Press release | 05.07.2011

EU financial rules

Derivative products to face stricter regulation and more transparency following EP vote

The European Parliament today voted on EU legislation on over-the-counter derivative products. The Greens welcomed the vote, which would tighten the regulation and increase transparency of these opaque and risky products, which played a significant role in the financial crisis. After the vote, Green MEP **Pascal Canfin** said:

"The soft-touch approach to regulating the derivatives market has been left to go far too long and this legislation is a crucial step towards reducing the risks associated with derivative products. A crucial measure endorsed by MEPs today is that the majority of privately traded over-the-counter derivatives will be standardised and traded through central counterparties that guarantee payment if one party fails. This will help reduce the complex interdependencies associated with these products and reduce the systemic risk in the financial system. While this is in line with objectives set by the G20 in 2009, EU governments have been dragging their feet and this vote should spur them to action."

Green MEP **Philippe Lamberts** added:

"MEPs today voted to extend the obligation to reporting transactions to all derivatives. This will mean that regulators will have the full picture of the exposure of all the actors to derivatives products, regardless of the trading venue in which they were concluded. The committee also voted to reinforce the role of the European Securities and Markets Authority in order to avoid that competition between central counterparty clearing houses could negatively impact risk management standards."

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Responsible MEPs



Philippe Lamberts

Member

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