

Summary of contents

CRD IV

- 28 May 2014: 3rd version of the bridging manual for reporting frameworks of the ECB and the EBA
- 28 May 2014: EBA publishes a list of CET1 capital instruments
- 29 April 2014: ECB and EBA publish stress tests' scenarios

Shadow Banking

Insurance Mediation Directive II

- 13 May 2014: First compromise proposal on IMD II

Rome I regulation / Contract law

VAT on financial services

Anti-money laundering directive

- 28 May 2014: Parent subsidiary Directive on the agenda of the next ECOFIN meeting
- 28 May 2014: Council could reach a political agreement at the next ECOFIN meeting
- 6 May 2014: new OECD rules on automatic exchange of fiscal information

Data protection

- 26 May 2014: Greek Presidency publishes a state of play of the work on the Directive

E-invoicing

- 23 May 2014: new CEN Project Committee for e-Invoicing

European Account Preservation Order for the attachment of bank accounts

- 13 May 2014: Council adopts the EAPO Regulation.

Financial Transaction Tax

- 6 May 2014: 10 Member States want the FTT to enter into force before 1st January 2016.
- 30 April 2014: Court of Justice dismisses the UK's action

Accounting issues

- 28 May 2014: Publication of the new EU framework for statutory audit

Other topics of interest

- 26 May 2014: Results of the EP Elections
- 15 May 2014: Commission presents a first review of EU reforms for the financial sector

Ongoing consultations

- EBA's consultation on technical standards on supervisory benchmarking of internal approaches for calculating capital requirements
- EBA's consultation draft technical standards on the treatment of equity exposures under the IRB approach

Agenda

Capital requirements for credit institutions (CRD IV proposals and Basel Committee on Banking supervision)	Back to summary
<p>28 May 2014: 3rd version of the bridging manual for reporting frameworks of the ECB and the EBA</p> <p>The European Central Bank and the European Banking Authority jointly published an updated classification system between their respective reporting frameworks. It has been written by the Joint Expert Group on Reconciliation of credit institutions' statistical and supervisory reporting requirements. It is composed of two parts.</p> <p>First, a bridging manual linking the ECB's statistical requirements on monetary, interest rate and securities holdings with the supervisory reporting templates (mainly FINREP, COREP and large exposures) of the ITS on supervisory reporting. This 3rd methodological manual includes :</p> <ul style="list-style-type: none"> - the final implementing technical standards on supervisory reporting for the CRD IV/CRR framework of April 2014; - the ECB Regulation on securities holdings statistics of October 2012; - the ECB Regulations concerning balance sheet items (BSI) and interest rates (MIR) statistics of September 2013; - common modelling of the reporting frameworks with EBA's Data Point Model. <p>Second, a relational database aiming to help identifying similarities and differences between ECB's and EBA's reporting frameworks. This database comes with an instruction notice.</p>	
<p>28 May 2014: EBA publishes a list of CET1 capital instruments</p> <p>The European Banking Authority published a list of capital instruments which have to be classified as Common Equity Tier 1 by national authorities. As stated by the Capital Requirements Regulation, the list includes all the CET1 capital instruments issued by institutions and evaluated as compliant by national authorities.</p> <p>The list will be updated on a regular basis.</p>	
<p>29 April 2014: ECB and EBA publish stress tests' scenarios</p> <p>The European Central Bank and the European Banking Authority published the scenarios of stress tests for EU banks. These stress tests aim to evaluate the resilience of the banks to external shocks.</p> <p>To perform such a EU wide stress test, the EBA set up different scenarios: a scenario based on the European Commission projections, an adverse macroeconomic scenario, market risk scenarios, securitisation scenario and a sovereign bond haircuts scenario.</p> <p>The ECB released the conditions for banks to cover capital shortfalls revealed by the comprehensive assessment (stress tests and Asset Quality Review). Banks will have to realise such corrections within six to nine months after the disclosure of the assessment results.</p>	

15 April 2014: Basel Committee adopts a new standard on large exposures

This Basel Committee on Banking Supervision [standard](#) sets out a supervisory framework for measuring and controlling large exposures. Its objective of these limits is to constrain the maximum loss a bank can face in case of sudden failure of a counterparty.

The standard includes a general limit applied to all of a bank's exposures to a single counterparty. The same limit applies to a bank's exposure to identified groups of connected counterparties. The limit is set at 25% of a bank's Tier 1 capital. A tighter limit exists for global systemically important banks (G-SIBs). This limit has been set at 15% of Tier 1 capital.

The framework is scheduled to take effect from 1 January 2019.

March 2014: EBA's final draft technical standards on own funds and liquidity requirements

On 28 March 2014, the EBA published its final draft Implementing and Regulatory Technical Standards related to liquidity requirements for specific currencies. These will be a part of the EU Single Rulebook.

This set of rules includes standards on :

- (i) [Currencies](#) for which the justified demand for liquid assets is superior to their availability;
- (ii) [Derogations](#) for eligible currencies;
- (iii) A [list](#) of currencies with an extremely narrow definition of central bank eligibility.

On 27 March 2014, the EBA published also its [final draft](#) Regulatory Technical Standards on own funds (Part IV).

The Commission has now to evaluate and adopt these technical standards.

10 March 2014: EC public hearing on liquidity coverage requirements and leverage ratio

Following the submission by the EBA of its report on impact assessment for liquidity measures in the CRR, the European Commission started working on the implementing standards of the LCR.

The unit in charge of writing these standards, following remarks, including the EUF's ones, on the EBA's report, decided to organise a public hearing in order to gather more stakeholders' views on the issue.

The hearing will take place on 10 March, from 14:00 to 18:00, in Brussels. You can see the programme and register [here](#).

After the hearing, the Commission will receive written comments from the stakeholders on this issue until 31 March.

12 Jan. 2014: the Basel Committee modify the leverage ratio and the NSFR in Basel III

On 12 January 2014, the Group of Governors of central banks and Heads of Supervision (GHOS) of the Basel Committee on Bank Supervision endorsed two set of changes to the Basel III rules, namely:

- Amendments to the Basel III's leverage ratio framework and disclosure requirements ([full text](#) and [press release](#))
- Changes to the NSFR : proposed revisions are submitted to public consultation until 11 April 2014 ([full text](#) and [press release](#))

20 Dec. 2013: EBA published report on impact assessment for liquidity measures

The EBA submitted its [report on impact assessment for liquidity measures](#) to the European Commission on 20 December.

The EBA states in introduction to this report that it consulted the European Systemic Risk Board, the 'non-financial end-users', the 'banking industry', competent authorities and central banks. The consultation of 'non-financial end-users' and the 'banking industry' was done through the hearing held on 23 October. The **EBA admits that its sample included a very few representatives for some activities, notably leasing and factoring** and then that *"it is not possible to provide an in-depth assessment of the LCR for leasing and factoring activities"*.

In the report, the EBA recalls the detailed mandate it received from the European legislator in the CRR and explains the methodology it followed. Among the main findings of the impact assessment, the EBA considers that *"the specification of the general liquidity requirement is not likely to have a material detrimental impact [...] on the stability of bank lending"* to SMEs, that *"diversified business models tend to be more adapted to the LCR than specialised banks"*.

The EBA also suggests ***"derogations from the cap [of outflows] (Article 425 of the CRR) or exemptions from the cap or a higher cap than the 75%"*** of inflows for certain specialised activities (among which factoring is quoted (p. 11)), subject to *"stringent conditions and objective criteria"* which are listed in the report. It proposed two options regarding the application of these derogations (p. 56):

- (i) *"Only institutions specialised in the above business models can apply. Specialisation could be measured by a certain percentage of inflows stemming from specific activities, e.g. pass-through financing, auto loans, consumer credit, leasing, **factoring**."*

Or

- (ii) *"All institutions may apply for such derogation, but only for particular business lines which perform the above activities"*

The EBA states that it would favour option (i) as its implementation would be less complicated.

Next steps: The European Commission is required by Article 460 of the CRR to **adopt by 30 June 2014 a delegated act in order to implement the LCR** in the EU. This report will serve as a basis for the preparation of this delegated act, as will the other [report on HQLA](#) that the EBA published the same day.

23 Oct. 2013: EBA public hearing on draft reports on the impact of the LCR and uniform definitions of liquidity under Article 509 CRR

The European Banking Authority (EBA) organised on 23 October a hearing in London to discuss with stakeholders:

- The impact of the Liquidity Coverage Ratio (LCR) on the business and risk profile of

- institutions established in the Union, on the stability of financial markets and, overall, on the economy and on the stability of the supply of bank lending;
- Uniform definitions of liquid assets to be proposed to the European Commission for delegated acts.

The EBA published on its website its [presentation](#) for this debate. It is mandated to submit reports to the European Commission on these issues by 31 December 2013. The European Commission will then take them into account in order to adopt delegated acts as provided by the CRR to specify the details of the LCR. These delegated acts must be adopted by 30 June 2014 and be applicable by 1 January 2015.

The EBA will keep working on liquidity requirements during the first quarter of 2014, to set the technical standards required by the CRR (the work plan is indicated on slide 8).

4 Sept. 2013: EBA will establish guidelines on banks' exposures to unregulated financial entities

As part of its battle plan to reduce systemic risk arising from interconnectedness between banks and shadow banking entities (see [below](#)), the European Commission requested the European Banking Authority to establish by the end of 2014 guidelines to limit banks' exposures to unregulated financial entities.

The Commission will determine by the end of 2015 whether it is appropriate to introduce these limits into EU legislation.

This measure is very likely to impact factoring companies in all Member States where it is not regulated.

27 June 2013: CRD IV published in Official Journal, application date finally set to 1 January 2014

On 27 June, the [CRD IV directive](#) and the [CRR regulation](#) were finally published in the Official Journal of the European Union. Both texts are to enter into force the twentieth day following that of their publication, meaning on 17 July 2013.

The rules contained in the regulation will be directly applied in all the Union from 1 January 2014. The Member States shall transpose into national law the rules contained in the Directive by 31 December 2013.

21 June 2013: Ecofin Council formally approves the CRD IV package

The ministers of Finance of the Member States formally approved during their meeting of 21 June the [CRD IV directive](#) and the [CRR regulation](#), thus closing the legislative process for the adoption of the new rules to be applied to credit institutions.

Shadow Banking	Back to summary
No update in May	
<p><u>29 Jan. 2014: Legislative proposal on transparency for transactions in the shadow banking sector</u></p> <p>One year after the Liikanen Group submitted to the European Commission its report on the structural reform of the EU banking sector, Commissioner Barnier finally tabled his legislative proposal to ring-fence risky trading activities in banking groups (see “other topics of interests”).</p> <p>In order that the concerned banks cannot circumvent the new rules by shifting parts of their activities to the shadow banking sector and enjoy its relatively lower level of regulation, the Commission also tabled a complementary proposal for a Regulation aimed at increasing transparency of certain transactions outside the regulated banking sector, in particular securities financing transactions (SFTs).</p> <p>Two main elements in this proposal:</p> <ul style="list-style-type: none"> - Reporting of SFTs: any party to a SFT will have to have the details of the transaction registered on central repositories, which will be available to competent supervisory authorities; - Information obligations for investment funds managers: the proposed Regulation would add extra information requirements for funds managers. They would have to inform investors of any recourse they had to SFTs. <p>Considering the complexity and sensitivity of the issue, and the approaching European elections in May 2014, the legislative work on this proposal is highly unlikely to start before September 2014.</p>	
<p><u>14 Nov. 2013: FSB Global Shadow Banking Monitoring Report progressively refined to identify risks</u></p> <p>The Financial Stability Board (FSB) released on 14 November the report of its third annual monitoring exercise of shadow banking.</p> <p>For this new exercise, the FSB defines shadow banking as “<i>credit intermediation involving entities and activities (fully or partially) outside the regular banking system</i>” or “<i>non-bank credit intermediation in short</i>”. It recalled that “<i>the objective is to address bank-like risks to financial stability emerging outside the regular banking system while not inhibiting sustainable non-bank financing models that do not pose such risks</i>”.</p> <p>A set of new indicators have been included by the FSB in order to refine its analysis of risks, such as whether the institution belongs or not to a consolidated banking group.</p>	
<p><u>4 Sept. 2013: EC Communication on shadow banking</u></p>	

On 4 September, the European Commission published two texts related to shadow banking.

First, a proposal for a [Regulation on Money Market Funds](#) (MMFs), which should not impact factoring. It proposes to set prudential requirements for these funds. Money Market Funds are used by many businesses and households as an alternative to banking deposits and a source of funding, but during the crisis they have proved to be vulnerable to runs of investors and a source of systemic risk.

Second, and more importantly as far as factoring is concerned, the Commission released its [Communication on shadow banking](#). This Communication lists the five priorities for action in the field of shadow banking:

1. Increased transparency: in particular setting up the central registers for transactions on derivatives (in application of EMIR Regulation) and setting the Legal Entity Identifier in Europe;
2. Enhanced framework for certain investment funds: through the above-mentioned proposal for a Regulation on MMFs and a review of the OPCVM Directive;
3. Reducing the risk associated with securities financing transactions: the Commission intends to propose legislation on securities law, in order to reduce the risks associated with repurchase agreements or securities lending transactions and make it easier to identify property rights and counterparties;
4. Strengthening the prudential banking framework in order to limit contagion and arbitrage risks: this is where factoring companies may be strongly affected, as the Commission intends to limit on the one hand exposure of banks to unregulated entities, and on the other hand defends the idea that prudential requirements should be extended to avoid opportunities for regulatory arbitrage between regulated and unregulated sectors.

As regards exposures to unregulated entities:

- Starting from 2014, banks will have to report to their supervisors their main exposures to unregulated entities;
- By the end of 2014, the EBA is requested to prepare guidelines to limit banks' exposure to unregulated financial counterparties;
- By the end of 2015, the Commission will determine whether it is appropriate to establish such limits in EU legislation.

As regards a possible extension of the scope of application of prudential rules (CRD IV/CRR), the Commission formulates the following considerations:

- Extending the scope would allow to respond the concern expressed by the European Parliament that prudential rules should apply to entities performing activities similar to those of banks without a banking licence;
- The definition of credit institution as any "undertaking whose business is to receive deposits or other repayable funds from the public and to grant credit for its own account" is problematic. Indeed, "repayable funds from the public", as well as "credit" or "deposits" are notions whose interpretation is not harmonised in Europe, which can lead to some entities being considered as credit institutions and submitted to CRD IV/CRR in some member states while not in others.

Therefore, it plans the following:

- EBA will be requested to assess the size of those financial entities outside the scope of CRD IV/CRR as a part of the macro-prudential supervision framework;
- The Commission will consider this assessment and other possible forthcoming recommendations by the FSB and will propose, if necessary, legislative measures.

This part of the Commission's battle plan is likely to strongly impact factoring. Indeed,

1. *For all unregulated factoring companies getting their funding from banks, the EBA's guidelines to limit banks' exposures may result in a limitation of the available funding.*
2. *Medium-/Long-term plans to extend the scope of banking prudential rules may result in applying a "light" version of CRD IV to financial entities such as factoring, which currently have different levels of regulation and supervision across the EU.*

5. Greater supervision of the shadow banking sector: The Commission highlights the "multifaceted and dynamic nature" of shadow banking, making it very difficult for an isolated authority to supervise it efficiently. It therefore recommends as much cooperation as possible between sectoral authorities at national and European level, and between regulatory fora at international level.

The efficient supervision of shadow banking activities will also be one of the key issues in the forthcoming review of the European System of Financial Supervisors (EFSF), on which the EC intends to work in 2013 and 2014.

July 2013: Commissioner Barnier announces Communication on shadow banking in September

The European Commission was supposed to adopt and publish on 24 July its proposal for a Regulation on money market funds, along with a Communication on the next steps of its action to regulate shadow banking activities.

Commissioner Michel Barnier, in charge of the Internal Market and Services, indicated that the adoption of these two documents is postponed to September. The Communication is expected to unveil the Commission's orientation to regulate shadow banking activities such as securitisation, securities lending and repo.

June 2013: EC Communication on shadow banking expected 24 July

The European Commission announced it will adopt on 24 July a Communication on shadow banking, accompanying a proposal for a regulation on money market funds (MMF), which shall not impact factoring.

The Communication will be a non-binding document, indicating the political orientation of the Commission regarding the issue of shadow banking and its broad intentions.

Insurance Mediation Directive II	Back to summary
<p><u>13 May 2014: First compromise proposal on IMD II</u></p> <p>On 13 May, the Greek Presidency of the Council of the EU sent to the Member States’ delegations a first compromise proposal on the draft Directive on Insurance Mediation (IMD II), following its examination of the positions communicated by the Member States in April.</p> <p>Discussions should continue at a rather slow pace in the coming months, and more compromise proposals are to be expected.</p>	
<p><u>April 2014: Greek Presidency will start works in the Council</u></p> <p>We were informed that the Greek Presidency of the Council has finally decided to start works on IMD II in the coming days, with several meetings scheduled by the end of June. However, there is no intention at all to give any character of priority to the dossier and no ambition to reach an agreement in the Council.</p> <p>The Presidency asked the Member States to give their respective positions on the Commission’s proposal and on the Parliament’s amendments. It will adjust the calendar of examination according to whether it sees possibilities to advance towards consensus on a series of points.</p> <p>Italy, that will take the Presidency from 1st July, does not seem to consider it as a priority either. A reasonable guess is that the Directive could be adopted under the Presidency of Luxemburg (July-December 2015)</p>	
<p><u>26 Feb. 2014: EP plenary votes MEP Werner Langen’s mandate to negotiate with the Council</u></p> <p>The European Parliament confirmed on 26 February in plenary session the vote of the ECON committee of 22 January. This vote does not conclude the legislative process, it only brings a series of amendments to the ECON text and provides the rapporteur, MEP Werner Langen, with a mandate to negotiate an agreement in trialogue with the Presidency of the Council. The voted text is available online (p. 184 onwards of the document)</p> <p>It is unlikely that the Parliament and the Council can reach an agreement before the end of the legislative term in April. Negotiations would therefore have to be resumed in September 2014.</p>	
<p><u>22 Jan. 2014: ECON votes MEP Werner Langen’s reports, Council may resume work in April</u></p>	

The rapporteur and shadow rapporteurs in ECON Committee finally found an agreement on essential parts of the draft Directive, and managed to submit to their colleagues a list of compromise amendments. This made possible a vote of the text in committee on 22 January. The resulting [consolidated text](#) is available online.

Following the rapporteur's demand, the opening of negotiations with the Ecofin Council was postponed. The ECON report will first be submitted to a vote of the plenary assembly of the Parliament, which may bring technical amendments to ensure the consistency between the Directive and another, related file, the MiFID package. The vote in plenary, which took place on 26 February gave Werner Langen a mandate to negotiate with the Greek Presidency of the Council for an agreement in first reading.

On the Council side, however, negotiations are still suspended. The Greek Presidency may resume work on this issue in April. Such a schedule makes impossible a final adoption of the Directive before the elections, it will therefore be postponed to September at best.

17 Dec. 2013: ECON vote postponed again, serious doubt about adoption before the elections

The vote on IMD II in ECON that was foreseen to take place on 17 December 2013 was finally cancelled and postponed to 27 January 2014. Indeed, disagreements are still strong between the two major groups in ECON committee, the EPP, represented by the rapporteur, MEP Werner Langen, and the S&D.

The European Parliament still foresees a vote of the plenary assembly on 24 or 25 February. Nevertheless, the late vote in committee should leave too little time to the Parliament to reach an agreement with the Council in trialogue negotiations before the end of the parliamentary session in April. It is then almost certain now that the draft Directive will only be adopted after the elections, by the new Parliament.

Oct. 2013: Intense negotiations in ECON Committee for a vote in December

Discussions have been gaining intensity in October between political groups in the European parliament on IMD II. Chapter VII is still the most controversial but the rapporteur, MEP Werner Langen (EPP, Germany), and the shadow rapporteurs agreed on a new and last meeting on 19 November 2013 in which they are expected to agree on compromise amendments.

The draft Directive could then be submitted to a vote in the ECON Committee on 2 December 2013 and in plenary session on 14 January.

13 Sept. 2013: New postponement of the calendar

The European Parliament announced once again the postponement of the votes on IMD II, first in ECON Committee on 5 November, then in plenary session on 10 December 2013.

The setting of new dates is a signal that negotiations within the EP between the rapporteur and the shadow rapporteurs are blocked and that a compromise is still difficult to reach. In the absence of such a vote by the end of the year, the schedule could be substantially offset; and the adoption of the text be postponed after the election of the new European Parliament.

June 2013: Vote of ECON Committee postponed again

The rapporteur and shadow rapporteurs in the ECON Committee decided to postpone to 24 September 2013 the vote of the Committee on the draft directive on insurance mediation. The rationale for this new delay is still the political groups' incapacity to find ground for agreements on major provisions such as transparency, conflicts of interest and scope.

If no agreement was to be found before 24 September, it is now openly considered that discussions could be postponed *sine die*, possibly after the renewal of the European Parliament in 2014.

28 Mai 2013: Exchange of views in ECON Committee

On 28 May, the Members of the ECON Committee discussed for the second time the amendment proposals tabled by the Committee on IMD II. Exchanges focussed on the issue of consistency between IMD II and the [PRIPs draft Regulation](#) (which creates a key information document (KID) for packaged retail investment products): it is not clear so far whether PRIPs include insurance products or not.

The rapporteur on IMD II, MEP Werner Langen (EPP, Germany) considers that insurance products must be left outside the scope of PRIPs, since MIF II already contains information requirements. The rapporteur on PRIPs, Pervenche Berès (S&D, France) considers that PRIPs can be applied to insurance products, since the requested information for the KID is already required under Solvency II. A compromise seems to emerge on the idea of extending the scope of PRIPs to other financial products through delegated acts.

Linked to the scope of PRIPs is the issue of the responsibility of the intermediary for the provided information. The KID is meant to provide information on the product's performances, which the intermediary has no means to verify. Therefore, MEP Langen considers that, should PRIPs be extended to insurance products, the intermediary should be liable only for providing the consumer with the available information, not for the quality of the information itself.

MEPs will keep negotiating in order to reach compromise amendments for the vote, which is still

scheduled for 17 June. The vote en plenary session has been delayed to the 10th of December 2013.

Rome I regulation / Contract law	Back to summary
No update in May	

VAT on financial services	Back to summary
No update in May	

Anti-Money Laundering Directive/Tax fraud and tax evasion

[Back to summary](#)

28 May 2014: Parent subsidiary Directive on the agenda of the next ECOFIN meeting

After Sweden's, that's Malta's delegation that did not agree with the compromise proposed by the Greek Presidency at the 28 May COREPER. The blocking point seems to be the procedure to follow to avoid double taxation.

The Greek Presidency should however not put the text again before the COREPER but take it to the higher level. Indeed, the Directive should be on the agenda of the next ECOFIN Council, on 20 June 2014. The Greek Presidency seems quite confident that the Council will overcome this issue and adopt the Directive.

28 May 2014: Council could reach a political agreement at the next ECOFIN meeting

After the COREPER meeting of 28 May, only a few details were left to discuss before finding a political agreement between the Member States. The basis for discussion was the Presidency's [fourth compromise proposal](#).

The remaining points are :

- The storage of data related to actual beneficiaries;
- The cooperation between financial intelligence units;
- The pecuniary sanctions;
- The exclusion of some gambling services (cash game services), except casinos and online gambling.

These last details should be dealt with at the COREPER level before the ECOFIN Council of the 20 June.

6 May 2014: new OECD rules on automatic exchange of fiscal information

34 OECD Member States and 10 other countries endorsed the [Declaration](#) on Automatic Exchange of Information in tax Matters.

With this declaration, these States committed to implement the new [single global standard](#) on automatic exchange of information. This standard constrains jurisdictions to obtain all financial information from their financial institutions and exchange that information automatically with other jurisdictions on an annual basis. Information will be exchanged by "blocs" according to the different categories.

The signatories have the possibility to implement the standard by bilateral or multilateral treaties. It could be transposed into EU law by a Directive.

The first exchanges of information are planned for September 2017.

11 March 2014: EP amendments to the draft directive

The [amended text](#) adopted by the MEPs meeting in plenary session requires that the beneficial owners of companies and trusts have to be listed in Member States public registers. It also requires from banks, auditors, lawyers, real estate agents and casinos to be more vigilant about their clients in order to detect more easily suspicious transactions and to fight tax evasion.

The European Parliament voted a legislative resolution, thus putting an end to first reading of the draft legislation. It now falls on the Council to take position on the Commission's proposal and on the Parliament's amendments. Discussions in the Council should take place during the summer, and trialogue negotiations between the Council and the new MEPs should be carried out in order to reach an agreement in second reading of the text.

21 Feb. 2014: Council Presidency's compromise proposal on draft AML Directive

The Greek Presidency of the Council issued on 21 February a [proposal for a compromise](#) on the draft AML Directive.

This documents is a working document, which can still change following further discussions in the Council, but it gives an idea of where the Council is heading on this topic.

20 Feb. 2014: Adoption of LIBE-ECON report on draft AML Directive

The vote in committee on the draft AML Directive took place on 20 January. It adopted the principle of creating centralized registers of beneficial owners of all types of legal entities (companies, foundations, trusts).

The question was then to know whether these registers would be made public or not. The MEPs answered affirmatively: anyone will be able to consult the register online, after a basic identification.

The [resulting text](#) will be debated and submitted to a vote in plenary session on 11 March. This vote does not intend to conclude the first reading but only to fix the Parliament's position ahead of the elections in May.

12 Feb. 2014: AML Directive vote in committee postponed one week, to 20 February

The vote on the draft AML Directive in the joint ECON-LIBE committee that was set to examine it has been postponed one week, to 20 February, in order to give the rapporteurs and shadow rapporteurs a chance to finalize the list of compromise amendments before the vote.

9 Jan. 2014: Debate on amendments on draft AML Directive

547 amendments were tabled on the draft AML Directive, on a series of main issues:

- Beneficial ownership: Amendments show a broad consensus on the need to create an EU-wide register of beneficial ownership that competent authorities, banks and other entities submitted to AML requirements by the Directive should access. However, there is a disagreement on whether the general public should have a complete access. For Krišjānis Karinš (EPP, Latvia), the rules on the protection of personal data should set the limit to this publicity. For the other rapporteur, Judith Sargentini (Greens, the Netherlands), it is better to have public registers and be as transparent as possible. She will then support her colleagues' amendments in that sense.
- Risk assessment: There is a consensus that the EC should be in charge of the assessment of risks at EU level, but there is disagreement on the extent of the EC's powers to adopt implementing acts and reinforce the existing legislation if needed. Mr Karinš also doubted that risk assessments should be made public: he fears detrimental effects for those industries or market players that would be explicitly named as more risky.
- Scope: There are suggestions to widen the proposed scope to national central bank, the European Investment Bank and natural and legal persons involved in gambling and sport industry. Mr. Karinš said he is sceptical on these extensions and prefers to leave some margins for the Member States to decide on individual activities.
- Data protection: Ms. Sargentini highlighted that it is important that banks and other obliged entities can know precisely how they must balance their AML requirements with data protection requirements. She then tabled some amendments to clarify the link between both legislations and will support amendments made by other, notably Sophia in't Veld's amendments on data retention.
- Politically Exposed Persons (PEP): the two rapporteurs proposed that each Member State establishes its own list of PEPs, several MEPs support that solution.

The vote in committee is scheduled on 22 January 2014.

11 Dec. 2013: Amendments tabled in Committee published

The European Parliament published on 11 December 2013 the list of amendements ([94 to 413](#) and [414 to 547](#)) that have been tabled by the MEPs of ECON and LIBE Committees on the draft AML Directive.

Those amendments will be discussed in a joint meeting of the two Committees on 9 January 2014

28 Nov. 2013: Presentation of reports in joint meeting of ECON and LIBE Committees

On 28 November 2013, the rapporteurs on the draft AML Directive, Krišjānis Karinš (EPP, Latvia) and Judith Sargentini (Greens, the Netherlands), presented their draft reports during a joint meeting of ECON and LIBE Committees in the European Parliament.

One of the main points of concern seemed to be the degree of publicity of the registers of beneficial owners that the new Directive will create: while Mr Karinš would leave the Member States decide individually on this issue, Ms Sargentini wants those registers to be full public.

The question of data protection is also controversial: the rapporteurs both agree that the best solution would be to insert appropriate cross-references to the General Regulation on data protection

Next steps:

- Deadline for tabling amendments: 5 Dec. 2013
- Consideration of amendments: 9 Jan. 2014
- Vote in Committee: 22 Jan. 2014

11 Nov. 2013: Draft report on AML Directive in Committee

The two rapporteurs on the draft Directive on anti-money laundering, Krišjānis Kariņš and Judith Sargentini issued on 11 November their [draft report](#), to be discussed and amended by the Joint ECON-LIBE Committee.

The vote on the report is scheduled on 22 January 2014 and in plenary session on 11 March.

Oct. 2013: Joint ECON-LIBE Committee to work of AML draft Directive

The EP committees on economic and monetary affairs (ECON) and on civil liberties, justice and internal affairs (LIBE) reached an agreement on which committee should be responsible for the examination of the draft Directive on AML: they decided to examine it together.

It is thus a joint committee that will examine the text, with Krišjānis Kariņš (EPP, Latvia) and Judith Sargentini (Greens, the Netherlands), acting as co-rapporteurs, respectively for ECON and LIBE.

17 Sept. 2013: EP special committee on organized crime, corruption and money laundering adopts its final report

On 17 September, the special committee on organized crime, corruption and money laundering of the European Parliament adopted its [final report](#), on the basis of MEP Salvatore Iacolino (EPP, Italy)'s [draft report](#).

The members of the committee recommended that individuals condemned for organized crime, corruption or money laundering are excluded from public mandates and public procurements. They advocated that businesses involved in financial crimes should return any public funding they received, and called for the creation of a European Prosecution Office that would be in charge of coordinating the investigations and prosecutions for cases of financial crime.

6 Sept. 2013: G20 leaders declaration

G20 leaders met in Saint Petersburg on 6 September and discussed, among other topics, the question of tax base erosion and tax avoidance, on the basis. In their final [declaration](#), they endorsed the project of establishing a global standard for automatic exchange of information at multilateral and bilateral level (see points 50 to 52 of the declaration).

8 August 2013: EDPS opinion on proposed legislation against money laundering and terrorist financing

The Council of the EU published on 8 August the [opinion](#) sent by the European Data Protection Supervisor (EDPS) on the proposals for a directive against money laundering and terrorist financing and the proposal on information on the payer accompanying transfer of funds.

The EDPS analyzed both proposals and made a series of recommendations to enhance the protection of personal data on the payer and the payee in AML procedures.

27 July 2013: FATF international best practices on targeted financial sanctions against terrorist financing

The Financial Action Task Force published on 27 July a [set of international best practices](#) for the implementation of its Recommendation n°6, which requires the participating countries to apply a regime of financial sanctions to prevent and suppress terrorism and its financing.

12 June 2013: Review of the directive on administrative cooperation

On 12 June, the European Commission proposed a [review](#) of the directive on administrative cooperation in order to extend the automatic exchange of information between EU tax administrations. The Commission thus proposed to add dividends, capital gains and all forms of financial income and account balances to the list of items which are subject to automatic exchange of information.

The directive on administrative cooperation foresees the automatic exchange of information to be mandatory between all EU tax administrations from 1 January 2015. The current text already covers the following incomes: employment, directors' fees, life insurance, pensions and property.

In its [press release](#), the European Commission remarked that, with the proposed extension, the Member States will share as much information with each others as they agreed to share with the US under FATCA.

This initiative is part of a wider plan of the European Commission to tackle tax fraud and tax evasion, widely supported by the Heads of State and government during the European Council of May.

Data protection	Back to summary
<p><u>26 May 2014: Greek Presidency publishes a state of play of the work on the Directive</u></p> <p>On 26 May 2014, the Greek Presidency addressed a state-of-play document to the Member States' delegations.</p> <p>The document summarises the work accomplished and the main issues still pending before passing the torch to the Italian Presidency (starting on 1st July). This state of play only deals with the Data Protection Directive, not the Regulation. The points that are still to be dealt with are: the scope of the Directive (difference between public and private bodies, and the purpose of “<i>safeguarding public security</i>”); the rights of the data subject; and the obligations of controllers and processors.</p> <p>The negotiations on the Data Protection Regulation are still in progress but far from reaching a general approach on the whole text. Negotiations are still led issue per issue (Chapter V, one-shop-stop mechanism, etc).</p>	
<p><u>13 March 2014: EP votes on General Data Protection Regulation, Council still working</u></p> <p>A vote of the plenary assembly of the European Parliament on the draft General Data Protection Regulation is scheduled on 13 March 2013. This vote will not conclude the first reading of the Regulation but only fix the position of the European Parliament before the elections in May.</p> <p>On the Council's side, work is ongoing but quite slow. No agreement within the Council is expected in the coming weeks. You can consult here the preparatory document of the last orientation debate that took place at ministers' level on 25 January.</p>	
<p><u>22 Oct. 2013: LIBE Committee backs MEP Albrecht report on Data Protection reform</u></p> <p>The LIBE Committee of the European Parliament voted on 22 October on MEP Jan Albrecht (Greens, Germany)'s draft report on the General Regulation on the protection of personal data. MEPs backed the rapporteur and the 104 compromises negotiated by the political groups with 49 votes in favour, 1 against and 3 abstentions.</p> <p>The European Commissioner for Justice, Viviane Redding, welcomed this vote, highlighting that “<i>uniform and strong European data protection law will cut costs for business and strengthen the protection of our citizens: one continent, one law</i>”.</p> <p>The Committee's vote gives mandate to MEP Albrecht and the shadow rapporteurs to launch negotiations with the Council of the EU on this draft Regulation.</p>	
<p><u>7 Oct. 2013: EU Justice Ministers agree on the “one-stop shop” mechanism, but a lot of work remains</u></p> <p>Justice Ministers of the 28 Member States of the EU discussed the draft General Regulation on the</p>	

protection of personal data during a Justice Council meeting on 7 October.

They reached an agreement on the “one-stop shop” mechanism, one of the main elements of the Commission’s proposal, i.e. that when a data controller or data processor is active in more than one Member State, one single supervisory authority should be responsible for supervising its activities in the whole EU. Ministers considered that the mechanism is necessary to ensure fast decisions, consistent application of the rules, provide legal certainty and reduce administrative burden.

However, whereas the Commission’s proposal states that the responsible authority should be the one of the country where the company has its main establishment, a majority a member states considers further expert work is necessary for the cases where that authority’s jurisdiction is limited to the exercise of certain powers.

10 July 2013: MEP Albrecht says he expects a vote in Committee in October

MEP Jan Philipp Albrecht (Greens/EFA, Germany), who is rapporteur on the general Regulation on protection of personal data, said on 10 July that he expects a vote of the LIBE Committee on his report and the tabled amendments in October. The vote has already been postponed several times due to the huge number of amendments that have been table on the draft Regulation and the divergences between them.

6 May 2013: LIBE Committee postpones vote on Data Protection

On 6 May, MEP Jan Philipp Albrecht asked his colleagues of the LIBE Committee to postpone the vote on his draft report on the draft Regulation on Data Protection, explaining that more time is needed to cope with the more than 3000 tabled amendments and negotiate compromise amendments that could be supported by a large majority of the political groups. MEP Albrecht however told his colleagues that he still plans to vote before the summer break.

Another reason to postpone the vote is the slow pace of work on the other text of the Data Protection package, the draft Directive on the use of personal data for the purpose of criminal investigation and prosecution.

On the Council side, the delegated of the Member States are working in view of the Justice and Home Affairs Council of 6 and 7 June. There too, the objective is to adopt a general approach before the summer, so that the trialogue negotiations could begin in early September 2013.

E-invoicing	Back to summary
<p><u>23 May 2014: new CEN Project Committee for e-Invoicing</u></p> <p>CEN will launch on 9 September 2014 a new Project Committee (CEN/PC 434). It will be in charge of developing standards in support of European Electronic Invoicing.</p> <p>A first plenary meeting of this committee will take place in Brussels on 9 September. Participants have to register before 15 August 2014.</p>	
<p><u>16 April 2014: Final act signed</u></p> <p>The Directive was formally adopted by the European Parliament in first reading on the 11 March 2014 and then by the Council on the 14 April 2014. The final act was signed on the 16 April 2014 and is now awaiting publication in the EU Official Journal.</p> <p>Once published, the Member States should transpose the Directive and adopt all the necessary laws to comply with it at the latest 54 months after its entry in force.</p>	
<p><u>6 Feb. 2013: Trialogue agreement on draft Directive on e-invoicing in public procurements</u></p> <p>Negotiators of the Parliament and of the Greek Presidency of the Council reached an agreement in trialogue on 6 February on the draft Directive on e-invoicing in public procurements.</p> <p>The resulting text will now be submitted to the formal approval of the European Parliament's plenary assembly (a vote is scheduled for 11 March) and of the Council of the EU (a few weeks later).</p> <p>Once the Directive is formally adopted, the Member States will have two years to transpose it into national law. In the meantime, a standard will be developed at European level to ensure interoperability of the e-invoicing systems in use within the 28 Member States.</p>	
<p><u>17 Dec. 2013: Vote of the draft Directive in IMCO Committee</u></p> <p>The Committee on the Internal Market and Consumer Protection of the European Parliament voted on 17 December 2013 on the draft Directive on electronic invoicing in public procurements.</p> <p>The consolidated text of the Committee's report was published on 6 January 2014</p>	

European Account Preservation Order for the attachment of bank accounts	Back to summary
<u>13 May 2014: Council adopts the EAPO Regulation.</u>	
<p>On 13 May 2014, the Council adopted the European Account Preservation Order Regulation. After its publication in the Official Journal, the text will be directly applicable in the Member States (except in the UK and Denmark). The publication is expected in June 2014.</p>	
<p><u>15 April 2014: EP adopts a first reading position on the EAPO Regulation</u></p> <p>On 15 April 2014, the European Parliament in plenary session voted a first reading position on the European Account Preservation Order Regulation (pages 209 to 311 of the document).</p> <p>Justice Minister of Greece, Mr Athanasiou confirmed on 4 March 2014 the political agreement reached with the EP, the Council should therefore adopt its own position on the same terms in the coming weeks.</p>	
<p><u>6 Feb. 2014: EP and Council agree on the EAPO Regulation, final vote in April</u></p> <p>The negotiators of the Council of the EU and of the European Parliament reached an agreement on a compromise text on the draft Regulation creating a European Account Preservation Order (EAPO). The negotiations had begun in December, after the Council finally adopted a general orientation.</p> <p>In the Parliament, the LIBE committee expressed its support to the compromise text through a new vote on 11 February, before the vote in plenary session, scheduled on 15 April 2014.</p>	
<p><u>Oct. 2013: LIBE report published, vote in plenary session on 3 February 2014</u></p> <p>The European Parliament finally published the report voted on 30 May by the LIBE Committee on the draft Regulation creating a European Account Preservation Order.</p> <p>The vote of the Parliament's plenary assembly is scheduled on 3 February 2012.</p>	
<p><u>30 May 2013: LIBE Committee votes on MEP Baldassare's draft report</u></p> <p>The LIBE Committee voted on 30 May on the report drafted by MEP Raffaele Baldassarre (EPP, Italy) on the draft regulation creating a European Account Preservation Order (see press release). The consolidated text is not available yet.</p>	

Financial transaction tax

[Back to summary](#)

6 May 2014: 10 Member States want the FTT to enter into force before 1st January 2016.

10 ministers of the 11 Member States involved in the FTT enhanced cooperation [declared their will](#) and determination to implement the Financial Transaction Tax “on 1st January 2016 at the latest”. The first phase will tackle the operations on securities and “some derivatives”. No further detail was given neither about the principle which will drive such a tax, nor the assignment of the income from the FTT. Austrian Minister Michael Spindelegger commented that was “simply a political declaration. Our common ground is quite modest”.

The opponents (UK, Sweden, Denmark, Luxembourg, Malta and Netherlands) criticised the lack of transparency and of impact assessment in the works within the enhanced cooperation.

30 April 2014: Court of Justice dismisses the UK action

On 30 April 2014, the Court of Justice of the European Union [dismissed](#) the United Kingdom’s action against the decision authorising eleven Member States to establish enhanced cooperation in the area of financial transaction tax (FTT).

This judgement deals with the validity of the decision authorising the enhanced cooperation. The motive of the UK action was that the FTT would have extraterritorial effects. In this case, the Court found impossible to give a judgement based on the FTT potential extraterritorial effects because “*the contested decision [...] does not contain any substantive element on the FTT itself*”. The Court considered that the arguments of the UK are directed at “*a potential FTT*” and not at “*the authorisation to establish enhanced cooperation*”. In consequence the Court decided to dismiss the action.

The European Commission welcomed this decision, hoping it will give “*added impetus*” to the cooperation. The United Kingdom underlined that the Court confirmed “*the UK will be able to challenge the final proposal for a FTT*”.

16 April 2014: EP regrets the absence of progress

The European Parliament [declared](#) its regrets that the Council has made no progress so far on the legislative proposals of the European Commission to introduce new “real own resources” and among them the Financial Transaction Tax.

18 Feb. 2014: Ministers’ meeting on the FTT, political will but no progress

Aside from the Ecofin Council meeting on 18 February, the eleven Member States that engaged in the enhanced cooperation to create a financial transaction tax met, on the initiative of Austria.

This meeting was the first at political level to deal with the question since the European Commission tabled its proposal to set the FTT through an enhanced cooperation. Even though no significant

progress was to be expected, the meeting was intended to be symbolic: notwithstanding the numerous criticisms that the proposal is subject of, the eleven governments still want to see this tax to become a reality. Now, they still have to agree on the scope and modalities of the said tax...

10 Sept. 2013: FTT project deemed illegal by Council's legal experts

On 10 September, the legal service of the Council of the EU sent to the Lithuanian Presidency of the Council an opinion on the European Commission's proposal for a tax on financial transactions to be implemented through an enhanced cooperation.

In this opinion, the Council's legal experts explain that the tax goes beyond the participating states' jurisdiction in fiscal matters, and that it would be unlawful under the EU treaties as it would infringe upon non-participating Member States' competences (by forcing their financial institutions to pay the tax even though they refused to participate in the enhanced cooperation).

The legal experts also judged that the project is illegal since it would break the principles of free movement of capital and services, which are cornerstones of the EU single market and embedded in the EU treaties.

Although this opinion is not binding for the Finance ministers of the 11 participating Member States, it could make more difficult the negotiations on the Commission's proposals and give arguments to those non-participating Member States, such as the UK, who already announced their intention to attack the legislation before the European Court of Justice.

3 July 2013: European Parliament votes on the project of FTT through an enhanced cooperation

On 3 July, the plenary assembly of the European Parliament adopted the [report](#) voted the previous week by the ECON Committee, based on MEP Anni Podimata (S&D, Greece)'s draft report, on the proposed enhanced cooperation to set up a financial transaction tax in 11 Member States.

The report contains proposals of amendments that the 11 participating Member States can integrate in the Commission's proposals together with their own amendments, or reject.

24 June 2013 : ECON Committee votes on Anni Podimata's draft report

On 24 June, the ECON Committee adopted a [report](#) based on MEP Anni Podimata (S&D, Greece)'s draft report on the proposal to implement a FTT through an enhanced cooperation. The MEPs, who are only consulted on this issue, did not change their demands as regards the scope of the tax nor the exemptions to be applied.

Accounting issues	Back to summary
<p><u>28 May 2014: Publication of the new EU framework for statutory audit</u></p> <p>On 28 May 2014, the two texts for the new EU regulatory framework on statutory audit were published in the Official Journal of the European Union. The aim of such a reform is to increase the competition with the EU audit services market and to improve the auditing quality and its transparency.</p> <p>The Directive and the Regulation will take effect within two years of their entry into force. The restriction on fee income from non-auditing services is to take effect within three years.</p> <hr/> <p><u>4 Feb. 2014: Commissioner Barnier prolongs Philippe Maystadt's mission on EFRAG reform</u></p> <p>On 4 February, Commissioner Michel Barnier announced he prolonged Philippe Maystadt's mission as special advisor to supervise the reform of the European Financial Reporting Advisory Group (EFRAG), as a follow-up of the report he submitted to the Commission in November.</p> <p>For the recall, Mr Maystadt's mission was first motivated by the legal obligation that the Commission have to produce an assessment of the Regulation that introduced the IFRS as accounting standards in the EU before the end of 2014.</p> <hr/> <p><u>20 Jan. 2014: European Supervisory Authorities worried about Maystadt report</u></p> <p>On 20 January, the three European Supervisory Authorities –EBA, EIOPA and ESMA- sent a letter to the European Commission, saying their concerns about some aspects of the report submitted by Philippe Maystadt, the special advisor to Commissioner Barnier on accounting standards.</p> <p>In particular, they criticize the proposal made by Philippe Maystadt to transform the supervisory board of the European Financial Reporting Advisory Group (EFRAG) and give a say to representatives of the private sector (banks and insurance companies) on the opinions that EFRAG gives to the Commission on the IFRS. The authorities consider that only public authorities in the board should decide on the final opinion given to the Commission.</p> <hr/> <p><u>12 Nov. 2013: Philippe Maystadt's report on the governance of accounting standards</u></p> <p>Philippe Maystadt, special adviser to Commissioner Michel Barnier, presented on 12 November his report, containing recommendations on possible ways to improve the governance of the European bodies involved in the development of International Financial Reporting Standards (IFRS) and to enhance the European contribution to the establishment of these IFRS.</p> <p>The exercise was motivated by the view that over the last years, the International Accounting Standards Board (IASB), in charge of setting the IFRS, has focussed too much on the objective of convergence with the US standards, while leaving unaddressed the needs of the EU markets.</p>	

After 8 months of interviews and research, Mr Maystadt reached the conclusion that there is a need for a single international accounting standards framework, but that the European influence on it *“is reduced because it is diffuse”*. He thus recommends setting a European structure that would be able to *“carry out a strategic analysis of the economic impact of the standards and better coordinate the European positions”* (see [press release](#)).

10 July 2013: IASB updates ‘IFRS for SMEs’ factsheet

The International Accounting Standards Board updated the [factsheet](#) presenting its program ‘IFRS for SMEs’, which aims at simplifying the implementation of International Financial Reporting Standards (IFRS) for SMEs and allowing comparison of their financial statements worldwide.

26 June 2013: Adoption of Directive on annual financial statements, consolidated statements and related reports of certain types of undertakings

On 26 June, the Council of the EU adopted a [directive](#) on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings (Accounting Directive).

The European Parliament had adopted the directive on 12 June in plenary session. Commissioner Barnier welcomed the vote saying that *“financial reporting obligations have been modernised and costs reduced, in particular for SMEs”*.

The directive was published in the Official Journal of the EU on 29 June 2013. The Member States shall transpose it into national law by 20 July 2015.

21 June 2013: Study on the effects of using IFRS in the EU

On 21 June, the European Commission published a [call for tender](#) to realize a study *“to take stock and to assess the effects of using international financial reporting standards (IFRS) in the EU”*.

The Commission aims at gathering information on the impacts of using the IFRS in the EU, both for preparers and users, in view of the forthcoming revision of the IAS regulation (regulation 1606/2002). The Commission wants to know whether the regulation, and the IFRS, met the two initial objectives of *“ensuring a high degree of transparency and comparability of the financial statements of European companies and an efficient functioning of the market”*.

The study will also include a cost-benefit analysis and an analysis of the possible benefits and drawbacks brought by the IFRS to different sectors and stakeholder groups.

The time limit for receipt of tenders is 13 September 2013.

Other topics of interest

[Back to summary](#)

26 May 2014: Results of the EP Elections

The European People's Party (EPP) is still the largest political group in the European Parliament but won't be able to rule alone: a coalition will be necessary to create a majority large enough to "elect" the future President of the European Commission. Jean-Claude Juncker (EPP) is currently negotiating with the other parties and the European Council to find a majority and be nominated at the head of the Commission.

During the month of June, there will be negotiations to form political groups and to decide the composition of the parliamentary committees.

Uncertainty remains on whether the European Council will indeed choose a candidate among those designated by the European parties or try to bypass these candidates, then taking the risk of an open conflict with the Parliament.



Source: TNS/ScytI in cooperation with the European Parliament.

15 May 2014: Commission presents a first review of EU financial regulation

With many financial reforms adopted, the European Commission published a "first comprehensive review of the financial regulation agenda as a whole". A [Communication](#) "A reformed financial sector for Europe" and a [working document](#) present an individual and overall assessment of the measures adopted during the past legislature. The Commission wants that review to be seen as the

first of other evaluations of the reforms on long period.

The review shows the reform process has had a cost evaluated at 0.3% of EU G.D.P. But, according to the Commission, such costs are compensated by a better financial stability and an annual growth rate from 0.6 to 1.1% of G.D.P. The report didn't recon an automatic link between the balance sheet variation and a credit crunch but the EC is still concerned by the access to financing for the SMEs.

For Commissioner Barnier *"the financial regulation agenda is making the financial system more stable and responsible, working for the benefit of the economy and citizens across the EU"*.

9 April 2014: EC proposes new rights for shareholders

The European Commission launched on 9 April 2014 a [proposal](#) for the revision of the Shareholder Rights Directive. This initiative follows its 2012 Action Plan on European company law and corporate governance and its [Communication](#) on the long-term financing of the European economy published on 27 March 2014.

The declared aim of the proposal of directive is to "tackle corporate governance shortcomings" and the way to fulfil this goal is "encouraging shareholders to adopt a long-term perspective in their investments" (M. Barnier). To do so the text would strengthen the shareholders rights in order to give them more control on the corporate governance, particularly a "say on pay". There would be no binding cap on remuneration at EU level but the possibility for shareholders to fix a maximum level of remuneration for executives.

The directive requires also stronger transparency requirements for institutional investors and asset managers on their investment and engagement policies concerning the companies in which they invest. The proposal includes too a framework to make it easier to identify shareholders so they can more easily exercise their rights (for example, in cross-border situations).

The proposal will have to way for the next legislature to be studied by the European parliament.

29 Jan. 2014: EC tables draft Regulation on the separation of banking activities

The European Commission released on 29 January its long awaited [draft Regulation on structural measures improving the resilience of EU credit institutions](#), which aims at solving the problem of too-big-to-fail (TBTF) banks by requiring the banks to isolate risky trading activities when the level of risk is too important.

The main points of the proposal:

- **Subsidiarity:** the European Regulation would only apply to banks whose balance sheets exceeds €70 billion of assets and whose trading activities exceeds €30 billion or 10% of the bank's activities. All the other banks would be left under the national law. Indeed, this draft Regulation is seen only as a complementary tool to handle TBTF banks, where all the other prudential legislation (CRD IV, Single supervision...) fails to substantially reduce the risk.
- **Ban on proprietary trading:** The European Commission proposed to purely and simply ban proprietary trading, arguing that *"this activity entails many risks but no tangible benefits for the bank's clients or the wider economy"*.
- Transfer of risky trading activities to a separate legal entity on demand of the supervisor:

The draft Regulation would grant supervisors with the power to require the transfer of certain risky trading activities (market making, securitisation, complex derivatives...) to a separate legal entity. However, this separation will not be automatic: the decision will be the one of the supervisor, based on a series of criteria and indicators to be defined.

- Links between separated entities: the draft Regulation provides rules of economic and legal governance of the separated entity, and on the operational links that may exist between the entity and the rest of the banking group.

Legislative works on this proposal is unlikely to start before the European elections of May 2014, which will postpone the process to September 2014 at the earliest.

You can also see the European Commission's [press release](#)

July 2013: EBA reports on risks and vulnerabilities in the EU banking sector

The European Banking Authority published in July its semi-annual [report](#) on the risks and vulnerabilities affecting the EU banking sector. The EBA sees an improvement in market confidence in the EU banking sector in the first half of 2013, somewhat easing the situation of financial institutions.

However, it highlights that “the continued disappointing economic activity and some deep recessions in parts of the EU, the outlook for the near future remains subdued”, which could force EU financial institutions to raise provisions and face a “continuing asset quality deterioration”.

Ongoing consultations

[Back to summary](#)

Until 19 August 2014: EBA's consultation on technical standards on supervisory benchmarking of internal approaches for calculating capital requirements

The European Banking Authority (EBA) launched a [consultation](#) on draft Implementing Technical Standards (ITS) and Regulatory Technical Standards (RTS) aimed at specifying the EU framework for the conduct of annual supervisory benchmarking of internal approaches for calculating own funds requirements for credit and market risk exposures (RWAs). The consultation runs until 19 August 2014.

Until 7 July 2014: EBA's consultation draft technical standards on the treatment of equity exposures under the IRB approach

The European Banking Authority (EBA) launched a [consultation](#) on draft Regulatory Technical Standards (RTS) to specify the treatment of equity exposures under the internal ratings-based (IRB) approach. These RTS will be part of the Single Rulebook aimed at enhancing regulatory harmonisation in the banking sector in the European Union. The consultation runs until 7 July 2014.

Agenda June 2013		Back to summary
20 June: ECOFIN Council meeting (Luxembourg)		
1-4 July: First Plenary Session of the European Parliament (formation of EP committees and election of bureau and quaestors).		

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