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Financial and investment rules (MiFID)

New rules will curb food speculation, limit high frequency trading and bring greater transparency

The European Parliament this evening voted to approve an agreement on revising EU legislation on markets in financial instruments (MiFID/MiFIR). The Greens welcomed provisions which would curb speculation on food, energy and other commodity markets, as well as stronger rules on consumer protection, market transparency and high-frequency trading (HFT). Commenting after vote, Green finance spokesperson **Sven Giegold** said:

"These new rules will help tackle speculation on food and other essential commodity markets. The legislation adopted today also includes new provisions for curbing damaging practises in investment markets, like high frequency trading, as well as provisions ensuring stronger consumer protection.

"Under the new legislation, the European Securities and Markets Authority will be given powers to enforce limits on excessive trading in food and commodity markets. This will help rein in speculation on these sensitive markets. Speculation on foodstuff markets has had devastating consequences in the developing world, compounding food insecurity for the world's poorest. The situation is similar for other commodities including, crucially, energy. It was high time the EU took action to tackle this.

"The final legislation also includes important provisions on transparency in financial markets and on high frequency trading to prevent rent extraction and rogue market interventions. A maximum volume of trades will be moved to regulated markets, leaving only large, highly non-standardised trades outside their scope. This will be crucial to addressing some of the problems in the sector.

"While there are some positive provisions on transparency, the overall outcome is less ambitious than had been hoped as regards investor protection. The Greens had pushed for a general ban on inducements as demanded but this was not supported by the two biggest groups in the parliament. Importantly though, the new rules include a Green proposal to ensure any costs of financial products have to be clearly disclosed as an absolute amount on at least an annual basis. It will also be possible to impose an EU wide ban on financial products that are potentially dangerous for investors"

A more detailed assessment of the final agreement can be found at: <http://www.greens-efa.eu/financial-and-investment-rules-mifid-11423.html>

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Sven Giegold

Member

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