that the Member States apply the code as effectively as possible. If the Member States choose to apply only certain rules as they see fit, there will be further distortions of competition. The Commission is in the process of drawing up a proposal for a directive aimed at avoiding the use of privileged information (insider dealing) and thus reducing the risks and possible losses entailed when selling shares, which will help those investors without inside knowledge, i.e., the vast majority of investors. The Commission is also preparing an additional proposal aimed at coordinating the information to be published when securities are issued or offered to the public without an application for stock exchange listing. Finally, the Commission is working on a proposal for a directive on a Community prospectus for issues of securities. Equal access of shareholders to information must cover not only the secondary market but also the primary market, i.e. transactions involving the issue of shares.

- Freedom of access to stock exchanges

In following up the first directive of 5 March 1979 laying down a number of minimum conditions for admission to the stock exchange, which, in the present circumstances, does not prevent the Member States from imposing additional more stringent requirements, the Commission must continue the process of harmonization in this field as the ultimate objective should be automatic admission of shares in all the Member States as is the case, say, in the United States or Australia.

- Freedom of establishment for intermediaries

The Commission has temporarily abandoned work on a proposal for a directive aimed at facilitating freedom of establishment for stockbrokers and is now merely attempting to persuade Member States which still apply the nationality clause for admission to the activity of stockbroker to abolish it. The Commission will have to continue its work in this field in order to bring about any real interpenetration of the markets, while at the same time respecting the diversity of the various systems and traditions.

(b) Rationalization of stock exchange transactions

13. The rationalization of stock exchange transactions as a result of computerization should make it possible to fix prices more reliably, provide more rapid and detailed information and cut costs. The Commission,

in conjunction with the stock exchange authorities, will have to consider how best to link the existing computerized dealing systems in order to avoid duplication and ensure the best possible circulation of information. The ideal arrangement would be for all investors to have immediate access at the bank counter to information on the performance of securities (dividends, results), an indication of prices, trends and the possibility of placing orders there and then. This process of rationalization presupposes greater specialization of markets which implies the existence of parallel markets or regional stock exchanges and the creation in the future of an integrated, computerized market in a limited number of shares quoted on all the central stock exchanges of the Member States. The Commission will have to consider, together with those concerned, the implications of a two-tier stock market.

Rationalization will also require measures to harmonize the opening times of stock exchanges, as these currently vary considerably from one Member State to another (9.30 a.m. - 5.00 p.m. in the United Kingdom, 12.30 p.m. - 2.30 p.m. in France) and will have to be standardized gradually.

The rationalization and computerization of stock exchange dealings will also mean the end of securities in paper form. It would become compulsory to deposit securities, and those bearer or registered securities which can still be held in a tangible form would be replaced by a current account entry¹. This would simplify administration and reduce costs.

(c) Promotion of investment in securities

14. Finally, it is clear that the development of the stock market in the Community will also depend to a great extent on how far investors are encouraged to participate.

A coordinated European economic and monetary policy aimed at the convergence and growth of the economies of the Member States, and increased industrial cooperation are likely to promote business activity. The nature of investment is, of course, dictated by the current and potential profitability of firms.

The tax treatment of companies, either directly as illustrated previously or indirectly in the form of incentives (income tax exemption

¹ This already happens in France in the case of treasury bills, SICOVAM securities and investment funds.

for shareholders), may also be used to help create a favourable climate for investment in securities. These incentives must be coordinated at European level in order to avoid creating further distortions.

OPINION OF THE LEGAL AFFAIRS COMMITTEE

Draftsman: Mr I. DALZIEL

On 10 March 1980 the Legal Affairs Committee was asked to deliver an opinion on the motion for a resolution (Doc. 1-796/79) tabled by Mr PETRONIO on the creation of a European stock exchange.

On 29 April 1980 Mr DALZIEL was appointed draftsman.

The committee considered the draft opinion at its meeting of 20 and 21 May 1981 and adopted it by 7 votes to 0 with 5 abstentions.

Present: Mr FERRI, chairman; Mr LUSTER, vice-chairman; Mr DALZIEL, draftsman; Mr CINCIARI RODANO, Mr GOPPEL, Mr MEGAHY, Mr PLASKOVITIS, Mr SCHWENKE (deputizing for Mrs Vayssade), Mr SIEGLERSCHMIDT, Mr SIMPSON (deputizing for Mr Tyrrell), Mr VIE and Mr ZECCHINO (deputizing for Mr Modiano).

1. The creation of a European stock exchange would be an important step forward in the growing interpenetration of the economies of the Member States.

From the legal point of view this motion for a resolution has the merit of corresponding with the aims of the Treaty as set out both in the part devoted to the principles of the Community and in the chapter on the free movement of capital.

2. Article 3(c) of the EEC Treaty provides that the activities of the Community shall include as provided in the Treaty and in accordance with the timetable set out therein 'the abolition as between the Member States of obstacles to freedom of movement for persons, services and capital'.

The creation of a European stock exchange assumes that such obstacles will be removed by the harmonization of tax laws.

3. The creation of an integrated common stock exchange would require the implementation of the chapter on capital (Articles 67 to 73 of the EEC Treaty).

However, it would also be possible to rely on the provisions on the approximation of laws (Article 100).

4. In the light of these considerations the opinion of the Legal Affairs Committee is favourable to the motion for a resolution tabled by Mr PETRONIO (Doc. 1-796/79) and referred to it for its consideration.

ANNEX

MOTION FOR A RESOLUTION (DOCUMENT 1-796/79)
tabled by Mr F. PETRONIO
pursuant to Rule 25 of the Rules of Procedure
on the creation of a European stock exchange

The European Parliament,

- whereas there are systems for taxing shares in the European Community and the EEC recommendation on establishing a code of conduct has not yet been fully implemented by the Member States, so that measures still have to be taken to prevent fraudulent dealings, such as the use of confidential information when trading, or price manipulation,
 - whereas the Council has had to authorize some Member States to introduce 'temporary' protective measures on the free movement of capital and in Italy, for example, where investors in foreign securities are required to give a no-interest deposit of 50%, these measures are becoming glaring examples of unacceptable protectionism,
 - whereas the harmonization of stock exchanges is still in its early stages, even though a Community in which there is free movement of shares, as well as ideas, persons and goods, is to be desired,
 - regretting the fact that the establishment of a common European stock exchange is at least twenty years overdue and is still faced with the obstacles, snags and impediments which hampered the free movement of goods in Europe in the early '60s,
1. Hopes that there will be a gradual strengthening of the links between the stock exchanges of the Member States in order to harmonize the various financial markets and thus remove the obstacles to share investment at European level;
 2. Suggests as a line of strategy to be followed that the various shares bought and sold on the European stock exchanges should be such as to attract investors, in particular ensuring that the shares quoted gain public confidence precisely by harmonizing the markets for risk capital;
 3. Considers that the problem of European capital markets should be resolved as a matter of urgency by a common system of company taxation kept within a narrow range of rates;
 4. Points out that any EEC resident could thus buy any share quoted on the European stock exchanges, and that any company admitted to stock exchange listing could be admitted to any other market in Europe;

5. Considers therefore that an integrated EEC share market should be established as a matter of urgency, after the gradual removal of the protective and protectionist measures relating to the free movement of capital;
6. Requests the Commission and the Council to consider the proposal for a 'European Stock Exchange' which, using the methods provided by modern electronics, would offer undeniable advantages to investors and depositors, giving even the smallest shareholder access to the same information as large investors;
7. Requests finally that the Commission and the Council consider the tactics and strategy needed to accompany these courses of action and to remove the technical obstacles to the free movement of shares and the desired establishment of a stock exchange of European stature;
8. Instructs its President to forward this resolution to the Council and Commission of the European Communities.