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Press release | 26.09.2012

Financial markets and products (MiFID)

MEPs take steps to tackle commodity speculation but consumer protection undermined by Socialist u-turn

The EP's economic and monetary affairs committee voted on important legislative proposals on the regulation of the market for financial instruments (MIFID) yesterday evening. While MEPs took tentative steps to strengthening proposals on high frequency trading and commodity speculation, the Greens are shocked by the last minute weakening of provisions on consumer protection by the S&D group. In general, the outcome falls short of properly tackling risky speculation.

Commenting after the vote, Green finance spokesperson **Sven Giegold** (MEP, Germany) stated:

"This vote would totally fail to deliver investor protection in financial markets. A last minute amendment by the Socialist group stripped away proposals aimed at tackling conflicts of interest through commission payments. As a result, the committee failed to endorse a compromise proposal aimed at ensuring commission payments are forbidden or passed through to consumers. This would have been an incentive for financial advisors to recommend products in their clients' interest and not simply on the basis of securing the highest commission. Regrettably, this has been totally undermined.

"One silver lining, however, was the vote by MEPs to strengthen provisions aimed at tackling high frequency trading, which should help protect markets against rogue interventions, such as the Knight Capital case this summer. However, it is important that these provisions are maintained in the final legislation.

"The committee also voted for rules that should help to move most trading onto well regulated trading venues and also endorsed binding position limits for commodity derivatives. These position limits set clear boundaries on speculation on essential commodities like food. While this would be an important breakthrough, we regret MEPs did not go further in closing loopholes, notably by failing to endorse a clear definition of excessive speculation."

A background paper will be available on www.sven-giegold.de

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Sven Giegold

Member

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