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REPORT

on Clearing and settlement in the European Union
(2004/2185(INI))

Committee on Economic and Monetary Affairs

Rapporteur: Piia-Noora Kauppi

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Clearing and settlement in the European Union
(2004/2185(INI))

The European Parliament,

– having regard to the Commission's communication of 28 April 2004 entitled "Clearing and Settlement in the European Union - The way forward" (COM(2004)0312),

– having regard to the first and second reports of the Giovannini Group on Cross Border Clearing and Settlement Arrangements in the EU, issued in November 2001 and April 2003 respectively,

– having regard to its resolution of 15 January 2003 on the communication from the Commission to the Council and the European Parliament entitled "Clearing and settlement in the European Union: main policy issues and future challenges"[1],

– having regard to the establishment of the Clearing and Settlement Advisory and Monitoring Expert Group ("the CESAME Group") by the Commission which held its first meeting on 16 July 2004,

– having regard to the declaration on 26th January 2004 by the 4 successive EU presidencies of the Republic of Ireland, the Netherlands, Luxembourg and the United Kingdom, which stressed the importance of the Lisbon process and the need to improve the quality of regulation and to consider alternatives to legislation,

- having regard to the observations made by the President of the European Central Bank during the debate in plenary on 25 October 2004;

– having regard to Rule 45 of its Rules of Procedure,

– having regard to the report of its Committee on Economic and Monetary Affairs (A6-0180/2005),

A. whereas the infrastructure for securities clearing and settlement in the EU is currently being shaped and the cross-border clearing and settlement activity remains insufficiently harmonised, and whereas the Commission is carrying out an impact assessment study in order to identify the net comparative benefits of regulatory and non-regulatory options to reduce the costs of cross border transactions (including the elimination of the Giovannini barriers) taking into account the interest of all participants (issuers, investors and financial intermediaries), and whereas that study may or may not propose legislation,B. whereas the clearing and settlement industry is successful, innovative and responsive to customer pressure on domestic transactions, whereas there is significant scope for increased efficiency in cross-border clearing and settlement of securities transactions, where the

[1] OJ C 38 E, 12.2.2004, p. 265.

infrastructure for securities settlement is fragmented in a multiplicity of domestic systems; whereas some users of clearing and settlement services tend however to be large firms which are able to negotiate firmly with service providers to defend their interests; whereas the importance should be stressed of reaching a global system which provides a safe and efficient framework for transactions to all users (investors, issuers, financial intermediaries) thereby promoting competition,C. whereas there is competition in the market for clearing and settlement services in the EU, but the degree of competition varies according to the specific service provided and there is a relatively small number of major services providers (for example, a number of larger custodians perform clearing and settlement type services "in-house" by transferring securities between customers on their own books);

Whereas the Commission should properly distinguish between the post-trade functions provided in competition by the following institutions:

(a) central securities depositories (CSDs), which combine central register and ultimate (central) settlement activities. They may also in certain cases provide non-core activities such as netting services, which are currently described by the Commission as clearing. In some instances, they also provide custody and banking services;

(b) international central securities depositories (ICSDs), which perform two activities: (1) acting as CSDs for the settlement side of Eurobond transactions and (2) also performing global custodian activities on securities for which they are not acting as depositories. As part of these global custodian activities, ICSDs provide lending programme and other tri-party services; and

(c) central counterparts (CCPs), which perform central guarantee and, in most cases, netting activities (both defined as clearing in the Commission's communication). Since the essential mission of CCPs consists of replacing each counterparty to the trade by interposing themselves in the transactions, they concentrate replacement risks together with their Clearing Members;

(d) custodian banks, which offer clearing and settlement services and which can participate in CCP services as Clearing Members.

D. whereas inefficiencies exist in the market for cross-border clearing and settlement in the EU which arise partly from two sources: higher operating costs per transaction due to national differences of legal nature, technical requirements, market practices and tax procedures, and in some cases higher margins due to restrictive market practices,E. whereas the above-mentioned Giovannini reports identified 15 barriers due to these national differences and the CESAME Group is working to coordinate private and public sector initiatives to remove them, and whereas some of the legal and access-related barriers can only be removed through legislation,

F. whereas the current concentration of stock exchanges and the tendency for clearing and

settlement functions to develop into monopolies demonstrate a need for increased transparency in the cross-border clearing and settlement market,

1. Warmly supports the goal set out in the Commission's communication of an efficient, integrated and safe market for clearing and settlement of securities in the EU;

2. Believes that the creation of efficient EU clearing and settlement systems will be a complex process, and notes that true European integration and harmonisation will require the combined efforts of different stakeholders and that the current public policy debate should take due account of the principles underpinning Directive 2004/39/EC[2] (MiFid) and focus on: (a) bringing down the cost of cross-border clearing and settlement; (b) ensuring that systemic or any other remaining risk in cross-border clearing and settlement is properly managed and regulated; (c) encouraging the integration of clearing and settlement by removing competitive distortions; and (d) ensuring proper transparency and governance arrangements,3. Believes that, as a general principle, legislation by the EU should be subject to a cost-benefit analysis and that the EU should resort to legislation where there is clear risk of market failure and where legislation is an effective and proportionate way to remedy clearly identified problems; 4. Strongly asserts that any new regulation in this area should not duplicate existing regulation for specific entities; notes that this is particularly important in order to avoid double regulation of the banking and investment services sector; prefers a functional approach to regulation which takes into account different risk profiles and competitive situations of different entities as well as the role of CSDs recognised by most Member States; 5. Is convinced that an unnecessary regulatory burden can best be avoided by giving careful consideration to an analysis aimed at identifying those issues where rules may be needed;

6. Sees no evidence that the providers of clearing and settlement services are poorly regulated at the national level, albeit in different ways across the EU, or that any systemic risk they pose is inadequately controlled; notes the arrangements in place to manage operational risk (systems breakdown) which is the source of systemic risk most relevant to clearing and settlement; draws attention however to the need to guard against any systemic risk whether it be operational, liquidity-related or credit-related; notes that the natural tendency of central clearing and settlement functions to concentrate due to the existence of network externalities, economies of scale and other factors will inevitably concentrate risks, which are today dispersed among many settlement systems;7.
   Welcomes the Commission decision to conduct an impact assessment which should include a thorough analysis of the potential costs and benefits of both legislative and non-legislative options, and their respective scope;

8. Believes that there is a need to effectively enforce and improve existing legislation; calls on the Commission to take robust steps to ensure that relevant legislation; (e.g. Directive 98/26/EC on settlement finality in payment and securities settlement systems and Directive 2004/39/EC) is properly and consistently implemented and rigorously enforced;

9. Is concerned at the delays in Level 2 of implementation of Directive 2004/39/EC and points out that any postponement of the date of application should not disregard the

[2] Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (OJ L 145, 30.4.2004, p1).

competences of the European Parliament;

10. Regrets that the Commission did not deal with post-trade services at the same time as investment services; is concerned at the legal vacuum thus created, particularly in terms of the harmonisation of procedures, issuing passports and supervision, as a result of the principles of free access established by Directive 2004/39/EC;

11. Believes that if the Commission, on the basis of the results of the impact assessment study, does opt for legislation, its proposal should particularly focus on:

(i) re-confirming and strengthening access rights in order to ensure fair and non-discriminatory access to central clearing and settlement service providers;

(ii) strengthening passporting rights for providers of clearing and settlement services supported, when needed, by regulatory convergence;

(iii) allowing for transparency and enabling market forces to work effectively;

(iv) achieving consistency of regulation, supervision and transparency to enable providers of clearing and settlement services to manage systemic risk and anti-competitive behaviour;

(v) establishing a functional approach to the regulation of differentplayers, which takes into account the different risk profiles and competitive situations of different entities;

(vi) introducing definitions that are coherent and consistent with existing market practices and with the terms used globally and within the EU;

12. Agrees with the Commission that it is principally the market that should decide the structure of clearing and settlement services; considers that no particular model should be mandatory, e.g. user owned and governed, shareholder owned, publicly owned etc; does not see the need to impose single utility style infrastructure for clearing and settlement services;***The Giovannini Barriers***

13. Believes that bringing down the cost of cross-border clearing and settlement necessitates in particular the removal of the 15 "Giovannini barriers", through market mechanisms when possible; urges all entities, both public and private, to re-double their efforts to remove them; supports the Commission's efforts to coordinate this project via the CESAME Group;14. Is concerned that focusing on a new directive, and the uncertainty this would involve, would be a distraction from efforts to remove the Giovannini barriers (including significant investment programmes, based on a broad consensus on appropriate technologies); believes that regulation should, if necessary, have as its primary goal the removal of those legal and fiscal barriers that cannot be removed without public intervention;

15. Believes that inconsistencies between national laws on transferring financial instruments are one of the main reasons why costs are higher for cross-border than for

domestic transactions; supports ongoing attempts to harmonise these laws but acknowledges that this project could take many years to complete; welcomes the setting-up by the Commission of the Legal Certainty Group; urges the Commission to step up the work of that group as a priority instrument for promoting convergence at European level; calls on the Commission to act upon the results of this work and to cooperate closely with third countries and groups such as Unidroit and the Hague Convention and calls for the European Parliament and the Member States to be associated in due course with defining the European negotiating position within this framework; 16. Believes that fiscal barriers are a reason for higher costs in cross-border clearing and settlement; supports ongoing attempts to reduce these barriers; welcomes the working group on fiscal issues, introduced by the Commission with a view to launching a process of coordination and harmonisation in tax matters;

17. Believes that the short-term focus of work on tax matters should be the standardisation of reporting requirements, to be followed by further removal of discriminatory tax practices; considers that if it were possible to provide information to tax authorities on a standard form throughout Europe, this would significantly reduce clearing and settlement costs, without undermining the power of Member States to decide their own taxes;

CESR/ESCB Standards

18. Urges the Committee of European Securities Regulators (CESR) to clearly state the legal basis of its activities on subjects not mandated by EU legislation, and in any case to cooperate closely with the European Parliament and to keep it fully informed on its Level 3 and 4 activities, particularly on highly structural market political issues such as clearing and settlement, and to remove the binding character of its standards;

19. Regrets that the CESR and the European System of Central Banks (ESCB) did not consult more widely and openly the market players concerned as well as other European institutions; questions the usefulness of the CESR-ESCB concept of a "significant custodian", as it is ambiguous; believes that the CESR-ESCB standards must ensure there is no double regulation for institutions already subject to banking regulation;20. Regrets the timing of the adoption of CESR-ESCB standards during a period when Level 1 measures are under consideration; reaffirms that CESR standards must not pre-determine EU legislation, whether legislative or non-legislative; urges full consultation and transparency in the implementationof the standards and believes that implementation should be postponed at least until after the Commission has decided whether to propose a directive; points out that, in any case, whatever contribution is made by CESR-ESCB, the primary responsibility and competence for legislation in this sphere lies with the European legislator;

21. Is concerned that, despite CESR's decision to postpone implementation of the standards, some regulators are going ahead and are already requiring their implementation by market participants; is further concerned at reports that the standards are being redrafted by CESR-ESCB without consultation and behind closed doors;

22. Believes that, if no directive is proposed on clearing and settlement, an effective alternative means of scrutinising CESR must be developed which ensures effective parliamentary oversight of Level 3 activities; calls on all relevant institutions and

stakeholders to engage in a debate on how this might be achieved; notes the following ways in which this might be achieved:

(i) ensuring that notification is sent to the European Parliament of all mandates sent to CESR and also ensuring that CESR keeps the European Parliament informed, at the earliest possible stage, of work carried out at Level 3 on subjects which raise sensitive political issues;

(ii) developing and enhancing the effectiveness of parliamentary hearings with representatives of CESR, with tough questioning and cross-examination;

(iii) a petition process whereby citizens who are concerned about particular CESR decisions could make formal representations to the Committee on Economic and Monetary Affairs;

(iv) submission of regular written reports by CESR to the Committee on Economic and Monetary Affairs;

Competition

23. Believes that definitions in the Commission's communication[3] do not clearly distinguish between the activities of different sectors of the market and that they must be significantly improved if legislation is proposed;24. Recognises the benefits of scale and scope that can flow from allowing concentration; notes that users of clearing and settlement services have been calling for consolidation for many years and that recent consolidation, if properly controlled, is expected to yield further benefits in the near future; believes that the absence of an appropriate legislative and regulatory framework does not allow for creation of the level playing field needed to foster integration;

25. Urges the Commission to use its general powers under competition law in a pro-active way to guard against any abuse of a dominant position or other anti-competitive behaviour; notes the significant impact of recent competition cases in this area; points out, however, that these cases concerned major players with significant negotiating power and that particular attention should be paid to ensuring that all participants have access to essential facilities without discrimination;

26. Agrees that some parts of the clearing and settlement system industry deserve more careful attention from a competition policy perspective; recognises that certain firms have a large share of the market for clearing and settlement services but that this is not, in itself, anti-competitive; considers it is only where a dominant position is abused that customers suffer and public policy intervention is justified;

27. Cautions the Commission against any dilution of competition law; urges the Commission to use its powers to safeguard competition in a pro-active way so as to guard against any abuse of a dominant position or other anti-competitive behaviour, in particular with regard to transparency of pricing structures; urges the Commission to: (i) ensure that there is

[3] COM(2004) 312 final, 28.4.2004

equal and fair access for all users; (ii) examine the existence of cross-subsidisation between core and value-added services; and (iii) ensure appropriate behaviour by players with dominant market positions as provided by article 82 of the EC Treaty; notes the impact of recent competition cases in this area;28. Believes that effective and transparent non-discriminatory access rights to clearing and settlement services are important in ensuring a competitive integrated financial market in the EU; recommends using the possibility of pro-active enforcement of Directive 2004/39/EC, along with vigilant use of the Commission's general competition powers, to ensure access restrictions are not abused for anti-competitive reasons;

29. Accepts that access may be refused where it would not be technically feasible or commercially viable for objective and transparent reasons; urges the Commission to use its general competition law powers to ensure access restrictions are not abused for anti-competitive reasons;

30. Supports the ongoing impact assessment which the Commission is undertaking to assess the need for legislative measures; supports the Commission's ideas regarding the transparency of pricing structures; notes that comparability difficulties can arise if several cost components are combined together in a single tariff component; questions whether it is necessary to separate "core" clearing and settlement activities and so-called "value-added" services in order to address legitimate questions regarding free competition, non-discriminatory access and risk mitigation; expects the potential Commission's proposals in this area to be proportionate to problems identified in the market;

31. Expresses concern over the issue of whether post trade services should come under the category of general interest services; urges the Commission to ensure that all players providing the same service are regulated in the same manner;

32. Believes that central providers of clearing and settlement services should take full account of the interests of all users and maximise user consultation and transparency of pricing structures, as well as ensure zero cross-subsidy between their central services and those offered in competition with other market participants, especially custodian banks, as is already the case in other industries; believes that users should pay only for the services they consume and have a clear and unfettered choice about where to purchase banking services related to their transactions; considers that securities settlement systems settling in commercial bank money should offer at least a choice as to whether to settle in central bank money;

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33. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

Clearing and settlement has been described as the "plumbing" of the financial markets – largely invisible, seldom understood and frequently overlooked but causes really unpleasant problems for everyone if it goes wrong. All recognise that getting clearing and settlement right is vital for safe, integrated and successful financial markets, but opinions differ sharply about how best to achieve this.

Domestic settlement services have been traditionally been carried out by Central Securities Depositories ("CSDs") such as Crest in the UK and Sicovam in France. The 1970s saw the establishment of 2 International Central Securities Depositories ("ICSDs"), Euroclear in Belgium and Cedel in Luxembourg, to service the stateless Eurobond market.

With the growth of cross border activity and mergers at the trading level, market participants starting calling for consolidation of clearing and settlement systems, seeing scale and systems integration as the best way to bring down costs. Clearstream was formed out of a merger of CEDEL and Deutsche Boerse Clearing in January 2000. Euroclear subsequently bought the domestic CSDs in France, Netherlands and the UK/Ireland and is in the process of buying the Belgian CSD. A vertical model has emerged in Germany and Italy where the stock exchanges own the clearing and settlement systems (DBAG-Clearstream and Borsa Italiana/Monte Titoli). Across the Euronext zone, the UK and Ireland, there is a broadly horizontal model, where the ownership of exchanges and settlement systems are separate. However, the lines between the two tend to be blurred because Euronext also has limited vertical holdings in clearing and settlement systems. A varied pattern exists in Nordic, Central and Eastern Europe.

What is Clearing and Settlement?

It is important to understand the separate activities making up the long value chain of buying and selling a security and transferring legal title to it and the different degrees of risk, cost and competition associated with each step. It is immensely difficult to formulate universally accepted definitions so it should be emphasised that the following is only a rough guide.

Clearing is the calculation of the mutual obligations of the parties to the transaction ie working out who owes what to whom. This should not be confused with the distinct and separate risk management activity whereby a central counterparty (or "CCP") takes on the obligations agreed by the parties to the transaction and becomes the buyer to every seller and vice versa. Although the exact definition is controversial, settlement generally involves the transfer of instruments and funds between the parties to the transaction. Thus settlement usually (though not invariably) involves the transfer of ownership.

Custody covers safekeeping of physical securities, record keeping and asset servicing (eg receipt of dividends, interest payments and corporate actions (share repurchases etc)). Custodian banks fall into 2 categories. Local custodians (also known as sub-custodians or agent banks) are direct participants in the national CSD. They play a very significant role as intermediaries, with many institutions choosing to access CSDs indirectly via a local

custodian. Some use local custodians because they themselves are not eligible to become a CSD member; others do so in order to outsource back office activity, particularly for cross border transactions where the complexity and fragmentation discussed below (under "Do we need a directive?") can often be managed more efficiently by a local specialist. Global custodians provide customers with a single access points to different markets around the world. They are not generally members of CSDs but instead gain indirect access via a local custodian.

Do we need a new directive?

There is little evidence that provision of clearing and settlement services is inadequately regulated. Rather than focusing on new legislation, our focus should be on bringing down the cost of cross border clearing and settlement, which is usually higher than for domestic transactions.

There is widespread consensus that the 15 barriers identified in the 2 Giovannini reports are the primary reasons for the higher relative costs of cross border clearing and settlement: these barriers cover differences in technical requirements, market practices, legal rules and tax procedures. Removing the barriers could take years of difficult and detailed work by market participants, technicians, lawyers, regulators and public officials. The Commission's focus should be on the work of the CESAME group in coordinating market led efforts to complete this challenging task. Removal of some of the barriers requires public sector action (for example regarding convergence of legal requirements and tax procedures) but we are at too early a stage of this project to know what, if any, legislation might be required and at what level. There is, as yet, no proven case for a new EU directive.

Embarking on legislation on competition, along the lines being considered by the Commission, may slow down progress on the Giovannini barriers. The focus of policy makers and market participants would inevitably be diverted from work on removing the barriers in order to concentrate on the battle over the directive. Following extensive work to develop a broad consensus on appropriate technology, very high levels of investment are now being made, aimed at making cross border settlement more efficient. The uncertainty caused by a proposal for a directive may discourage and jeopardise this vital investment.

There are significant risks associated with the legislative option. The polarisation of the current debate gives rise to the danger of the sort of political mishaps that have undermined the success of previous directives such as ISD2/MIFID.

We should also bear in mind that inappropriate legislation could lead to disruption of highly efficient and low cost markets such as those for domestic transactions in securities and for cross border settlement of Eurobond transactions.

The Giovaninni reports show that the primary cost drivers are *not* anti-competitive practices or lack of competition. Most of the barriers have little relevance to competition.
However, even if the Commission puts too much emphasis on competition in its communication on clearing and settlement, active use of competition policy by the Commission in prevention of anti-competitive behaviour and in ensuring market access is welcomed.

Although there are competition issues relevant to clearing and settlement, these may best be dealt with by other than legislative means. For example, maintaining fair and non-discriminatory access to clearing and settlement systems is very important in promoting competition in EU financial markets. It is not possible for exchanges to compete effectively with one another unless they can get fair access to clearing and settlement services (including netting). However, extensive access rights are already granted by ISD2/MIFID. What we need is effective implementation and enforcement of existing laws, not a new directive.

Clearly, certain firms have a large share of the market for clearing and settlement. This concentration is not, in itself, anti-competitive. On the contrary, customers of clearing and settlement services have been actively calling for consolidation, viewing economies of scale as the best way to bring down costs.

To guard against anti-competitive practices in a concentrated market, it is important to ensure that providers of clearing and settlement services have transparent pricing structures, that there is zero or minimal cross subsidy between services, that users pay only for the services they consume and that they have a clear and free choice about where they buy banking services relating to their transaction.

These important goals are best achieved by a combination of market pressure and general competition law. Committee members should recall that the users of clearing and settlement systems are large and expert firms who negotiate firmly to defend their interests, thereby helping to guard against anti-competitive practices. An example of competition working well occurred last May when LSE sought to compete with Euronext in listing Dutch stocks. LSE successfully negotiated access to clearing systems of the Netherlands market, even though Euronext are significant shareholder in the company that runs them (LCH Clearnet).

In addition, the Commission has sweeping powers under general competition law to intervene to stop and prevent anti-competitive practices, powers it has already used with significant impact. The best way to police competition in clearing and settlement is by a pro-active and vigorous use of general competition law powers. The case for new "ex-ante" competition measures has not been made out. The Commission’s ideas regarding special governance requirements and mandatory unbundling for providers of clearing and settlement services are not proportionate to any problem identified in the market. They could be highly intrusive and disruptive for both providers and users of clearing and settlement services.

Competing Views

Particular controversy has centred on the provision of banking services by CSDs. Some local custodians feel that they are facing unfair competition for banking services from CSDs/ICSDs. Hence the calls for a separation of banking services from clearing and settlement services and the debate between Euroclear and BNP Paribas.

However, there is nothing inherently anti-competitive in allowing CSDs/ICSDs to provide banking services. A problem only arises if a CSD abuses its strong position in clearing and settlement to try to foreclose competition in the adjacent market for banking services. For example, it would not be acceptable for a CSD to require customers to have their cash

accounts with the CSD where this could restrict participants from obtaining credit from other suppliers. Market pressure is successfully preventing any such abusive practice, reinforced, no doubt, by the power of competition authorities to intervene if any were to emerge. No convincing case has been made for ex ante measures to split banking and clearing and settlement functions.

Equally controversial is the extent to which local custodians compete with CSDs/ICSDs. It is clear that a significant proportion of trades never reach the books of any CSD/ICSD. A number of the larger local custodians internalise transactions. Effectively, they are able to transfer securities between 2 customers on their own books without having to use a CSD/ICSD. Local custodians and CSD/ICSDs therefore provide services which compete with one another, albeit that their respective services are not perfect substitutes because holding a security at a local custodian may confer different legal rights to holding a security at its central register. The extent of the difference is dependent on national laws which vary between Member States.

It has been argued that this overlap in functions means that local custodians should be regulated in the same way as CSDs/ICSDs. This argument is rejected in the draft report because adopting a risk based functional approach to regulation means that different firms may undertake the same activities but be subject to different levels of regulation because the risks for their undertakings are different. This may occur, for example, because there are different ways of delivering the same service, or because the firms face different degrees of competition or pose different degrees of systemic risk. Whether the activities of the firm can readily be substituted by others in the market is also an important factor.

Elements on both sides of this debate could well be accused of attempting to shackle their competitors' activity by the imposition of inappropriate regulatory requirements.

Central Bank Money

Central bank money is a useful means of mitigating risk in clearing and settlement systems, particularly in relation to intraday exposures. It should be recognised, however, that central bank money is just one of a number of methods that can be used to control risk. It would be desirable to extend access to central bank money.

The Target 2 project should improve access to central bank money but is taking longer to complete than had been anticipated. It is important that the ESCB speed up work on delivering Target 2. They should ensure that Target 2:

- allows “virtual account liquidity pooling” so that users are able to make payments from an account at one central bank, using liquidity raised at another
- is open 24 hours a day.

which will significantly increase the efficiency of cross border clearing and settlement.

PROCEDURE

Title	Clearing and settlement in the European Union
Procedure number	2004/2185(INI)
Basis in Rules of Procedure	Rule 45
Committee responsible Date authorisation announced in plenary	ECON 18.11.2004
Committee(s) asked for opinion(s) Date announced in plenary	
Not delivering opinion(s) Date of decision	
Enhanced cooperation Date announced in plenary	
Motion(s) for resolution(s) included in report	
Rapporteur(s) Date appointed	Piia-Noora Kauppi 15.3.2005
Previous rapporteur(s)	Theresa Villiers
Discussed in committee	21.2.2005 30.3.2005 26.4.2005
Date adopted	24.5.2005
Result of final vote	for: 33 against: 6 abstentions: 2
Members present for the final vote	Zsolt László Becsey, Pervenche Berès, Pier Luigi Bersani, Udo Bullmann, Ieke van den Burg, Paolo Cirino Pomicino, Jonathan Evans, Elisa Ferreira, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Robert Goebbels, Benoît Hamon, Gunnar Hökmark, Karsten Friedrich Hoppenstedt, Sophia in 't Veld, Othmar Karas, Piia-Noora Kauppi, Wolf Klinz, Christoph Konrad, Astrid Lulling, Gay Mitchell, Cristobal Montoro Romero, Joseph Muscat, John Purvis, Alexander Radwan, Bernhard Rapkay, Antolín Sánchez Presedo, Manuel António dos Santos, Peter Skinner, Margarita Starkevičiūtė, Ivo Strejček, Sahra Wagenknecht, John Whittaker
Substitutes present for the final vote	Jorgo Chatzimarkakis, Harald Ettl, Werner Langen, Jules Maaten, Thomas Mann, Corien Wortmann-Kool
Substitutes under Rule 178(2) present for the final vote	Willem Schuth, István Szent-Iványi
Date tabled – A6	6.6.2005 A6-0180/20045