

EUROPEAN PARLIAMENT

2004



2009

Committee on Economic and Monetary Affairs

2007/2238(INI)

19.5.2008

AMENDMENTS 1 - 211

Draft report
Poul Nyrup Rasmussen
(PE404.764v01-00)

with recommendations to the Commission on Hedge funds and private equity
(2007/2238(INI))

AM_Com_NonLegReport

Amendment 1

John Purvis

Motion for a resolution

Title

Motion for a resolution

Draft Report *with recommendations to the Commission* on Hedge Funds and private equity (2007/2238(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Poul Nyrup Rasmussen

(Initiative - Rule 39 of the Rules of Procedure)

Amendment

Draft *Own Initiative* Report on Hedge Funds and private equity (2007/2238(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Poul Nyrup Rasmussen

(*Own Initiative* - Rule 47 of the Rules of Procedure)

Or. en

Amendment 2

John Purvis

Motion for a resolution

Citation 31 a (new)

Motion for a resolution

Amendment

– *having regard to the IOSCO "Objectives and Principles of Securities Regulation" 2003, which cover principles for, amongst others, the marketing of collective investment schemes including hedge funds,*

Or. en

Amendment 3

John Purvis

Motion for a resolution

Citation 31 b (new)

Motion for a resolution

Amendment

– having regard to the study published by the European Parliament Policy Department for Economic and Scientific Policy on Hedge Funds: Transparency and Conflict of Interest, published in December 2007 (IP/A/ECON/IC/2007-24),

Or. en

Amendment 4

John Purvis

Motion for a resolution

Citation 31 c (new)

Motion for a resolution

Amendment

– having regard to the best practice standards published by the Hedge Fund Working Group on Tuesday, 22 January 2008, and the subsequent setting up of a Hedge Fund Standards Board to act as custodian of those standards,

Or. en

Amendment 5

John Purvis

Motion for a resolution

Recital A

Motion for a resolution

Amendment

A. whereas there is at present insufficient EU regulation of hedge funds and private equity,

deleted

Or. en

Amendment 6
Thomas Mann

Motion for a resolution
Recital A

Motion for a resolution

A. whereas ***there is at present insufficient*** EU regulation of hedge funds and private equity,

Amendment

A. whereas regulation of hedge funds and private equity ***is only justified if the market fails,***

Or. de

Amendment 7
Kurt Joachim Lauk

Motion for a resolution
Recital A

Motion for a resolution

A. whereas there is at present ***insufficient*** EU regulation ***of*** hedge funds and private equity,

Amendment

whereas there is at present ***national and*** EU regulation ***concerning financial markets that directly or indirectly apply to*** hedge funds and private equity,

Or. en

Amendment 8
Eoin Ryan

Motion for a resolution
Recital A

Motion for a resolution

A. whereas there is at present ***insufficient*** EU regulation of hedge funds and private equity,

Amendment

A. whereas there is at present ***national and*** EU regulation of hedge funds and private equity,

Or. en

Amendment 9
Piia-Noora Kauppi

Motion for a resolution
Recital A

Motion for a resolution

A. whereas there is at present ***insufficient*** EU regulation of hedge funds and private equity,

Amendment

A. whereas ***although*** there is at present ***no specific*** EU regulation of hedge funds and private equity, ***there is a body of both EU and national legislation that directly or indirectly applies to these entities,***

Or. en

Amendment 10
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital A

Motion for a resolution

A. whereas there is ***at present insufficient*** EU regulation of hedge funds and private equity,

Amendment

A. whereas there is ***no specific*** EU regulation of hedge funds and private equity, ***many EU and national regulations cover aspects of their activities,***

Or. en

Amendment 11
José Manuel García-Margallo y Marfil

Motion for a resolution
Recital A

Motion for a resolution

A. whereas there is at present ***insufficient*** EU regulation ***of*** hedge funds and private equity,

Amendment

A. whereas there is at present ***no specific*** EU regulation ***on*** hedge funds and private equity.

Amendment 12

John Purvis

Motion for a resolution

Recital B

Motion for a resolution

B. whereas the condition in Rule 39(2), that no proposal should be in preparation, is duly fulfilled,

Amendment

B. whereas the condition in Rule 39(2), that no proposal should be in preparation, is **not** duly fulfilled,

Or. en

Amendment 13

Sharon Bowles and Wolf Klinz

Motion for a resolution

Recital C

Motion for a resolution

C. whereas the Commission has not responded positively to Parliament's **earlier requests, including those made in its** above-mentioned resolutions of 15 January 2004, 27 April 2006, 11 July 2007, 13 December 2007),

Amendment

C. whereas the Commission has not responded positively to Parliament's **all aspects of** above-mentioned resolutions of 15 January 2004, 27 April 2006, 11 July 2007, 13 December 2007),

Or. en

Amendment 14

Thomas Mann

Motion for a resolution

Recital D

Motion for a resolution

D. whereas hedge funds and private equity are alternative investment vehicles that

Amendment

D. whereas hedge funds and private equity are **increasingly important** alternative

have not only a significant and increasing share in global assets under management, but also ***a significant and increasingly important presence and activity in world financial markets***

investment vehicles that have not only a significant and increasing share in global assets under management, but also ***improve the efficiency of financial markets by creating new investment opportunities,***

Or. de

Amendment 15
Sahra Wagenknecht

Motion for a resolution
Recital D a (new)

Motion for a resolution

Amendment

Da. whereas most hedge funds operate from offshore banking centres without any supervision and regulation;

Or. en

Amendment 16
Kurt Joachim Lauk

Motion for a resolution
Recital E

Motion for a resolution

Amendment

E. whereas several global, EU and national institutions have, long before the current financial crisis, voiced their concerns in relation to hedge funds and private equity about financial stability, inadequate risk management, excessive debt (leverage) and the valuation of illiquid and complex financial instruments,

deleted

Or. en

Amendment 17
John Purvis

Motion for a resolution
Recital E

Motion for a resolution

Amendment

E. whereas several global, EU and national institutions have, long before the current financial crisis, voiced their concerns in relation to hedge funds and private equity about financial stability, inadequate risk management, excessive debt (leverage) and the valuation of illiquid and complex financial instruments,

deleted

Or. en

Amendment 18
Eoin Ryan

Motion for a resolution
Recital E

Motion for a resolution

Amendment

E. whereas several global, EU and national institutions have, long before the current financial crisis, voiced their concerns in relation to hedge funds and private equity about financial stability, inadequate risk management, excessive debt (leverage) and the valuation of illiquid and complex financial instruments,

deleted

Or. en

Amendment 19
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital E

Motion for a resolution

E. whereas several global, EU and national institutions have, long before the current financial crisis, ***voiced their concerns*** in relation to hedge funds and ***private equity about financial stability, inadequate risk management, excessive debt (leverage)*** and the valuation of illiquid and complex financial instruments,

Amendment

E. whereas several global, EU and national institutions have, long before the current financial crisis, ***taken steps and made recommendations*** in relation to:- ***on the one hand financial institutions' exposure to*** hedge funds and ***the framing of these exposures in institutions' overall risk management,*** and ***on the other hand*** the valuation of illiquid and complex financial instruments, ***by all financial managers,***

Or. en

Amendment 20
Piia-Noora Kauppi

Motion for a resolution
Recital E

Motion for a resolution

E. whereas several global, EU and national institutions have, long before the current financial crisis, ***voiced their concerns*** in relation to hedge funds and private equity ***about*** financial stability, ***inadequate*** risk management, excessive debt (leverage) and the valuation of illiquid and complex financial instruments,

Amendment

E. whereas several global, EU and national institutions have, long before the current financial crisis, ***analysed potential*** concerns in relation to hedge funds and private equity ***as regards*** financial stability, risk management ***standards,*** excessive debt (leverage) and the valuation of illiquid and complex financial instruments; ***whereas the analysis carried out by the Financial Stability Forum in 2007 concluded that financial stability concerns were best addressed through prime brokers and supervisors; whereas any concerns specifically relevant to hedge funds or private equity have largely not materialised in the light of the current financial crisis,***

Amendment 21
Astrid Lulling

Motion for a resolution
Recital E

Motion for a resolution

E. whereas several global, EU and national institutions have, long before the current financial crisis, ***voiced their*** concerns in relation to hedge funds and private equity about financial stability, inadequate risk management, excessive debt (leverage) and the valuation of illiquid and complex financial instruments,

Amendment

E. whereas several global, EU and national institutions have, long before the current financial crisis, ***analysed*** concerns ***and made recommendations*** in relation to hedge funds and private equity about financial stability, inadequate risk management, excessive debt (leverage) and the valuation of illiquid and complex financial instruments,

Amendment 22
Kurt Joachim Lauk

Motion for a resolution
Recital F

Motion for a resolution

F. whereas there is empirical evidence that hedge funds engage in herding in times of market turmoil, thus giving rise to financial stability concerns,

Amendment

deleted

Amendment 23
John Purvis

Motion for a resolution
Recital F

Motion for a resolution

Amendment

F. whereas there is empirical evidence that hedge funds engage in herding in times of market turmoil, thus giving rise to financial stability concerns,

deleted

Or. en

Amendment 24
Piia-Noora Kauppi

Motion for a resolution
Recital F

Motion for a resolution

Amendment

F. whereas there is empirical evidence that hedge funds ***engage in*** herding in times of market turmoil, thus ***giving rise to*** financial stability concerns,

F. whereas there is empirical evidence that hedge funds ***are less prone to*** herding ***than other investors*** in times of market turmoil, thus ***mitigating*** financial stability concerns,

Or. en

Amendment 25
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital F

Motion for a resolution

Amendment

F. whereas ***there is empirical evidence that*** hedge funds engage in herding in times of market turmoil, ***thus giving rise to*** financial stability concerns,

F. whereas ***some*** hedge funds ***may*** engage in herding in times of market turmoil, ***in the EU this is largely due to counterparty pressure for deleveraging and it is also evident that the varying hedge fund strategies mean they can help mitigate financial instability,***

Or. en

Amendment 26
Astrid Lulling

Motion for a resolution
Recital F

Motion for a resolution

F. whereas there is ***empirical*** evidence that hedge funds engage in herding in times of market turmoil, thus giving rise to financial stability concerns,

Amendment

F. whereas there is ***no clear*** evidence that hedge funds engage in herding in times of market turmoil, thus giving rise to financial stability concerns,

Or. en

Amendment 27
José Manuel García-Margallo y Marfil

Motion for a resolution
Recital F

Motion for a resolution

F. whereas there is ***empirical evidence*** that hedge funds engage in herding in times of market turmoil, ***thus giving*** rise to financial stability concerns,

Amendment

F. whereas there is ***a risk*** that hedge funds ***may*** engage in herding in times of market turmoil, ***which could give*** rise to financial stability concerns,

Or. es

Amendment 28
Sahra Wagenknecht

Motion for a resolution
Recital F a (new)

Motion for a resolution

Amendment

Fa. whereas similar to the polluter pays principle in environmental policies, the costs for crisis management should be borne by those who have benefited from

the enormous profits by now,

Or. en

Amendment 29

Thomas Mann

Motion for a resolution

Recital H

Motion for a resolution

H. whereas such long-term investment requires well-functioning financial markets in the EU and globally, contributing to the real economy,

Amendment

H. whereas such long-term investment requires well-functioning, ***stable*** financial markets in the EU and globally, contributing to the real economy,

Or. de

Amendment 30

Piia-Noora Kauppi

Motion for a resolution

Recital H

Motion for a resolution

H. whereas such long-term investment requires well-functioning financial markets in the EU and globally, contributing to the real economy,

Amendment

H. whereas such long-term investment requires well-functioning financial markets in the EU and globally, contributing to the real economy, ***which can only be achieved by ensuring the presence in the European Union of a competitive and innovative financial industry,***

Or. en

Amendment 31

Kurt Joachim Lauk

Motion for a resolution

Recital H

Motion for a resolution

H. whereas such long-term investment requires well-functioning financial markets in the EU and globally, contributing to the real economy,

Amendment

H. whereas such long-term investment requires well-functioning financial markets in the EU and globally, contributing to the real economy, ***which can be only achieved by ensuring the presence in the European Union of a competitive and innovative financial industry,***

Or. en

Amendment 32
Sahra Wagenknecht

Motion for a resolution
Recital H a (new)

Motion for a resolution

Amendment

Ha. whereas the strategies of hedge funds and private equity funds are usually aimed at maximizing profits in the short run without considering companies' needs for stable long-term financing,

Or. en

Amendment 33
Sahra Wagenknecht

Motion for a resolution
Recital I

Motion for a resolution

Amendment

I. whereas hedge funds and private equity in many cases provide liquidity and demand for innovative products,

I. whereas the massive and uncontrolled diffusion of complex “innovative products” lies at the heart of the current financial crisis; whereas hedge funds and private equity in many cases provide liquidity and demand for ***such*** innovative products,

Amendment 34
Kurt Joachim Lauk

Motion for a resolution
Recital I

Motion for a resolution

I. whereas hedge funds and private equity in many cases provide liquidity and demand for innovative products,

Amendment

I. whereas hedge funds and private equity in many cases provide liquidity ***help to meet pension liabilities through their returns, provide aid price discovery, provide market diversification, market efficiency, cushion volatile markets, provide absolute returns*** and demand for innovative products ***and thereby contributes positively to meeting the objectives of the Lisbon Agenda,***

Amendment 35
Piia-Noora Kauppi

Motion for a resolution
Recital I

Motion for a resolution

I. whereas hedge funds and private equity in many cases provide liquidity and demand for innovative products,

Amendment

I. whereas hedge funds and private equity in many cases provide liquidity ***as well as increased market efficiency by creating demand for innovative products, aiding price discovery and providing for market diversification,***

Amendment 36
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital I

Motion for a resolution

I. whereas hedge funds and private equity in many cases provide liquidity and ***demand*** for innovative products,

Amendment

I. whereas hedge funds and private equity in many cases provide liquidity, ***help correct market inefficiencies, and foster diversification and the creation of new,*** innovative products,

Or. en

Amendment 37
John Purvis

Motion for a resolution
Recital J

Motion for a resolution

J. whereas financial stability also requires better supervisory cooperation, including globally, ***which logically requires, in due course, a comprehensive revision of current EU supervisory arrangements,***

Amendment

J. whereas financial stability also requires better supervisory cooperation, including globally,

Or. en

Amendment 38
Thomas Mann

Motion for a resolution
Recital J

Motion for a resolution

J. whereas financial stability also requires better supervisory cooperation, ***including globally, which logically requires, in due course, a comprehensive revision of***

Amendment

J. whereas ***global*** financial stability also requires better supervisory cooperation, ***with regular exchanges of information, transparency of institutional investors and, instead of unnecessary additional***

current EU supervisory arrangements,

*regulation, a code of conduct that would
be voluntarily entered into but
nevertheless contain binding provisions,*

Or. de

Amendment 39
Piia-Noora Kauppi

Motion for a resolution
Recital J

Motion for a resolution

J. whereas financial stability also requires better supervisory cooperation, including ***globally***, which logically requires, in due course, a ***comprehensive*** revision of current EU supervisory arrangements,

Amendment

J. whereas financial stability also requires better supervisory cooperation, including ***at global level***, which logically requires, in due course, a ***concurrent gradual improvement*** of current EU supervisory arrangements,

Or. en

Amendment 40
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital J

Motion for a resolution

J. whereas financial stability also requires better supervisory cooperation, including globally, which logically requires, ***in due course, a comprehensive revision of current*** EU supervisory arrangements,

Amendment

J. whereas financial stability also requires better supervisory cooperation, including globally, which logically requires, ***continuing improvements in*** EU supervisory arrangements,

Or. en

Amendment 41
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital K

Motion for a resolution

K. whereas ***enhanced*** appropriate levels of transparency towards the public, investors and supervisory authorities, ***including, in future, any new EU supervisory body***, are crucial to ensure ***such*** well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Amendment

K. whereas appropriate levels of transparency towards the public, investors and supervisory authorities are crucial to ensure well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Or. en

Amendment 42
Kurt Joachim Lauk

Motion for a resolution
Recital K

Motion for a resolution

K. whereas ***enhanced*** appropriate levels of transparency towards the public, investors and supervisory authorities, ***including, in future, any new EU supervisory body***, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Amendment

K. whereas appropriate levels of transparency towards the public, investors and supervisory authorities, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Or. en

Amendment 43
John Purvis

Motion for a resolution
Recital K

Motion for a resolution

K. whereas **enhanced** appropriate levels of transparency towards the public, investors and supervisory authorities, **including, in future, any new EU supervisory body**, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Amendment

K. whereas appropriate levels of transparency towards the public, investors and supervisory authorities are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Or. en

Amendment 44
Thomas Mann

Motion for a resolution
Recital K

Motion for a resolution

K. whereas enhanced appropriate levels of transparency **towards the public**, investors and supervisory authorities, **including, in future, any new EU supervisory body**, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Amendment

K. whereas enhanced appropriate levels of transparency, investors and supervisory authorities are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Or. de

Amendment 45
Piia-Noora Kauppi

Motion for a resolution
Recital K

Motion for a resolution

K. whereas **enhanced** appropriate levels of transparency towards **the public**, investors and supervisory authorities, including, in

Amendment

K. whereas appropriate levels of transparency towards investors and supervisory authorities, **potentially**

future, any ***new EU supervisory body***, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

including, in future, any ***common EU arrangements***, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Or. en

Amendment 46
Astrid Lulling

Motion for a resolution
Recital K

Motion for a resolution

K. whereas enhanced appropriate levels of transparency towards the public, investors and supervisory authorities, ***including, in future, any new EU supervisory body***, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Amendment

K. whereas enhanced appropriate levels of transparency towards the public, investors and supervisory authorities, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Or. en

Amendment 47
Eoin Ryan

Motion for a resolution
Recital K

Motion for a resolution

K. whereas ***enhanced*** appropriate levels of transparency towards the public, investors and supervisory authorities, including, in future, any new EU supervisory body, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Amendment

K. whereas appropriate levels of transparency towards the public, investors and supervisory authorities, including, in future, any new EU supervisory body, are crucial to ensure such well-functioning and stable financial markets as well as for promoting competition between market actors and products,

Amendment 48
Sahra Wagenknecht

Motion for a resolution
Recital K a (new)

Motion for a resolution

Amendment

Ka. whereas the liberalisation and deregulation of financial markets has led to a new model of wealth creation which is damaging for the productive sector and labour, increases social polarization and contributes to the erosion of democracy; whereas measures to improve transparency and supervision are not enough to ensure that financial markets contribute to economic stability, social equity and sustainable development; whereas the current financial crisis has systemic roots, and hence the structure and the mechanisms of the system in general are at stake,

Amendment 49
Kurt Joachim Lauk

Motion for a resolution
Recital L

Motion for a resolution

Amendment

L. whereas excessive debt required by much of the activities of hedge funds and private equity threatens financial stability, prejudices the realisation of the long-term investment, growth and jobs agenda and is, moreover, unfairly favoured in national tax regimes,

deleted

Amendment 50

John Purvis

Motion for a resolution

Recital L

Motion for a resolution

Amendment

*L. whereas excessive debt required by
much of the activities of hedge funds and
private equity threatens financial stability,
prejudices the realisation of the long-term
investment, growth and jobs agenda and
is, moreover, unfairly favoured in
national tax regimes,* *deleted*

Amendment 51

Eoin Ryan

Motion for a resolution

Recital L

Motion for a resolution

Amendment

*L. whereas excessive debt required by
much of the activities of hedge funds and
private equity threatens financial stability,
prejudices the realisation of the long-term
investment, growth and jobs agenda and
is, moreover, unfairly favoured in
national tax regimes,* *deleted*

Amendment 52

José Manuel García-Margallo y Marfil

Motion for a resolution

Recital L

Motion for a resolution

L. whereas ***excessive debt required by much of the activities of*** hedge funds and private equity ***threatens*** financial stability, ***prejudices the realisation of the long-term investment, growth and jobs agenda and is, moreover, unfairly favoured in national tax regimes,***

Amendment

L. whereas ***poor management*** of hedge ***fund*** and private equity ***debt may, despite its risk diversification capacity, threaten*** financial stability,

Or. es

Amendment 53

Astrid Lulling

Motion for a resolution

Recital L

Motion for a resolution

L. whereas ***excessive debt*** required by much of the activities of hedge funds and private equity ***threatens financial stability, prejudices*** the realisation of the long-term investment, growth and jobs agenda ***and is, moreover, unfairly favoured in national tax regimes,***

Amendment

L. whereas ***it is unclear in what way high debt levels*** required by much of the activities of hedge funds and private equity ***might impact on*** the realisation of the long-term investment, growth and jobs agenda

Or. en

Amendment 54

Piia-Noora Kauppi

Motion for a resolution

Recital L

Motion for a resolution

L. whereas ***excessive debt required by much of the activities of*** hedge funds and private equity ***threatens*** financial stability, ***prejudices the realisation of the long-term investment, growth and jobs agenda and***

Amendment

L. whereas ***the lack of proper management of debt*** by hedge funds and private equity ***might*** threaten financial stability; ***whereas the systemic impacts of debt held by hedge funds and private***

is, moreover, unfairly favoured in national tax regimes,

equity is best addressed in regulation by ensuring that prime brokers continue to provide for an adequate level of capital requirements,

Or. en

Amendment 55
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital L

Motion for a resolution

L. whereas *excessive debt required by much of the activities of* hedge funds and private equity *threatens financial stability, prejudices the realisation of the long-term investment, growth and jobs agenda and is, moreover, unfairly favoured in national tax regimes,*

Amendment

L. whereas *the effects of high leverage may, in adverse market conditions, be dangerous; hence* hedge funds and private equity *fund managers should carefully assess their risks,*

Or. en

Amendment 56
Thomas Mann

Motion for a resolution
Recital L

Motion for a resolution

L. whereas excessive debt required by *much* of the activities of hedge funds and private equity *threatens* financial stability, *prejudices* the realisation of the long-term investment, growth and jobs agenda *and is, moreover, unfairly favoured in national tax regimes,*

Amendment

L. whereas excessive debt required by *some* of the activities of hedge funds and private equity *may threaten* financial stability *and prejudice* the realisation of the long-term investment, growth and jobs agenda,

Or. de

Amendment 57
John Purvis

Motion for a resolution
Recital M

Motion for a resolution

M. whereas the recent increase in private equity transactions has significantly increased the number of employees, whose jobs are ultimately controlled by equity funds, and Community employment law (in particular, Directive 2001/23/EC) was formulated when this was not so,

Amendment

deleted

Or. en

Amendment 58
Thomas Mann

Motion for a resolution
Recital M

Motion for a resolution

M. whereas the recent increase in private equity transactions has significantly increased the number of employees, *whose jobs are ultimately controlled by equity funds, and Community employment law (in particular, Directive 2001/23/EC) was formulated when this was not so,*

Amendment

M. whereas the recent increase in private equity transactions *in many cases* has significantly increased the number of employees *in the undertakings,*

Or. de

Amendment 59
Kurt Joachim Lauk

Motion for a resolution
Recital M

Motion for a resolution

M. whereas the recent increase in private

Amendment

M. whereas the recent increase in private

equity transactions has significantly increased the number of employees, *whose jobs are ultimately controlled by equity funds, and Community employment law (in particular, Directive 2001/23/EC) was formulated when this was not so,*

equity transactions has significantly increased the number of employees,

Or. en

Amendment 60
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital M

Motion for a resolution

M. whereas the recent increase in private equity transactions has significantly increased the number of employees, whose jobs are ultimately controlled by equity funds, and Community employment law (in particular, Directive 2001/23/EC) *was formulated when this was not so,*

Amendment

M. whereas the recent increase in private equity transactions has significantly increased the number of employees, whose jobs are ultimately controlled by equity funds, and are *covered by* Community employment law (in particular, Directive 2001/23/EC) *which applies on a non discriminatory basis,*

Or. en

Amendment 61
Piia-Noora Kauppi

Motion for a resolution
Recital M

Motion for a resolution

M. whereas the recent increase in private equity transactions has significantly increased the number of employees, whose jobs are ultimately controlled by equity funds, and Community employment law (in particular, Directive 2001/23/EC) *was formulated when this was not so,*

Amendment

M. Whereas the recent increase in private equity transactions has significantly increased the number of employees whose jobs are ultimately controlled by equity funds, *due regard should be given to existing national employment laws,* and Community employment law (in particular, Directive 2001/23/EC) *on the basis of fair*

*and appropriate treatment of all
economic actors with similar
responsibilities towards employees,*

Or. en

Amendment 62
John Purvis

Motion for a resolution
Recital N

Motion for a resolution

N. whereas *in the event of* extreme debt loads, *private equity leveraged buy-outs* affect the viability of *the target* companies,

Amendment

N. whereas extreme debt loads *can* affect the viability of companies,

Or. en

Amendment 63
Kurt Joachim Lauk

Motion for a resolution
Recital N

Motion for a resolution

N. whereas in the event of extreme debt loads, *private equity leveraged buy-outs* affect the viability of *the target* companies,

Amendment

N. whereas in the event of extreme debt loads, companies *present a higher risk profile*,

Or. en

Amendment 64
Piia-Noora Kauppi

Motion for a resolution
Recital N

Motion for a resolution

N. whereas in the event of extreme debt loads, ***private equity leveraged buy-outs affect the viability of the target companies,***

Amendment

N. whereas in the event of extreme debt loads, ***companies present a higher risk profile,***

Or. en

Amendment 65

Sharon Bowles and Wolf Klinz

Motion for a resolution

Recital N

Motion for a resolution

N. whereas in the ***event of extreme debt loads,*** private equity leveraged buy-outs affect the viability of the target companies,

Amendment

N. whereas in the ***minority instances of extreme debt,*** private equity leveraged buy-outs affect the viability of the target companies,

Or. en

Amendment 66

José Manuel García-Margallo y Marfil

Motion for a resolution

Recital N

Motion for a resolution

N. whereas in the event of extreme debt loads, private equity leveraged buy-outs affect the viability of the target companies,

Amendment

N. whereas in the event of extreme debt loads, private equity leveraged buy-outs ***may come to*** affect the viability of the target companies,

Or. es

Amendment 67
Astrid Lulling

Motion for a resolution
Recital N

Motion for a resolution

N. whereas in the event of extreme debt loads, private equity leveraged buy-outs affect the viability of the target companies,

Amendment

N. whereas in the event of extreme debt loads, private equity leveraged buy-outs ***may*** affect the viability of the target companies,

Or. en

Amendment 68
Sahra Wagenknecht

Motion for a resolution
Recital N a (new)

Motion for a resolution

Amendment

Na. whereas laws and regulations for private equity are needed which prevent damaging practices such as the asset-stripping of viable companies,

Or. en

Amendment 69
Kurt Joachim Lauk

Motion for a resolution
Recital O

Motion for a resolution

O. whereas there are many conflicts of interest either arising from the business model of private equity or hedge funds or from the relationships between those vehicles and other actors in financial markets,

Amendment

deleted

Amendment 70
John Purvis

Motion for a resolution
Recital O

Motion for a resolution

O. whereas there are many conflicts of interest either arising from the business model of private equity or hedge funds or from the relationships between those vehicles and other actors in financial markets,

Amendment

deleted

Amendment 71
Piia-Noora Kauppi

Motion for a resolution
Recital O

Motion for a resolution

O. whereas *there are many* conflicts of interest *either* arising from the business *model of private equity or hedge funds or from the relationships between those vehicles and other actors in financial markets,*

Amendment

O. whereas *potential* conflicts of interest arising from the business of *hedge funds and private equity are covered by the Market abuse Directive (2003/6/EC); whereas guidelines on the management of conflicts of interest covering hedge funds and private equity also exist, including at global level, such as the IOSCO principles for the management of conflicts of interest by Collective Investment Schemes and market intermediaries,*

Amendment 72
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital O

Motion for a resolution

O. whereas there are *many* conflicts of interest *either arising from the business model of private equity or hedge funds or from the relationships between those vehicles* and other actors in financial markets,

Amendment

O. whereas, as with other entities, there *can be* conflicts of interest arising from the relationships between private equity and hedge funds and other actors in financial markets, *however, reiterates that while welcoming realistic efforts to enhance existing EU legislation, such efforts must not be restricted solely to hedge funds and private equity*;

Or. en

Amendment 73
Thomas Mann

Motion for a resolution
Recital O

Motion for a resolution

O. whereas *there are many* conflicts of interest *either arising from the business model of private equity or hedge funds or from the relationships between those vehicles* and other actors in financial markets,

Amendment

O. whereas conflicts of interest *between* private equity or hedge funds and other actors in financial markets *can arise*,

Or. de

Amendment 74
José Manuel García-Margallo y Marfil

Motion for a resolution
Recital O

Motion for a resolution

O. whereas ***there are many*** conflicts of interest either ***arising*** from the business model of private equity or hedge funds or from the relationships between those vehicles and other actors in financial markets,

Amendment

O. whereas conflicts of interest ***may arise*** either from the business model of private equity or hedge funds or from the relationships between those vehicles and other actors in financial markets,

Or. es

Amendment 75

Astrid Lulling

Motion for a resolution

Recital O

Motion for a resolution

O. whereas there ***are many*** conflicts of interest either arising from the business model of private equity or hedge funds or from the relationships between those vehicles and other actors in financial markets,

Amendment

O. whereas there ***might be*** conflicts of interest either arising from the business model of private equity or hedge funds or from the relationships between those vehicles and other actors in financial markets,

Or. en

Amendment 76

Sahra Wagenknecht

Motion for a resolution

Recital O a (new)

Motion for a resolution

Oa. whereas there are widely held suspicions that hedge funds are disproportionately involved in insider trading, because they are perceived as secretive, because they are heavy users of derivative markets (especially over-the-counter derivatives where monitoring of

Amendment

*trading by authorities is more difficult)
and because their incentive arrangements
encourage such behaviour,*

Or. en

Amendment 77
Kurt Joachim Lauk

Motion for a resolution
Recital P

Motion for a resolution

Amendment

*P. whereas whilst there is no evidence that
those vehicles caused the current
financial crisis, they have been involved
in the business of non-regulated and
highly complex structured products;
whereas not being adequately capitalised
and thus volatile to turbulences, those
vehicles enhanced the crisis,*

deleted

Or. en

Amendment 78
Eoin Ryan

Motion for a resolution
Recital P

Motion for a resolution

Amendment

P. whereas *whilst* there is no evidence that
those vehicles caused the current financial
crisis, *they have been involved in the
business of non-regulated and highly
complex structured products; whereas not
being adequately capitalised and thus
volatile to turbulences, those vehicles
enhanced the crisis,*

P. whereas there is no evidence that those
vehicles caused the current financial crisis,

Or. en

Amendment 79
John Purvis

Motion for a resolution
Recital P

Motion for a resolution

P. whereas ***whilst*** there is no evidence that those vehicles caused the current financial crisis, ***they have been involved in the business of non-regulated and highly complex structured products; whereas not being adequately capitalised and thus volatile to turbulences, those vehicles enhanced the crisis,***

Amendment

P. whereas there is no evidence that those vehicles caused the current financial crisis,

Or. en

Amendment 80
José Manuel García-Margallo y Marfil

Motion for a resolution
Recital P

Motion for a resolution

P. whereas whilst ***there is no evidence that those*** vehicles caused the current financial crisis, they ***have been involved in the business of*** non-regulated and highly complex structured products; ***whereas not being adequately capitalised and thus volatile to turbulences, those vehicles enhanced the crisis,***

Amendment

P. whereas whilst ***these*** vehicles ***did not cause*** the current financial crisis, they ***trade in*** non-regulated and highly complex structured products,

Or. es

Amendment 81
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital P

Motion for a resolution

P. whereas ***whilst*** there is no evidence that those vehicles caused the current financial crisis, ***they have been involved in the business of non-regulated and highly complex structured products; whereas not being adequately capitalised and thus volatile to turbulences, those vehicles enhanced*** the crisis,

Amendment

P. whereas there is no evidence that those vehicles caused the current financial crisis, ***hedge funds were amongst the investors in the*** complex structured products ***that were subject to the credit crisis, and thus incurred losses as did other investors,***

Or. en

Amendment 82

Piia-Noora Kauppi

Motion for a resolution

Recital P

Motion for a resolution

P. whereas whilst there is no evidence that those vehicles caused the current financial crisis, they have been involved in the business of non-regulated and highly complex structured products; ***whereas not being adequately capitalised and thus volatile to turbulences, those vehicles enhanced the crisis,***

Amendment

P. whereas whilst there is no evidence that those vehicles caused the current financial crisis, they have been involved in the business of non-regulated and highly complex structured products,

Or. en

Amendment 83

Astrid Lulling

Motion for a resolution

Recital P

Motion for a resolution

P. whereas whilst there is no evidence that those vehicles caused the current financial crisis, they have been involved in the

Amendment

P. whereas whilst there is no evidence that those vehicles caused the current financial crisis, they have been involved in the

business of non-regulated and highly complex structured products; ***whereas not being adequately capitalised and thus volatile to turbulences, those vehicles enhanced the crisis,***

business of non-regulated and highly complex structured products,

Or. en

Amendment 84
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital Q

Motion for a resolution

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, the EU ***needs better, more coherent and harmonised regulation across the board,***

Amendment

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, the EU ***should continue to review the accuracy and coherence of its regulatory standards, taking into account developments at international level,***

Or. en

Amendment 85
Piia-Noora Kauppi

Motion for a resolution
Recital Q

Motion for a resolution

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, ***the EU needs better,*** more

Amendment

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, ***several initiatives are under***

coherent and harmonised regulation across the board,

way, in the EU and at global level, to secure more coherent and harmonised regulation across the board,

Or. en

Amendment 86
Thomas Mann

Motion for a resolution
Recital Q

Motion for a resolution

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, the EU needs better, ***more coherent and harmonised regulation across the board,***

Amendment

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, the EU needs better ***management instruments in the event of failure of the market,***

Or. de

Amendment 87
Zsolt László Becsey

Motion for a resolution
Recital Q

Motion for a resolution

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, the EU needs ***better, more coherent and harmonised regulation across the board.***

Amendment

Q whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, the EU needs ***to establish a common database where business type data (volumes, exposures and leverages) of hedge funds and private equity funds***

must be stored provided that the concerning hedge funds or private equity funds have transacted business with a counterparty domiciled in EU. This common database should lie under the management of the ECB which should calculate at the end of every quarter the EU aggregate index of financial systemic risk caused by activity of hedge funds and private equity funds. If this financial systemic indicator exceeds a certain level of value set by the ECB and supervisors in concert, the EU supervisors would be entitled to take the necessary measures on the basis of the recommendations of the ECB. In this case the measures put in place should be disclosed to the public and carried out in transparent and prudent way for the investors. Careful assessment of crisis situations and appropriate actions on due time are requisites to avoid real economic slump.

Or. en

Amendment 88

John Purvis

Motion for a resolution

Recital Q

Motion for a resolution

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, the EU needs better, more coherent **and harmonised** regulation across the board,

Amendment

Q. whereas in order to minimise the risk of future financial crises and given the strong interactions across markets and between market participants and given the objective of a level playing field across borders and between regulated and unregulated market participants, the EU needs better **and** more coherent regulation across the board,

Or. en

Amendment 89
Sharon Bowles and Wolf Klinz

Motion for a resolution
Recital Q a (new)

Motion for a resolution

Amendment

Qa. whereas the European Parliament welcomes the current work by the European Commission to establish a European Private Placement Regime in order to eliminate obstacles to cross-border distribution for alternative investments,

Or. en

Amendment 90
Kurt Joachim Lauk

Motion for a resolution
Recital Q a (new)

Motion for a resolution

Amendment

Qa. whereas there has been a movement from a commercial bank centred, highly regulated financial system, to an enormously more complicated and highly engineered system,

Or. en

Amendment 91
Kurt Joachim Lauk

Motion for a resolution
Recital Q b (new)

Motion for a resolution

Amendment

Qb. whereas financial crisis typically emerge after a self-reinforcing process of market exuberance marked by too much

*lending and too much borrowing, which
in turn develop in response to underlying
economic imbalances,*

Or. en

Amendment 92
Kurt Joachim Lauk

Motion for a resolution
Recital Q c (new)

Motion for a resolution

Amendment

*Qc. whereas any return to heavily
regulated, bank dominated, nationally
insulated markets is not possible in this
world of an international system with
sophisticated financial techniques,*

Or. en

Amendment 93
Kurt Joachim Lauk

Motion for a resolution
Recital Q d (new)

Motion for a resolution

Amendment

*Qd. whereas due to international markets,
business and individuals regulation and
supervision must take into account
practices elsewhere,*

Or. en

Amendment 94
Kurt Joachim Lauk

Motion for a resolution
Recital Q e (new)

Motion for a resolution

Amendment

Qe. whereas the liquidity of active open markets also encouraged thin capital positions and high leverage,

Or. en

**Amendment 95
Kurt Joachim Lauk**

**Motion for a resolution
Recital Q f (new)**

Motion for a resolution

Amendment

Qf. whereas the rating agencies have a strong reputation to protect; however, it appears that their approach towards rating complex packages of mortgages and loans has suffered not only from the appearance of conflicts of interests, but also from the common difficulty of much financial engineering,

Or. en

**Amendment 96
Kurt Joachim Lauk**

**Motion for a resolution
Recital Q g (new)**

Motion for a resolution

Amendment

Qg. whereas the ECB has the basic responsibility to protect its value and resist chronic pressures towards inflation; granted a high degree of independence in pursuing that responsibility, the ECB should be removed from, and be seen to be removed from, decisions that seem biased to favour particular institutions or

politically sensitive constituencies,

Or. en

Amendment 97

Kurt Joachim Lauk

Motion for a resolution

Recital Q h (new)

Motion for a resolution

Amendment

Qh. whereas the ECB, by reason of its mandate, its prestige, its perceived competence, and most importantly because it is called upon to lend to troubled banks, is advantageously placed to exercise strong and effective oversight of the financial system,

Or. en

Amendment 98

Kurt Joachim Lauk

Motion for a resolution

Recital Q i (new)

Motion for a resolution

Amendment

Qi. whereas a lack of information, asymmetric information and uncertainty are inherent in financial activities,

Or. en

Amendment 99

Sharon Bowles

Motion for a resolution

Recital Q a (new)

Motion for a resolution

Amendment

Qa. whereas there are already market led responses to the recent turmoil, for example among credit rating agencies, that can provide solutions more efficiently than regulation,

Or. en

**Amendment 100
Thomas Mann**

**Motion for a resolution
Recital Q a (new)**

Motion for a resolution

Amendment

Qa. Whereas hedge funds can lead to conflicts of interest in the assessment of complex financial instruments; whereas hedge funds as minority shareholders can influence business strategies and whereas difficulties in hedge funds can have a direct bearing on credit institutions; whereas private equity undertakings have the problem of leveraged buy-out, which can place a disproportionate burden on acquired undertakings,

Or. de

**Amendment 101
Thomas Mann**

**Motion for a resolution
Recital Q b (new)**

Motion for a resolution

Amendment

Qb. whereas with regard to hedge funds and private equity, account should always be taken of the global context, as

institutional investors' financial transactions are not limited to a particular economic area (in this case the EU), so that the creation of new EU supervisory authorities is not justified,

Or. de

Amendment 102
Sharon Bowles and Wolf Klinz

Motion for a resolution
Paragraph 1

Motion for a resolution

Amendment

1. Requests the Commission to submit to Parliament by 30 November 2008, on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, a legislative proposal or proposals on hedge funds, private equity and other relevant actors, following the detailed recommendations below;

deleted

Or. en

Amendment 103
Eoin Ryan

Motion for a resolution
Paragraph 1

Motion for a resolution

Amendment

1. Requests the Commission to submit to Parliament by 30 November 2008, on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, a legislative proposal or proposals on hedge funds, private equity and other relevant actors, following the detailed recommendations below;

deleted

Amendment 104
Astrid Lulling

Motion for a resolution
Paragraph 1

Motion for a resolution

1. Requests the Commission to submit to Parliament by 30 November 2008, ***on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, a legislative proposal or proposals on*** hedge funds, private equity and other relevant actors, following the detailed recommendations below;

Amendment

1. Requests the Commission to submit to Parliament by 30 November 2008, ***a study on*** hedge funds, private equity and other relevant actors, following the detailed recommendations below;

Amendment 105
John Purvis

Motion for a resolution
Paragraph 1

Motion for a resolution

1. ***Requests*** the Commission to ***submit to Parliament by 30 November 2008, on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, a legislative proposal or proposals on*** hedge funds, private equity ***and other relevant actors, following the detailed recommendations below;***

Amendment

1. ***Asks*** the Commission to ***examine whether any further EU legislation specific to*** hedge funds ***and /or*** private equity ***is required and to report to the Parliament in this regard not later than 30th November 2008.***

Amendment 106
Sharon Bowles and Wolf Klinz

Motion for a resolution
Paragraph 1

Motion for a resolution

1. Requests the Commission to submit to Parliament by 30 November 2008, on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, a legislative proposal or proposals **on** hedge funds, private equity and other relevant actors, **following the detailed** recommendations below;

Amendment

1. Requests the Commission to submit to Parliament by 30 November 2008, on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, **options for** a legislative proposal or proposals **inclusive of** hedge funds, private equity and other relevant actors, **taking account of the** recommendations below;

Or. en

Amendment 107
Piia-Noora Kauppi

Motion for a resolution
Paragraph 1

Motion for a resolution

1. Requests the Commission to **submit to Parliament by 30 November 2008**, on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, a legislative proposal or proposals on hedge funds, private equity and other relevant actors, **following the detailed recommendations below**;

Amendment

1. Requests the Commission to **undertake without undue delay, an examination of all existing Community legislation relevant to financial markets in order to identify any lacunae as regards the regulation of hedge funds and private equity and, based on the results of such examination, and** on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, **to submit to Parliament** a legislative proposal or proposals on **amending the existing Directives where necessary to better regulate** hedge funds, private equity and other relevant actors;

Or. en

Amendment 108
Kurt Joachim Lauk

Motion for a resolution
Paragraph 1

Motion for a resolution

1. Requests the Commission to submit to Parliament by 30 November 2008, on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, a legislative proposal or proposals ***on hedge funds, private equity and other relevant actors***, following the detailed recommendations below;

Amendment

1. Requests the Commission to submit to Parliament by 30 November 2008, on the basis of Article 44, Article 47(2), or Article 95 of the EC Treaty, a legislative proposal or proposals ***covering all significant financial market participants and relevant actors including hedge funds and private equity with regard to regulatory completeness, equity requirement across the entire financial system, continued participation of the originators of securitised loans, non-cyclical accounting rules, increase transparency of rating agencies including disclosure of the conflicts of interests, derivative trading on open exchange and the alignment of compensation of actors of the financial system in times of profit as in times of loss*** following the detailed recommendations below;

Or. en

Amendment 109
Piia-Noora Kauppi

Motion for a resolution
Paragraph 3

Motion for a resolution

3. Considers that the financial implications of the requested proposal or proposals should be covered by EU budgetary allocations for (i) the establishment of any EU supervisory authority, (ii) the EU public credit rating agency, and (iii) the EU public

Amendment

deleted

certification body for structured products;

Or. en

Amendment 110

Astrid Lulling

Motion for a resolution

Paragraph 3

Motion for a resolution

Amendment

3. Considers that the financial implications of the requested proposal or proposals should be covered by EU budgetary allocations for (i) the establishment of any EU supervisory authority, (ii) the EU public credit rating agency, and (iii) the EU public certification body for structured products;

deleted

Or. en

Amendment 111

Thomas Mann

Motion for a resolution

Paragraph 3

Motion for a resolution

Amendment

3. Considers that the financial implications of the requested proposal or proposals should be covered by EU budgetary allocations for (i) the establishment of any EU supervisory authority, (ii) the EU public credit rating agency, and (iii) the EU public certification body for structured products;

deleted

Or. de

Amendment 112
Sharon Bowles and Wolf Klinz

Motion for a resolution
Paragraph 3

Motion for a resolution

3. Considers that the financial implications *of the requested proposal or proposals should be covered by EU budgetary allocations for (i) the establishment of any EU supervisory authority, (ii) the EU public credit rating agency, and (iii) the EU public certification body for structured products;*

Amendment

3. Considers that the ***requested proposal(s)*** ***has/have no*** financial implications;

Or. en

Amendment 113
Kurt Joachim Lauk

Motion for a resolution
Paragraph 3

Motion for a resolution

3. Considers that ***the*** financial implications of the requested proposal or proposals should be covered by EU budgetary allocations ***for (i) the establishment of any EU supervisory authority, (ii) the EU public credit rating agency, and (iii) the EU public certification body for structured products;***

Amendment

3. Considers that ***possible*** financial implications of the requested proposal or proposals should be covered by EU budgetary allocations;

Or. en

Amendment 114
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex

**ANNEX TO THE MOTION FOR A
RESOLUTION: DETAILED
RECOMMENDATIONS ON THE
CONTENT OF THE PROPOSAL
REQUESTED**

deleted

***1. Recommendation 1 on Financial
Stability and Better Functioning
Financial Markets Measures***

***The European Parliament considers that
the legislative act to be adopted should
aim to regulate:***

***(a) Capital requirements Investment
firms, insurance companies, credit
institutions, conventional funds (such as
UCITS and pension funds/IORPs) have to
comply with capital requirements.
Whatever the legal structure of hedge
fund and private equity vehicles,
including limited partnerships, the
Commission should ensure that an
appropriate capital requirement is
introduced at the level of the entity that
controls the investment of the fund or
funds concerned (i.e. management firm),
covering all funds regardless of their
place of registration.***

***(b) EU public credit rating agency The
Commission should establish an EU
Public Credit Rating Agency in order to
foster competition and improve
transparency in that sector. The
Commission should also, in its revision of
the Directive 2006/48/EC, introduce a
provision that, where a credit assessment
of an External Credit Assessment
Institution (ECAI) is required for the
calculation of a credit institution's risk-
weighted exposure, the credit assessment
of the EU Public Credit Rating Agency
will also be required.***

***(c) Liquidity The Commission should
introduce risk-weighted capital adequacy
requirements in respect of liquidity risk in***

its revision of the Directive 2006/48/EC.

(d) Valuation The Commission should propose precise rules on the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

(e) Prime brokers The capital requirement of any institution providing prime brokerage services should be increased in line with the complexity and opacity of the structure or nature of the exposures, to which their dealings with hedge funds and private equity expose them. In particular, the provisions of Directives 2006/48/EC and 2006/49/EC should be amended to achieve that result.

(f) Venture capital The Commission should implement, without delay, the policy proposals set out in its communication on Removing obstacles to cross-border investments by venture capital funds, including proposing legislation to provide a harmonised EU-wide framework for venture capital and so to ensure cross-border access to such capital for the SME sector in line with the Lisbon Agenda.

(g) EU supervisory authority The Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation.

2. Recommendation 2 on Transparency Measures

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Registration and authorisation of management companies and funds' managers The Commission should establish an EU framework for the

registration and authorisation of entities that control the investment of hedge funds or private equity (i.e. management firms), which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake business throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure that management firms disclose the following:

- the identity of managers,*
- corporate earnings and bonuses,*
- remuneration of directors, senior executives and other staff with investment responsibilities, and*
- relationships with prime brokers.*

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

(b) Notification (i.e. approval) of wholesale investment vehicles In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive along the lines of the EU-wide private placement regime, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,*
- leverage/debt exposure,*

- *overall fees as well as breakdown of fees (including any stock options awarded to employees),*
- *source and amount of funds raised,*
- *past performance,*
- *risk-management system and portfolio valuation methods,*
- *information on the administrator of the fund, and*
- *share of the fund contributed by the management company and its staff.*

That information should be set out in a uniform format (also to facilitate the database proposal below).

(c) Database The Commission should, with the help of Level 3 Committees, establish an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access. Relevant categories of the database should be public.

(d) Investors The Commission and supervisory authorities should ensure that investors in those vehicles receive not only sufficient but also relevant and comparable information (e.g. the simplified prospectus/fact sheet for UCITS).

(e) Private equity and protection of employees The Commission should propose amendments to Directive 2001/23/EC so that the same protections afforded employees by that Directive, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

3. Recommendation 3 on Excessive Debt

Measures

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Limits on leverage for private equity

The Commission should amend Directive 77/91/EEC on capital to introduce rules to specify the appropriate level of debt at any given time in relation to the target company bearing in mind the legitimate rights of important stakeholders (including employees); in conjunction with such level, the Commission should request the Member States to introduce taxation consequences for private equity funds in cases of excessive debt; such taxation consequences could include eliminating or reducing the tax deductibility of interest payments on the debt concerned in line with best practices in Member States.

(b) Capital depletion The Commission should amend Directive 77/91/EEC on capital to set minimum capital levels for the target company by reference to the long-term interests of the target company. The Commission should also, without delay, propose rules to harmonise requirements for directors of the target company (i.e. management and supervisory board members), to certify that capital outflow (including any fees paid) is in the best long-term interests of the target company, including its long-term growth and R&D needs. In particular, EU corporate governance requirements, such as the provisions of the Directive 1978/660/EEC, might be amended to achieve that result.

(c) Limits on leverage for hedge funds

The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system.

(d) EU Registration for structured products The Commission should

establish a public register of structured products in the EU.

4. Recommendation 4 on Conflicts of Interest Measures

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Investment banks (prime brokers) - hedge funds and private equity The Commission should assess whether the strengthening of capital requirements for prime brokers (Recommendation 1) deals appropriately with the inherent conflicts of interest between:

- the prime brokers and hedge funds, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via trading services), and

- investment banks and private equity, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via deal related services).

(b) The Commission should also introduce rules to ensure effective Chinese walls between services that investment firms provide for their clients (such as prime brokerage) and all their other business units (including asset management services, proprietary trading etc).

- Private equity The Commission should formulate rules by which to deal with the conflicts of interest between the private equity partners and the management of the target company (and any others who stand to gain from the deal). Those rules should include a requirement of public disclosure of any fees or other incentives received by directors (i.e. management board and supervisory board members) or employees of the target company.

- Credit Rating Agencies (CRAs) The

Commission should formulate rules by which to deal with the conflicts of interest inherent in their current business models, and arising from the interplay among actors in today's financial markets.

- Market access and concentration: the Directorate General for Competition of the Commission should launch an inquiry into market concentration in the following financial services industry sectors: hedge funds, private equity, investment banks (with focus on prime brokerage services) and CRAs.

Or. en

Amendment 115
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – Heading

Motion for a resolution

Amendment

**ANNEX TO THE MOTION FOR A
RESOLUTION: DETAILED
RECOMMENDATIONS ON THE
CONTENT OF THE PROPOSAL
REQUESTED**

**ANNEX TO THE MOTION FOR A
RESOLUTION: DETAILED
RECOMMENDATIONS**

Or. en

Amendment 116
Kurt Joachim Lauk

Motion for a resolution
Annex – recommendation 1

Motion for a resolution

Amendment

**1. Recommendation 1 on Financial
Stability and Better Functioning
Financial Markets Measures**

deleted

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should ensure that an appropriate capital requirement is introduced at the level of the entity that controls the investment of the fund or funds concerned (i.e. management firm), covering all funds regardless of their place of registration.

(b) EU public credit rating agency The Commission should establish an EU Public Credit Rating Agency in order to foster competition and improve transparency in that sector. The Commission should also, in its revision of the Directive 2006/48/EC, introduce a provision that, where a credit assessment of an External Credit Assessment Institution (ECAI) is required for the calculation of a credit institution's risk-weighted exposure, the credit assessment of the EU Public Credit Rating Agency will also be required.

(c) Liquidity The Commission should introduce risk-weighted capital adequacy requirements in respect of liquidity risk in its revision of the Directive 2006/48/EC.

(d) Valuation The Commission should propose precise rules on the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

(e) Prime brokers The capital requirement of any institution providing prime brokerage services should be increased in line with the complexity and opacity of the structure or nature of the exposures, to

which their dealings with hedge funds and private equity expose them. In particular, the provisions of Directives 2006/48/EC and 2006/49/EC should be amended to achieve that result.

(f) Venture capital The Commission should implement, without delay, the policy proposals set out in its communication on Removing obstacles to cross-border investments by venture capital funds, including proposing legislation to provide a harmonised EU-wide framework for venture capital and so to ensure cross-border access to such capital for the SME sector in line with the Lisbon Agenda.

(g) EU supervisory authority The Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation.

Or. en

Amendment 117

John Purvis

Motion for a resolution

Annex – recommendation 1

Motion for a resolution

Amendment

1. Recommendation 1 on Financial Stability and Better Functioning Financial Markets Measures

deleted

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Capital requirements Investment firms, insurance companies, credit

institutions, conventional funds (such as UCITS and pension funds/TORPs) have to comply with capital requirements.

Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should ensure that an appropriate capital requirement is introduced at the level of the entity that controls the investment of the fund or funds concerned (i.e. management firm), covering all funds regardless of their place of registration.

(b) EU public credit rating agency The Commission should establish an EU Public Credit Rating Agency in order to foster competition and improve transparency in that sector. The Commission should also, in its revision of the Directive 2006/48/EC, introduce a provision that, where a credit assessment of an External Credit Assessment Institution (ECAI) is required for the calculation of a credit institution's risk-weighted exposure, the credit assessment of the EU Public Credit Rating Agency will also be required.

(c) Liquidity The Commission should introduce risk-weighted capital adequacy requirements in respect of liquidity risk in its revision of the Directive 2006/48/EC.

(d) Valuation The Commission should propose precise rules on the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

(e) Prime brokers The capital requirement of any institution providing prime brokerage services should be increased in line with the complexity and opacity of the structure or nature of the exposures, to which their dealings with hedge funds and private equity expose them. In particular, the provisions of Directives 2006/48/EC and 2006/49/EC should be amended to achieve that result.

(f) Venture capital The Commission should implement, without delay, the policy proposals set out in its communication on Removing obstacles to cross-border investments by venture capital funds, including proposing legislation to provide a harmonised EU-wide framework for venture capital and so to ensure cross-border access to such capital for the SME sector in line with the Lisbon Agenda.

(g) EU supervisory authority The Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation.

Or. en

Amendment 118

Astrid Lulling

Motion for a resolution

Annex – recommendation 1 – paragraph 1

Motion for a resolution

The European Parliament considers that the legislative act to be adopted should aim to regulate:

Amendment

The European Parliament considers that the study should cover the following points:

Or. en

Amendment 119

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex, recommendation 1, paragraph 1

Motion for a resolution

The European Parliament considers that the legislative act to be adopted should aim to regulate:

Amendment

The European Parliament calls on the Commission to consider the following regulatory and legislative options:

Or. en

Amendment 120

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 1 – point a

Motion for a resolution

(a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should ensure that an appropriate capital requirement is introduced at the level of the entity that controls the investment of the fund or funds concerned (i.e. management firm), covering all funds regardless of their place of registration.

Amendment

deleted

Or. en

Amendment 121

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 1 – point a

Motion for a resolution

(a) Capital requirements Investment firms,

Amendment

(a) Capital requirements Investment firms,

insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. *Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should ensure that an appropriate capital requirement is introduced at the level of the entity that controls the investment of the fund or funds concerned (i.e. management firm), covering all funds regardless of their place of registration.*

insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. *The Commission should ensure that appropriate capital requirements continue to be risk based, not entity based. Consideration as to the adherence of codes of conduct may be taken into account by supervisors.*

Or. en

Amendment 122

Astrid Lulling

Motion for a resolution

Annex – recommendation 1 – point a

Motion for a resolution

(a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should **ensure** that an appropriate capital requirement is introduced at the level of the entity that controls the investment of the fund or funds concerned (*i.e. management firm*), covering all funds regardless of their place of registration.

Amendment

(a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should **consider ensuring** that an appropriate capital requirement is introduced at the level of the entity that controls the investment of the fund or funds concerned, covering all funds regardless of their place of registration. ***These capital requirements should nevertheless not be additional requirements to already existing rules and in no case be regarded as a guarantee in case of any fund failure.***

Or. en

Amendment 123
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 1 – point a

Motion for a resolution

(a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. ***Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should ensure that*** an appropriate capital requirement ***is*** introduced at the level of the entity that controls the investment of the fund or funds concerned (i.e. management firm), ***covering all funds regardless of their place of registration.***

Amendment

(a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. ***The Commission could examine the need for*** an appropriate capital requirement ***to be*** introduced at the level of the entity that controls the investment of the fund or funds concerned (i.e. management firm) ***and the implications thereof.***

Or. en

Amendment 124
Eoin Ryan

Motion for a resolution
Annex – recommendation 1 – point a

Motion for a resolution

(a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. ***Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should ensure that*** an appropriate capital requirement ***is*** introduced at the level of the entity that controls the investment of the fund or funds concerned (i.e. management firm), ***covering all funds regardless of their***

Amendment

(a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. ***The Commission could examine the need for*** an appropriate capital requirement at the level of the entity that controls the investment of the fund or funds concerned (i.e. management firm).

place of registration.

Or. en

Amendment 125

José Manuel García-Margallo y Marfil

Motion for a resolution

Annex – recommendation 1 – point a

Motion for a resolution

a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should ensure that an appropriate capital requirement is introduced at the level of the entity that ***controls*** the investment of the fund or funds concerned (i.e. management firm), covering all funds regardless of their place of registration.

Amendment

a) Capital requirements Investment firms, insurance companies, credit institutions, conventional funds (such as UCITS and pension funds/IORPs) have to comply with capital requirements. Whatever the legal structure of hedge fund and private equity vehicles, including limited partnerships, the Commission should ensure that an appropriate capital requirement is introduced at the level of the entity that ***is responsible for*** the investment of the fund or funds concerned (i.e. management firm), covering all funds regardless of their place of registration.

Or. es

Amendment 126

Peter Skinner

Motion for a resolution

Annex – recommendation 1 – point b

Motion for a resolution

(b) EU public credit rating agency The Commission should establish an EU Public Credit Rating Agency in order to foster competition and improve transparency in that sector. The Commission should also, in its revision of the Directive 2006/48/EC, introduce a

Amendment

deleted

provision that, where a credit assessment of an External Credit Assessment Institution (ECAI) is required for the calculation of a credit institution's risk-weighted exposure, the credit assessment of the EU Public Credit Rating Agency will also be required.

Or. en

Amendment 127
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 1 – point b

Motion for a resolution

Amendment

(b) EU public credit rating agency The Commission should establish an EU Public Credit Rating Agency in order to foster competition and improve transparency in that sector. The Commission should also, in its revision of the Directive 2006/48/EC, introduce a provision that, where a credit assessment of an External Credit Assessment Institution (ECAI) is required for the calculation of a credit institution's risk-weighted exposure, the credit assessment of the EU Public Credit Rating Agency will also be required. *deleted*

Or. en

Amendment 128
Thomas Mann

Motion for a resolution
Annex – recommendation 1 – point b

Motion for a resolution

Amendment

(b) EU public credit rating agency The *deleted*

Commission should establish an EU Public Credit Rating Agency in order to foster competition and improve transparency in that sector. The Commission should also, in its revision of the Directive 2006/48/EC, introduce a provision that, where a credit assessment of an External Credit Assessment Institution (ECAI) is required for the calculation of a credit institution's risk-weighted exposure, the credit assessment of the EU Public Credit Rating Agency will also be required.

Or. de

Amendment 129
Astrid Lulling

Motion for a resolution
Annex – recommendation 1 – point b

Motion for a resolution

Amendment

(b) EU public credit rating agency The Commission should establish an EU Public Credit Rating Agency in order to foster competition and improve transparency in that sector. The Commission should also, in its revision of the Directive 2006/48/EC, introduce a provision that, where a credit assessment of an External Credit Assessment Institution (ECAI) is required for the calculation of a credit institution's risk-weighted exposure, the credit assessment of the EU Public Credit Rating Agency will also be required.

deleted

Or. en

Amendment 130
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 1 – point b

Motion for a resolution

(b) EU public credit rating agency The Commission should *establish an EU Public Credit Rating Agency in order to foster competition and improve transparency in that sector. The Commission should also, in its revision of the Directive 2006/48/EC, introduce a provision that, where a credit assessment of an External Credit Assessment Institution (ECAI) is required for the calculation of a credit institution's risk-weighted exposure, the credit assessment of the EU Public Credit Rating Agency will also be required.*

Amendment

(b) Hedge funds and private equity The Commission should *undertake an examination of all existing Community legislation relevant to financial markets in order to identify any lacunae as regards the regulation of hedge funds and private equity and, based on the results of such examination, to submit to Parliament a legislative proposal or proposals on amending the existing Directives where necessary to better regulate hedge funds, private equity and other relevant actors;*

Or. en

Amendment 131
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – recommendation 1 – point b

Motion for a resolution

(b) EU public credit rating agency The Commission should *establish an EU Public Credit Rating Agency in order to foster competition and improve transparency in that sector. The Commission should also, in its revision of the Directive 2006/48/EC, introduce a provision that, where a credit assessment of an External Credit Assessment Institution (ECAI) is required for the calculation of a credit institution's risk-weighted exposure, the credit assessment of the EU Public Credit Rating Agency*

Amendment

(b) Credit rating agencies The Commission should *take necessary measures in order to foster competition and improve transparency in that sector and continue its work with the competent international bodies.*

will also be required.

Or. en

Amendment 132

Eoin Ryan

Motion for a resolution

Annex – recommendation 1 – point c

Motion for a resolution

Amendment

(c) Liquidity The Commission should introduce risk-weighted capital adequacy requirements in respect of liquidity risk in its revision of the Directive 2006/48/EC.

deleted

Or. en

Amendment 133

Piia-Noora Kauppi

Motion for a resolution

Annex – recommendation 1 – point c

Motion for a resolution

Amendment

(c) Liquidity The Commission should introduce risk-weighted capital adequacy requirements in respect of liquidity risk in its revision of the Directive 2006/48/EC.

deleted

Or. en

Amendment 134

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 1 – point c

Motion for a resolution

(c) Liquidity The Commission should ***introduce risk-weighted capital adequacy requirements in respect of liquidity risk in its revision of the Directive 2006/48/EC.***

Amendment

(c) Liquidity The Commission should ***continue its work with the competent international bodies with a view to setting internationally applicable principles for the management of liquidity.***

Or. en

Amendment 135

Astrid Lulling

Motion for a resolution

Annex – recommendation 1 – point c

Motion for a resolution

(c) Liquidity The Commission should ***introduce*** risk-weighted capital adequacy requirements in respect of liquidity risk in its revision of the Directive 2006/48/EC.

Amendment

(c) Liquidity The Commission should ***consider*** risk-weighted capital adequacy requirements in respect of liquidity risk in its revision of the Directive 2006/48/EC.

Or. en

Amendment 136

John Purvis

Motion for a resolution

Annex – recommendation 1 – point d

Motion for a resolution

(d) Valuation ***The Commission should propose precise rules on the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.***

Amendment

deleted

Or. en

Amendment 137
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 1 – point d

Motion for a resolution

(d) Valuation The Commission should ***propose precise rules on the*** valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

Amendment

(d) Valuation The Commission should ***examine how to best promote better*** valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets, ***taking into account the various initiatives on valuation currently underway in the EU and globally.***

Or. en

Amendment 138
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – recommendation 1 – point d

Motion for a resolution

(d) Valuation The Commission should ***propose precise rules on*** the valuation of illiquid financial instruments in order better to protect investors and the stability

Amendment

(d) Valuation The Commission should ***continue its work with the competent international bodies with regard to resolving the difficulties in*** the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

Or. en

Amendment 139
Thomas Mann

Motion for a resolution
Annex – recommendation 1 – point d

Motion for a resolution

(d) Valuation The Commission should ***propose precise*** rules on the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

Amendment

(d) Valuation The Commission, ***in cooperation with the international standards bodies***, should ***discuss sector-specific general*** rules on the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

Or. de

Amendment 140

Astrid Lulling

Motion for a resolution

Annex – recommendation 1 – point d

Motion for a resolution

(d) Valuation The Commission should ***propose*** precise rules on the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

Amendment

(d) Valuation The Commission should ***consider ways for the introduction of*** precise rules on the valuation of illiquid financial instruments in order better to protect investors and the stability of financial markets.

Or. en

Amendment 141

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 1 – point e

Motion for a resolution

(e) Prime brokers ***The capital requirement of any institution providing prime brokerage services should be increased in line with the complexity and opacity of the structure or nature of the exposures, to which their dealings with hedge funds***

Amendment

deleted

and private equity expose them. In particular, the provisions of Directives 2006/48/EC and 2006/49/EC should be amended to achieve that result.

Or. en

Amendment 142
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 1 – point e

Motion for a resolution

Amendment

(e) Prime brokers The capital requirement of any institution providing prime brokerage services should be increased in line with the complexity and opacity of the structure or nature of the exposures, to which their dealings with hedge funds and private equity expose them. In particular, the provisions of Directives 2006/48/EC and 2006/49/EC should be amended to achieve that result. *deleted*

Or. en

Amendment 143
Eoin Ryan

Motion for a resolution
Annex – recommendation 1 – point e

Motion for a resolution

Amendment

(e) Prime brokers The capital requirement of any institution providing prime brokerage services should be increased in line with the complexity and opacity of the structure or nature of the exposures, to which their dealings with hedge funds and private equity expose them. In particular, the provisions of Directives *deleted*

2006/48/EC and 2006/49/EC should be amended to achieve that result.

Or. en

Amendment 144
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 1 – point f

Motion for a resolution

(f) Venture capital The Commission should implement, without delay, the policy proposals set out in its communication on Removing obstacles to cross-border investments by venture capital funds, including proposing legislation to provide a harmonised EU-wide framework for venture capital and so to ensure cross-border access to such capital for the SME sector in line with the Lisbon Agenda.

Amendment

(f) Venture capital The Commission should implement, without delay, the policy proposals set out in its communication on Removing obstacles to cross-border investments by venture capital funds, including proposing legislation to provide a harmonised EU-wide framework for venture capital and so to ensure cross-border access to such capital for the SME sector in line with the Lisbon Agenda. ***The proposed harmonised EU-framework should be in line with principles of good regulation and avoid additional legal, fiscal and administrative complexities at EU level.***

Or. en

Amendment 145
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 1 – point g

Motion for a resolution

(g) EU supervisory authority ***The Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should***

Amendment

deleted

further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation.

Or. en

Amendment 146
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – recommendation 1 – point g

Motion for a resolution

Amendment

(g) EU supervisory authority The Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation. *deleted*

Or. en

Amendment 147
Thomas Mann

Motion for a resolution
Annex – recommendation 1 – point g

Motion for a resolution

Amendment

(g) EU supervisory authority The Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation). *deleted*

Amendment 148
Astrid Lulling

Motion for a resolution
Annex – recommendation 1 – point g

Motion for a resolution

Amendment

(g) EU supervisory authority The *deleted*
Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation.

Amendment 149
Eoin Ryan

Motion for a resolution
Annex – recommendation 1 – point g

Motion for a resolution

Amendment

(g) EU supervisory authority The *deleted*
Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation.

Amendment 150

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 1 – point g

Motion for a resolution

(g) EU supervisory authority The Commission should ***establish a European supervisor*** covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be ***two such European supervisors: one*** for prudential regulation and ***another for*** conduct of business regulation.

Amendment

(g) EU supervisory authorities The Commission should ***review the adequacy and capacity of European Supervisory structures in the ongoing debate on the future of supervision*** covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be ***a radical overhaul of the current supervisory architecture or simple adjustments to the existing Lamfalussy structure and to what extent approaches must differ*** for prudential regulation and conduct of business regulation.

Or. en

Amendment 151

Zsolt László Becsey

Motion for a resolution

Annex – recommendation 1 – point g

Motion for a resolution

(g) EU supervisory authority The Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. It should further be established whether there should be two such European supervisors: one for prudential regulation and another for conduct of business regulation.

Amendment

(g) EU supervisory authority The Commission should establish a European supervisor covering all financial services sectors: capital markets, securities, insurance and banking sectors. ***The common database referred to in point c of Annex 2 should lie under the management of the ECB which should calculate at the end of every quarter the EU aggregate index of financial systemic risk caused by activity of hedge funds and private equity funds. If this financial systemic indicator exceeds a certain level***

of value set by the ECB and supervisors in concert, the EU supervisors would be entitled to take the necessary measures on the basis of the recommendations of the ECB under close surveillance of European Parliament. In this case the measures put in place should be disclosed to the public and carried out in transparent and prudent way for the investors. Careful assessment of crisis situations and appropriate actions on due time are requisites to avoid real economic slump.

Or. en

Amendment 152
Kurt Joachim Lauk

Motion for a resolution
Annex – recommendation 2

Motion for a resolution

Amendment

2. Recommendation 2 on Transparency Measures

deleted

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Registration and authorisation of management companies and funds' managers The Commission should establish an EU framework for the registration and authorisation of entities that control the investment of hedge funds or private equity (i.e. management firms), which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake business throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure that management firms disclose the following:

- *the name and domicile of funds they control,*
- *the identity of managers,*
- *corporate earnings and bonuses,*
- *remuneration of directors, senior executives and other staff with investment responsibilities, and*
- *relationships with prime brokers.*

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

***(b) Notification (i.e. approval) of wholesale investment vehicles** In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive along the lines of the EU-wide private placement regime, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:*

- *general investment strategy and immediate information on any changes thereto,*
- *leverage/debt exposure,*
- *overall fees as well as breakdown of fees (including any stock options awarded to employees),*
- *source and amount of funds raised,*
- *past performance,*
- *risk-management system and portfolio valuation methods,*
- *information on the administrator of the*

fund, and

- share of the fund contributed by the management company and its staff.

That information should be set out in a uniform format (also to facilitate the database proposal below).

(c) Database The Commission should, with the help of Level 3 Committees, establish an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access. Relevant categories of the database should be public.

(d) Investors The Commission and supervisory authorities should ensure that investors in those vehicles receive not only sufficient but also relevant and comparable information (e.g. the simplified prospectus/fact sheet for UCITS).

(e) Private equity and protection of employees The Commission should propose amendments to Directive 2001/23/EC so that the same protections afforded employees by that Directive, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

Or. en

Amendment 153

John Purvis

Motion for a resolution

Annex – recommendation 2

2. Recommendation 2 on Transparency Measures **deleted**

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Registration and authorisation of management companies and funds' managers The Commission should establish an EU framework for the registration and authorisation of entities that control the investment of hedge funds or private equity (i.e. management firms), which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake business throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure that management firms disclose the following:

- the name and domicile of funds they control,*
- the identity of managers,*
- corporate earnings and bonuses,*
- remuneration of directors, senior executives and other staff with investment responsibilities, and*
- relationships with prime brokers.*

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

(b) Notification (i.e. approval) of wholesale investment vehicles In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive along the lines of the EU-wide private placement regime, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single

entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,*
- leverage/debt exposure,*
- overall fees as well as breakdown of fees (including any stock options awarded to employees),*
- source and amount of funds raised,*
- past performance,*
- risk-management system and portfolio valuation methods,*
- information on the administrator of the fund, and*
- share of the fund contributed by the management company and its staff.*

That information should be set out in a uniform format (also to facilitate the database proposal below).

(c) Database The Commission should, with the help of Level 3 Committees, establish an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access. Relevant categories of the database should be public.

(d) Investors The Commission and supervisory authorities should ensure that investors in those vehicles receive not only sufficient but also relevant and comparable information (e.g. the

simplified prospectus/fact sheet for UCITS).

(e) Private equity and protection of employees The Commission should propose amendments to Directive 2001/23/EC so that the same protections afforded employees by that Directive, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

Or. en

Amendment 154

Astrid Lulling

Motion for a resolution

Annex – recommendation 2 – paragraph 1

Motion for a resolution

The European Parliament considers that the legislative act to be adopted should aim to regulate:

Amendment

The European Parliament considers that the study should cover the following points:

Or. en

Amendment 155

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 2 – paragraph 1

Motion for a resolution

The European Parliament considers that the legislative act to be adopted should aim to regulate:

Amendment

The European Parliament calls on the Commission to consider the following regulatory and legislative options

Or. en

Amendment 156
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – recommendation 2 – point a

Motion for a resolution

Amendment

(a) Registration and authorisation of management companies and funds' managers *deleted*
The Commission should establish an EU framework for the registration and authorisation of entities that control the investment of hedge funds or private equity (i.e. management firms), which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake business throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure that management firms disclose the following:

- the name and domicile of funds they control,***
- the identity of managers,***
- corporate earnings and bonuses,***
- remuneration of directors, senior executives and other staff with investment***
- relationships with prime brokers.***

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

Or. en

Amendment 157
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 2 – point a

(a) Registration and authorisation of management companies and funds' managers *deleted*

The Commission should establish an EU framework for the registration and authorisation of entities that control the investment of hedge funds or private equity (i.e. management firms), which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake business throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure that management firms disclose the following:

- the name and domicile of funds they control,*
- the identity of managers,*
- corporate earnings and bonuses,*
- remuneration of directors, senior executives and other staff with investment responsibilities, and*
- relationships with prime brokers.*

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

Or. en

Amendment 158

Eoin Ryan

Motion for a resolution

Annex – recommendation 2 – point a

(a) Registration and authorisation of management companies and funds' managers *deleted*

The Commission should establish an EU framework for the

registration and authorisation of entities that control the investment of hedge funds or private equity (i.e. management firms), which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake business throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure that management firms disclose the following:

- the name and domicile of funds they control,*
- the identity of managers,*
- corporate earnings and bonuses,*
- remuneration of directors, senior executives and other staff with investment responsibilities, and*
- relationships with prime brokers.*

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

Or. en

Amendment 159

Astrid Lulling

Motion for a resolution

Annex – recommendation 2 – point a

Motion for a resolution

(a) Registration and authorisation of management companies and funds' managers The Commission should establish an EU framework for the registration and authorisation of entities that control the investment of hedge funds or private equity (*i.e. management firms*), which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake

Amendment

(a) Registration and authorisation of management companies and funds' managers The Commission should establish an EU framework for the registration and authorisation of entities that control the investment of hedge funds or private equity *for non-retail investors*, which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake

business throughout the EU. *In order to promote a well-functioning single European financial market, the Commission should ensure that management firms disclose the following:*

- *the name and domicile of funds they control,*
- *the identity of managers,*
- *corporate earnings and bonuses,*
- *remuneration of directors, senior executives and other staff with investment responsibilities, and*
- *relationships with prime brokers.*

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

business throughout the EU.

Or. en

Amendment 160

Thomas Mann

Motion for a resolution

Annex – recommendation 2 – point a

Motion for a resolution

(a) Registration and authorisation of management companies and funds' managers The Commission should establish *an EU* framework for the registration and authorisation of entities that control the investment of hedge funds or private equity (i.e. management firms), *which should function on a single entry point basis: once authorised, the entities concerned should have access to undertake business throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure that management firms disclose the following:*

- the name and domicile of funds they

Amendment

(a) Registration and authorisation of management companies and funds' managers The Commission should *seek to* establish *a global* framework for the registration and authorisation of entities that control the investment of hedge funds or private equity (i.e. management firms). *The* Commission should ensure that management firms disclose the following:

- the name and domicile of funds they

control,

- the identity of managers,

- corporate earnings and bonuses,

- *remuneration of directors, senior executives and other staff with investment responsibilities*, and

- relationships with prime brokers.

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

control,

- the identity *and qualifications* of managers

- corporate earnings and bonuses,

- *nature and scope of risk management*, and

- relationships with prime brokers.

That information should be set out in a uniform format (also to facilitate the proposal for a database below).

Or. de

Amendment 161

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 2 – point b

Motion for a resolution

(b) Notification (i.e. approval) of wholesale investment vehicles. In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive along the lines of the EU-wide private placement regime, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes

Amendment

deleted

thereto,

- leverage/debt exposure,*
- overall fees as well as breakdown of fees (including any stock options awarded to employees),*
- source and amount of funds raised,*
- past performance,*
- risk-management system and portfolio valuation methods,*
- information on the administrator of the fund, and*
- share of the fund contributed by the management company and its staff.*

That information should be set out in a uniform format (also to facilitate the database proposal below).

Or. en

Amendment 162
Eoin Ryan

Motion for a resolution
Annex – recommendation 2 – point b

Motion for a resolution

Amendment

(b) Notification (i.e. approval) of wholesale investment vehicles In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive along the lines of the EU-wide private placement regime, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European

deleted

financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,*
- leverage/debt exposure,*
- overall fees as well as breakdown of fees (including any stock options awarded to employees),*
- source and amount of funds raised,*
- past performance,*
- risk-management system and portfolio valuation methods,*
- information on the administrator of the fund, and*
- share of the fund contributed by the management company and its staff.*

That information should be set out in a uniform format (also to facilitate the database proposal below).

Or. en

Amendment 163

José Manuel García-Margallo y Marfil

Motion for a resolution

Annex – recommendation 2 – point b

Motion for a resolution

b) Notification (i.e. approval) of wholesale investment vehicles *In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive along the lines of the EU-wide private placement regime, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single*

Amendment

b) Private equity fund regime: *The Commission should submit a legislative proposal to regulate the private equity fund regime at European level, allowing cross-border distribution of hedge funds to qualified investors. In addition, within the EU-USA dialogue it should encourage adoption of some common rules on hedge funds, to even out the existing imbalances.*

entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,*
- leverage/debt exposure,*
- overall fees as well as breakdown of fees (including any stock options awarded to employees),*
- source and amount of funds raised,*
- past performance,*
- risk-management system and portfolio valuation methods,*
- information on the administrator of the fund, and*
- share of the fund contributed by the management company and its staff..*

That information should be set out in a uniform format (also to facilitate the database proposal below).

Or. es

Amendment 164
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 2 – point b

Motion for a resolution

(b) Notification (i.e. approval) of wholesale investment vehicles In order to encourage funds to be located onshore in the EU, the Commission should propose a

Amendment

(b) Private Placement Regime The Commission should submit a legislative proposal for the establishment of a European Private Placement Regime

separate directive along the lines of the EU-wide private placement regime, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,*
- leverage/debt exposure,*
- overall fees as well as breakdown of fees (including any stock options awarded to employees),*
- source and amount of funds raised,*
- past performance,*
- risk-management system and portfolio valuation methods,*
- information on the administrator of the fund, and*
- share of the fund contributed by the management company and its staff.*

That information should be set out in a uniform format (also to facilitate the database proposal below).

allowing for cross-border distribution of alternative investment products to eligible groups of sophisticated investors.

Or. en

Amendment 165
Thomas Mann

Motion for a resolution
Annex – recommendation 2 – point b

(b) Notification (i.e. approval) of wholesale investment vehicles *In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive along the lines of the EU-wide private placement regime, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:*

- general investment strategy and immediate information on any changes thereto,*
- leverage/debt exposure,*
- overall fees as well as breakdown of fees (including any stock options awarded to employees),,*
- source and amount of funds raised,,*
- past performance,*
- risk-management system and portfolio valuation methods,*
- information on the administrator of the fund, and*
- share of the fund contributed by the management company and its staff..*

That information should be set out in a uniform format (also to facilitate the database proposal below).

(b) Private placement *The Commission should submit a legislative proposal for the establishment of a European private placement regime allowing for cross-border distribution of alternative investment vehicles to eligible groups of sophisticated investors.*

Or. de

Amendment 166

Astrid Lulling

Motion for a resolution

Annex – recommendation 2 – point b

Motion for a resolution

(b) Notification (i.e. approval) of wholesale investment vehicles In order to encourage funds to be located onshore in the EU, the Commission should propose a *separate* directive ***along the lines of the*** EU-wide private placement regime, currently under discussion, ***to apply to the marketing and distribution in the EU of hedge funds and private equity funds***. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,
- ***leverage/debt exposure,***
- ***overall fees as well as breakdown of fees (including any stock options awarded to employees),***
- ***source and amount of funds raised,***
- past performance,
- risk-management system and portfolio valuation methods,
- information on the administrator of the fund, and
- ***share of the fund contributed by the management company and its staff.***

That information should be set out in a uniform format (also to facilitate the database proposal below).

Amendment

(b) Notification (i.e. approval) of wholesale investment vehicles In order to encourage funds to be located onshore in the EU, the Commission should propose a directive ***establishing an*** EU-wide private placement regime, currently under discussion. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional ***or*** institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,
- ***risk incurred by the investment vehicle,***
- past performance ***if available,***
- risk-management system and portfolio valuation methods,
- information on the administrator of the fund, and

That information should be set out in a uniform format (also to facilitate the database proposal below).

Amendment 167
Pervenche Berès

Motion for a resolution
Annex – recommendation 2 – point b

Motion for a resolution

(b) Notification (i.e. approval) of wholesale investment vehicles In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive ***along the lines of the EU-wide private placement regime***, currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,
- leverage/debt exposure,
- overall fees as well as breakdown of fees (including any stock options awarded to employees),
- source and amount of funds raised,
- past performance,
- risk-management system and portfolio valuation methods,
- information on the administrator of the fund, and
- share of the fund contributed by the management company and its staff.

Amendment

(b) Notification (i.e. approval) of wholesale investment vehicles. In order to encourage funds to be located onshore in the EU, the Commission should propose a separate directive currently under discussion, to apply to the marketing and distribution in the EU of hedge funds and private equity funds ***managed by European management companies***. Such a regime should function on a single entry point basis: once authorised, it should be possible to offer those wholesale investment vehicles to professional, institutional investors throughout the EU. In order to promote a well-functioning single European financial market, the Commission should ensure the investment vehicle discloses the following:

- general investment strategy and immediate information on any changes thereto,
- leverage/debt exposure,
- overall fees as well as breakdown of fees (including any stock options awarded to employees),
- source and amount of funds raised,
- past performance,
- risk-management system and portfolio valuation methods,
- information on the administrator of the fund, and
- share of the fund contributed by the management company and its staff.

That information should be set out in a uniform format (also to facilitate the database proposal below).

That information should be set out in a uniform format (also to facilitate the database proposal below).

Or. en

Amendment 168
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 2 – point c

Motion for a resolution

(c) Database The Commission should, with the help of Level 3 Committees, establish an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access. Relevant categories of the database should be public.

Amendment

deleted

Or. en

Amendment 169
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – recommendation 2 – point c

Motion for a resolution

(c)Database The Commission should, with the help of Level 3 Committees, establish an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access.

Amendment

(c)Database Suggests that a one-stop-shop website for codes of conduct be established, including a register of those who comply, their disclosure and explanations of non-compliance; observes that reasons for non-compliance can also be a learning tool; this should be done for the EU and promoted internationally.

Relevant categories of the database should be public.

Or. en

Amendment 170

Astrid Lulling

Motion for a resolution

Annex – recommendation 2 – point c

Motion for a resolution

(c) Database The Commission should, with the help of Level 3 Committees, ***establish*** an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access. Relevant categories of the database should be public.

Amendment

(c) Database The Commission should, with the help of Level 3 Committees, ***consider establishing*** an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access. Relevant categories of the database should be public.

Or. en

Amendment 171

José Manuel García-Margallo y Marfil

Motion for a resolution

Annex – recommendation 2 – point c

Motion for a resolution

c) Database The Commission should, with the help of Level 3 Committees, establish an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access. ***Relevant categories of the database should be public.***

Amendment

c) Database The Commission should, with the help of Level 3 Committees, establish an EU-wide registration/authorisation database recording the information on both management firms and investment vehicles as specified above. The supervisory authorities of all Member States should have unlimited access.

Amendment 172
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 2 – point d

Motion for a resolution

Amendment

(d) Investors The Commission and supervisory authorities should ensure that investors in those vehicles receive not only sufficient but also relevant and comparable information (e.g. the simplified prospectus/fact sheet for UCITS).

deleted

Amendment 173
José Manuel García-Margallo y Marfil

Motion for a resolution
Annex – recommendation 2 – point d

Motion for a resolution

Amendment

d) Investors The Commission *and supervisory authorities* should ensure that investors in those vehicles receive *not only* sufficient *but also* relevant *and comparable* information (e.g. the simplified prospectus/fact sheet for UCITS).

d) Investors The Commission should *examine whether there is a need to* ensure that investors in those vehicles receive sufficient *and* relevant information *on the main features of their investment*.

Amendment 174
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – recommendation 2 – point d

Motion for a resolution

(d) Investors The Commission and supervisory authorities should ensure that investors in those vehicles receive **not only** sufficient **but also** relevant **and comparable** information (*e.g. the simplified prospectus/fact sheet for UCITS*).

Amendment

(d) Investors The Commission and supervisory authorities should ensure that investors in those vehicles receive sufficient **and** relevant information.

Or. en

Amendment 175

Astrid Lulling

Motion for a resolution

Annex – recommendation 2 – point d

Motion for a resolution

(d) Investors The Commission and supervisory authorities should ensure that investors in those vehicles receive not only sufficient but also relevant and comparable information (*e.g. the simplified prospectus/fact sheet for UCITS*).

Amendment

(d) Investors The Commission and supervisory authorities should **consider ways to** ensure that investors in those vehicles receive not only sufficient but also relevant and comparable information (*e.g. the simplified prospectus/fact sheet for UCITS*).

Or. en

Amendment 176

Thomas Mann

Motion for a resolution

Annex – recommendation 2 – point d

Motion for a resolution

(d) Investors The **Commission and** supervisory authorities should ensure that investors in those vehicles receive not only sufficient but also relevant and comparable information (*e.g. the simplified*

Amendment

(d) Investors The supervisory authorities should ensure that investors in those vehicles receive not only sufficient but also relevant and comparable information (*e.g. the simplified prospectus/fact sheet for*

prospectus/fact sheet for UCITS).

UCITS).

Or. de

Amendment 177

John Purvis

Motion for a resolution

Annex – recommendation 2 – point e

Motion for a resolution

Amendment

(e) Private equity and protection of employees The Commission should propose amendments to Directive 2001/23/EC so that the same protections afforded employees by that Directive, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

deleted

Or. en

Amendment 178

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 2 – point e

Motion for a resolution

Amendment

(e) Private equity and protection of employees The Commission should propose amendments to Directive 2001/23/EC so that the **same** protections afforded employees by that Directive, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

(e) Private equity and protection of employees The Commission should **evaluate and if necessary amend** Directive 2001/23/EC so that the protections afforded employees by that Directive, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

Amendment 179

Astrid Lulling

Motion for a resolution

Annex – recommendation 2 – point e

Motion for a resolution

(e) Private equity and protection of employees The Commission should **propose** amendments to Directive 2001/23/EC so that the same protections afforded employees by that Directive, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

Amendment

(e) Private equity and protection of employees The Commission should **consider** amendments to Directive 2001/23/EC so that the same protections afforded employees by that Directive, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

Amendment 180

Piia-Noora Kauppi

Motion for a resolution

Annex – recommendation 2 – point e

Motion for a resolution

(e) Private equity and protection of employees The Commission should **propose amendments to** Directive 2001/23/EC **so that the same protections afforded employees by that Directive**, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction.

Amendment

(e) Private equity and protection of employees The Commission should **ensure that** Directive 2001/23/EC, including the right to be informed and consulted, apply whenever control of the undertaking or business concerned is transferred by means of a private equity transaction **by any investors, including private equity and hedge funds**.

Amendment 181
Kurt Joachim Lauk

Motion for a resolution
Annex – recommendation 3

Motion for a resolution

Amendment

3. Recommendation 3 on Excessive Debt Measures **deleted**

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Limits on leverage for private equity The Commission should amend Directive 77/91/EEC on capital to introduce rules to specify the appropriate level of debt at any given time in relation to the target company bearing in mind the legitimate rights of important stakeholders (including employees); in conjunction with such level, the Commission should request the Member States to introduce taxation consequences for private equity funds in cases of excessive debt; such taxation consequences could include eliminating or reducing the tax deductibility of interest payments on the debt concerned in line with best practices in Member States.

(b) Capital depletion The Commission should amend Directive 77/91/EEC on capital to set minimum capital levels for the target company by reference to the long-term interests of the target company. The Commission should also, without delay, propose rules to harmonise requirements for directors of the target company (i.e. management and supervisory board members), to certify that capital outflow (including any fees paid) is in the best long-term interests of the target company, including its long-term growth and R&D needs. In particular, EU corporate governance

requirements, such as the provisions of the Directive 1978/660/EEC, might be amended to achieve that result.

(c) Limits on leverage for hedge funds

The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system.

(d) EU Registration for structured

products *The Commission should establish a public register of structured products in the EU.*

Or. en

Amendment 182

John Purvis

Motion for a resolution

Annex – recommendation 3

Motion for a resolution

Amendment

3. Recommendation 3 on Excessive Debt Measures

deleted

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Limits on leverage for private equity

The Commission should amend Directive 77/91/EEC on capital to introduce rules to specify the appropriate level of debt at any given time in relation to the target company bearing in mind the legitimate rights of important stakeholders (including employees); in conjunction with such level, the Commission should request the Member States to introduce taxation consequences for private equity funds in cases of excessive debt; such taxation consequences could include eliminating or reducing the tax deductibility of interest payments on the debt concerned in line with best practices

in Member States.

(b) Capital depletion The Commission should amend Directive 77/91/EEC on capital to set minimum capital levels for the target company by reference to the long-term interests of the target company. The Commission should also, without delay, propose rules to harmonise requirements for directors of the target company (i.e. management and supervisory board members), to certify that capital outflow (including any fees paid) is in the best long-term interests of the target company, including its long-term growth and R&D needs. In particular, EU corporate governance requirements, such as the provisions of the Directive 1978/660/EEC, might be amended to achieve that result.

(c) Limits on leverage for hedge funds The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system.

(d) EU Registration for structured products The Commission should establish a public register of structured products in the EU.

Or. en

Amendment 183
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 3

Motion for a resolution

Amendment

3. Recommendation 3 on Excessive Debt Measures **deleted**

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Limits on leverage for private equity
The Commission should amend Directive 77/91/EEC on capital to introduce rules to specify the appropriate level of debt at any given time in relation to the target company bearing in mind the legitimate rights of important stakeholders (including employees); in conjunction with such level, the Commission should request the Member States to introduce taxation consequences for private equity funds in cases of excessive debt; such taxation consequences could include eliminating or reducing the tax deductibility of interest payments on the debt concerned in line with best practices in Member States.

(b) Capital depletion *The Commission should amend Directive 77/91/EEC on capital to set minimum capital levels for the target company by reference to the long-term interests of the target company. The Commission should also, without delay, propose rules to harmonise requirements for directors of the target company (i.e. management and supervisory board members), to certify that capital outflow (including any fees paid) is in the best long-term interests of the target company, including its long-term growth and R&D needs. In particular, EU corporate governance requirements, such as the provisions of the Directive 1978/660/EEC, might be amended to achieve that result.*

(c) Limits on leverage for hedge funds
The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system.

(d) EU Registration for structured products *The Commission should establish a public register of structured products in the EU.*

Or. en

Amendment 184

Astrid Lulling

Motion for a resolution

Annex – recommendation 3 – paragraph 1

Motion for a resolution

The European Parliament considers that the legislative act to be adopted should aim to regulate:

Amendment

The European Parliament considers that the study should cover the following points:

Or. en

Amendment 185

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 3 – paragraph 1

Motion for a resolution

The European Parliament considers that the legislative act to be adopted should aim to regulate:

Amendment

The European Parliament calls on the Commission to consider the following regulatory and legislative options

Or. en

Amendment 186

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 3 – point a

Motion for a resolution

*(a) Limits on leverage for private equity
The Commission should amend Directive 77/91/EEC on capital to introduce rules to specify the appropriate level of debt at any given time in relation to the target company bearing in mind the legitimate rights of important stakeholders*

Amendment

deleted

(including employees); in conjunction with such level, the Commission should request the Member States to introduce taxation consequences for private equity funds in cases of excessive debt; such taxation consequences could include eliminating or reducing the tax deductibility of interest payments on the debt concerned in line with best practices in Member States.

Or. en

Amendment 187

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 3 – point a

Motion for a resolution

(a) **Limits on leverage** for private equity
The Commission should **amend** Directive 77/91/EEC on capital **to introduce rules to specify the appropriate level of debt at any given time in relation to the target company bearing in mind the legitimate rights of important stakeholders (including employees); in conjunction with such level, the Commission should request the Member States to introduce taxation consequences for private equity funds in cases of excessive debt; such taxation consequences could include eliminating or reducing the tax deductibility of interest payments on the debt concerned in line with best practices in Member States.**

Amendment

(a) **Leverage** for private equity
The Commission should, **while reviewing** Directive 77/91/EEC on capital, **ensure any amendments adhere to the fundamental principles based approach, so that capital is held according to risk, and does not unfairly discriminate against specific private investors or between different investment funds or vehicles that use similar strategy.**

Or. en

Amendment 188
Astrid Lulling

Motion for a resolution
Annex – recommendation 3 – point a

Motion for a resolution

(a) Limits on leverage for private equity
The Commission should amend Directive 77/91/EEC on capital to introduce rules to specify the appropriate level of debt at any given time in relation to the target company bearing in mind the legitimate rights of important stakeholders (including employees); in conjunction with such level, the Commission should request the Member States to introduce taxation consequences for private equity funds in cases of excessive debt; such taxation consequences could include eliminating or reducing the tax deductibility of interest payments on the debt concerned in line with best practices in Member States.

Amendment

(a) Limits on leverage for private equity
The Commission should ***consider ways to*** amend Directive 77/91/EEC on capital to introduce rules to specify the appropriate level of debt at any given time in relation to the target company bearing in mind the legitimate rights of important stakeholders (including employees); in conjunction with such level, the Commission should request the Member States to introduce taxation consequences for private equity funds in cases of excessive debt; such taxation consequences could include eliminating or reducing the tax deductibility of interest payments on the debt concerned in line with best practices in Member States.

Or. en

Amendment 189
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – recommendation 3 – point b

Motion for a resolution

(b) Capital depletion The Commission should ***amend Directive 77/91/EEC on capital to set minimum capital levels for the target company by reference to the long-term interests of the target company. The Commission should also, without delay, propose rules to harmonise requirements for directors of the target company (i.e. management and supervisory board members), to certify that capital outflow (including any fees***

Amendment

(b) Capital depletion The ***European*** Commission should ***review use of existing national legislative options to avoid asset stripping in target companies in order to ascertain whether there is a need for a harmonised measure.***

paid) is in the best long-term interests of the target company, including its long-term growth and R&D needs. In particular, EU corporate governance requirements, such as the provisions of the Directive 1978/660/EEC, might be amended to achieve that result.

Or. en

Amendment 190

Astrid Lulling

Motion for a resolution

Annex – recommendation 3 – point b

Motion for a resolution

(b) Capital depletion The Commission should amend Directive 77/91/EEC on capital to set minimum capital levels for the target company by reference to the long-term interests of the target company. The Commission should also, without delay, propose rules to harmonise requirements for directors of the target company (i.e. management and supervisory board members), to certify that capital outflow (including any fees paid) is in the best long-term interests of the target company, including its long-term growth and R&D needs. In particular, EU corporate governance requirements, such as the provisions of the Directive 1978/660/EEC, might be amended to achieve that result.

Amendment

(b) Capital depletion The Commission should ***consider ways to*** amend Directive 77/91/EEC on capital to set minimum capital levels for the target company by reference to the long-term interests of the target company. The Commission should also ***consider*** rules to harmonise requirements for directors of the target company (i.e. management and supervisory board members), to certify that capital outflow (including any fees paid) is in the best long-term interests of the target company, including its long-term growth and R&D needs. In particular, EU corporate governance requirements, such as the provisions of the Directive 1978/660/EEC, might be amended to achieve that result.

Or. en

Amendment 191

José Manuel García-Margallo y Marfil

Motion for a resolution

Annex – recommendation 3 – point c

Motion for a resolution

Amendment

c) Limits on leverage for hedge funds *deleted*
The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system..

Or. es

Amendment 192

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 3 – point c

Motion for a resolution

Amendment

(c) Limits on leverage for hedge funds *deleted*
The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system.

Or. en

Amendment 193

Peter Skinner

Motion for a resolution

Annex – recommendation 3 – point c

Motion for a resolution

Amendment

(c) Limits on leverage for hedge funds *deleted*
The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system.

Or. en

Amendment 194
Thomas Mann

Motion for a resolution
Annex – recommendation 3 – point c

Motion for a resolution

Amendment

(c) Limits on leverage for hedge funds
The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system.

deleted

Or. de

Amendment 195
Eoin Ryan

Motion for a resolution
Annex – recommendation 3 – point c

Motion for a resolution

Amendment

(c) Limits on leverage for hedge funds
The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU financial system.

deleted

Or. en

Amendment 196
Astrid Lulling

Motion for a resolution
Annex – recommendation 3 – point c

Motion for a resolution

Amendment

(c) Limits on leverage for hedge funds
The Commission should devise the upper limit in the debt of hedge funds in relation to preserving the stability of the EU

(c) Risk disclosure: *In order to contribute to the preservation of the stability of the EU financial system, hedge funds should disclose and manage the risks they incur.*

financial system.

Or. en

Amendment 197

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 3 – point d

Motion for a resolution

Amendment

(d) EU Registration for structured products The Commission should establish a public register of structured products in the EU.

deleted

Or. en

Amendment 198

Astrid Lulling

Motion for a resolution

Annex – recommendation 3 – point d

Motion for a resolution

Amendment

(d) EU Registration for structured products
The Commission should ***establish*** a public register of structured products in the EU.

(d) EU Registration for structured products
The Commission should ***assess the usefulness of*** a public register of structured products in the EU.

Or. en

Amendment 199

John Purvis

Motion for a resolution

Annex – recommendation 4

4. Recommendation 4 on Conflicts of Interest Measures

deleted

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Investment banks (prime brokers) - hedge funds and private equity The Commission should assess whether the strengthening of capital requirements for prime brokers (Recommendation 1) deals appropriately with the inherent conflicts of interest between:

- the prime brokers and hedge funds, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via trading services), and

- investment banks and private equity, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via deal related services).

(b) The Commission should also introduce rules to ensure effective Chinese walls between services that investment firms provide for their clients (such as prime brokerage) and all their other business units (including asset management services, proprietary trading etc).

- Private equity The Commission should formulate rules by which to deal with the conflicts of interest between the private equity partners and the management of the target company (and any others who stand to gain from the deal). Those rules should include a requirement of public disclosure of any fees or other incentives received by directors (i.e. management board and supervisory board members) or employees of the target company.

- Credit Rating Agencies (CRAs) The Commission should formulate rules by which to deal with the conflicts of interest inherent in their current business models, and arising from the interplay among actors in today's financial markets.

- Market access and concentration: the Directorate General for Competition of the Commission should launch an inquiry into market concentration in the following financial services industry sectors: hedge funds, private equity, investment banks (with focus on prime brokerage services) and CRAs.

Or. en

**Amendment 200
Kurt Joachim Lauk**

**Motion for a resolution
Annex – recommendation 4**

Motion for a resolution

Amendment

4. Recommendation 4 on Conflicts of Interest Measures ***deleted***

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Investment banks (prime brokers) - hedge funds and private equity The Commission should assess whether the strengthening of capital requirements for prime brokers (Recommendation 1) deals appropriately with the inherent conflicts of interest between:

- the prime brokers and hedge funds, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via trading services), and

- investment banks and private equity, where the former's credit (lending)

decisions are often contaminated by the prospect of earning fees from latter (via deal related services).

(b) The Commission should also introduce rules to ensure effective Chinese walls between services that investment firms provide for their clients (such as prime brokerage) and all their other business units (including asset management services, proprietary trading etc).

- Private equity The Commission should formulate rules by which to deal with the conflicts of interest between the private equity partners and the management of the target company (and any others who stand to gain from the deal). Those rules should include a requirement of public disclosure of any fees or other incentives received by directors (i.e. management board and supervisory board members) or employees of the target company.

- Credit Rating Agencies (CRAs) The Commission should formulate rules by which to deal with the conflicts of interest inherent in their current business models, and arising from the interplay among actors in today's financial markets.

- Market access and concentration: the Directorate General for Competition of the Commission should launch an inquiry into market concentration in the following financial services industry sectors: hedge funds, private equity, investment banks (with focus on prime brokerage services) and CRAs.

Or. en

Amendment 201
Piia-Noora Kauppi

Motion for a resolution
Annex – recommendation 4

4. Recommendation 4 on Conflicts of Interest Measures

deleted

The European Parliament considers that the legislative act to be adopted should aim to regulate:

(a) Investment banks (prime brokers) - hedge funds and private equity The Commission should assess whether the strengthening of capital requirements for prime brokers (Recommendation 1) deals appropriately with the inherent conflicts of interest between:

- the prime brokers and hedge funds, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via trading services), and

- investment banks and private equity, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via deal related services).

(b) The Commission should also introduce rules to ensure effective Chinese walls between services that investment firms provide for their clients (such as prime brokerage) and all their other business units (including asset management services, proprietary trading etc).

- Private equity The Commission should formulate rules by which to deal with the conflicts of interest between the private equity partners and the management of the target company (and any others who stand to gain from the deal). Those rules should include a requirement of public disclosure of any fees or other incentives received by directors (i.e. management board and supervisory board members) or employees of the target company.

- Credit Rating Agencies (CRAs) The Commission should formulate rules by which to deal with the conflicts of interest inherent in their current business models, and arising from the interplay among actors in today's financial markets.

- Market access and concentration: the Directorate General for Competition of the Commission should launch an inquiry into market concentration in the following financial services industry sectors: hedge funds, private equity, investment banks (with focus on prime brokerage services) and CRAs.

Or. en

Amendment 202

Astrid Lulling

Motion for a resolution

Annex – recommendation 4 – paragraph 1

Motion for a resolution

The European Parliament considers that the legislative act to be adopted should aim to regulate:

Amendment

The European Parliament considers that the study should cover the following points:

Or. en

Amendment 203

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 4 – paragraph 1

Motion for a resolution

The European Parliament considers that the legislative act to be adopted should aim to regulate:

Amendment

The European Parliament calls on the Commission to consider the following regulatory and legislative options

Or. en

Amendment 204
Sharon Bowles and Wolf Klinz

Motion for a resolution
Annex – recommendation 4 – point a

Motion for a resolution

Amendment

(a) Investment banks (prime brokers) - hedge funds and private equity The Commission should assess whether the strengthening of capital requirements for prime brokers (Recommendation 1) deals appropriately with the inherent conflicts of interest between:

deleted

- the prime brokers and hedge funds, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via trading services), and

- investment banks and private equity, where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via deal related services).

Or. en

Amendment 205
Eoin Ryan

Motion for a resolution
Annex – recommendation 4 – point a

Motion for a resolution

Amendment

(a) Investment banks (prime brokers) - hedge funds and private equity The Commission should assess whether the strengthening of capital requirements for prime brokers (Recommendation 1) deals appropriately with **the inherent** conflicts of interest between:

(a) Investment banks (prime brokers) - hedge funds and private equity The Commission should assess whether the strengthening of capital requirements for prime brokers (Recommendation 1) deals appropriately with conflicts of interest concerns between:

- the prime brokers and hedge funds, *where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via trading services)*, and

- investment banks and private equity, *where the former's credit (lending) decisions are often contaminated by the prospect of earning fees from latter (via deal related services)*.

- the prime brokers and hedge funds, and

- investment banks and private equity.

Or. en

Amendment 206

Sharon Bowles and Wolf Klinz

Motion for a resolution

Annex – recommendation 4 – point b

Motion for a resolution

(b) The Commission should also **introduce rules** to **ensure** effective Chinese walls between services that investment firms provide for their clients (such as prime brokerage) and all their other business units (including asset management services, proprietary trading etc).

- Private equity *The Commission should formulate rules by which to deal with the conflicts of interest between the private equity partners and the management of the target company (and any others who stand to gain from the deal). Those rules should include a requirement of public disclosure of any fees or other incentives received by directors (i.e. management board and supervisory board members) or employees of the target company.*

- Credit Rating Agencies (CRAs) *The Commission should formulate rules by*

Amendment

(b) The Commission should also **investigate means** to **enhance** effective Chinese walls between services that investment firms provide for their clients (such as prime brokerage) and all their other business units (including asset management services, proprietary trading etc). ***The European Parliament wishes to reiterate that any adjustments should be applicable to all financial institutions and thus non-discriminatory.***

which to deal with the conflicts of interest inherent in their current business models, and arising from the interplay among actors in today's financial markets.

*- **Market access and concentration:** the Directorate General for Competition of the Commission should launch an inquiry into market concentration in the following financial services industry sectors: hedge funds, private equity, investment banks (with focus on prime brokerage services) and CRAs.*

Or. en

Amendment 207

Astrid Lulling

Motion for a resolution

Annex – recommendation 4 – point b – paragraph 1

Motion for a resolution

(b) The Commission should also **introduce** rules to ensure effective Chinese walls between services that investment firms provide for their clients (such as prime brokerage) and all their other business units (including asset management services, proprietary trading etc).

Amendment

(b) The Commission should also **consider** rules to ensure effective Chinese walls between services that investment firms provide for their clients (such as prime brokerage) and all their other business units (including asset management services, proprietary trading etc).

Or. en

Amendment 208

Astrid Lulling

Motion for a resolution

Annex – recommendation 4 – point b – indent 1

Motion for a resolution

- Private equity The Commission should **formulate rules** by which to deal with the conflicts of interest between the private

Amendment

- Private equity The Commission should **consider ways** by which to deal with the conflicts of interest between the private

equity partners and the management of the target company (and any others who stand to gain from the deal). ***Those rules should include a requirement of public disclosure of any fees or other incentives received by directors (i.e. management board and supervisory board members) or employees of the target company.***

equity partners and the management of the target company (and any others who stand to gain from the deal).

Or. en

Amendment 209

Astrid Lulling

Motion for a resolution

Annex – recommendation 4 – point b – indent 2

Motion for a resolution

- Credit Rating Agencies (CRAs) The Commission should ***formulate rules*** by which to deal with the conflicts of interest inherent in their current business models, and arising from the interplay among actors in today's financial markets.

Amendment

- Credit Rating Agencies (CRAs) The Commission should ***consider ways*** by which to deal with the conflicts of interest inherent in their current business models, and arising from the interplay among actors in today's financial markets.

Or. en

Amendment 210

Astrid Lulling

Motion for a resolution

Annex – recommendation 4 – point b – indent 3

Motion for a resolution

- ***Market access and concentration: the Directorate General for Competition of the Commission should launch an inquiry into market concentration in the following financial services industry sectors: hedge funds, private equity, investment banks (with focus on prime brokerage services) and CRAs.***

Amendment

deleted

Amendment 211
Kurt Joachim Lauk

Motion for a resolution
Annex – recommendation 4 a (new)

Motion for a resolution

Amendment

The European Parliament considers that the legislative act to be adopted should aim to regulate:

a) Regulatory completeness:

Regulatory coverage must be complete. All leveraged financial institutions above a certain size must be inside a harmonised EU-net; the Member States and the Commission should ensure the consistent implementation and application of the body of Community legislation concerning financial markets, that directly or indirectly applies to hedge funds and private equity;

b) Capital Requirements:

Capital requirements must be the same across the entire financial system, against any given class of risks. But there must also be greater attention to liquidity.

c) Continued participation:

Originators should be required to hold portions of securitised loans on their balance sheets.

d) Non-cyclical accounting:

It is necessary to differentiate between target levels of capital and a lower minimum level; institutions that have minimum capital in bad times would only be required to aim for the higher target level over an extended period.

e) Transparency:

Rating agencies should be required to eliminate/ mitigate the lack of information, asymmetric information and uncertainty and disclose the conflicts of

interest under which they operate without destroying the transaction oriented financial system.

f) Derivate Trading:

The European Commission should evaluate the possibility to insist that all derivatives be traded on open exchange.

g) Incentives and compensation:

The European Parliament asks the Commission to require the relevant corporate governance boards to ensure that rewards for trading and transaction origination are commensurate in times of profit the same way as in times of loss.

Or. en