



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 5 June 2012

10803/12

**Interinstitutional File:
2010/0395 (COD)**

**FIN 400
CODEC 1535**

NOTE

from :	General Secretariat of the Council
to :	Permanent Representatives Committee
No. prev. doc.:	10675/12 FIN 397 CODEC 1513
No. Cion prop.:	5129/11 FIN 5 CODEC 21 - COM(2010) 815 final
Subject :	Proposal for a Regulation of the European Parliament and of the Council on the financial rules applicable to the annual budget of the Union (first reading)

1. Following the discussions held on 30 and 31 May 2012, the Permanent Representatives Committee entrusted the Presidency with an updated mandate to continue negotiations with the European Parliament on the basis of the text recorded in document 10675/12.
2. On 1 June 2012, a second political trilogue took place on the revision of the Financial Regulation, after the one held on 9 May 2012.
3. Considerable progress was made on issues such as provisional twelfths, transfers, VAT eligibility in the context of grants, EU trust funds for external actions and expenditure on buildings, in the framework of a "package deal" approach.

4. Concerning the carry-over of unused appropriations and of the budgetary balance, carry-over rules for the Emergency Aid Reserve and for projects financed under the Connecting Europe Facility, the possible inclusion of the European Development Fund in the EU budget, the enhancing of efforts to combat the illegal traffic in tobacco products, as well as the adoption and the publication of the budget, it was agreed at the trilogue that these issues do not pertain to the context of the negotiations on the Financial Regulation.
5. Important outstanding issues are:
- a) Articles 156, 157 and 158 (*Discharge*) (including discharge on agencies), in connection with Article 93(4) (*Powers and duties of the internal auditor - transmission of audit reports*): the need to ensure full compliance with Articles 319(2) and 335 TFEU,
 - b) Articles 30(2) (*Publication of budgets, accounts and reports*) and 37(1) (*Obligations of the Member States stemming from the adoption of the budget*): which text to adopt for these Articles, pending the judgement of the Court of Justice in case C-77/11;
 - c) Articles 131(5), in connection with Article 18(3)(h) (*Financial Instruments - reflows*): the choice between a presumption in favour of or against the earmarking;
 - d) Article 56 (*Shared management with Member States*), and connected Articles 57 (*Indirect management*) and 77 (*Recoveries*): as for Article 56, the modification of the deadline, the deletion of the "yearly basis" as well as the "voluntary" publication of the management declarations in paragraph 5, and the deletion of the provisions (in paragraph 6b) on national declarations. As for Article 77, the modifications introduced by the latest Presidency proposal in paragraphs 4 and 5 on financial corrections. Furthermore, the need to estimate the level of risk of error per Member State and per fund, with reference to Article 29, is still controversial;
 - e) Articles 199, 202, 203 and 204 (*Delegated act*): the compliance with the common understanding on delegated acts (doc. 8753/1/11).

6. A third political trilogue is scheduled on 12 June 2012.

With a view to bring positions closer and try to conclude a final "package deal", the following modifications have been introduced in the text of the Presidency's updated mandate as recorded in Annex 1:

- a) the draft joint statement No 1 on MFF-related issues and on the judgement of the Court of Justice regarding the adoption and the publication of the budgets as proposed in Annex 2 replaces statements No 5 and 6 recorded in Annex 2 to document 10256/12;
- b) pending the judgement of the Court of Justice on the adoption and publication of the budgets, the text of the Regulation currently in force is reinstated for Articles 30(2) (*Publication of budgets, accounts and reports*) and 37(1) (*Obligations of the Member States stemming from the adoption of the budget*), as it also proposed for all the articles concerned by the statement under point (a) above;
- c) Article 157(3) is reworded, ensuring full compliance with Article 319 TFEU;
- d) Article 178(3)(b) on EU trust funds is reworded, in order to better clarify the additionality criterion;
- e) a modification proposed by the Legal Services is included in Article 195(8);
- f) the draft joint statement No 2 on the expenditure related to buildings as proposed in Annex 2 accompanies Article 195.

7. This note is submitted to the Permanent Representatives Committee as a basis for an orientation debate, with the aim of renewing as a whole the Presidency's updated mandate to continue and conclude negotiations with the European Parliament.

FINANCIAL REGULATION

PROPOSAL FOR A REVISED PRESIDENCY UPDATED MANDATE

after Trilogue on 1 June 2012

Point 1

Articles 156, 157 and 158 (*Discharge*) (including discharge on agencies)

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p><i>Article 145</i></p> <p>1. The European Parliament, upon a recommendation from the Council acting by a qualified majority, shall, before 15 May of year <i>n</i> + 2 give a discharge to the Commission in respect of the implementation of the budget for year <i>n</i>.</p> <p>2. If the date provided for in paragraph 1 cannot be met, the European Parliament or the Council shall inform the Commission of the reasons for the postponement.</p>	<p><i>Article 156</i></p> <p><i>Timetable of the discharge procedure</i></p> <p>1. The European Parliament, upon a recommendation from the Council acting by a qualified majority, shall, before 15 May of year <i>n</i> + 2 give a discharge to the Commission in respect of the implementation of the budget for year <i>n</i>.</p> <p>2. If the date provided for in paragraph 1 cannot be met, the European Parliament or the Council shall inform the Commission of the reasons for the postponement.</p>	<p><i>Article 156</i></p> <p><i>Timetable of the discharge procedure</i></p> <p>1. The European Parliament, upon a recommendation from the Council acting by a qualified majority, shall, before 15 May of year <i>n</i> + 2 give a discharge to the Commission in respect of the implementation of the budget for year <i>n</i>.</p> <p>2. If the date provided for in paragraph 1 cannot be met, the European Parliament or the Council shall inform the Commission of the reasons for the postponement.</p>	<p>AM 156</p> <p>1. The European Parliament, upon a recommendation from the Council acting by a qualified majority, shall, before 15 April of year <i>n</i> + 2 give a discharge in respect of the implementation of the budget for year <i>n</i> to:</p> <ul style="list-style-type: none"> - the institutions referred in the first indent of Article 1(2) - the entities mentioned under Article 196b(1), - other bodies responsible for the implementation of Union funds, insofar as a requirement of discharge to those bodies by the European Parliament is foreseen in Union legislation. <p>2. If the date provided for in paragraph 1 cannot be met, the European Parliament or the Council shall inform the institutions, entities and bodies concerned, of the reasons for the postponement.</p>	<p><i>Article 156</i></p> <p><i>Timetable of the discharge procedure</i></p> <p>1. The European Parliament, upon a recommendation from the Council acting by a qualified majority, shall, before 15 May of year <i>n</i> + 2 give a discharge to the Commission(*) in respect of the implementation of the budget for year <i>n</i>.</p> <p>2. If the date provided for in paragraph 1 cannot be met, the European Parliament or the Council shall inform the Commission(*) of the reasons for the postponement.</p>

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<p>3. If the European Parliament postpones the decision giving a discharge, the Commission shall make every effort to take measures, as soon as possible, to remove or facilitate removal of the obstacles to that decision.</p>	<p>3. If the European Parliament postpones the decision giving a discharge, the Commission shall make every effort to take measures, as soon as possible, to remove or facilitate removal of the obstacles to that decision.</p>	<p>3. If the European Parliament postpones the decision giving a discharge, the Commission shall make every effort to take measures, as soon as possible, to remove or facilitate removal of the obstacles to that decision.</p>	<p>3. If the European Parliament postpones the decision giving a discharge, the Commission^(*) shall make every effort to take measures, as soon as possible, to remove or facilitate removal of the obstacles to that decision.</p> <p>^(*) Disagreement persists on AM 156.</p>
<p><i>Article 146</i></p> <p>1. The discharge decision shall cover the accounts of all the Communities' revenue and expenditure, the resulting balance and the assets and liabilities of the Communities shown in the balance sheet.</p> <p>2. With a view to granting the discharge, the European Parliament shall, after the Council has done so, examine the accounts and financial statements referred to in Article 275 of the EC Treaty and Article 179a of the Euratom Treaty. It shall also examine the annual report made by the Court of Auditors together with the replies of the institutions under audit, and any relevant special reports by the Court of Auditors</p>	<p><i>Article 157</i></p> <p><i>The discharge procedure</i></p> <p>1. The discharge decision shall cover the accounts of all the Union's revenue and expenditure, the resulting balance and the assets and liabilities of the Union shown in the balance sheet.</p> <p>2. With a view to granting the discharge, the European Parliament shall, after the Council has done so, examine the accounts, financial statements and the evaluation report referred to in Article 318 of the TFEU. It shall also examine the annual report made by the Court of Auditors together with the replies of the institutions under audit, and any relevant special reports by the Court of Auditors in respect of the</p>	<p><i>Article 157</i></p> <p><i>The discharge procedure</i></p> <p>1. The discharge decision shall cover the accounts of all the Union's revenue and expenditure, the resulting balance and the assets and liabilities of the Union shown in the balance sheet.</p> <p>2. With a view to granting the discharge, the European Parliament shall, after the Council has done so, examine the accounts, financial statements and the evaluation report referred to in Article 318 of the TFEU. It shall also examine the annual report made by the Court of Auditors together with the replies of the institutions under audit, and any relevant special reports by the Court of Auditors in respect of the</p>	<p><i>Article 157</i></p> <p><i>The discharge procedure</i></p> <p>1. The discharge decision shall cover the accounts of all the Union's revenue and expenditure, the resulting balance and the assets and liabilities of the Union shown in the balance sheet.</p> <p>2. With a view to granting the discharge, the European Parliament shall, after the Council has done so, examine the accounts, financial statements and the evaluation report referred to in Article 318 TFEU. It shall also examine the annual report made by the Court of Auditors together with the replies of the institutions under audit, and any relevant special reports by the Court of Auditors in respect of the</p>

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<p>in respect of the financial year in question and the Court of Auditors' statement of assurance as to the reliability of the accounts and the regularity of the underlying transactions.</p> <p>3. The Commission shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year in question, in accordance with Article 276 of the EC Treaty.</p>	<p>financial year concerned and the Court of Auditors' statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.</p> <p>3. The Commission shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year concerned, in accordance with Article 319 of the TFEU.</p>	<p>financial year concerned and the Court of Auditors' statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.</p> <p>3. The Commission shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year concerned, in accordance with Article 319 of the TFEU.</p>	<p>AM 265</p> <p>3. The <i>institutions, entities and bodies concerned</i> shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year concerned, in accordance with Article 319 of the TFEU.</p>	<p>financial year concerned and the Court of Auditors' statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.</p> <p>3. The Commission shall, upon request, submit to the European Parliament and to the Council, in line with their respective roles, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year concerned, in accordance with Article 319 TFEU.</p> <p>The European Parliament may ask to hear the Commission give evidence with regard to the execution of expenditure or the operation of financial control systems.</p> <p>At the Commission's request, institutions, entities and bodies implementing the budget shall, in a timely manner, submit to the Commission any information required for the</p>

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				smooth application of the discharge procedure for the financial year concerned, in accordance with Article 319 TFEU.

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<p><i>Article 147</i></p> <p>1. In accordance with Article 276 of the EC Treaty and Article 180b of the Euratom Treaty, the Commission and the other institutions shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.</p> <p>2. At the request of the European Parliament or the Council, the institutions shall report on the measures taken in the light of these observations and comments, and, in particular, on the instructions they have given to those of their departments which are responsible for the implementation of the budget. The Member States shall cooperate with the Commission by informing it of the measures they have taken to act on these observations so that the Commission may take them into</p>	<p><i>Article 158</i> <i>Follow-up measures</i></p> <p>1. In accordance with Article 319 of the TFEU and Article 180b of the Euratom Treaty, the Commission and the other institutions shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.</p> <p>2. At the request of the European Parliament or the Council, the institutions shall report on the measures taken in the light of these observations and comments, and, in particular, on the instructions they have given to those of their departments which are responsible for the implementation of the budget. The Member States shall cooperate with the Commission by informing it of the measures they have taken to act on these observations so that the Commission may take them into</p>	<p><i>Article 158</i> <i>Follow-up measures</i></p> <p>1. In accordance with Article 319 of the TFEU and Article 180b of the Euratom Treaty, the Commission and the other institutions shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.</p> <p>2. At the request of the European Parliament or the Council, the institutions shall report on the measures taken in the light of these observations and comments, and, in particular, on the instructions they have given to those of their departments which are responsible for the implementation of the budget. The Member States shall cooperate with the Commission by informing it of the measures they have taken to act on these observations so that the Commission may take them into</p>	<p><i>Article 158</i> <i>Follow-up measures</i> AM 266</p> <p>1. In accordance with Article 319 of the TFEU and Article 180b of the Euratom Treaty, the Commission and the other institutions, entities and bodies concerned shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.</p> <p>2. At the request of the European Parliament or the Council, the institutions, entities and bodies concerned shall report on the measures taken in the light of these observations and comments, and, in particular, on the instructions they have given to those of their departments which are responsible for the implementation of the budget. The Member States shall cooperate with the Commission by informing it of the measures they have taken to act on these observations so that the Commission may take them into</p>	<p><i>Article 158</i> <i>Follow-up measures</i></p> <p>1. In accordance with Article 319 TFEU and Article 180b of the Euratom Treaty, the Commission and the other institutions^(*) shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.</p> <p>2. At the request of the European Parliament or the Council, the institutions^(*) shall report on the measures taken in the light of these observations and comments, and, in particular, on the instructions they have given to those of their departments which are responsible for the implementation of the budget. The Member States shall cooperate with the Commission by informing it of the measures they have taken to act on these observations so that the Commission may take them into</p>

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<p>account when drawing up its own report. The reports from the institutions shall also be transmitted to the Court of Auditors.</p>	<p>account when drawing up its own report. The reports from the institutions shall also be transmitted to the Court of Auditors.</p>	<p>account when drawing up its own report. The reports from the institutions shall also be transmitted to the Court of Auditors.</p>	<p>Commission may take them into account when drawing up its own report. The reports from the institutions shall also be transmitted to the Court of Auditors.</p>	<p>account when drawing up its own report. The reports from the institutions shall also be transmitted to the Court of Auditors.</p> <p>(*) Disagreement persists on AM 266.</p>

Point 2

Article 93(4) (*Powers and duties of the internal auditor - transmission of audit reports*)

<p>FINANCIAL REGULATION CURRENTLY IN FORCE</p>	<p>SION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p><i>Article 86</i></p> <p>The internal auditor shall advise his/her institution on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.</p> <p>He/She shall be responsible in particular:</p> <p>(a) for assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them;</p> <p>(b) for assessing the efficiency and effectiveness of the internal control and audit systems applicable to every budgetary implementation operation.</p>	<p><i>Article 93</i> <i>Powers and duties of the internal auditor</i></p> <p>1. The internal auditor shall advise his institution on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.</p> <p>He shall be responsible in particular:</p> <p>(a) for assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them;</p> <p>(b) for assessing the efficiency and effectiveness of the internal control and audit systems applicable to every budgetary implementation operation.</p>	<p><i>Article 93</i> <i>Powers and duties of the internal auditor</i></p> <p>1. The internal auditor shall advise his institution on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.</p> <p>He shall be responsible in particular:</p> <p>(a) for assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them;</p> <p>(b) for assessing the efficiency and effectiveness of the internal control and audit systems applicable to every budgetary implementation operation.</p>	<p><i>Article 93</i> <i>Powers and duties of the internal auditor</i></p> <p>1. The internal auditor shall advise his institution on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.</p> <p>He shall be responsible in particular:</p> <p>(a) for assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them;</p> <p>(b) for assessing the efficiency and effectiveness of the internal control and audit systems applicable to every budgetary implementation operation.</p>	<p><i>Article 93</i> <i>Powers and duties of the internal auditor</i></p> <p>1. The internal auditor shall advise his institution on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.</p> <p>He shall be responsible in particular:</p> <p>(a) for assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them;</p> <p>(b) for assessing the efficiency and effectiveness of the internal control and audit systems applicable to every budgetary implementation operation.</p>

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<p>2. The internal auditor shall perform his/her duties on all the institution's activities and departments. He shall enjoy full and unlimited access to all information required to perform his duties, if necessary on the spot, including in the Member States and in third countries.</p>	<p>2. The internal auditor shall perform his duties on all the institution's activities and departments. He shall enjoy full and unlimited access to all information required to perform his duties, if necessary on the spot, including in the Member States and in third countries.</p> <p>The internal auditor shall take note of the annual report of the authorising officers and any other pieces of information identified.</p>	<p>2. The internal auditor shall perform his duties on all the institution's activities and departments. He shall enjoy full and unlimited access to all information required to perform his duties, if necessary on the spot, including in the Member States and in third countries.</p> <p>The internal auditor shall take note of the annual report of the authorising officers and any other pieces of information identified.</p>		<p>2. The internal auditor shall perform his duties on all the institution's activities and departments. He shall enjoy full and unlimited access to all information required to perform his duties, if necessary on the spot, including in the Member States and in third countries.</p> <p>The internal auditor shall take note of the annual report of the authorising officers and any other pieces of information identified.</p>
<p>3. The internal auditor shall report to the institution on his/her findings and recommendations. The institution shall ensure that action is taken on recommendations resulting from audits. The internal auditor shall also submit to the institution an annual internal audit report indicating the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p>	<p>3. The internal auditor shall report to the institution on his findings and recommendations. The institution shall ensure that action is taken on recommendations resulting from audits. The internal auditor shall also submit to the institution an annual internal audit report indicating the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p>	<p>3. The internal auditor shall report to the institution on his findings and recommendations. The institution shall ensure that action is taken on recommendations resulting from audits. The internal auditor shall also submit to the institution an annual internal audit report indicating the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p>	<p>AM 291</p> <p>3a. The contact details of the internal auditor shall be made available to any natural or legal person involved in expenditure operations, for the purposes of confidentially contacting the internal auditor.</p> <p>The internal auditor or any natural or legal person providing him/her with information may not suffer any negative consequences thereof.</p> <p>The internal auditor has the duty to keep the identity of informants confidential.</p>	<p>3. The internal auditor shall report to the institution on his findings and recommendations. The institution shall ensure that action is taken on recommendations resulting from audits. The internal auditor shall also submit to the institution an annual internal audit report indicating the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p> <p>3a. The contact details of the internal auditor shall be made available to</p>

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<p>4. Each year the institution shall forward a report to the discharge authority summarising the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p>	<p>4. Each year the institution shall forward a report to the discharge authority containing a summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p>	<p>4. Each year the institution shall forward a report to the discharge authority European Parliament and the Council containing a summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p>	<p><i>The internal auditor of each institution has the right to inform the discharge authority in cases he deems useful.</i></p> <p>AM 154</p> <p>4. <i>All audit reports shall be made available to the discharge authority immediately after they are issued.</i> Each year the institution shall forward a report to the discharge authority containing a summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p> <p><i>In the summary report, the discharge authority shall be made aware of any review that recommends changes to any major acquisition project or that recommends significant budgetary savings.</i></p> <p><i>Where an audit progress committee exists, this shall report in a separate statement on the impact of actions taken on the recommendations for the institution as well as further</i></p>	<p>any natural or legal person involved in expenditure operations, for the purposes of confidentially contacting the internal auditor.</p> <p>4. Each year the institution shall forward a report to the European Parliament and the Council which should detail the individual areas covered containing a summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations.</p> <p>The summary report shall include information on any review that recommends changes to any major acquisition project or grant or that recommends significant budgetary savings, and on the impact of actions taken on the recommendations for the institution, as well as further possible improvements proposed by an audit committee, where it exists.</p> <p>In the context of the</p>

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			<p><i>possible improvements.</i></p>	<p>implementation of Article 319(2) TFEU, the Commission shall make available to the European Parliament, upon request, its final internal audit reports. For the purpose of the present article, audit reports shall be understood as final reports after contradictory procedure that included auditee's position.</p> <p>Subject to paragraph 4a, they shall be treated confidentially.^(*)</p> <p>^(*) The following <u>CION</u> statement "on confidentiality of audit reports" will accompany Article 93(4):</p> <p><i>"The Commission recalls that reports referred to in Article 93(4), third subparagraph of the Financial Regulation which are made available to the European Parliament at its request shall be treated confidentially in accordance with Annex II (Forwarding of confidential information to Parliament) of the Framework Agreement on the relations between the European Parliament and the</i></p>

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			<p style="text-align: center;">AM 269</p> <p><i>4a. The reports and findings of the Internal Auditor, as well as the report of the institution, shall be accessible to the public only after validation by the Internal Auditor of the actions taken for their implementation.</i></p>	<p><i>European Commission¹ .</i></p> <p>¹ OJ L 304, 20.11.2010, p. 47."</p> <p>4a. The reports and findings of the Internal Auditor, as well as the report of the institution, shall be accessible to the public only after validation by the Internal Auditor of the actions taken for their implementation.</p>

Point 3

MFF related issues: Articles 9 (Cancellation and carry over of appropriations) and 9a (Carry-over of unused appropriations), Articles 15 (Balance from financial year) and 15a (Reserve for payments and commitments), [and Article 49 (Compliance of Union acts with the budget)]

<p>FINANCIAL REGULATION CURRENTLY IN FORCE</p>	<p>SION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p><i>Article 9</i></p>	<p><i>Article 9</i> <i>Cancellation and carry over of appropriations</i></p>	<p><i>Article 9</i> <i>Cancellation and carry over of appropriations</i></p>	<p><i>Article 9</i> <i>Cancellation and carry over of appropriations</i></p>	<p><i>Article 9</i> <i>Cancellation and carry over of appropriations</i></p>
<p>1. Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.</p> <p>However, they may be carried over to the following financial year only, by a decision taken by the institution concerned by 15 February at the latest, in accordance with paragraphs 2 and 3 or be carried over automatically in accordance with paragraph 4.</p>	<p>1. Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.</p> <p>However, they may be carried over to the following financial year only, by a decision taken by the institution concerned by 15 February at the latest, in accordance with paragraphs 2 and 3 or be carried over automatically in accordance with paragraph 4.</p>	<p>1. Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.</p> <p>However, they may be carried over to the following financial year only, by a decision taken by the institution concerned by 15 February at the latest, in accordance with paragraphs 2 and 3 or be carried over automatically in accordance with paragraph 4.</p>	<p>1. Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.</p> <p>However, they may be carried over to the following financial year only, by a decision taken by the institution concerned by 15 February at the latest, in accordance with paragraphs 2 and 3 or be carried over automatically in accordance with paragraph 4.</p>	<p>1. Appropriations which have not been used at the end of the financial year for which they were entered shall be cancelled.</p> <p>However, they may be carried over to the following financial year only, by a decision taken by the institution concerned by 15 February at the latest, in accordance with paragraphs 2 and 3 or be carried over automatically in accordance with paragraph 4.</p>
<p>2. Differentiated commitment appropriations and non-differentiated appropriations not yet committed at the close of the financial year may be carried over in respect of:</p> <p>(a) amounts corresponding to commitment appropriations for which most of the preparatory stages of the commitment procedure have been completed by 31 December. These amounts may then be committed up to</p>	<p>2. Differentiated commitment appropriations and non-differentiated appropriations not yet committed at the close of the financial year may be carried over in respect of:</p> <p>(a) amounts corresponding to commitment appropriations for which most of the preparatory stages of the commitment procedure have been completed by 31 December. These amounts may then be committed up to</p>	<p>2. Differentiated commitment appropriations and non-differentiated appropriations not yet committed at the close of the financial year may be carried over in respect of:</p> <p>(a) amounts corresponding to commitment appropriations for which most of the preparatory stages of the commitment procedure have been completed by 31 December. These amounts may then be committed up to</p>	<p>2. Differentiated commitment appropriations and non-differentiated appropriations not yet committed at the close of the financial year may be carried over in respect of:</p> <p>(a) amounts corresponding to commitment appropriations for which most of the preparatory stages of the commitment procedure have been completed by 31 December. These amounts may then be committed up to</p>	<p>2. Differentiated commitment appropriations and non-differentiated appropriations not yet committed at the close of the financial year may be carried over in respect of:</p> <p>(a) amounts corresponding to commitment appropriations for which most of the preparatory stages of the commitment procedure have been completed by 31 December. These amounts may then be committed up to</p>

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<p>31 March of the following year;</p> <p>(b) amounts which are necessary when the legislative authority has adopted a basic act in the final quarter of the financial year and the Commission has been unable to commit the appropriations provided for this purpose by 31 December.</p>	<p>31 March of the following year;</p> <p>(b) amounts which are necessary when the legislative authority has adopted a basic act in the final quarter of the financial year and the Commission has been unable to commit the appropriations provided for this purpose by 31 December.</p>	<p>31 March of the following year;</p> <p>(b) amounts which are necessary when the legislative authority has adopted a basic act in the final quarter of the financial year and the Commission has been unable to commit the appropriations provided for this purpose by 31 December.</p>	<p>AM 35</p> <p><i>(aa) or, in duly substantiated cases, amounts for building projects within the meaning of Article 195(3) which have not yet been completed if the preparatory stages of the commitment procedure have not yet been completed by 31 December and the amounts are needed so that progress with works can be stepped up or debt repaid early; these amounts may then be committed up to 31 December of the following year; and</i></p> <p>AM 36</p>	<p>may then be committed up to 31 March of the following year, or up to 31 December of the following year for amounts relating to building projects;</p> <p>(b) amounts which are necessary when the legislative authority has adopted a basic act in the final quarter of the financial year and the Commission has been unable to commit the appropriations provided for this purpose by 31 December;</p> <p>[Disagreement persists on AM 36]</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	C I O N P R O P O S A L (COM(2010) 815 final)	C O U N C I L M A N D A T E (9626/11 ADD 1)	E P A M s v o t e d o n 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	P R O P O S A L F O R A R E V I S E D U P D A T E D M A N D A T E (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>3. Payment appropriations may be carried over in respect of amounts needed to cover existing commitments or commitments linked to commitment appropriations carried over, when the appropriations provided for the relevant lines in the budget for the following financial year do not cover requirements. The institution concerned shall first use the appropriations authorised for the current financial year and shall not use the appropriations carried over until the former are exhausted.</p> <p>4. Non-differentiated appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only.</p>	<p>3. Payment appropriations may be carried over in respect of amounts needed to cover existing commitments or commitments linked to commitment appropriations carried over, when the appropriations provided for the relevant lines in the budget for the following financial year do not cover requirements. The institution concerned shall first use the appropriations authorised for the current financial year and shall not use the appropriations carried over until the former are exhausted.</p> <p>4. Non-differentiated appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only.</p>	<p>3. Payment appropriations may be carried over in respect of amounts needed to cover existing commitments or commitments linked to commitment appropriations carried over, when the appropriations provided for the relevant lines in the budget for the following financial year do not cover requirements. The institution concerned shall first use the appropriations authorised for the current financial year and shall not use the appropriations carried over until the former are exhausted.</p> <p>4. Non-differentiated appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only.</p>	<p><i>(ba) amounts corresponding from an own resource system.</i></p> <p>3. Payment appropriations may be carried over in respect of amounts needed to cover existing commitments or commitments linked to commitment appropriations carried over, when the appropriations provided for the relevant lines in the budget for the following financial year do not cover requirements. The institution concerned shall first use the appropriations authorised for the current financial year and shall not use the appropriations carried over until the former are exhausted.</p> <p>4. Non-differentiated appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only. <i>The same shall apply to de-committed and unused appropriations (commitments and payments) not covered by paragraphs 2 and 3 as well as available, unspent margins below the overall ceiling</i></p>	<p>3. Payment appropriations may be carried over in respect of amounts needed to cover existing commitments or commitments linked to commitment appropriations carried over, when the appropriations provided for the relevant lines in the budget for the following financial year do not cover requirements. The institution concerned shall first use the appropriations authorised for the current financial year and shall not use the appropriations carried over until the former are exhausted.</p> <p>4. Non-differentiated appropriations corresponding to obligations duly contracted at the close of the financial year shall be carried over automatically to the following financial year only. [Disagreement persists on AM 37]</p>

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<p>5. The institution concerned shall inform the European Parliament and the Council (hereinafter "the budgetary authority") by 15 March at the latest of the carry-over decision it has taken and shall state, for each budget line, how the criteria in paragraphs 2 and 3 have been applied to each carry-over.</p> <p>6. Appropriations placed in reserve and appropriations for staff expenditure may not be carried over.</p>	<p>5. The institution concerned shall inform the European Parliament and the Council (hereinafter the "budgetary authority") by 15 March at the latest of the carry-over decision it has taken and shall state, for each budget line, how the criteria in paragraphs 2 and 3 have been applied to each carry-over.</p> <p>6. Without prejudice to Article 10, appropriations placed in reserve and appropriations for staff expenditure may not be carried over.</p>	<p>5. The institution concerned shall inform the European Parliament and the Council (hereinafter the "budgetary authority") by 15 March at the latest of the carry-over decision it has taken and shall state, for each budget line, how the criteria in paragraphs 2 and 3 have been applied to each carry-over.</p> <p>6. Without prejudice to Article 10, appropriations placed in reserve and appropriations for staff expenditure may not be carried over.</p>	<p><i>of the Multiannual Financial Framework for each heading, which shall constitute a "global MFF margin" and be attributed to the different headings in the following financial year according to their needs.</i></p> <p>AM 38</p> <p>6. Without prejudice to Article 10, appropriations placed in reserve and appropriations for staff expenditure may not be carried over. <i>For the purpose of this article, staff expenditure comprises the remuneration and allowances for members and staff of the institutions to which the Staff Regulations apply.</i></p> <p>AM 39 <i>Article 9a</i> Carry-over of unused appropriations</p>	<p>5. The institution concerned shall inform the European Parliament and the Council by 15 March at the latest of the carry-over decision it has taken and shall state, for each budget line, how the criteria in paragraphs 2 and 3 have been applied to each carry-over.</p> <p>6. Without prejudice to Article 10, appropriations placed in reserve and appropriations for staff expenditure may not be carried over. For the purpose of this article staff expenditure comprises the remuneration and allowances for members and staff of the institutions to which the Staff Regulations apply.</p> <p>[Disagreement persists on AM 39]</p>

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			<p><i>Unused appropriations both in commitments and payments as well as decommitted appropriations of year N may be carried over into N+1 budget, or in one of the future budgets in the framework of the annual budgetary procedure, by a decision of the budgetary authority.</i></p> <p><i>The Commission shall present before 1 October of the year N to the budgetary authority its forecast for unused and decommitted appropriations of year N, both in commitments and payments.</i></p> <p><i>Each arm of the budgetary authority shall eventually indicate how to allocate unused appropriations either in the N+1 budget or even on subsequent years.</i></p> <p><i>The decision will be taken jointly by the two arms of the budgetary authority following the procedure in accordance with Article 314 TFEU.</i></p> <p><i>The unused and decommitted appropriations shall be entered into one of the budgets and beyond the ceilings of the Multiannual Financial Framework.</i></p>	

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			<p><i>Unused and decommitted appropriations may be allocated either to a specific programme, or entered into a provisional chapter. In this case resources from the Member States will be called for only after the decision of the budgetary authority on the specific destination.</i></p> <p><i>Carry over of margin of the Multiannual Financial Framework</i></p> <p><i>If, after the adoption of the annual budget, margins are left under each ceiling of the financial framework, the budgetary authority may decide, before the end of the exercise, to carry over the unused margins in any ceiling of one of the subsequent years of the Multiannual Financial Framework. The total amount of the Multiannual Financial Framework will remain unchanged.</i></p>	
<i>Article 15</i>	<i>Article 15</i> <i>Balance from financial year</i>	<i>Article 15</i> <i>Balance from financial year</i>	AM 41 <i>Article 15</i> Carry-over of budgetary balance	<i>Article 15</i> <i>Balance from financial year</i> [Disagreement persists on AM 41]
1. The balance from each financial year shall be entered in the budget for the following financial year as revenue in the case of a surplus or as a payment appropriation in the	1. The balance from each financial year shall be entered in the budget for the following financial year as revenue in the case of a surplus or as a payment appropriation in the	1. The balance from each financial year shall be entered in the budget for the following financial year as revenue in the case of a surplus or as a payment appropriation in the	1. The balance from each financial year after carry-overs according to Articles 9 and 10 shall be entered in the budget for the following financial year as	1. The balance from each financial year shall be entered in the budget for the following financial year as revenue in the case of a surplus or as a payment appropriation in the

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<p>case of a deficit.</p> <p>2. The estimates of such revenue or payment appropriations shall be entered in the budget during the budgetary procedure and in a letter of amendment presented pursuant to Article 34. They shall be drawn up in accordance with the Council Regulation implementing the Decision on the system of the Communities' own resources.</p> <p>3. After the presentation of the accounts for each financial year, any discrepancy with the estimates shall be entered in the budget for the following financial year through an amending budget devoted solely to that discrepancy. In such a case, the preliminary draft amending budget must be submitted by the Commission within 15 days</p>	<p>case of a deficit.</p> <p>2. The estimates of such revenue or payment appropriations shall be entered in the budget during the budgetary procedure and in a letter of amendment presented pursuant to Article 35. They shall be drawn up in accordance with the Council Regulation implementing the Decision on the system of the Union' own resources.</p> <p>3. After the presentation of the accounts for each financial year, any discrepancy with the estimates shall be entered in the budget for the following financial year through an amending budget devoted solely to that discrepancy. In such a case, the draft amending budget must be submitted by the Commission within 15 days following the</p>	<p>case of a deficit.</p> <p>2. The estimates of such revenue or payment appropriations shall be entered in the budget during the budgetary procedure and in a letter of amendment presented pursuant to Article 35. They shall be drawn up in accordance with the Council Regulation implementing the Decision on the system of the Union's own resources.</p> <p>3. After the presentation of the accounts for each financial year, any discrepancy with the estimates shall be entered in the budget for the following financial year through an amending budget devoted solely to that discrepancy and, in the case of a surplus, to corresponding additional appropriations. The draft amending budget must be</p>	<p>additional revenue in the case of a surplus or as a payment appropriation only in the case of a deficit, in strict accordance with Article 7 of the Council Decision on Own resources, not including a quasi-automatic adaptation of Member States' contributions to the Union budget.</p> <p>2. The estimates of such revenue or payment appropriations shall be entered in the budget during the budgetary procedure and in a letter of amendment presented pursuant to Article 35.</p> <p>3. After the presentation of the accounts for each financial year, any discrepancy with the estimates shall be entered in the budget for the following financial year through an amending budget devoted solely to that discrepancy. In such a case, the draft amending budget must be submitted by the Commission within 15 days following the</p>	<p>case of a deficit.</p> <p>2. The estimates of such revenue or payment appropriations shall be entered in the budget during the budgetary procedure and in a letter of amendment presented pursuant to Article 35. They shall be drawn up in accordance with the Council Regulation implementing the Decision on the system of the Union's own resources.</p> <p>3. After the presentation of the accounts for each financial year, any discrepancy with the estimates shall be entered in the budget for the following financial year through an amending budget devoted solely to that discrepancy. In such a case, the draft amending budget must be submitted by the Commission within 15 days following the</p>

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following the submission of the provisional accounts.	submission of the provisional accounts.	submission of the provisional accounts.	submitted by the Commission within 45 days following the submission of the provisional accounts.	submission of the provisional accounts.
			<p>AM 42 <i>Article 15a</i> Reserve for payments and commitments</p>	[Disagreement persists on AM 42]
			<p><i>The surplus and the unspent commitments of the previous budgetary years of the current multi-annual financial framework as well as decommitted appropriations shall be entered in the reserve for payments and commitments.</i></p> <p><i>This reserve shall be used in first instance for any additional and/or unforeseen needs as well as to compensate any negative reserve, which procedure is laid down in Article 44.</i></p> <p><i>The decision to mobilise this reserve will be taken jointly by the two arms of the budgetary authority following a proposal by the Commission.</i></p>	
	<p><i>Article 49</i> <i>Compliance of Union acts with the budget and the multiannual financial framework</i></p>	<p><i>Article 49</i> <i>Compliance of Union acts with the budget and the multiannual financial framework</i></p>		<p><i>Article 49</i> <i>Compliance of Union acts with the budget</i></p>
	Where by implementation of an act	Where by the implementation of an act	Where by implementation of an act	Where the implementation of a

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	<p>of the Union the appropriations available in the budget or the allocations available in the multiannual financial framework would be exceeded, such act may be implemented in financial terms only after the budget has been amended and, if necessary, the financial framework has been appropriately revised.</p>	<p>Union act of the Union exceeds the appropriations available in the budget or the allocations available in the multiannual financial framework would be exceeded, such act may be implemented in financial terms only after the budget has been amended and, if necessary, the financial framework has been appropriately revised accordingly.</p>	<p>of the Union the appropriations available in the budget or the allocations available in the multiannual financial framework would be exceeded, such act may be implemented in financial terms only after the budget has been amended and, if necessary, the financial framework has been appropriately revised. <i>For the purposes of this Article, and notwithstanding Article 4(2), an act of the Union shall be deemed to exist where borrowing or lending operations affect the global MFF margin (Article 9(4)) of any present or future years to which the multiannual financial framework applies.</i></p>	<p>Union act exceeds the appropriations available in the budget, such act may be implemented in financial terms only after the budget has been amended accordingly.</p> <p>[Disagreement persists on AM 96]</p>

Point 4

Articles 4(2)(b) and 46 (*EDF-related issues*)

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<p><i>Article 4</i></p> <p>The budget is the instrument which, for each financial year, forecasts and authorises all revenue and expenditure considered necessary for the European Community and the European Atomic Energy Community.</p> <p>2. The revenue and expenditure of the Communities shall comprise:</p> <p>(a) the revenue and expenditure of the European Community, including administrative expenditure occasioned for the institutions by the provisions of the Treaty on European Union relating to foreign and security policy and police and judicial cooperation in criminal matters, and the operational</p>	<p><i>Article 4</i></p> <p><i>Definition of the budget</i></p> <p>1. The budget is the instrument which, for each financial year, forecasts and authorises all revenue and expenditure considered necessary for the Union and the European Atomic Energy Community.</p> <p>2. The revenue and expenditure of the Union shall comprise:</p> <p>(a) the revenue and expenditure of the Union, including administrative expenditure occasioned for the institutions by the provisions of the Treaty on European Union relating to the common foreign and security policy, and the operational expenditure occasioned by implementation of those provisions where this</p>	<p><i>Article 4</i></p> <p><i>Definition of the budget</i></p> <p>1. The budget is the instrument which, for each financial year, forecasts and authorises all revenue and expenditure considered necessary for the Union and the European Atomic Energy Community.</p> <p>2. The revenue and expenditure of the Union shall comprise:</p> <p>(a) the revenue and expenditure of the Union, including administrative expenditure occasioned for the institutions by the provisions of the Treaty on European Union relating to the Common Foreign and Security Policy, and the operational expenditure occasioned by implementation of those provisions where this</p>	<p><i>Article 4</i></p> <p><i>Definition of the budget</i></p> <p>AM 27</p> <p>1. All revenue and expenditure have to be included in the budget and its annexes, including, for each financial year, forecasts and all authorised revenue and expenditure considered necessary for the Union.</p> <p>AM 28</p> <p>2. The revenue and expenditure of the Union shall comprise:</p> <p>(a) the revenue and expenditure of the Union;</p>	<p><i>Article 4^(*)(**)</i></p> <p><i>Definition of the budget</i></p> <p>^(*) Council maintains a reserve on this article. However, the Presidency proposes to accept paragraph 3 as redrafted by CION.</p> <p>^(**) Article 4 to be redrafted by LS.</p> <p>1. The budget is the instrument which, for each financial year, forecasts and authorises all revenue and expenditure considered necessary for the Union and the European Atomic Energy Community.</p> <p>2. The revenue and expenditure of the Union shall comprise:</p> <p>(a) the revenue and expenditure of the Union, including administrative expenditure occasioned for the institutions by the provisions of the Treaty on European Union relating to the Common Foreign and Security Policy, and the operational expenditure occasioned by implementation of those provisions where this</p>

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<p>expenditure occasioned by implementation of those provisions where this is charged to the budget;</p> <p>(b) the expenditure and revenue of the European Atomic Energy Community.</p>	<p>is charged to the budget;</p> <p>(b) the expenditure and revenue of the European Atomic Energy Community.</p>	<p>is charged to the budget;</p> <p>(b) the expenditure and revenue of the European Atomic Energy Community.</p>	<p>(b) the revenue and expenditure occasioned for the implementation of the respective European Development Fund.</p> <p>AM 29</p> <p>2a. The expenditure of the Union referred to in paragraph 2 includes:</p> <p>(a) administrative expenditure, including expenditure occasioned for the institutions by the provisions of the Treaty on European Union relating to the Common Foreign and Security Policy and the operating expenditure occasioned by implementation of those provisions where this is charged to the budget; and</p> <p>(b) the operational expenditure, occasioned by implementation of those</p>	<p>is charged to the budget;</p> <p>(b) the expenditure and revenue of the European Atomic Energy Community.</p>

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<p>3. The budget shall record the guarantee for borrowing-and-lending operations entered into by the Communities and payments to the Guarantee Fund for external actions.</p>	<p>3. The budget shall record the guarantee for borrowing-and-lending operations entered into by the Union.</p>	<p>3. The budget shall record the guarantee for borrowing-and-lending operations entered into by the Union, including the European Financial Stability Mechanism and Balance of Payment Facility operations, in accordance with point (d) of Article 46(1).^(*)</p>	<p>provisions where this is charged to the budget, including related support expenditure.</p> <p>AM 30</p> <p>2b. The budget shall record the guarantee for borrowing-and-lending operations entered into by the Union in the management of the European Financial Stability Facility (EFSF) and the European Financial Stability Mechanism (EFSM) and payments to the Guarantee Fund for external actions.</p>	<p>3. The budget shall record the guarantee for borrowing-and-lending operations entered into by the Union, including the European Financial Stability Mechanism and Balance of Payment Facility operations, in accordance with point (d) of Article 46(1).^(*)</p> <p>^(*) N.B. Financial instruments under Title VIII shall be recorded in the budget in accordance with Article 46(1)(d).</p>
<p>Article 46</p> <p>1. The budget shall show:</p> <p>(1) in the general statement of revenue and expenditure:</p> <p>(a) the estimated revenue of the Communities for the financial year in question;</p> <p>(b) the estimated revenue for</p>	<p>Article 46</p> <p>Presentation of the budget</p> <p>1. The budget shall show:</p> <p>(a) in the general statement of revenue and expenditure:</p> <p>(i) the estimated revenue of the Union for the financial year concerned;</p> <p>(ii) the estimated revenue for</p>	<p>Article 46</p> <p>Presentation of the budget</p> <p>1. The budget shall show:</p> <p>(a) in the general statement of revenue and expenditure:</p> <p>(i) the estimated revenue of the Union for the financial year concerned;</p> <p>(ii) the estimated revenue for</p>	<p>AMs 95 and 287</p> <p>1. The budget shall show:</p> <p>(a) in the general statement of revenue and expenditure:</p> <p>(i) the estimated revenue of the Union for the financial year concerned;</p> <p>(ii) the estimated revenue for</p>	<p>Article 46</p> <p>Presentation of the budget</p> <p>1. The budget shall show:</p> <p>(a) in the general statement of revenue and expenditure:</p> <p>(i) the estimated revenue of the Union for the financial year concerned;</p> <p>(ii) the estimated revenue for</p>

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<p>the preceding financial year and the revenue for year <i>n - 2</i>;</p> <p>(c) the commitment and payment appropriations for the financial year in question;</p> <p>(d) the commitment and payment appropriations for the preceding financial year;</p> <p>(e) the expenditure committed and the expenditure paid in year <i>n - 2</i>;</p> <p>(g) appropriate remarks on each subdivision, as set out in Article 41(1);</p> <p>(2) in the section for each institution, the revenue and expenditure shall be shown in the same structure as in point (1);</p> <p>(3) as regards staff:</p> <p>(a) for each section of the</p>	<p>the preceding financial year and the revenue for year <i>n - 2</i>;</p> <p>(iii) the commitment and payment appropriations for the financial year concerned;</p> <p>(iv) the commitment and payment appropriations for the preceding financial year;</p> <p>(v) the expenditure committed and the expenditure paid in year <i>n - 2</i>;</p> <p>(vi) appropriate remarks on each subdivision, as set out in Article 41(1);</p> <p>(b) in each section of the budget, the revenue and expenditure shall be shown in the same structure as in point (a);</p> <p>(c) as regards staff:</p> <p>(i) for each section of the</p>	<p>the preceding financial year and the revenue for year <i>n - 2</i>;</p> <p>(iii) the commitment and payment appropriations for the financial year concerned;</p> <p>(iv) the commitment and payment appropriations for the preceding financial year;</p> <p>(v) the expenditure committed and the expenditure paid in year <i>n - 2</i>;</p> <p>(vi) appropriate remarks on each subdivision, as set out in Article 41(1);</p> <p>(b) in each section of the budget, the revenue and expenditure shall be shown in the same structure as in point (a);</p> <p>(c) as regards staff:</p> <p>(i) for each section of the</p>	<p>the preceding financial year and the revenue for year <i>n - 2</i>;</p> <p>(iii) the commitment and payment appropriations for the financial year concerned;</p> <p>(iv) the commitment and payment appropriations for the preceding financial year;</p> <p>(v) the expenditure committed and the expenditure paid in year <i>n - 2</i>, <i>the latter also expressed as a percentage of the budget</i>;</p> <p>(vi) appropriate remarks on each subdivision, as set out in Article 41(1);</p> <p>(b) in each section of the budget, the revenue and expenditure shall be shown in the same structure as in point (a);</p> <p>(c) as regards staff:</p> <p>(i) for each section of the</p>	<p>the preceding financial year and the revenue for year <i>n - 2</i>;</p> <p>(iii) the commitment and payment appropriations for the financial year concerned;</p> <p>(iv) the commitment and payment appropriations for the preceding financial year;</p> <p>(v) the expenditure committed and the expenditure paid in year <i>n - 2</i>, the latter also expressed as a percentage of the budget;</p> <p>(vi) appropriate remarks on each subdivision, as set out in Article 41(1);</p> <p>(b) in each section of the budget, the revenue and expenditure shall be shown in the same structure as in point (a);</p> <p>(c) as regards staff:</p> <p>(i) for each section of the</p>

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<p>budget, an establishment plan setting the number of posts for each grade in each category and in each service and the number of permanent and temporary posts authorised within the limits of the budget appropriations;</p> <p>(b) an establishment plan for staff paid from the research and technological development appropriations for direct action and an establishment plan for staff paid from the same appropriations for indirect action; the establishment plans shall be classified by category and grade and shall distinguish between permanent and temporary</p>	<p>budget, an establishment plan setting the number of posts for each grade in each category and in each service and the number of permanent and temporary posts authorised within the limits of the budget appropriations;</p> <p>(ii) an establishment plan for staff paid from the research and technological development appropriations for direct action and an establishment plan for staff paid from the same appropriations for indirect action; the establishment plans shall be classified by category and grade and shall distinguish between permanent and temporary</p>	<p>budget, an establishment plan setting the number of posts for each grade in each category and in each service and the number of permanent and temporary posts authorised within the limits of the budget appropriations;</p> <p>(ii) an establishment plan for staff paid from the research and technological development appropriations for direct action and an establishment plan for staff paid from the same appropriations for indirect action; the establishment plans shall be classified by category and grade and shall distinguish between permanent and temporary</p>	<p>budget, an establishment plan <i>providing a comprehensive human resources and</i> setting the number of posts for each grade in each category and in each service and the number of permanent and temporary posts authorised within the limits of the budget appropriations, <i>accompanied by a document presenting the full time equivalents of contract agents as well as local agents;</i></p> <p>(ii) an establishment plan for staff paid from the research and technological development appropriations for direct action and an establishment plan for staff paid from the same appropriations for indirect action; the establishment plans shall be classified by category and grade and shall distinguish between permanent and temporary</p>	<p>budget, an establishment plan setting the number of posts for each grade in each category and in each service and the number of permanent and temporary posts authorised within the limits of the budget appropriations;</p> <p>(ii) an establishment plan for staff paid from the research and technological development appropriations for direct action and an establishment plan for staff paid from the same appropriations for indirect action; the establishment plans shall be classified by category and grade and shall distinguish between permanent and temporary</p>

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<p>posts, authorised within the limits of the budget appropriations;</p> <p>(c) as regards scientific and technical staff, the classification may be based on groups of grades, in accordance with the conditions laid down in each budget; the establishment plan must specify the number of highly qualified technical or scientific personnel who are accorded special advantages under the specific provisions of the Staff Regulations;</p> <p>(d) an establishment plan setting the number of posts by grade and by category for each body referred to in Article 185 which receives a grant charged to the budget. The establishment plans shall show next to the number of posts authorised for the financial year the number authorised for the preceding year;</p>	<p>posts, authorised within the limits of the budget appropriations;</p> <p>(iii) as regards scientific and technical staff, the classification may be based on groups of grades, in accordance with the conditions laid down in each budget; the establishment plan must specify the number of highly qualified technical or scientific personnel who are accorded special advantages under the specific provisions of the Staff Regulations;</p> <p>(iv) an establishment plan setting the number of posts by grade and by category for each body referred to in Article 200 which receives a grant charged to the budget. The establishment plans shall show next to the number of posts authorised for the financial year the number authorised for the preceding year;</p>	<p>posts, authorised within the limits of the budget appropriations;</p> <p>(iii) as regards scientific and technical staff, the classification may be based on groups of grades, in accordance with the conditions laid down in each budget; the establishment plan must specify the number of highly qualified technical or scientific personnel who are accorded special advantages under the specific provisions of the Staff Regulations;</p> <p>(iv) an establishment plan setting the number of posts by grade and by category for each body referred to in Article 200 which receives a grant charged to the budget. The establishment plans shall show next to the number of posts authorised for the financial year the number authorised for the preceding year;</p>	<p>posts, authorised within the limits of the budget appropriations;</p> <p>(iii) as regards scientific and technical staff, the classification may be based on groups of grades, in accordance with the conditions laid down in each budget; the establishment plan must specify the number of highly qualified technical or scientific personnel who are accorded special advantages under the specific provisions of the Staff Regulations;</p> <p>(iv) an establishment plan setting the number of posts by grade and by category for each body referred to in Article 196b which receives a grant charged to the budget. The establishment plans shall show next to the number of posts authorised for the financial year the number authorised for the preceding year;</p>	<p>posts, authorised within the limits of the budget appropriations;</p> <p>(iii) as regards scientific and technical staff, the classification may be based on groups of grades, in accordance with the conditions laid down in each budget; the establishment plan must specify the number of highly qualified technical or scientific personnel who are accorded special advantages under the specific provisions of the Staff Regulations;</p> <p>(iv) an establishment plan setting the number of posts by grade and by category for each body referred to in Article 200 which receives a grant charged to the budget. The establishment plans shall show next to the number of posts authorised for the financial year the number authorised for the preceding year;</p>

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<p>(4) as regards borrowing-and-lending operations:</p> <p>(a) in the general statement of revenue, the budget lines corresponding to the relevant operations and intended to record any reimbursements received from beneficiaries who initially defaulted, leading to activation of the</p>	<p>(d) as regards borrowing-and-lending operations:</p> <p>(i) in the general statement of revenue, the budget lines corresponding to the relevant operations and intended to record any reimbursements received from beneficiaries who initially defaulted, leading to activation of the</p>	<p>(ca) as regards funding to international organisations, in a document annexed to the Commission section:</p> <p>(i) a summary of all contributions, with a breakdown per Union programme/fund and per international organisation,</p> <p>(ii) a statement of reasons explaining why it was more efficient for the Union to fund those international organisations rather than to act directly;</p> <p>(d) as regards borrowing-and-lending operations:</p> <p>(i) in the general statement of revenue, the budget lines corresponding to the relevant operations, <i>in particular the implementation of financial instruments (Articles 130, 131)</i> and intended to record any</p>	<p>(d) as regards borrowing-and-lending operations:</p> <p>(i) in the general statement of revenue, the budget lines corresponding to the relevant operations and intended to record any reimbursements received from recipients who initially defaulted, leading to activation of the</p>

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<p>performance guarantee. These lines shall carry a token entry (p.m.) and be accompanied by appropriate remarks;</p> <p>(b) in the Commission section:</p> <p>(i) the budget lines containing the Communities' performance guarantees in respect of the operations in question. These lines shall carry a token entry (p.m.), so long as no effective charge which has to be covered by definitive resources has arisen;</p> <p>(ii) remarks giving the reference to the basic</p>	<p>performance guarantee. These lines shall carry a token entry "pro memoria" and be accompanied by appropriate remarks;</p> <p>(ii) in the Commission section:</p> <p>- the budget lines containing the Union' performance guarantees in respect of the operations concerned. These lines shall carry a token entry "pro memoria", so long as no effective charge which has to be covered by definitive resources has arisen;</p> <p>- remarks giving the reference to the basic</p>	<p>performance guarantee. These lines shall carry a token entry "pro memoria" and be accompanied by appropriate remarks;</p> <p>(ii) in the Commission section:</p> <p>- the budget lines containing the Union's performance guarantees in respect of the operations concerned. These lines shall carry a token entry "pro memoria", so long as no effective charge which has to be covered by definitive resources has arisen;</p> <p>- remarks giving the reference to the basic</p>	<p>reimbursements received from beneficiaries who initially defaulted leading to activation of the performance guarantee <i>as well as any revenue arising from the implementation of financial instruments.</i> These lines shall carry a token entry "pro memoria" and be accompanied by appropriate remarks;</p> <p>(ii) in the Commission section:</p> <p>- the budget lines containing the Union's performance guarantees and <i>financial instruments</i> in respect of the operations concerned. These lines shall carry a token entry "pro memoria", so long as no effective charge which has to be covered by definitive resources has arisen;</p> <p>- remarks giving the reference to the basic</p>	<p>performance guarantee. These lines shall carry a token entry "pro memoria" and be accompanied by appropriate remarks;</p> <p>(ii) in the Commission section:</p> <p>- the budget lines containing the Union's performance guarantees in respect of the operations concerned. These lines shall carry a token entry "pro memoria", so long as no effective charge which has to be covered by definitive resources has arisen;</p> <p>- remarks giving the reference to the basic</p>

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<p>act and the volume of the operations envisaged, the duration and the financial guarantee given by the Communities in respect of these operations;</p> <p>(c) by a document annexed to the Commission section, as an indication:</p> <p>(i) ongoing capital operations and debt</p>	<p>act and the volume of the operations envisaged, the duration and the financial guarantee given by the Union in respect of these operations;</p> <p>(iii) in a document annexed to the Commission section, as an indication:</p> <p>- ongoing capital operations and debt</p>	<p>act and the volume of the operations envisaged, the duration and the financial guarantee given by the Union in respect of these operations;</p> <p>(iii) in a document annexed to the Commission section, as an indication:</p> <p>- ongoing capital operations and debt</p>	<p>act and the volume of the operations envisaged, the duration and the financial guarantee given, <i>or other financial instrument implemented</i> by the Union in respect of these operations;</p> <p>- <i>a comprehensive calculation of the rate of overall funds dedicated to financial instruments in relation to the Union's budget;</i></p> <p>(iii) in a document annexed to the Commission section, as an indication:</p> <p>- <i>all equity participations by means of financial instruments or ppp which shall be accompanied by specific remarks on their performance;</i></p> <p>- ongoing capital operations and debt</p>	<p>act and the volume of the operations envisaged, the duration and the financial guarantee given by the Union in respect of these operations;</p> <p>(iii) in a document annexed to the Commission section, as an indication:</p> <p>- ongoing capital operations and debt</p>

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<p>management;</p> <p>(ii) the capital operations and debt management for the financial year in question;</p> <p>(5) the budget lines under revenue and expenditure necessary for implementing the Guarantee Fund for external actions.</p>	<p>management;</p> <p>- the capital operations and debt management for the financial year concerned;</p>	<p>management;</p> <p>- the capital operations and debt management for the financial year concerned;</p>	<p>management;</p> <p>- the capital operations and debt management for the financial year concerned;</p>	<p>management;</p> <p>- the capital operations and debt management for the financial year concerned;</p> <p>(da) as regards financial instruments under Title VIII:</p> <p>(i) a reference to the basic act;</p> <p>(ii) budget lines corresponding to the relevant operations;</p> <p>(iii) a general description of the financial instruments, including their duration and their impact on the budget;</p> <p>(iv) the envisaged operations, including target volumes based on the leverage ratio arising from the existing financial instruments;</p> <p>(db) as regards the funding to bodies entrusted with budget implementation tasks under point (vii) of Article 55(1)(c):</p>

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<p>(6) the total amount of Common Foreign and Security Policy (CFSP) expenditure shall be entered into one budget chapter, entitled CFSP, with specific budgetary articles. Those articles shall cover CFSP expenditure and shall contain specific budget lines identifying at least the single major missions.</p> <p>2. In addition to the documents</p>	<p>(e) the total amount of CFSP expenditure shall be entered into one budget chapter, entitled CFSP, with specific budgetary articles. Those articles shall cover CFSP expenditure and shall contain specific budget lines identifying at least the single major missions.</p> <p>2. In addition to the documents</p>	<p>(e) the total amount of CFSP expenditure shall be entered into one budget chapter, entitled CFSP, with specific budgetary articles. Those articles shall cover CFSP expenditure and shall contain specific budget lines identifying at least the single major missions.</p> <p>2. In addition to the documents</p>	<p>(e) the total amount of CFSP expenditure shall be entered into one budget chapter, entitled CFSP, with specific budgetary articles. Those articles shall cover CFSP expenditure and shall contain a specific budget <i>line per mission</i>;</p> <p><i>(eu) all revenue and expenditure under the respective European Development Fund which shall be entered under a special budget heading within the Commission section.</i></p> <p>2. In addition to the documents</p>	<p>(i) a reference to the basic act of the relevant programme;</p> <p>(ii) corresponding budget lines;</p> <p>(iii) a general description of the tasks entrusted, including their duration and their impact on the budget;</p> <p>(e) the total amount of CFSP expenditure shall be entered into one budget chapter, entitled CFSP, with specific budgetary articles. Those articles shall cover CFSP expenditure and shall contain specific budget lines identifying at least the single major missions.</p> <p>[Disagreement persists on point (ea) as proposed by EP]</p> <p>2. In addition to the documents</p>

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referred to in paragraph 1 the budgetary authority may attach any other relevant documents to the budget.	referred to in paragraph 1 the budgetary authority may attach any other relevant documents to the budget.	referred to in paragraph 1 the budgetary authority European Parliament and the Council may attach any other relevant documents to the budget.		referred to in paragraph 1 the European Parliament and the Council may attach any other relevant documents to the budget.

Point 5

Article 13 (*Rules applicable in case of late adoption of the budget*)

FINANCIAL REGULATION CURRENTLY IN FORCE	C I O N P R O P O S A L (COM(2010) 815 final)	C O U N C I L M A N D A T E (9626/11 ADD 1)	E P A M s v o t e d o n 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	P R O P O S A L F O R A R E V I S E D U P D A T E D M A N D A T E (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p><i>Article 13</i></p> <p>1. If the budget has not been finally adopted at the beginning of the financial year, the first paragraph of Article 273 of the EC Treaty and the first paragraph of Article 178 of the Euratom Treaty shall apply to commitment and payment of expenditure which it has been possible to book to a specific line in the budget as part of implementation of the last budget duly adopted.</p> <p>2. Commitments may be made per chapter to a maximum of one quarter of the total allotted appropriations in the chapter in question of the previous financial year plus one twelfth for each month which has elapsed.</p> <p>Payments may be made monthly per chapter to a maximum of one twelfth of the allotted appropriations in the chapter in question of the preceding</p>	<p><i>Article 13</i></p> <p><i>Rules applicable in case of late adoption of the budget</i></p> <p>1. If the budget has not been definitively adopted at the beginning of the financial year, the first paragraph of Article 315 of the Treaty on the Functioning of the European Union (hereinafter the "TFEU") shall apply to commitment and payment of expenditure which it has been possible to book to a specific chapter in the budget as part of implementation of the last budget duly adopted.</p> <p>2. Commitments may be made per chapter to a maximum of one quarter of the total allotted appropriations in the relevant chapter of the previous financial year plus one twelfth for each month which has elapsed.</p> <p>Payments may be made monthly per chapter to a maximum of one twelfth of the allotted appropriations in the relevant chapter of the preceding financial</p>	<p><i>Article 13</i></p> <p><i>Rules applicable in case of late adoption of the budget</i></p> <p>1. If the budget has not been definitively adopted at the beginning of the financial year, the provisional twelfths regime mentioned in the first paragraph of Article 315 of the Treaty on the Functioning of the European Union (hereinafter the "TFEU") shall apply. to eCommitments and payments of expenditure which it has been possible to book to a specific chapter in the budget as part of implementation of the last budget duly adopted may be made within the limits laid down in paragraph 2.</p> <p>2. Commitments may be made per chapter to a maximum of one quarter of the total allotted appropriations authorised in the relevant chapter of the previous financial year plus one twelfth for each month which has elapsed.</p> <p>Payments may be made monthly per chapter to a maximum of one twelfth of the allotted appropriations in the relevant chapter of the preceding financial</p>		<p><i>Article 13</i></p> <p><i>Rules applicable in case of late adoption of the budget</i></p> <p>1. If the budget has not been definitively adopted at the beginning of the financial year, the provisional twelfths regime mentioned in the first paragraph of Article 315 of the Treaty on the Functioning of the European Union (hereinafter the "TFEU") shall apply. Commitments and payments may be made within the limits laid down in paragraph 2.</p> <p>2. Commitments may be made per chapter to a maximum of one quarter of the total appropriations authorised in the relevant chapter of the previous financial year plus one twelfth for each month which has elapsed.</p>

<p>FINANCIAL REGULATION CURRENTLY IN FORCE</p>	<p>SION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>financial year.</p> <p>The limit of the appropriations provided for in the draft budget in preparation may not be exceeded.</p>	<p>year.</p> <p>The limit of the appropriations provided for in the draft budget in preparation may not be exceeded.</p>	<p>year-</p> <p>The limit of the appropriations provided for in the draft budget in preparation may not be exceeded.</p> <p>Payments may be made monthly per chapter to a maximum of one twelfth of the appropriations authorised in the relevant chapter of the preceding financial year. That sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter of the draft budget.</p> <p>3. The appropriations authorised in the relevant chapter of the preceding financial year, as specified in paragraphs 1 and 2, shall be understood to refer to the appropriations voted in the budget, including by amending budgets, and after adjustment for the transfers made during that financial year.</p>	<p>AM 40</p> <p>3. If the continuity of action by the Union and management needs so require, the Council, acting by a</p>	<p>The limit of the appropriations provided for in the draft budget in preparation may not be exceeded.</p> <p>Payments may be made monthly per chapter to a maximum of one twelfth of the appropriations authorised in the relevant chapter of the preceding financial year. That sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter of the draft budget.</p> <p>3. The appropriations authorised in the relevant chapter of the preceding financial year, as specified in paragraphs 1 and 2, shall be understood to refer to the appropriations voted in the budget, including by amending budgets, and after adjustment for the transfers made during that financial year.</p> <p>4. If the continuity of action by the Union and management needs so require, the Council, acting by a</p>
<p>3. If the continuity of action by the Communities and management needs so require:</p>	<p>3. If the continuity of action by the Union and management needs so require, the Council, acting by a</p>	<p>34. If the continuity of action by the Union and management needs so require, the Council, acting by a</p>	<p>3. If the continuity of action by the Union and management needs so require, the Council, acting by a</p>	<p>4. If the continuity of action by the Union and management needs so require, the Council, acting by a</p>

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<p>(a) the Council, acting by a qualified majority at the request of the Commission and after consulting the European Parliament, may simultaneously authorise two or more provisional twelfths both for commitments and for payments over and above those automatically made available pursuant to paragraphs 1 and 2. It shall forward the decision on authorisation without delay to the European Parliament.</p> <p>(b) for expenditure other than that necessarily resulting from the Treaties or acts adopted pursuant thereto, the third paragraph of Article 273 of the EC Treaty and the third paragraph of Article 178 of the Euratom Treaty shall apply.</p>	<p>qualified majority on a proposal of the Commission, may authorise two or more provisional twelfths both for commitments and for payments over and above those automatically made available pursuant to paragraphs 1 and 2. It shall forward the decision on authorisation without delay to the European Parliament.</p> <p>The decision shall enter into force thirty days following its adoption unless the European Parliament, acting by a majority of its Members, decides to reduce that expenditure within those thirty days.</p> <p>If the European Parliament</p>	<p>qualified majority on a proposal of the Commission, may authorise two or more provisional twelfths both for commitments and for payments over and above those automatically made available pursuant to paragraphs 1 and 2. It shall forward the decision on authorisation without delay to the European Parliament.</p> <p>The decision shall enter into force thirty days following its adoption unless the European Parliament, acting by a majority of its Members, decides to reduce that expenditure within those thirty days.</p> <p>If the European Parliament</p>	<p>qualified majority on a proposal of the Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding the total of two provisional twelfths both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. It shall forward the decision on authorisation without delay to the European Parliament.</p> <p>The decision shall enter into force thirty days following its adoption unless the European Parliament, acting by a majority of its component Members, decides to reduce that expenditure within that time limit.</p> <p>If the European Parliament</p>	<p>qualified majority on a proposal of the Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding the total of four provisional twelfths both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2, unless in duly justified cases. It shall forward the decision on authorisation without delay to the European Parliament.</p> <p>The decision shall enter into force thirty days following its adoption unless the European Parliament, acting by a majority of its component Members, decides to reduce that expenditure within that time limit.</p> <p>If the European Parliament</p>

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<p>decides to reduce that expenditure, the Council shall review the decision on authorisation taking into account the amount approved by the European Parliament.</p> <p>The additional twelfths shall be authorised in full and shall not be divisible.</p> <p>4. If, for a given chapter, the authorisation of two or more provisional twelfths granted in the circumstances and under the procedures provided for in paragraph 3 is not sufficient to cover the expenditure necessary to avoid a break in continuity of the Communities' activity in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations</p>	<p>decides to reduce that expenditure, the Council shall review the decision on authorisation taking into account the amount approved by the European Parliament.</p> <p>Commission shall submit a new proposal.</p> <p>If within those thirty days the European Parliament informs that it does not want to reduce that expenditure, the decision can enter into force before the expiry of this delay.</p> <p>The additional twelfths shall be authorised in full and shall not be divisible.</p> <p>5. If, for a given chapter, the authorisation of two or more provisional twelfths granted in the circumstances and under the procedures provided for in paragraph 4 is not sufficient to cover the expenditure necessary to avoid a break in continuity of the Union activity in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the</p>	<p>decides to reduce that expenditure, that reduced amount shall apply.</p> <p>If, for a given chapter, the amount of the two provisional twelfths granted in accordance with the first subparagraph is not sufficient to cover the expenditure necessary to avoid a break in continuity of the Union's activity in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations entered in the relevant chapter of</p>	<p>decides to reduce that expenditure, the Commission shall submit a new proposal.</p> <p>If within those thirty days the European Parliament informs that it does not want to reduce that expenditure, the decision can enter into force before the expiry of this delay.</p> <p>The additional twelfths shall be authorised in full and shall not be divisible.</p> <p>5. If, for a given chapter, the authorisation of four provisional twelfths granted in the circumstances and under the procedures provided for in paragraph 4 is not sufficient to cover the expenditure necessary to avoid a break in continuity of the Union activity in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations</p>	<p>decides to reduce that expenditure, the Commission shall submit a new proposal.</p> <p>If within those thirty days the European Parliament informs that it does not want to reduce that expenditure, the decision can enter into force before the expiry of this delay.</p> <p>The additional twelfths shall be authorised in full and shall not be divisible.</p> <p>5. If, for a given chapter, the authorisation of four provisional twelfths granted in the circumstances and under the procedures provided for in paragraph 4 is not sufficient to cover the expenditure necessary to avoid a break in continuity of the Union activity in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>entered in the corresponding chapter of the budget of the preceding financial year. The budgetary authority shall act under the procedures provided for in paragraph 3. However, the available overall total of the appropriations in the budget of the preceding financial year may in no circumstances be exceeded.</p>		<p>appropriations entered in the corresponding chapter of the budget of the preceding financial year. The European Parliament and the Council shall act under the procedures provided for in paragraph 4. However, the available overall total of the appropriations in the budget of the preceding financial year or the draft budget as proposed may in no circumstances be exceeded.</p>	<p><i>the budget of the preceding financial year. The budgetary authority shall act under the procedures provided for in this paragraph. However, the available overall total of the appropriations in the budget of the preceding financial year may in no circumstances be exceeded.</i></p>	<p>entered in the corresponding chapter of the budget of the preceding financial year. The European Parliament and the Council shall act under the procedures provided for in paragraph 4. However, the available overall total of the appropriations in the budget of the preceding financial year or the draft budget as proposed may in no circumstances be exceeded.</p>

Point 6

Article 18(2)(ea) (*Assigned revenue - treatment of other fines and out of court settlement, tobacco*)

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<p><i>Article 18</i></p> <p>1. Without prejudice to Article 160(1 a) and Article 161(2), the following items of revenue shall be used to finance specific items of expenditure:</p> <p>(a) financial contributions from Member States to certain research programmes pursuant to the Council Regulation implementing the Decision on the system of the Communities' own resources;</p> <p>(aa) financial contributions from Member States and other donor countries, including in both cases their public and parastatal agencies, or from international organisations to certain external aid projects or programmes financed by the Community and managed by the Commission on their behalf, pursuant to the relevant basic act;</p> <p>(b) interest on deposits and the fines provided for in the</p>	<p><i>Article 18</i> <i>Assigned revenue</i></p> <p>1. External assigned revenue and internal assigned revenue shall be used to finance specific items of expenditure.</p> <p>2. The following shall constitute external assigned revenue:</p> <p>(a) financial contributions from Member States to certain research programmes pursuant to the Council Regulation implementing the Decision on the system of the Union' own resources;</p> <p>(b) financial contributions from Member States, third countries, including in both cases their public and parastatal agencies, legal entities or natural persons, to certain external aid projects or programmes financed by the Union and managed by the Commission on their behalf;</p> <p>(c) interest on deposits and the fines provided for in the</p>	<p><i>Article 18</i> <i>Assigned revenue</i></p> <p>1. External assigned revenue and internal assigned revenue shall be used to finance specific items of expenditure.</p> <p>2. The following shall constitute external assigned revenue:</p> <p>(a) financial contributions from Member States to certain research programmes pursuant to the Council Regulation implementing the Decision on the system of the Union's own resources;</p> <p>(b) financial contributions from Member States, third countries, including in both cases their public and parastatal agencies, legal entities or natural persons, to certain external aid projects or programmes financed by the Union and managed by the Commission on their behalf;</p> <p>(c) interest on deposits and the fines provided for in the</p>	<p><i>Article 18</i> <i>Assigned revenue</i></p> <p>1. External assigned revenue and internal assigned revenue shall be used to finance specific items of expenditure.</p> <p>2. The following shall constitute external assigned revenue:</p> <p>(a) financial contributions from Member States to certain research programmes pursuant to the Council Regulation implementing the Decision on the system of the Union's own resources;</p> <p>(b) financial contributions from Member States, third countries, including in both cases their public and parastatal agencies, legal entities or natural persons, to certain external aid projects or programmes financed by the Union and managed by the Commission on their behalf;</p> <p>(c) interest on deposits and the fines provided for in the</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	CION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>Regulation on speeding up and clarifying the implementation of the excessive deficit procedure;</p> <p>(c) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution;</p> <p>(d) contributions to Community activities from third countries or various bodies;</p>	<p>Regulation on speeding up and clarifying the implementation of the excessive deficit procedure;</p> <p>(d) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution;</p> <p>(e) contributions to Union activities from third countries or various bodies;</p>	<p>Regulation on speeding up and clarifying the implementation of the excessive deficit procedure;</p> <p>(d) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution;</p> <p>(e) contributions to Union activities from third countries or various bodies;</p>	<p>AM 44</p> <p><i>(ea) fines imposed in the area of competition, other fines and amounts receivable as a result of out-of-court settlements, understandings, or any other similar agreements concluded with, or off payments paid by, any non-state third parties;</i></p>	<p>Regulation on speeding up and clarifying the implementation of the excessive deficit procedure;</p> <p>(d) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution;</p> <p>(e) contributions to Union activities from third countries or various bodies;</p> <p>(ea)^(*)</p> <p>^(*) The Presidency proposes to reject this new point (ea) proposed by EP while accepting, as a compromise, the following <u>CION</u></p>

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				<p>statement on "the enhancing of efforts to combat the illegal traffic in tobacco products":</p> <p><i>"The Decision 878/2007/EC¹ extending the Hercule I programme in the field of the protection of financial interests over the period 2007 to 2013 placed specific emphasis on the fight against cigarette smuggling and counterfeiting in order to honour the intentions expressed by the EU and the Member States notably in the Anti-Counterband and Anti-Counterfeiting Agreement with Philip Morris International signed in 2004, to intensify efforts to curb the introduction, sale and distribution of Contraband Cigarettes and Counterfeit Cigarettes. As a consequence, the financial envelope for Hercule I was increased considerably within the programme Hercule II. Between 2007 and 2010, three similar agreements were concluded with Japan Tobacco International, British</i></p>

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				<p><i>American Tobacco and Imperial Tobacco Limited². The four tobacco manufacturers will pay a collective total of USD 2.15 billion over 20 years, of which 10% are entered into the EU budget. The rest is forwarded to Member States.</i></p> <p><i>In December 2011, the Commission presented the proposal for the Hercule III programme to promote activities in the field of the protection of the European Union's financial interests³. This proposal takes into consideration the work of a "Task Group Cigarettes" (composed of specialist services in Member States dealing in particular with the agreements with the tobacco manufacturers) and the proposed Regulation formally acknowledges in its Article 2 the contribution of Hercule III programme to "developing the activities at Union level and the Member States to counter fraud, corruption and any other illegal activities</i></p>

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				<p><i>affecting the financial interests of the Union, including the fight against cigarette smuggling and counterfeiting". In the light of this role of Hercule III which will allow the EU and the Member States to continue implementing the agreements with the tobacco manufacturers, the Commission proposes to keep the overall budgetary envelope for Hercule III stable (after inflation) at EUR 110 millions for 2014 to 2020.</i></p> <p><i>The Commission will continue in the future proposing appropriate financial means necessary to fight cigarette smuggling and counterfeiting by the EU, in addition to efforts undertaken by the Member States."</i></p> <p>¹ OJ L 143, 30.04.2004, p. 9.</p> <p>² Japan Tobacco International (JTI) Cooperation Agreement (2007), Cooperation agreement with British</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>(e) revenue from third parties in respect of goods, services or work supplied at their request;</p>	<p>(f) assigned revenue referred to in Article 173(2) and Article 175(2).</p>	<p>(f) assigned revenue referred to in Article 173(2) and Article 175(2).</p>	<p>AM 45</p> <p><i>However, in the case provided for in point (b), commitment appropriations may be made available upon signature by the Member State of a contribution agreement expressed in Euro. This shall not apply to cases provided for in Article 173(2) and 175(2).</i></p> <p>AM 46</p> <p>3. The following shall constitute internal assigned revenue:</p> <p>(a) revenue from third parties in respect of goods, services or work supplied at their request;</p>	<p>American Tobacco (BAT) 2010 and Cooperation agreement with Imperial Tobacco Limited (ITL) 2010; http://ec.europa.eu/anti_fraud/investigations/eu-revenue/cigarette_smuggling_en.htm.</p> <p>3 COM(2011) 914 final.</p> <p>(f) assigned revenue referred to in Articles 173(2) and 175(2).</p> <p>However, in the case provided for in point (b), commitment appropriations may be made available upon signature by the Member State of a contribution agreement expressed in Euro. This shall not apply to the cases provided for in Articles 173(2) and 175(2).</p> <p>3. The following shall constitute internal assigned revenue:</p> <p>(a) revenue from third parties in respect of goods, services or work supplied at their request;</p>

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<p>(ea) proceeds from the sale of vehicles, equipment, installations, materials, and scientific and technical apparatus which are being replaced or scrapped when the book value is fully depreciated;</p> <p>(f) revenue arising from the repayment of amounts wrongly paid;</p> <p>(g) proceeds from the supply of goods, services and works for other institutions or bodies, including refunds by other institutions or bodies of mission allowances paid on their behalf;</p> <p>(h) insurance payments received;</p> <p>(i) revenue from payments connected with lettings;</p>	<p>(b) proceeds from the sale of vehicles, equipment, installations, materials, and scientific and technical apparatus which are being replaced or scrapped when the book value is fully depreciated;</p> <p>(c) revenue arising from the repayment of amounts wrongly paid;</p> <p>(d) proceeds from the supply of goods, services and works for other departments, institutions or bodies, including refunds by other institutions or bodies of mission allowances paid on their behalf;</p> <p>(e) insurance payments received;</p> <p>(f) revenue from the sale, letting or any other contract concerning rights connected</p>	<p>(b) proceeds from the sale of vehicles, equipment, installations, materials, and scientific and technical apparatus which are being replaced or scrapped when the book value is fully depreciated;</p> <p>(c) revenue arising from the repayment of amounts wrongly paid;</p> <p>(d) proceeds from the supply of goods, services and works for other departments, institutions or bodies, including refunds by other institutions or bodies of mission allowances paid on their behalf;</p> <p>(e) settlements of insurance payments received claims;</p> <p>(f) revenue from the sale, letting or any other contract concerning rights connected</p>	<p>(b) proceeds from the sale of vehicles, equipment, installations, materials, and scientific and technical apparatus which are being replaced or scrapped when the book value is fully depreciated;</p> <p>(c) revenue arising from the repayment of amounts wrongly paid subject to Article 77;</p> <p>(ca) revenue arising from interest on pre-financing subject to Article 5;</p> <p>(d) proceeds from the supply of goods, services and works for other departments, institutions or bodies, including refunds by other institutions or bodies of mission allowances paid on their behalf;</p> <p>(e) insurance payments received;</p> <p>(f) revenue from the sale, letting, reimbursement or any other contract concerning rights</p>	<p>(b) proceeds from the sale of vehicles, equipment, installations, materials, and scientific and technical apparatus which are being replaced or scrapped when the book value is fully depreciated;</p> <p>(c) revenue arising from the repayment of amounts wrongly paid in accordance with Article 77;</p> <p>(ca) revenue arising from interest on pre-financing subject to Article 5;</p> <p>(d) proceeds from the supply of goods, services and works for other departments, institutions or bodies, including refunds by other institutions or bodies of mission allowances paid on their behalf;</p> <p>(e) insurance payments received;</p> <p>(f) revenue from lettings;</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	C I O N P R O P O S A L (COM(2010) 815 final)	C O U N C I L M A N D A T E (9626/11 ADD 1)	E P A M s v o t e d o n 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	P R O P O S A L F O R A R E V I S E D U P D A T E D M A N D A T E (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>(i) revenue from the sale of publications and films, including those on an electronic medium.</p> <p>2. The basic act applicable may also assign the revenue for which it provides to specific items of expenditure.</p> <p>3. The budget shall carry lines to accommodate the categories of assigned revenue referred to in paragraphs 1 and 2 and wherever possible shall indicate the amount.</p>	<p>with real estate;</p> <p>(g) revenue from the sale of publications and films, including those on an electronic medium.</p> <p>4. The basic act applicable may also assign the revenue for which it provides to specific items of expenditure. Unless specified otherwise in the basic act applicable, such revenue shall constitute internal assigned revenue.</p> <p>5. The budget shall include lines to accommodate <u>external assigned revenue and wherever possible</u> shall indicate the amount.</p> <p>Assigned revenue may be included in the draft budget only for the amounts which are certain at the date of the establishment of the draft budget.</p>	<p>with real-estate lettings;</p> <p>(g) revenue from the sale of publications and films, including those on an electronic medium.</p> <p>4. The basic act applicable may also assign the revenue for which it provides to specific items of expenditure. Unless specified otherwise in the basic act applicable, such revenue shall constitute internal assigned revenue.</p> <p>5. The budget shall include lines to accommodate external assigned revenue and wherever possible shall indicate the amount.</p> <p>Assigned revenue may be included in the draft budget only for the amounts which are certain at the date of the establishment of the draft budget.</p>	<p>connected with real estate;</p> <p>(g) revenue from the sale of publications and films, including those on an electronic medium.</p>	<p>(g) revenue from the sale of publications and films, including those on an electronic medium.</p> <p>(h) reflows from financial instruments pursuant to Article 131(5), if so specified in the relevant basic act.</p> <p>4. The basic act applicable may also assign the revenue for which it provides to specific items of expenditure. Unless specified otherwise in the basic act applicable, such revenue shall constitute internal assigned revenue.</p> <p>5. The budget shall include lines to accommodate external assigned revenue and wherever possible shall indicate the amount.</p> <p>Assigned revenue may be included in the draft budget only for the amounts which are certain at the date of the establishment of the draft budget.</p>

Point 7

Articles 22, 23, 24 and 25(*Transfers*) [incl. Articles 169 and 171, to be considered jointly with Article 23(3)]

FINANCIAL REGULATION CURRENTLY IN FORCE	C I O N P R O P O S A L (COM(2010) 815 final)	C O U N C I L M A N D A T E (9626/11 ADD 1)	E P A M s v o t e d o n 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	P R O P O S A L F O R A R E V I S E D U P D A T E D M A N D A T E (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p><i>Article 22</i></p> <p><i>Transfers by institutions other than the Commission</i></p> <p>1. Any institution other than the Commission may, within its own section of the budget, transfer appropriations:</p> <p>(a) from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made;</p> <p>(b) from one chapter to another and from one article to another without limit.</p> <p>2. Three weeks before making the transfers referred to in paragraph 1, the institutions shall inform the budgetary authority of their intentions. In the event of duly substantiated reasons being raised within this period by either branch of the budgetary authority, the procedure laid down in Article 24 shall apply.</p> <p>3. Any institution other than the</p>	<p><i>Article 22</i></p> <p><i>Transfers by institutions other than the Commission</i></p> <p>1. Any institution other than the Commission may, within its own section of the budget, transfer appropriations:</p> <p>(a) from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made;</p> <p>(b) from one chapter to another and from one article to another without limit.</p> <p>2. Three weeks before making the transfers referred to in paragraph 1, the institutions shall inform the budgetary authority of their intentions. In the event of duly substantiated reasons being raised within this period by either branch of the budgetary authority, the procedure laid down in Article 24 shall apply.</p> <p>3. Any institution other than the</p>	<p><i>Article 22</i></p> <p><i>Transfers by institutions other than the Commission</i></p> <p>1. Any institution other than the Commission may, within its own section of the budget, transfer appropriations:</p> <p>(a) from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made;</p> <p>(b) from one chapter to another and from one article to another without limit.</p> <p>2. Three weeks before making the transfers referred to in paragraph 1, the institutions shall inform the budgetary authority European Parliament and the Council of their intentions. In the event of duly substantiated reasons being raised within this period by either branch of the budgetary authority the European Parliament or the Council, the procedure laid down in Article 24 shall apply.</p> <p>3. Any institution other than the</p>	<p><i>Article 22</i></p> <p><i>Transfers by institutions other than the Commission</i></p> <p>1. Any institution other than the Commission may, within its own section of the budget, transfer appropriations:</p> <p>(a) from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made;</p> <p>(b) from one chapter to another and from one article to another without limit.</p> <p>2. Three weeks before making the transfers referred to in paragraph 1, the institutions shall inform the European Parliament and the Council of their intentions. In the event of duly substantiated reasons being raised within this period by either the European Parliament or the Council, the procedure laid down in Article 24 shall apply.</p> <p>3. Any institution other than the</p> <p style="text-align: right;">AM 53</p>	<p><i>Article 22</i></p> <p><i>Transfers by institutions other than the Commission</i></p> <p>1. Any institution other than the Commission may, within its own section of the budget, transfer appropriations:</p> <p>(a) from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made;</p> <p>(b) from one chapter to another and from one article to another without limit.</p> <p>2. Three weeks before making the transfers referred to in paragraph 1, the institutions shall inform the European Parliament and the Council of their intentions. In the event of duly substantiated reasons being raised within this period by either the European Parliament or the Council, the procedure laid down in Article 24 shall apply.</p> <p>3. Any institution other than the</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	C I O N P R O P O S A L (COM(2010) 815 final)	C O U N C I L M A N D A T E (9626/11 ADD 1)	E P A M s v o t e d o n 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	P R O P O S A L F O R A R E V I S E D U P D A T E D M A N D A T E (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>Commission may propose to the budgetary authority, within its own section of the budget, transfers from one title to another exceeding the limit of 10 % of the appropriations for the financial year on the line from which the transfer is to be made. Those transfers shall be subject to the procedure laid down in Article 24.</p> <p>4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles without informing the budgetary authority beforehand.</p>	<p>Commission may propose to the budgetary authority, within its own section of the budget, transfers from one title to another exceeding the limit of 10 % of the appropriations for the financial year on the line from which the transfer is to be made. Those transfers shall be subject to the procedure laid down in Article 24.</p> <p>4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles without informing the budgetary authority beforehand.</p>	<p>Commission may propose to the budgetary authority European Parliament and the Council, within its own section of the budget, transfers from one title to another exceeding the limit of 10 % of the appropriations for the financial year on the line from which the transfer is to be made. Those transfers shall be subject to the procedure laid down in Article 24.</p> <p>4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles without informing the budgetary authority European Parliament and the Council beforehand.</p>	<p>Commission may propose to the budgetary authority, within its own section of the budget, transfers from one title to another exceeding the limit of 15 % of the appropriations for the financial year on the line from which the transfer is to be made. Those transfers shall be subject to the procedure laid down in Article 24.</p> <p>4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles without informing the European Parliament and the Council beforehand.</p>	<p>Commission may propose to the European Parliament and the Council, within its own section of the budget, transfers from one title to another exceeding the limit of 10 % of the appropriations for the financial year on the line from which the transfer is to be made. Those transfers shall be subject to the procedure laid down in Article 24.</p> <p>4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles without informing the European Parliament and the Council beforehand.</p>
<p><i>Article 23</i></p> <p>1. The Commission may, within its own section of the budget:</p> <p>(a) transfer appropriations within articles and transfers between articles within each chapter;</p>	<p><i>Article 23</i></p> <p><i>Internal transfers by the Commission</i></p> <p>1. The Commission may, within its own section of the budget, autonomously:</p> <p>(a) transfer commitment appropriations within each chapter;</p> <p>(b) transfer payment</p>	<p><i>Article 23</i></p> <p><i>Internal Transfers by the Commission</i></p> <p>1. The Commission may, within its own section of the budget:</p> <p>(a) transfer commitment appropriations within each chapter;</p> <p>(b) transfer payment</p>	<p>AMs 54, 262, 267, 268</p> <p>1. The Commission may, within its own section of the budget:</p> <p>(a) transfer commitment appropriations within each chapter;</p> <p>(b) transfer payment</p>	<p><i>Article 23</i></p> <p><i>Transfers by the Commission</i></p> <p>1. The Commission may, within its own section of the budget, autonomously:</p> <p>(a) transfer appropriations within each chapter;</p>

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<p>appropriations within each title;</p> <p>(b) as regards expenditure on staff and administration, transfer appropriations from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made, and up to a maximum of 30 % of the appropriations for the year shown on the line to which the transfer is made;</p> <p>(c) as regards operational expenditure, transfer appropriations between chapters within the same title, up to a maximum total of 10 % of the appropriations for the year shown on the line from which the transfer is made;</p> <p>(d) transfer appropriations, as</p>	<p>appropriations within each title;</p> <p>(c) as regards expenditure on staff and administration which is common to several titles, transfer appropriations from one title to another;</p> <p>(d) as regards operational expenditure, transfer appropriations between chapters within the same title, up to a maximum total of 10 % of the appropriations for the year shown on the line from which the transfer is made.</p>	<p>appropriations within each title;</p> <p>(eb) as regards expenditure on staff and administration which is common to several titles, transfer appropriations from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made, and up to a maximum of 30 % of the appropriations for the year shown on the line to which the transfer is made;</p> <p>(c) as regards operational expenditure, transfer appropriations between chapters within the same title, up to a maximum total of 10 % of the appropriations for the year shown on the line from which the transfer is made;</p> <p>(d) transfer appropriations, as</p>	<p>appropriations within each title after prior notification to Parliament and Council opposes the transfer within three weeks;</p> <p>(c) as regards expenditure on staff and administration, transfer appropriations from one title to another up to a maximum of 15 % of the appropriations for the year shown on the line from which the transfer is made, and up to a maximum of 30 % of the appropriations for the year shown on the line to which the transfer is made;</p> <p>(d) as regards operational expenditure, transfer appropriations between chapters within the same title, up to a maximum total of 15 % of the appropriations for the year shown on the line from which the transfer is made;</p>	<p>(b) as regards expenditure on staff and administration which is common to several titles, transfer appropriations from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made, and up to a maximum of 30 % of the appropriations for the year shown on the line to which the transfer is made;</p> <p>(c) as regards operational expenditure, transfer appropriations between chapters within the same title, up to a maximum total of 10 % of the appropriations for the year shown on the line from which the transfer is made.</p>

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<p>soon as the basic act is adopted pursuant to the procedure laid down in Article 251 of the Treaty, from the "provisions" title referred to in Article 43 for the cases where no basic act existed for the action concerned when the budget was established.</p> <p>Three weeks before making the transfers referred to in points (b) and (c) of the first subparagraph, the Commission shall inform the budgetary authority of its decision. In the event of duly substantiated reasons being raised within that three-week period by either branch of the budgetary authority, the procedure laid down in Article 24 shall apply.</p> <p>However, during the last two months of the financial year, the Commission may autonomously transfer appropriations concerning expenditure on staff, external staff and other agents from one title to another within the total limit of 5 % of the appropriations of the financial year. The Commission</p>		<p>soon as the basic act is adopted pursuant to the procedure laid down in Article 294 of the TFEU, from the "provisions" title referred to in Article 43 for the cases where no basic act existed for the action concerned when the budget was established.</p> <p>Three weeks before making the transfers referred to in points (b) and (c), the Commission shall inform the European Parliament and the Council of its decision. In the event of duly substantiated reasons being raised within that three-week period by either the European Parliament or the Council, the procedure laid down in Article 24 shall apply.</p>	<p><i>Three weeks before making the transfers referred to in point (b) of the first subparagraph, the Commission shall inform the budgetary authority of its intention to do so. In the event of duly substantiated reasons being raised within that three-week period by the European Parliament or the Council, the procedure laid down in Article 24 shall apply.</i></p>	<p>Three weeks before making the transfers referred to in point (b) of the first subparagraph, the Commission shall inform the European Parliament and the Council of its intention to do so. In the event of duly substantiated reasons being raised within that three-week period by the European Parliament or the Council, the procedure laid down in Article 24 shall apply.</p> <p>However, during the last two months of the financial year, the Commission may autonomously transfer appropriations concerning expenditure on staff, external staff and other agents from one title to another within the total limit of 5 % of the appropriations of the financial</p>

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<p>shall inform the budgetary authority within two weeks after its decision on those transfers.</p> <p>The Commission shall inform the budgetary authority within two weeks after its decision on transfers referred to in point (d) of the first subparagraph.</p> <p>2. The Commission may propose to the budgetary authority, within its own section of the budget, transfers other than those referred to in paragraph 1.</p>	<p>2. The Commission may, within its own section of the budget, decide on the following transfer appropriations from one title to another, provided it informs immediately the budgetary authority of its decision:</p> <p>(a) transfer appropriations from the "provisions" title referred to in Article 43, where the only condition to lift the reserve lies in the adoption of a basic act in accordance with the ordinary legislative procedure foreseen in Article 294 TFEU;</p> <p>(b) in duly substantiated exceptional cases of</p>	<p>2. The Commission may, within its own section of the budget, decide on the following transfer appropriations from one title to another, provided it informs immediately the budgetary authority of its decision:</p> <p>(a) transfer appropriations from the "provisions" title referred to in Article 43, where the only condition to lift the reserve lies in the adoption of a basic act in accordance with the ordinary legislative procedure foreseen in Article 294 TFEU;</p> <p>(b) in duly substantiated exceptional cases of</p>	<p>2. The Commission may, within its own section of the budget, decide to transfer from one title to another</p> <p>2. The Commission may, within its own section of the budget, decide on the following transfer appropriations from one title to another, provided it informs immediately the European Parliament and the Council of its decision:</p> <p>(a) transfer appropriations from the "provisions" title referred to in Article 43, where the only condition to lift the reserve lies in the adoption of a basic act in accordance with the ordinary legislative procedure foreseen in Article 294 TFEU;</p> <p>(b) in duly substantiated exceptional cases of</p>	<p>year.</p> <p>The Commission shall inform the European Parliament and the Council within two weeks after its decision on those transfers.</p> <p>2. The Commission may, within its own section of the budget, decide on the following transfer appropriations from one title to another, provided it informs immediately the European Parliament and the Council of its decision:</p> <p>(a) transfer appropriations from the "provisions" title referred to in Article 43, where the only condition to lift the reserve lies in the adoption of a basic act in accordance with the ordinary legislative procedure foreseen in Article 294 TFEU;</p> <p>(b) in duly substantiated exceptional cases of</p>

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	<p>international humanitarian disasters and crises, occurring after 1 December of the budgetary year, the Commission may transfer unused budgetary appropriations for the current budgetary year still available in the budget titles falling under heading 4 of the multiannual financial framework to the budget titles concerning the crisis management aid and humanitarian aid operations.</p>	<p>international humanitarian disasters and crises, occurring after 1 December of the budgetary year, the Commission may transfer unused budgetary appropriations for the current budgetary year still available in the budget titles falling under heading 4 of the multiannual financial framework to the budget titles concerning the crisis management aid and humanitarian aid operations.</p> <p>However, during the last two months of the financial year, the Commission may autonomously transfer appropriations concerning expenditure on staff, external agents and other agents from one title to another within the total limit of 5 % of the appropriations of the financial year.</p> <p>The Commission shall inform the European Parliament and the Council within two weeks after its decision on those transfers.</p>	<p>humanitarian disasters and crises, occurring after 1 December of the budgetary year, the Commission may transfer unused budgetary appropriations for the current budgetary year still available in the budget titles falling under heading 4 of the multiannual financial framework to the budget titles concerning the crisis management aid and humanitarian aid operations.</p>	<p>international humanitarian disasters and crises, occurring after 1 December of the budgetary year, the Commission may transfer unused budgetary appropriations for the current budgetary year still available in the budget titles falling under heading 4 of the multiannual financial framework to the budget titles concerning the crisis management aid and humanitarian aid operations.</p>
			<p><i>The Commission shall inform the two branches of the budgetary authority immediately after making such transfers or making such use of</i></p>	

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Article 24	Article 24 <i>Transfers by the Commission submitted to the budgetary authority</i>	Article 24 <i>Transfers by the Commission or any other institution submitted to the budgetary authority; European Parliament and the Council</i>	<p><i>appropriations for the following year.</i></p> <p><i>2b. The Commission may supply the information justifying the transfer in the form of a staff working document.</i></p> <p><i>2c. The Commission may, within its own section of the budget, propose to the budgetary authority transfers other than those referred to in paragraph 1.</i></p>	Article 24 <i>Transfers by the Commission or any other institution submitted to the European Parliament and the Council</i>
	1. The Commission shall submit its proposal of transfers simultaneously to the European Parliament and the Council.	1. Transfers not falling under Articles 22 and 23 shall be subject to the approval of the European Parliament and the Council in accordance with the following provisions.	AM 55 Article 24 <i>Transfers by the institutions submitted to the budgetary authority</i>	
	1. The Commission shall submit its proposal of transfers simultaneously to the European Parliament and the Council.	1. The Commission or any other institution acting in the framework of Article 52 shall submit its proposal of transfer proposals simultaneously to the	AM 56 1. The <i>institutions</i> shall submit <i>their proposals</i> simultaneously to the <i>two arms of the budgetary authority</i> .	1. The institutions shall submit their proposals simultaneously to the European Parliament and the Council.

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<p>1. The budgetary authority shall take decisions on transfers of appropriations as provided for in paragraphs 2, 3 and 4, save as otherwise provided in Title I of Part Two.</p>	<p>2. The budgetary authority shall take decisions on transfers of appropriations as provided for in paragraphs 3 to 6, save as otherwise provided in Title I of Part Two.</p>	<p>European Parliament and the Council.</p> <p>23. The budgetary authority European Parliament and the Council shall take decisions on transfers of appropriations as provided for in paragraphs 3 4 to 6 7, save except as otherwise provided in Title I of Part Two.</p>	<p>AM 57</p> <p>2. The budgetary authority shall take decisions on transfers of appropriations as provided for in paragraphs 3, 4 and 6, save as otherwise provided in Title I of Part Two.</p>	<p>2. The European Parliament and the Council shall take decisions on transfers of appropriations as provided for in paragraphs 3 to 6, except as otherwise provided in Title I of Part Two.</p>
<p>2. In the case of proposals for transfers of appropriations relating to expenditure necessarily resulting from the Treaties or from acts adopted in accordance therewith, the Council shall, after consulting the European Parliament, act by a qualified majority within six weeks, except in urgent cases. The European Parliament shall deliver its opinion within such time as will permit the Council to take note of it and to act within the stipulated time limit. Where the Council does not act within this time limit, the proposals for transfers shall be deemed to be approved.</p>	<p>3. Save in urgent circumstances, the Council, by a qualified majority, and the European Parliament, shall deliberate upon the Commission proposal within six weeks of the date on which the two institutions received the proposal for each transfer submitted to them.</p>	<p>34. Save Except in urgent circumstances, the Council, acting by a qualified majority, and the European Parliament, shall deliberate upon the Commission transfer proposal within six weeks of the date on which the two institutions received the proposal for each transfer submitted to them.</p>	<p>AM 58</p> <p>3. Save in <i>duly reasoned</i> urgent circumstances, the Council, by a qualified majority, and the European Parliament, shall deliberate upon the <i>institution's</i> proposal within six weeks of the date on which the two institutions received the proposal for each transfer submitted to them.</p>	<p>3. Except in urgent circumstances, the Council, acting by a qualified majority, and the European Parliament, shall deliberate upon the transfer proposal within six weeks of the date on which the two institutions received the proposal for each transfer submitted to them.</p>
<p>3. In the case of proposals for transfers relating to expenditure other than that necessarily</p>	<p>4. The transfer proposal shall be approved, if within the six-week period in any of the following cases:</p> <p>(a) European Parliament and the Council approve it;</p> <p>(b) either the European Parliament or the Council</p>	<p>45. The transfer proposal shall be approved, if, within the six-week period in, any of the following cases occurs:</p> <p>(a) the European Parliament and the Council approve it;</p> <p>(b) either the European Parliament or the Council</p>	<p>AM 59</p> <p>4. The transfer proposal shall be approved, if within the six-week period:</p> <p>- <i>both arms of the budgetary authority approve it;</i></p> <p>- <i>one of the two arms of the budgetary authority</i> approves</p>	<p>4. The transfer proposal shall be approved, if, within the six-week period, any of the following cases occurs:</p> <p>(a) the European Parliament and the Council approve it;</p> <p>(b) either the European Parliament or the Council</p>

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<p>resulting from the Treaties or from acts adopted in accordance therewith, the European Parliament shall, after consulting the Council, act within six weeks, except in urgent cases. The Council shall deliver its opinion, by a qualified majority, within such time as will permit the European Parliament to take note of it and to act within the stipulated time limit. Where no decision is taken within this time limit, the proposals for transfers shall be deemed to be approved.</p> <p>4. Proposals for transfers relating both to expenditure necessarily resulting from the Treaties or from acts adopted in accordance therewith and to other expenditure shall be deemed to be approved if neither the European Parliament nor the Council has decided otherwise within six weeks of the date on which the two institutions received the proposals. If, in the case of such proposals for transfers, the European Parliament and the Council reduce the proposed transfer by different amounts, whichever is the smaller of the amounts</p>	<p>approves it and the other institution refrains from acting;</p> <p>(c) European Parliament and the Council refrain from acting or have not taken a decision contrary to the Commission proposal.</p> <p>5. The six-week period referred to under point 4 shall be reduced to three weeks, unless either the European Parliament or the Council requests otherwise, in any of the following cases:</p> <p>(a) the transfer represents less than 10 % of the appropriations of the line from which the transfer is made and does not exceed EUR 5 million;</p> <p>(b) the transfer concerns only payment appropriations and the overall amount of the transfer does not exceed EUR 100 million.</p>	<p>approves it and the other institution refrains from acting;</p> <p>(c) the European Parliament and the Council refrain from acting or have not taken a decision contrary to the Commission transfer proposal.</p> <p>56. The six-week period referred to under point paragraph 4 shall be reduced to three weeks, unless either the European Parliament or the Council requests otherwise, in any of the following cases:</p> <p>(a) the transfer represents less than 10 % of the appropriations of the line from which the transfer is made and does not exceed EUR 5 million;</p> <p>(b) the transfer concerns only payment appropriations and the overall amount of the transfer does not exceed EUR 100 million.</p>	<p>it and the other refrains from acting;</p> <p>-- <i>both arms of the budgetary authority</i> refrain from acting or have not taken a decision contrary to the <i>transfer</i> proposal.</p> <p style="text-align: center;">AM 60</p> <p><i>deleted</i></p>	<p>approves it and the other institution refrains from acting;</p> <p>(c) the European Parliament and the Council refrain from acting or have not taken a decision contrary to the transfer proposal.</p> <p>5. The six-week period referred to under paragraph 3 shall be reduced to three weeks, unless either the European Parliament or the Council requests otherwise, in any of the following cases:</p> <p>(a) the transfer represents less than 10 % of the appropriations of the line from which the transfer is made and does not exceed EUR 5 million;</p> <p>(b) the transfer concerns only payment appropriations and the overall amount of the transfer does not exceed EUR 100 million.</p>
			<p style="text-align: center;">AM 61</p>	

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<p>accepted by one of the two institutions shall be deemed to be approved. Where one of the institutions rejects the principle of the transfer, the transfer shall not be made.</p>	<p>6. If either the European Parliament or the Council has amended the transfer while the other institution has approved it or refrains from acting, or if European Parliament and the Council have amended the transfer, the smaller amount approved either by the European Parliament or the Council shall be deemed approved, unless the Commission withdraws its proposal.</p>	<p>67. If either the European Parliament or the Council has amended the amount of the transfer while the other institution has approved it or refrains from acting, or if the European Parliament and the Council have both amended the amount of the transfer, the smaller amount approved either by the European Parliament or the Council shall be deemed approved, unless the Commission institution concerned withdraws its proposal.</p>	<p>6. If one of the two arms of the budgetary authority has amended the transfer while the other approved it or refrains from acting, or if both arms have amended the transfer, the smaller amount approved either by the European Parliament or the Council shall be deemed approved, unless the institution withdraws its proposal.</p>	<p>6. If either the European Parliament or the Council has amended the amount of the transfer while the other institution has approved it or refrains from acting, or if the European Parliament and the Council have both amended the amount of the transfer, the smaller amount approved either by the European Parliament or the Council shall be deemed approved, unless the institution concerned withdraws its proposal.</p>
<p><i>Article 25</i></p>			<p>AM 62 <i>Article 24a</i> Specific rules on transfers</p>	<p><i>Article 24a</i> <i>Specific rules on transfers</i></p>
<p>1. Appropriations may be transferred only to budget lines for which the budget has authorised appropriations or carries a token entry (p.m.).</p> <p>2. Appropriations corresponding to assigned revenue may be transferred only if such revenue is used for the purpose to which it is assigned.</p>			<p>1. <i>Appropriations may be transferred only to budget lines for which the budget has authorised appropriations or carries a token entry "pro memoria".</i></p> <p>2. <i>Appropriations corresponding to assigned revenue may be transferred only if such revenue is used for the purpose to which it is assigned.</i></p>	<p>1. Appropriations may be transferred only to budget lines for which the budget has authorised appropriations or carries a token entry "pro memoria".</p> <p>2. Appropriations corresponding to assigned revenue may be transferred only if such revenue is used for the purpose to which it is assigned.</p>
<p><i>Article 26</i></p>	<p><i>Article 25</i> <i>Transfer subject to special provisions</i></p>	<p><i>Article 25</i> <i>Transfers subject to special provisions</i></p>		<p><i>Article 25</i> <i>Transfer subject to special provisions</i></p>
<p>1. Transfers within the titles of the</p>	<p>1. Transfers within the titles of the</p>	<p>1. Transfers within the titles of the</p>		<p>1. Transfers within the titles of the</p>

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<p>budget devoted to the European Agricultural Guarantee Fund (EAGF), the Structural Funds, the Cohesion Fund, the European Fisheries Fund, the European Agricultural Fund for Rural Development and Research shall be the subject of special provisions under Titles I, II and III of Part Two.</p> <p>2. Decisions on transfers to allow the utilisation of the reserve for emergency aid shall be taken by the budgetary authority on a proposal from the Commission. A separate proposal must be submitted for each individual operation.</p>	<p>budget devoted to the European Agricultural Guarantee Fund, the Structural Funds, the Cohesion Fund, the European Fisheries Fund, the European Agricultural Fund for Rural Development and Research shall be the subject of special provisions under Titles I, II and III of Part Two.</p> <p>2. Decisions on transfers to allow the use of the Emergency Aid Reserve for emergency aid shall be taken by the budgetary authority and the Council on a proposal from the Commission, or by the Commission for a maximum of 10% of the appropriations for the year shown on the line from which the transfer is made.</p>	<p>budget devoted to the European Agricultural Guarantee Fund, the Structural Funds, the Cohesion Fund, the European Fisheries Fund, the European Agricultural Fund for Rural Development and Research shall be the subject of special provisions under Titles I, II and III of Part Two.</p> <p>2. Decisions on transfers to allow the use of the Emergency Aid Reserve for emergency aid shall be taken by the budgetary authority and the Council on a proposal from the Commission, or by the Commission for a maximum of 10% of the appropriations for the year shown on the line from which the transfer is made. A separate proposal must be submitted for each individual emergency action.</p>	<p>AM 63</p> <p>2. Decisions on transfers to allow the use of the reserve for emergency aid shall be taken by the budgetary authority on a proposal from the Commission. A separate proposal must be submitted for each individual operation.</p>	<p>budget devoted to the European Agricultural Guarantee Fund, the Structural Funds, the Cohesion Fund, the European Fisheries Fund, the European Agricultural Fund for Rural Development and Research shall be the subject of special provisions under Titles I, II and III of Part Two.</p> <p>2. Decisions on transfers to allow the use of the Emergency Aid Reserve shall be taken by the European Parliament and the Council on a proposal from the Commission. [A separate proposal must be submitted for each individual emergency action.]</p>
<p>The procedure provided for in Article 24(2) and (3) shall apply. If the Commission proposal is not agreed to by both arms of the budgetary authority and there is a failure to arrive at a common position on the utilisation of these</p>	<p>The procedure provided for in Article 24(3) and (4) shall apply. If the Commission proposal is not agreed to by the European Parliament and the Council and there is a failure to arrive at a common position on the use of</p>	<p>The procedure provided for in Article 24(34) and (45) shall apply. If the Commission proposal is not agreed to by the European Parliament and the Council and there is a failure to arrive at a common position on</p>	<p>The procedure provided for in Article 24(3) and (4) shall apply. If the Commission proposal is not agreed to by both arms of the budgetary authority and there is a failure to arrive at a common position on the use of this reserve,</p>	<p>The procedure provided for in Article 24(3) and (4) shall apply. If the Commission proposal is not agreed to by the European Parliament and the Council and there is a failure to arrive at a common position on the use of</p>

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<p>reserves, the European Parliament and the Council shall refrain from acting on the Commission's proposal for a transfer.</p> <p>3. In duly substantiated exceptional cases of international humanitarian disasters and crises, occurring after 15 December of the budgetary year, the Commission may transfer unused budgetary appropriations for the current budgetary year still available in the budget titles falling under heading 4 of the multiannual financial framework to the budget titles concerning the crisis management aid and humanitarian aid operations. The Commission shall inform the two branches of the budgetary authority immediately after making such transfers.</p>	<p>this reserve, the European Parliament and the Council shall refrain from acting on the Commission's proposal of transfers.</p>	<p>the use of this reserve, the European Parliament and the Council shall refrain from acting on the Commission's transfer proposal of transfers.</p> <p>3. In duly substantiated exceptional cases of international humanitarian disasters and crises, occurring after 15 December of the budgetary year, the Commission may transfer unused budgetary appropriations for the current budgetary year still available in the budget titles falling under heading 4 of the multiannual financial framework to the budget titles concerning the crisis management aid and humanitarian aid operations. The Commission shall inform the European Parliament and the Council immediately after making such transfers.</p>	<p><i>both arms of the budgetary authority</i> shall refrain from acting on the Commission's proposal <i>for a transfer</i>.</p>	<p>this reserve, the European Parliament and the Council shall refrain from acting on the Commission's transfer proposal.</p>
<p><i>Article 156</i></p>	<p><i>Article 169</i> <i>Payments of contributions, interim payments and repayments regarding other Union funds</i></p>	<p><i>Article 169</i> <i>Payments of contributions, interim payments and repayments regarding other Union funds</i></p>		<p><i>Article 169</i> <i>Payments of contributions, interim payments and repayments</i></p>
<p>1. Payment by the Commission of financial contributions from the Funds shall be made in</p>	<p>1. Payment by the Commission of financial contributions from the Funds shall be made in</p>	<p>1. Payment by the Commission of financial contributions from the Funds shall be made in</p>		<p>1. Payment by the Commission of financial contributions from the Funds shall be made in</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>accordance with the regulations referred to in Article 155.</p> <p>2. The time limit for interim payments by the Commission shall be laid down in accordance with the regulations referred to in Article 155.</p>	<p>accordance with the regulations referred to in Article 167.</p> <p>2. The time limit for interim payments by the Commission shall be laid down in accordance with the regulations referred to in Article 167.</p>	<p>accordance with the regulations referred to in Article 167.</p> <p>2. The time limit for interim payments by the Commission shall be laid down in accordance with the regulations referred to in Article 167.</p>	<p>accordance with the regulations referred to in Article 167.</p> <p>2. The time limit for interim payments by the Commission shall be laid down in accordance with the regulations referred to in Article 167.</p>	<p>accordance with the regulations referred to in Article 167.</p> <p>2. The time limit for interim payments by the Commission shall be laid down in accordance with the regulations referred to in Article 167.</p>
<p>3. The treatment of repayments by the Member States and the implications for the amount of contributions from the Funds shall be governed by the regulations referred to in Article 155.</p>	<p>3. The treatment of repayments by the Member States and the implications for the amount of contributions from the Funds shall be governed by the regulations referred to in Article 167.</p> <p>4. By way of derogation from Article 10, commitment appropriations available on</p>	<p>3. The treatment of repayments by the Member States and the implications for the amount of contributions from the Funds shall be governed by the regulations referred to in Article 167.</p> <p>4. By way of derogation from Article 10, commitment appropriations available on</p>	<p>AM 226</p> <p><i>3. In accordance with the regulations referred to in Article 167, the repayment in full or in part of pre-financing payment in respect of a given operation shall not have the effect of reducing the contribution from the Funds to the operation concerned.</i></p> <p><i>Amounts repaid shall constitute assigned revenue in accordance with Article 18(3)(c).</i></p> <p>The treatment of repayments by the Member States and the implications for the amount of contributions from the Funds shall be governed by the regulations referred to in Article 167.</p>	<p>3. In accordance with the regulations referred to in Article 167, the repayment in full or in part of pre-financing payment in respect of a given operation shall not have the effect of reducing the contribution from the Funds to the operation concerned.</p> <p>Amounts repaid shall constitute assigned revenue in accordance with point (c) of Article 18(3).</p> <p>The treatment of repayments by the Member States and the implications for the amount of contributions from the Funds shall be governed by the regulations referred to in Article 167.</p> <p>4. By way of derogation from Article 10, commitment appropriations available on</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p><i>Article 158</i></p> <p>With regard to the operational expenditure referred to in this title, the Commission may, except in the case of the EAFRD, make transfers from one title to another, provided that the appropriations in question are for the same objective within the</p>	<p>31 December arising from repayments of payments on account may be carried over until the closure of the programme and used when necessary under the condition that other commitment appropriations are not longer available.</p>	<p>31 December arising from repayments of payments on account may be carried over until the closure of the programme and used when necessary under the condition that other commitment appropriations are not longer available.</p>		<p>31 December arising from repayments of pre-financing payments may be carried over until the closure of the programme and used when necessary under the condition that other commitment appropriations are not longer available.</p> <p>5. In budgetary accounting, expenditure shall be booked to the accounts for a financial year on the basis of reimbursements made by the Commission to the Member States by 31 December of the year concerned at the latest, including the expenditure charged by 31 January of the following financial year at the latest against the payment appropriations made available in this month following the transfers referred to in Article 171.</p>
<p><i>Article 171</i></p> <p><i>Transfer of appropriation between other Union funds</i></p>	<p>With regard to the operational expenditure referred to in this title, the Commission may, except in the case of the European Agricultural Fund for Rural Development, make transfers from one title to another, provided that the appropriations</p>	<p><i>Article 171</i></p> <p><i>Transfer of appropriations between other Union funds</i></p>		<p><i>Article 171</i></p> <p><i>Transfer of appropriations between other Union funds</i></p>
<p>With regard to the operational expenditure referred to in this title, the Commission may, except in the case of the EAFRD, make transfers from one title to another, provided that the appropriations in question are for the same objective within the</p>	<p>With regard to the operational expenditure referred to in this title, the Commission may, except in the case of the European Agricultural Fund for Rural Development, make transfers from one title to another, provided that the appropriations</p>	<p>With regard to the operational expenditure referred to in this title, the Commission may, except in the case of the European Agricultural Fund for Rural Development, make transfers from one title to another, provided that the appropriations</p>		<p>1. With regard to the operational expenditure referred to in this title, the Commission may, except in the case of the European Agricultural Fund for Rural Development, make transfers from one title to another, provided</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>meaning of the Regulations governing the Funds referred to in Article 155, or are Technical Assistance expenditure.</p>	<p>concerned are for the same objective within the meaning of the Regulations governing the Funds referred to in Article 167, or are Technical Assistance expenditure.</p>	<p>concerned are for the same objective within the meaning of the Regulations governing the Funds referred to in Article 167, or are Technical Assistance expenditure.</p>		<p>that the appropriations concerned are for the same objective within the meaning of the Regulations governing the Funds referred to in Article 167, or are Technical Assistance expenditure. It shall take its decisions up to 31 January of the following financial year at the latest.</p> <p>2. In cases other than those referred to in paragraph 1, the Commission may submit proposals for transfers to the Funds of payment appropriations to the European Parliament and the Council by 10 January of the following financial year at the latest. The transfer of the payment appropriations may be made from any item of the budget. The European Parliament and the Council shall take decisions on such transfers in accordance with the procedure provided for in Article 24, but within a time limit of three weeks.</p> <p>3. If the transfer is not approved or only partially approved by the European Parliament and the Council, the corresponding part of the expenditure referred to in</p>

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				Article 169(5) shall be charged to the payment appropriations of the following financial year.

Point 8

Articles 30(2) (Publication of budgets, accounts and reports) and 37(1) (Obligation of the Member States stemming from the adoption of the budget

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<p><i>Article 29</i></p> <p>1. The budget shall be established and implemented and the accounts presented in compliance with the principle of transparency.</p> <p>2. The President of the European Parliament shall have the budget and amending budgets, as finally adopted, published in the <i>Official Journal of the European Union</i>.</p> <p>The budget shall be published within three months following the date on which the budget is declared finally adopted.</p> <p>The consolidated annual accounts and the report on budgetary and</p>	<p><i>Article 30</i></p> <p><i>Publication of accounts, budgets and reports</i></p> <p>1. The budget shall be established and implemented and the accounts presented in compliance with the principle of transparency.</p> <p>2. The President of the European Parliament shall have the budget and amending budgets, as finally adopted, published in the <i>Official Journal of the European Union</i>.</p> <p>The budget shall be published within three months following the date on which the budget is declared finally adopted.</p> <p>The consolidated annual accounts and the report on budgetary and</p>	<p><i>Article 30</i></p> <p><i>Publication of budgets, accounts and reports</i></p> <p>1. The budget shall be established and implemented and the accounts presented in compliance with the principle of transparency.</p> <p>2. The President of the European Parliament shall have the Adopted budgets and amending budgets, as finally adopted, shall be published in the <i>Official Journal of the European Union pursuant to the third subparagraph of Article 297(1) of the TFEU</i>.</p> <p>The Budgets shall be published within [three] months following the date on which the budget they is are declared finally adopted. The budget figures shall be made available to the public within four weeks following the date on which the corresponding budget is finally adopted.</p> <p>The consolidated annual accounts and the report on budgetary and</p>	<p><i>Article 30</i></p> <p><i>Publication of accounts, budgets and reports</i></p> <p>1. The budget shall be established and implemented and the accounts presented in compliance with the principle of transparency.</p> <p>2. The President of the European Parliament shall have the Adopted budgets and amending budgets, as finally adopted, shall be published in the <i>Official Journal of the European Union pursuant to the third subparagraph of Article 297(1) TFEU</i>.</p> <p>The Budgets shall be published within [three] months following the date on which the budget they is are declared finally adopted. The budget figures shall be made available to the public within four weeks following the date on which the corresponding budget is finally adopted.</p> <p>The consolidated annual accounts and the report on budgetary and</p>	<p><i>Article 30</i></p> <p><i>Publication of accounts, budgets and reports</i></p> <p>1. The budget shall be established and implemented and the accounts presented in compliance with the principle of transparency.</p> <p>2. The President of the European Parliament shall have the Adopted budgets and amending budgets, as finally adopted, shall be published in the <i>Official Journal of the European Union pursuant to the third subparagraph of Article 297(1) TFEU</i>.</p> <p>The Budgets shall be published within [three] months following the date on which the budget they is are declared finally adopted. The budget figures shall be made available to the public within four weeks following the date on which the corresponding budget is finally adopted.</p> <p>The consolidated annual accounts and the report on budgetary and</p>
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FINANCIAL REGULATION CURRENTLY IN FORCE	CION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>financial management drawn up by each institution shall be published in the <i>Official Journal of the European Union</i>.</p> <p><i>Article 36</i></p>	<p>financial management drawn up by each institution shall be published in the <i>Official Journal of the European Union</i>.</p> <p><i>Article 37</i> <i>Adoption of the budget</i></p>	<p>financial management drawn up by each institution shall be published in the <i>Official Journal of the European Union</i>.</p> <p><i>Article 37</i> <i>Obligations of the Member States stemming from the a-Adoption of the budget</i></p>	<p>financial management drawn up by each institution shall be published immediately upon adoption in the Official Journal of the European Union.</p>	<p>financial management drawn up by each institution shall be published in the <i>Official Journal of the European Union</i>.</p> <p><i>Article 37</i> <i>Obligations of the Member States stemming from the a-Adoption of the budget</i></p>
<p>1. The President of the European Parliament shall declare the budget finally adopted in accordance with the procedure provided for in Article 272(7) of the EC Treaty and Article 177(7) of the Euratom Treaty.</p> <p>2. Once the budget has been declared finally adopted, each Member State shall, from 1 January of the following financial year or from the date of the declaration of final adoption of the budget if that is after 1 January, be bound to make over to the Community the payments due as specified in the Council Regulation implementing the</p>	<p>1. The President of the European Parliament shall declare the budget finally adopted in accordance with the procedure provided for in Article 314(9) of the TFEU and Article 177(7) of the Treaty establishing the European Atomic Energy Community (hereinafter "Euratom Treaty").</p> <p>2. Once the budget has been declared finally adopted, each Member State shall, from 1 January of the following financial year or from the date of the declaration of final adoption of the budget if that is after 1 January, be bound to make over to the Union the payments due as specified in the Council Regulation implementing the</p>	<p>1. The President of the European Parliament shall declare the budget finally adopted in accordance with the procedure provided for in Once the budget has been established pursuant to Article 314(9) of the TFEU and Article 177(7) of the Treaty establishing the European Atomic Energy Community (hereinafter the "Euratom Treaty")</p> <p>2. Once the budget has been declared finally adopted, each Member State shall, from 1 January of the following financial year or from the date of the declaration of final adoption of the budget if that is after 1 January, be bound to make over to the Union the payments due as specified in the Council Regulation implementing the</p>		<p>1. The President of the European Parliament shall declare the budget finally adopted in accordance with the procedure provided for in Once the budget has been established pursuant to Article 314(9) TFEU and Article 177(7) of the Euratom Treaty.</p> <p>2. Once the budget has been declared finally adopted, each Member State shall, from 1 January of the following financial year or from the date of the declaration of final adoption of the budget if that is after 1 January, be bound to make over to the Union the payments due as specified in the Council Regulation implementing the</p>

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Decision on the system of the Communities' own resources.	Decision on the system of the Union's own resources.	Decision on the system of the Union's own resources.		Decision on the system of the Union's own resources.
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Point 9

Articles 130, 131(5), (5a), (6) and (6a), and 18(3)(h) (*Financial instruments - reflows*)

FINANCIAL REGULATION CURRENTLY IN FORCE	C I O N P R O P O S A L (COM(2010) 815 final)	C O U N C I L M A N D A T E (9626/11 ADD 1)	E P A M s v o t e d o n 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	P R O P O S A L F O R A R E V I S E D U P D A T E D M A N D A T E (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
Article 18	Article 18 Assigned revenue	Article 18 Assigned revenue See point 6 above	Article 18	Article 18 Assigned revenue
	Article 130 Definition and scope	Article 130 Definition and scope	Article 130 Definition and scope AM 271	Article 130 Definition and scope
1. For the purpose of this Regulation, "financial instruments" shall mean Union measures of financial support provided from the budget in order to address a specific policy objective by way of loans, guarantees, equity or quasi-equity investments or participations, or other risk-bearing instruments, possibly combined with grants.	1. For the purpose of this Regulation, "financial instruments" shall mean Union measures of financial support provided from the budget on a complementary basis in order to address, when necessary and duly justified, a one or more specific policy objectives by way of of. Such instruments may take the form of loans, including loans with interest rate rebates, guarantees, equity or quasi-equity, equity/debt investments or participations, or other facilitated where appropriate by the Union through risk-bearing instruments, possibly combined with grants.	1. For the purpose of this Regulation, "financial instruments" shall mean Union measures of financial support provided from the budget <i>where authorised in the main sector-specific basic act</i> in order to address <i>one or more</i> specific policy objectives by way of loans, guarantees, equity or quasi-equity investments or participations, or other risk-bearing instruments, possibly combined with grants. The basic act shall state the type of financial instrument that is allowed to be used to achieve the policy objectives.	1. For the purpose of this Regulation, "financial instruments" shall mean Union measures of financial support provided on a complementary basis ^(*) from the budget in order to address one or more specific policy objectives of the Union. Such instruments may take the form of loans, guarantees, equity or quasi-equity investments, or other risk-sharing instruments, and may, where appropriate, be combined with grants. ^(*) The following recital shall clarify that "complementary" does not mean "additional funds": <i>"Within the framework of the annual appropriations authorised by the European Parliament and the Council for a given spending programme, financial instruments should be used on a complementary basis, on the basis of an ex ante evaluation</i>	

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				<p><i>demonstrating that they are more effective for the achievement of the policy objectives of the Union than other forms of Union funding, including grants."</i></p> <p>Financial instruments shall be authorised by means of a basic act.^(*)</p> <p>Notwithstanding the second subparagraph, financial instruments may be established, in duly justified cases, without being authorised by means of a basic act, provided that such instrument is included in the budget in accordance with point (da) of Article 46(1).</p> <p>^(*) The following recital shall clarify the link to basic acts: <i>"Financial instruments should be authorised by means of a basic act, defining in particular their objectives and duration. Where financial instruments are established without a basic act in duly justified cases, they should be authorised by the European Parliament and the Council in</i></p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>The following definitions shall apply:</i></p>	<p><i>the budget".]</i></p> <p>The following definitions shall apply^(*):</p> <p>^(*) The following recital on definitions shall be included: <i>"The Financial Regulation should include a definition of possible instruments falling under Title VIII, such as loans, guarantees, equity investments, quasi-equity investment and risk sharing instruments. Risk sharing instruments may include credit enhancements for project bonds, covering the debt service risk of a project and mitigating the credit risk of bond holders through credit enhancements in the form of a loan or a guarantee."</i></p> <p>(a) "loan" means an agreement which obliges the lender to make available to the borrower a sum of money for the agreed amount and time. The borrower is obliged to repay during a certain period the loan made available to him. Usually the borrower is</p>

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			<p>obliged to pay interest on the loan amount;</p> <p>(b) "guarantee" means a written commitment to be responsible for all or part of the debt, obligation or successful performance of a third party in an event that triggers such guarantee, such as a loan default;</p> <p>(c) "equity investment" means the provision of capital to a firm, invested directly or indirectly in return for total or partial ownership of that firm and where the equity investor may assume some management control of the firm and may share the firm's profits;</p> <p>(d) "quasi-equity investment" means a type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity. Quasi-equity investments can be structured as debt, typically unsecured and subordinated and in some cases convertible into equity, or as preferred</p>
			<p>(a) "quasi-equity investment" means a type of financing that involves a mix of equity and debt, where the equity allows investors to achieve a high rate of return upon the success of the company or where the debt component entails a premium price contributing to the return of the investor such as</p>

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	<p>2. The provisions of this title shall also apply to elements directly related to financial instruments, including technical assistance.</p>	<p>2. The provisions of this title shall also apply to elements directly related to financial instruments, including technical assistance.</p>	<p><i>mezzanine debt or subordinated debt;</i></p> <p><i>(b) "risk-sharing instrument" means a financial instrument which guarantees the total or partial coverage of a defined risk, where appropriate in exchange for an agreed remuneration;</i></p> <p><i>(c) "risk-sharing instrument for project bonds" means a credit enhancement in the form of a loan or a guarantee. It covers the debt service risk of a project and mitigates the credit-risk of bond holders.</i></p> <p><i>Where several entities jointly participate in an operation covered by a risk-sharing instrument, the risk borne by the Union budget shall be proportionately no greater than the amount of the Union contribution.</i></p> <p>2. The provisions of this title shall also apply to elements directly related to financial instruments, including technical assistance.</p>	<p>equity.</p> <p>(e) "<i>risk-sharing instrument</i>" means a financial instrument which allows for the sharing of a defined risk between two or more entities, where appropriate in exchange for an agreed remuneration.</p> <p>2. Where Union support is provided by means of financial instruments pursuant to Article 130(1) and combined in a single measure with elements directly related to</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	<p>3. The Commission may implement financial instruments in direct management mode, or in indirect management mode by entrusting tasks to the entities referred to in points (iii) and (iv) of Article 55(1)(b).</p>	<p>3. The Commission may implement financial instruments in direct management mode or in indirect management mode by entrusting tasks to the entities referred to in points (iii) and (iv) of Article 55(1)(b) financial institutions, including those established in Member States and aiming at the achievement of public interests under the control of public authorities, as well as the European Investment Bank, the European Investment Fund or any other subsidiary of the bank.</p>	<p style="text-align: center;">AM 272</p> <p>3. The Commission may implement financial instruments in direct management mode, or in indirect management mode, <i>where defined in the basic act</i>, by entrusting tasks to the entities referred to in points (iv) and (vi) of Article 55(1)(b). <i>The statute and nature of the operator to which the management is entrusted should be defined in the basic act.</i></p>	<p>financial instruments targeting the same final recipients, including technical assistance, interest rate rebates and guarantee fee subsidies, Title VIII shall apply to all elements of that measure.</p> <p>2a. Where financial instruments are combined with grants funded from the Union budget under Title VI for elements not directly relating to financial instruments, separate records shall be maintained for each source of financing.</p> <p>3. The Commission may implement financial instruments in direct management mode or in indirect management mode, as set out in the basic act, by entrusting tasks to the entities referred to in points (ii), (iv) and (vi) of Article 55(1)(c).</p> <p>The entities referred to in points (ii), (iv) and (vi) of Article 55(1)(c), when implementing financial instruments, may further entrust, under their responsibility, part of the implementation to financial intermediaries provided</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>The Commission shall remain responsible for ensuring that the implementation framework for financial instruments complies with sound financial management and is conducive to the attainment of the defined policy objectives. The Commission shall be accountable for the implementation of financial instruments without prejudice to the entrusted entities' legal and contractual responsibility, in accordance with the applicable law.</i></p> <p><i>The European Parliament shall be regularly informed of the implementation of financial instruments.</i></p>	<p>that these entities ensure that the financial intermediaries satisfy the criteria laid down in Article 131(1), (2) and (4). Financial intermediaries shall be selected on the basis of open, transparent, proportionate and non-discriminatory procedures, avoiding conflicts of interests.</p> <p>The Commission shall remain responsible for ensuring that the implementation framework for financial instruments complies with sound financial management and supports the attainment of defined and timed policy objectives, measured by outputs and results. The Commission shall be accountable for the implementation of financial instruments without prejudice to the entrusted entities' legal and contractual responsibility, in accordance with the applicable law.</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
		<p>4. In case of financial instruments implemented in shared management with Member States, the provisions applying to those instruments may be referred to in Article 167.</p>	<p>AM 273</p> <p><i>3a. Financial operations benefitting from a financial instrument of the Union issued in the form of, or jointly with, a grant or subsidy may not give rise to tax evasion with regard to the European beneficiaries and other concerned countries and legislations.</i></p> <p><i>The financial operators managing the respective financial instruments shall be jointly liable with any perpetrators for all financial loss arising from the infringement of this provision.</i></p>	<p>4. Where financial instruments are implemented in shared management with Member States, the provisions applying to those instruments, including rules for contributions to financial instruments managed directly or indirectly under this Title, shall be laid down in the regulations referred to in Article 167.</p>
	<p>Article 131</p> <p><i>Principles applicable to financial instruments</i></p>	<p>Article 131</p> <p><i>Principles applicable to financial instruments</i></p>		<p>Article 131</p> <p><i>Principles and conditions applicable to financial instruments</i></p>
			<p>AM 195</p>	

FINANCIAL REGULATION CURRENTLY IN FORCE	CION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	<p>1. Financial instruments shall be provided to final recipients of Union funds in accordance with sound financial management, transparency and equal treatment and in accordance with the objectives established in the basic act that applies to those financial instruments.</p>	<p>1. Financial instruments shall be provided to final recipients of Union funds used in accordance with the principles of sound financial management, transparency, non-discrimination and equal treatment, and in accordance with the objectives and for the duration established in the basic act that applies to those financial instruments.</p> <p>1a. Financial instruments shall comply with the following conditions:</p> <p>(a) added value of the Union intervention, which means that financial instruments shall only be implemented at Union level where their objectives, in particular by reason of their scale or effects, can be better achieved at Union level than at national level;</p> <p>(b) they shall be implemented in</p>	<p>1. Financial instruments shall be provided to final recipients of Union funds in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment and in accordance with the objectives established in the basic act that applies to those financial instruments.</p>	<p>1. Financial instruments shall be used in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination, equal treatment and subsidiarity, and in accordance with their objectives and, where applicable^(*), the duration established in the basic act for those financial instruments.</p> <p>^(*) See recital proposed by CION to clarify the link to basic acts, in Article 130(1) above).</p> <p>2. Financial instruments shall comply with the following:</p> <p>(a) addressing market failures or</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
		<p>order to address sub-optimal investment situations, which have proven to be financially viable but do not give rise to sufficient funding from market sources;</p> <p>(c) additionality, which means that financial instruments of the EU shall not aim at replacing those of a Member State, private funding or another financial EU intervention;</p> <p>(d) financial instruments shall be implemented in a way which does not distort competition in the internal market;</p> <p>(e) they shall have a multiplier effect, which means that the Union contribution to a financial instrument shall mobilise a global investment exceeding the size of the Union contribution according to the indicators defined in advance;</p>		<p>sub-optimal investment situations, which have proven to be financially viable but do not give rise to sufficient funding from market sources;</p> <p>(b) additionality: financial instruments of the EU shall not aim at replacing those of a Member State, private funding or another financial EU intervention;</p> <p>(c) non-distortion of competition in the internal market and consistency with State aid rules;</p> <p>(d) leverage^(*) effect: the Union contribution to a financial instrument shall aim at mobilising a global investment exceeding the size of the Union contribution according to the indicators defined in advance;</p> <p>^(*) "leverage" replaces "multiplier" in this paragraph and in</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	<p>(f) appropriate measures shall be put in place to ensure that the entrusted entity has aligned interest, which means that when implementing financial instruments, the Commission shall ensure that there is a common interest in achieving the policy objectives defined for a financial instrument, possibly fostered by provisions such as co-investment, risk sharing requirements or financial incentives, while preventing conflict of interest with other activities of the entrusted entity.</p> <p>1b. When the implementation of financial instruments gives rise to revenues and repayments, these shall be entered in the Union budget as revenue, unless the relevant basic act provides otherwise for duly justified reasons.</p>	<p>(f) appropriate measures shall be put in place to ensure that the entrusted entity has aligned interest, which means that when implementing financial instruments, the Commission shall ensure that there is a common interest in achieving the policy objectives defined for a financial instrument, possibly fostered by provisions such as co-investment, risk sharing requirements or financial incentives, while preventing conflict of interest with other activities of the entrusted entity.</p> <p>1b. When the implementation of financial instruments gives rise to revenues and repayments, these shall be entered in the Union budget as revenue, unless the relevant basic act provides otherwise for duly justified reasons.</p>	<p>AM 196</p> <p><i>1a. Revenues and repayments under a financial instrument shall constitute internal assigned revenue according to Article 18(3) and shall be carried over</i></p>	<p>paragraph 6(j).</p> <p>(e) alignment of interest: when implementing financial instruments, the Commission shall ensure that there is a common interest in achieving the policy objectives defined for a financial instrument, possibly fostered by provisions such as co-investment, risk sharing requirements or financial incentives, while preventing conflict of interest with other activities of the entrusted entity;</p> <p>(g) financial instruments shall be established on the basis of an <i>ex ante</i> evaluation.</p> <p>[Cf. paragraph 5 below]</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>automatically with a view to being re-invested.</i></p> <p><i>In any case, the Union's contribution to a project shall not be distributed to third parties in the form of dividends or profits.</i></p> <p>AM 274</p> <p><i>1b. The Commission shall ensure when implementing financial instruments that there is a common interest in achieving the policy objectives defined for a financial instrument, which may be fostered by provisions such as co-investment, risk-sharing requirements or financial incentives, while preventing conflict of interest with other activities of the entrusted entity.</i></p> <p><i>Except in cases of market failure or micro-credit facilities, financial instruments shall have a multiplier effect, which means that the Union contribution to a financial instrument shall mobilise a global investment exceeding the size of the Union contribution.</i></p>	[Cf. paragraph 6 below]

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>The Commission shall report to the budgetary authority, if the minimum expected return has not been achieved by the mid-term duration foreseen for a respective financial instrument;</i></p> <p><i>This mid-term review shall further report on</i></p> <ul style="list-style-type: none"> - <i>the progress achieved in the implementation of the intended policy objective;</i> - <i>the total amount of money paid into the financial instrument;</i> - <i>the total amount of money paid out in the progress of implementation;</i> - <i>where applicable, the total amount of money for which repayment is at risk of default or has been defaulted;</i> - <i>where applicable, the value of equity generated in the progress of implementation.</i> <p><i>Ic. The Commission shall report</i></p>	<p>[Cf. paragraph 6 below]</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	<p>2. Without prejudice to points (d) and (e) of Article 46(1), the budgetary expenditure linked to a financial instrument shall be kept within the relevant budgetary commitment made for it.</p> <p>3. Financial intermediaries involved</p>	<p>2. Without prejudice to points (d) and (e) of Article 46(1), the budgetary expenditure linked to a financial instrument and the financial responsibility of the Union shall be kept within in no case exceed the amount of the relevant budgetary commitment made for it, thus excluding potential liabilities for the Union budget.</p> <p>3. The entities referred to in</p>	<p><i>annually to the budgetary authority on the activities supported by financial instruments, on the financial institutions involved in their implementation, on the performance of financial instruments, including reinvestments realised, balance on the trust accounts, revenues and repayments, multiplier effect achieved, and value of participations. The Commission shall attach its report to the annual activity report referred to in Article 63(9).</i></p> <p>AM 275</p> <p>2. Without prejudice to <i>borrowing and lending operations and guarantees given to the EIB for loans on the EIB's own resources</i>, the budgetary expenditure linked to a financial instrument <i>and the financial liability of the Union</i> shall <i>not exceed the amount of the</i> relevant budgetary commitment made for it, <i>thus excluding contingent liabilities for the Union budget.</i></p> <p>AM 276</p> <p>3. <i>The entities referred to in points</i></p>	<p>3. The budgetary expenditure linked to a financial instrument and the financial liability of the Union shall in no case exceed the amount of the relevant budgetary commitment made for it, thus excluding contingent liabilities for the Union budget.</p> <p>4. The entities referred to in points</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	C I O N P R O P O S A L (COM(2010) 815 final)	C O U N C I L M A N D A T E (9626/11 ADD 1)	E P A M s v o t e d o n 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	P R O P O S A L F O R A R E V I S E D U P D A T E D M A N D A T E (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	<p>in the execution of financial operations under a financial instrument shall comply with relevant standards on the prevention of money laundering and fight against terrorism. They shall not be established in territories whose jurisdictions do not co-operate with the Union in relation to the application of internationally agreed tax standards.</p> <p>4. Each agreement between an entity referred to in point (iii) and (iv) of Article 55(1)(b) and a financial intermediary referred to in paragraph 3 shall provide expressly for the Commission and</p>	<p>Article 130(3) and all financial intermediaries involved in the execution of financial operations under a financial instrument shall comply with relevant standards on the prevention of money laundering and fight against terrorism. They shall not be established in territories whose jurisdictions do not co-operate with the Union in relation to the application of internationally agreed tax standards.</p> <p>4. Each agreement between an entity referred to in point (iii) and (iv) of Article 55(1)(b) Article 130(3) and a financial intermediary referred to in paragraph 3 shall provide expressly for the access</p>	<p>(iv) and (vi) of Article 55(1)(b) and all financial intermediaries involved in the execution of financial operations under a financial instrument shall comply with relevant standards on the prevention of money laundering and fight against terrorism. They shall not be established and shall not interact with entities incorporated in territories whose jurisdictions do not co-operate with the Union in relation to the application of internationally recognised tax standards.</p> <p style="text-align: right;">AM 277</p> <p>4. Each entity referred to in points (iv) and (vi) of Article 55(1)(b) and financial intermediary referred to in paragraph 3 involved in managing Union financial instruments shall be in</p>	<p>(ii), (iv) and (vi) of Article 55(1)(c) and all financial intermediaries selected to participate in the execution of financial operations under a financial instrument shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud. For the implementation of financial instruments under this Title, the entities referred to in points (ii), (iv) and (vi) of Article 55(1)(c) shall not be established and shall not maintain business relations with entities incorporated in territories whose jurisdictions do not co-operate with the Union in relation to the application of the internationally agreed tax standards and shall transpose such requirements in their contracts with the selected financial intermediaries.</p> <p>Entities referred to in points (ii), (iv) and (vi) of Article 55(1)(c), financial intermediaries referred to in paragraph 3 involved in managing Union financial instruments, and final recipients</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	<p>the Court of Auditors to exercise their powers of control, on documents and on the premises and on information, even stored on electronic media, over all third parties who have received Union funds.</p>	<p>of the Commission and the Court of Auditors to exercise their powers of control, on documents, on the premises and on information, even stored on electronic media, over all third parties of the financial intermediaries who have received Union funds.</p>	<p>a position to provide, upon request, access for the Commission, the Court of Auditors and OLAF, in exercise of their powers of control, to the premises, documents, and information, including those stored on electronic media, of all third parties who have received and/or are involved in the management of Union funds.</p>	<p>of Union support under this Title shall afford the Court of Auditors all the facilities and give it all the information which the Court of Auditors considers necessary for the performance of its task, pursuant to Article 152.</p> <p>Regulation (Euratom, EC) No 2185/96 and Regulation XXX^(*) shall apply to Union support under this Title.</p> <p>^(*) Regulation of the European Parliament and Council amending Regulation No 1073/199 concerning investigations conducted by the European Anti-fraud Office (OLAF).</p> <p>5. Amounts corresponding at least to the Union contribution, or, where applicable, multiples thereof shall be used for the attainment of the specific policy objectives targeted through the financial instrument and shall not generate undue advantages, in particular in the form of undue dividends or profits for third parties.</p> <p>Without prejudice to sector-specific rules for shared</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
				<p>management, interest, capital resources paid back to the Commission or fiduciary accounts opened for financial instruments from investments or from the release of resources committed for guarantee contracts, guarantee fees, dividends, capital gains or any other income receipts attributable to the support from the Union budget under a financial instrument shall constitute internal assigned revenue in accordance with Article 18, if so specified in a basic act. In such cases, and without prejudice to paragraph 6a, they shall be used for the same financial instrument, for a period not exceeding the period for the commitment of appropriations plus two years.</p> <p>Each year, the cumulative resources paid back to a financial instrument under this paragraph, minus any amounts already returned to the Union budget as general revenue, will be compared to the cumulative EU contribution committed to the financial instrument up to the relevant year. In case the</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
				<p>cumulative resources paid back exceed the cumulative EU contribution committed to the instrument, the difference shall be entered in the Union budget as general revenue.</p> <p>5a. Payments to fiduciary accounts shall be made by the Commission on the basis of payment requests that are duly substantiated with disbursement forecasts, taking into account the balances available on the fiduciary accounts and the need to avoid excessive balances on such amounts. In case the amounts on the fiduciary accounts are sufficient to cover the contractually stipulated minimum reserve on the fiduciary accounts, increased by the disbursement forecasts for the current financial year and the amounts needed to exclude contingent liabilities in relation to out-currency payment obligations, no further payment to the fiduciary accounts will be made. Disbursement forecasts are to be provided on an annual or, where appropriate, on a semi-annual basis.</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	<p>5. The Commission shall submit annually a comprehensive and detailed report to the European Parliament and the Council on the activities supported by financial instruments, on the financial institutions involved in their implementation, on the performance of financial instruments, including balance on the trust accounts, revenues and repayments, multiplier effect achieved and value of participations, in line with normal commercial practice. The Commission shall attach its report to the synthesis report referred to in Article 63(7).</p>	<p>5. The Commission shall submit annually a comprehensive and detailed report to the European Parliament and the Council on the activities supported by financial instruments, on the financial institutions involved in their implementation, on the performance of financial instruments, including balance on the trust accounts, revenues and repayments, multiplier effect achieved, and on the value of participations. The Commission shall attach its report to the summary of the annual reports referred to in Article 63(9).</p> <p>4a. <i>The Commission shall report annually to the discharge authority on the activities supported by financial instruments, on the financial institutions involved in their implementation, on the performance of financial instruments, including reinvestments realised, on the balance on the trust accounts, on the revenues and repayments, on the multiplier effect achieved, and on the value of participations. The Commission shall attach its report to the summary of the annual reports referred to in Article 63(9).</i></p> <p>4b. <i>The mid-term report referred to in paragraph 1b shall also include a list of the final beneficiaries of the financial instruments and the amounts of financing they received.</i></p> <p><i>The specific legal form of the financial instruments, their purpose and, where applicable, their legal place of registration shall be published on the Commission website.</i></p>	<p>AM 200</p>	<p>6. The Commission shall report annually to the European Parliament and the Council on the activities. The report shall include, for each financial instrument supported:</p> <ul style="list-style-type: none"> (a) an identification of the financial instrument and the basic act; (b) a description of the financial instrument, implementation arrangements and the added value of the Union contribution; (c) the financial institutions involved in the implementation, including any issues relating to the application of paragraph 4; (d) the aggregate budgetary commitments and payments from the Union's budget for each financial instrument; (e) the performance of the financial instrument, including the investments realised;

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
				<p>(f) the balance on the trust account;</p> <p>(g) the additional resources, including interest, capital resources paid back to the financial instrument, guarantee fees, dividends, capital gains or any other income receipts attributable to the support from the Union budget;</p> <p>(h) the value of equity investments, with respect to previous years;</p> <p>(i) the accumulated figures on impairments of assets of equity/risk-sharing instruments, and on called guarantees for guarantee instruments;</p> <p>(j) the target leverage effect, and the achieved one;</p> <p>(k) the contribution of the financial instrument to the achievement of the objectives of the programme concerned as measured by the established indicators, including, where</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
				<p>applicable, the geographical diversification.</p> <p>6a. Where the European Parliament and/or the Council consider that a financial instrument has not achieved its objectives effectively, they may request that the Commission submit a proposal for a revised basic act with a view to discontinuing appropriations for that financial instrument or, where appropriate, with a view to the winding down of the instrument. In such an event, any new revenue of such financial instrument pursuant to the second subparagraph of paragraph 5 shall be considered as general revenue.</p> <p>7. The purpose of the financial instruments and, where applicable, their specific legal form and legal place of registration shall be published on the Commission website.</p> <p>8. For financial instruments the authorising officer responsible shall ensure that financial statements, covering the period 1 January to 31 December and in</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
				<p>compliance with the EU accounting rules and IPSAS, as well as any information necessary to produce financial statements in accordance with Article 65(3) of the Financial Regulation, will be provided by the entities referred to in points (ii), (iv) and (vi) of Article 55(1)(b) by 15 February of the following year. The authorising officer responsible shall also ensure that audited financial statements for financial instruments will be provided by the entities referred to in points (ii), (iv) and (vi) of Article 55(1)(b) by 15 May of the following year.</p> <p>9. The Commission shall ensure a harmonised management of financial instruments in particular in the area of accounting, reporting, monitoring and financial risk management.</p> <p>10. The Commission may determine details for the implementation of financial instruments in the delegated act referred to Article 199.^(*)</p> <p>^(*) The review clause (Article 205)</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
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				will address specifically Title VIII.
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Point 10

Article 178 (EU multi-donor trust funds for external actions)

<p>CION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (COMBUD 192/12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p><i>Trust funds for external actions</i> <i>Article 178</i> For emergency, post-emergency or thematic actions, the Commission may create trust funds following an agreement concluded with other donors. The constitutive act of each trust fund shall define the objectives of the trust fund.</p> <p>The contributions of the Union and the donors shall be entered into a specific bank account. These contributions are not integrated in the budget and are managed by the Commission under the responsibility of the authorising officer by delegation. The entities and persons referred to in point (b) of Article 55(1) may be entrusted with budget implementation tasks in accordance with the relevant rules for indirect management.</p>	<p><i>EU Trust funds for external actions</i> <i>Article 178</i> 1. For emergency or post-emergency or thematic actions, the Commission may create EU trust funds may be created following an agreement concluded together with two or more other donors within the limits of the following provisions. The constitutive act of each EU trust fund shall define its objectives of the trust fund and may entail a financial agreement concluded with other donors.</p> <p>The contributions of the Union and the donors shall be entered into a specific bank account. These contributions are not integrated in the budget and are managed by the Commission under the responsibility of the authorising officer by delegation. The entities and persons referred to in point (b) of Article 55(1) may be entrusted with budget implementation tasks in accordance with the relevant rules for indirect management.</p>	<p>AM 234</p> <p>The contributions of the Union and the donors shall be entered into a specific bank account. These contributions are not integrated in the budget and are managed by the Commission under the responsibility of the authorising officer by delegation. <i>Article 55(3) applies.</i></p>	<p><i>Article 178</i> <i>EU trust funds for external actions</i> 1. For emergency, post-emergency or thematic actions, the Commission may create trust funds under an agreement concluded with other donors. The constitutive act of each trust fund shall define the objectives of the trust fund.</p>	<p><i>Article 178</i> <i>EU trust funds for external actions</i> 1. For emergency, post-emergency or thematic actions, the Commission may create trust funds under an agreement concluded with other donors. The constitutive act of each trust fund shall define the objectives of the trust fund.</p>

<p>CION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (COMBUD 192/12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>The accounting officer of the trust fund is the accounting officer of the Commission. He is responsible for laying down the accounting procedures and chart of accounts.</p> <p>The Commission's internal auditor and the Court of auditors shall exercise the same powers over the trust fund as they do in respect of other actions carried out by the Commission.</p> <p>The specific bank account shall be opened and closed by the accounting officer.</p> <p>The Commission shall ensure a strict separation of duties between accountant and authorising officers.</p>	<p>The accounting officer of the trust fund is the accounting officer of the Commission. He is responsible for laying down the accounting procedures and chart of accounts.</p> <p>The Commission's internal auditor and the Court of auditors shall exercise the same powers over the trust fund as they do in respect of other actions carried out by the Commission.</p> <p>The specific bank account shall be opened and closed by the accounting officer.</p> <p>The Commission shall ensure a strict separation of duties between accountant and authorising officers.</p>			
<p>2. EU trust funds shall be implemented directly by the Commission pursuant to point (a) of Article 55(1) and in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment, and in accordance with the specific objectives</p>	<p>2. EU trust funds shall be implemented directly by the Commission pursuant to point (a) of Article 55(1) and in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment, and in accordance with the specific objectives</p>		<p>2. EU trust funds shall be implemented in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment, and in accordance with the specific objectives defined in each constitutive act.</p>	<p>2. EU trust funds shall be implemented in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment, and in accordance with the specific objectives defined in each constitutive act.</p>

<p>CIION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CIION COMPROMISE PROPOSAL (COMBUD 192/12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
	<p>defined in each constitutive act.</p> <p>3. EU trust funds shall comply with the following conditions:</p> <p>(a) added value of the Union intervention, which means that trust funds shall only be created and implemented at Union level where their objectives, in particular by reason of their scale or effects, can be better achieved at Union level than at national level;</p> <p>(b) additionality, which means that EU trust funds shall not overlap with other funding channels aiming at similar objectives.</p>		<p>They shall be implemented directly by the Commission pursuant to point (a) of Article 55(1), with the exception of EU trust funds for emergency or post-emergency actions, which may also be implemented indirectly by entrusting budget implementation tasks to entities referred to in Article 55(1)(c)(i), (ii), and (vi).</p> <p>3. EU trust funds shall comply with the following conditions:</p> <p>(a) added value of the Union intervention: trust funds shall only be created and implemented at Union level where their objectives, in particular by reason of their scale or effects, can be better achieved at Union level than at national level;</p> <p>(b) additionality: EU trust funds shall not overlap with other funding channels aiming at similar objectives. EU thematic trust funds shall not</p>	<p>They shall be implemented directly by the Commission pursuant to point (a) of Article 55(1), with the exception of EU trust funds for emergency or post-emergency actions, which may also be implemented indirectly by entrusting budget implementation tasks to entities referred to in points (i), (ii), and (vi) of Article 55(1)(c).</p> <p>3. EU trust funds shall comply with the following conditions:</p> <p>(a) added value of the Union intervention: trust funds shall only be created and implemented at Union level where their objectives, in particular by reason of their scale or effects, can be better achieved at Union level than at national level;</p> <p>(b) in all cases, EU trust funds should bring clear EU political visibility and managerial advantages as well as better EU control on</p>

<p>CION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (COMBUD 192/12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>A board chaired by the Commission is established for each trust fund to ensure the representation of donors and to decide for the use of the funds.</p>	<p>4. A board chaired by the Commission is established for each EU trust fund to ensure the representation of the donors, and, as observers, of the other EU Member States and to decide for the use of the funds.</p> <p>5. EU trust funds are created for a limited duration determined in their constitutive act.</p>		<p>aim at replacing existing trust funds.</p> <p>4. A board chaired by the Commission shall be established for each EU trust fund to ensure the representation of the donors and, as observers, of the non contributing Member States and to decide for the use of the funds.</p> <p>5. EU trust funds are created for a limited duration determined in their constitutive act. This duration may be extended by a decision of the Commission upon request of the board.</p> <p>Where a EU trust fund has not achieved its objectives effectively, the European</p>	<p>risks and disbursements of the EU and other donors' contributions. They should not be created if they only duplicate other existing funding channels or similar instruments without any additionality. EU trust funds shall not overlap with other funding channels aiming at similar objectives. EU thematic trust funds shall not aim at replacing existing trust funds.</p> <p>4. A board chaired by the Commission shall be established for each EU trust fund to ensure the representation of the donors and, as observers, of the non contributing Member States and to decide for the use of the funds.</p> <p>5. EU trust funds are created for a limited duration determined in their constitutive act. This duration may be extended by a decision of the Commission upon request of the board.</p> <p>The European Parliament and/or the Council may request the Commission to discontinue</p>

<p>CION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (COMBUD 192/12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
	<p>6. The contributions of the Union and the donors shall be entered into a specific bank account. The contributions of the Union shall not be transferred to this account before their disbursement is called for. These contributions are not integrated in the budget and are managed by the Commission under the responsibility of the authorising officer by delegation.</p>		<p>Parliament and the Council may request the Commission to discontinue appropriations for that trust fund or to revise the constitutive act with a view to the liquidation of the trust fund, where appropriate. In such an event, any remaining funds shall be returned on a <i>pro rata</i> basis to the EU budget as a general revenue and to the contributing Member States and other donors.</p> <p>6. The contributions of the Union and the donors shall be entered into a specific bank account. The contributions of the Union shall be transferred to this account on the basis of payment requests that are duly substantiated with disbursement forecast, taking into account the balances available on the account and the resulting need for additional payments. Disbursement forecasts are to be provided on an annual or where appropriate on a semi annual basis. These contributions are not integrated in the budget and are managed by the Commission under the responsibility of the authorising officer by delegation.</p>	<p>appropriations for that trust fund or to revise the constitutive act with a view to the liquidation of the trust fund, where appropriate. In such an event, any remaining funds shall be returned on a <i>pro rata</i> basis to the EU budget as a general revenue and to the contributing Member States and other donors.</p> <p>6. The contributions of the Union and the donors shall be entered into a specific bank account. The contributions of the Union shall be transferred to this account on the basis of payment requests that are duly substantiated with disbursement forecast, taking into account the balances available on the account and the resulting need for additional payments. Disbursement forecasts are to be provided on an annual or where appropriate on a semi annual basis. These contributions are not integrated in the budget and are managed by the Commission under the responsibility of the authorising officer by delegation.</p>

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<p>The funds pooled into the trust funds are managed in conformity with sound financial management and transparency. Funds are committed and paid by financial agents of the Commission.</p> <p>The Commission is authorised to withdraw a maximum of 7 % of the</p>	<p>The accounting officer of the EU trust fund shall be the accounting officer of the Commission. He shall be responsible for laying down accounting procedures and chart of accounts common to all EU trust funds.</p> <p>The Commission's internal auditor and the Court of Auditors shall exercise the same powers over the trust fund as they do in respect of other actions carried out by the Commission.</p> <p>The specific bank account shall be opened and closed by the accounting officer.</p> <p>The Commission shall ensure a strict separation of duties between accounting and authorising officers.</p> <p>The funds pooled into the trust funds are managed in conformity with sound financial management and transparency. Funds are committed and paid by financial agents of the Commission.</p>		<p>The accounting officer of a EU trust fund shall be the accounting officer of the Commission. He shall be responsible for laying down accounting procedures and chart of accounts common to all EU trust funds.</p> <p>The Commission's internal auditor and the Court of Auditors shall exercise the same powers over the trust fund as they do in respect of other actions carried out by the Commission.</p> <p>The specific bank account shall be opened and closed by the accounting officer.</p> <p>The Commission shall ensure a strict separation of duties between accountant and authorising officers.</p> <p>Funds shall be committed and paid by financial actors of the Commission.</p>	<p>The accounting officer of a EU trust fund shall be the accounting officer of the Commission. He shall be responsible for laying down accounting procedures and chart of accounts common to all EU trust funds.</p> <p>The Commission's internal auditor and the Court of Auditors shall exercise the same powers over the trust fund as they do in respect of other actions carried out by the Commission.</p> <p>The specific bank account shall be opened and closed by the accounting officer.</p> <p>The Commission shall ensure a strict separation of duties between accountant and authorising officers.</p> <p>Funds shall be committed and paid by financial actors of the Commission.</p>

<p>CION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (COMBUD 192/12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>amounts pooled into the trust fund to cover its management costs. For the duration of the trust fund, these management fees are assimilated to assigned revenues within the meaning of point (b) of Article 18(2) of the Financial Regulation.</p> <p>The accounting officer shall act on the recovery orders relating to actions funded by the trust fund. Revenue arising from the repayment of these recovery orders shall be returned to the specific bank account of the trust fund. Cancellation and waiving of recovery orders shall be made under the rules referred to in Article 77 of the Financial Regulation.</p>	<p>7. The Commission is authorised to withdraw a maximum of 7.5 % of the amounts pooled into the trust fund to cover its management costs in the year in which these contributions are used. For the duration of the trust fund, these management fees are assimilated to assigned revenues within the meaning of point (b) of Article 18(2) of the Financial Regulation.</p> <p>The accounting officer shall act on the recovery orders relating to actions funded by the trust fund. Revenue arising from the repayment of these recovery orders shall be returned to the specific bank account of the trust fund. Cancellation and waiving of recovery orders shall be made under the rules referred to in Article 77 of the Financial Regulation.</p> <p>Trust funds are created for a limited duration determined in their constitutive agreement. This duration may be extended by a decision of the Commission upon request of the board.</p>		<p>7. The Commission is authorised to withdraw a maximum of 5 % of the amounts pooled into the trust fund to cover its management costs in the year in which these contributions are used. For the duration of the trust fund, these management fees are assimilated to assigned revenues within the meaning of point (b) of Article 18(2).</p> <p>The accounting officer shall act on the recovery orders relating to actions funded by the trust fund. Revenue arising from the repayment of these recovery orders shall be returned to the specific bank account of the trust fund. Cancellation and waiving of recovery orders shall be made under the rules referred to in Article 77.</p>	<p>7. The Commission is authorised to withdraw a maximum of 5 % of the amounts pooled into the trust fund to cover its management costs in the year in which these contributions are used. For the duration of the trust fund, these management fees are assimilated to assigned revenues within the meaning of point (b) of Article 18(2).</p> <p>The accounting officer shall act on the recovery orders relating to actions funded by the trust fund. Revenue arising from the repayment of these recovery orders shall be returned to the specific bank account of the trust fund. Cancellation and waiving of recovery orders shall be made under the rules referred to in Article 77.</p>

CION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)	CION COMPROMISE PROPOSAL (COMBUD 192/12)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	The liquidation of the trust fund is decided by the Commission after expiration of the duration.		<p>8. The Commission shall submit its draft decisions concerning the creation, the extension and the liquidation of a EU trust fund to the competent committee provided for in the basic act under which the Union contribution to the EU trust fund is provided.</p>	<p>8. The Commission shall submit its draft decisions concerning the creation, the extension and the liquidation of a EU trust fund to the competent committee provided for in the basic act under which the Union contribution to the EU trust fund is provided.^(*)</p> <p>^(*) The following <u>CION</u> statement on "the comitology for EU trust funds" will accompany Article 178(8):</p> <p><i>"The Commission confirms that:</i></p> <ul style="list-style-type: none"> - <i>the creation of EU trust funds shall be duly justified in terms of added value of the Union intervention and additionality;</i> - <i>the draft decisions to create, extend and liquidate EU trust funds will be submitted to the examination procedure in accordance with the provisions of the relevant</i>

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<p>Trust funds are created for a limited duration determined in their constitutive agreement. This duration may be extended by a decision of the Commission upon request of the board.</p> <p>The liquidation of the trust fund is decided by the Commission after expiration of the duration.</p>	<p>8. The modalities of Further detailed rules for the management, reporting and governance of these trust funds are detailed laid down in the delegated Regulation referred to in Article 199.</p> <p>The Commission shall submit its draft decision concerning the creation of a EU trust fund to the competent committee provided for in the basic act.</p> <p>9. The Commission shall submit annually a comprehensive and detailed report to the European Parliament and the Council on the activities supported by EU trust funds, on their implementation and performance, as well as on their accounts. The Commission shall attach its report to the synthesis report referred to in Article 63(7).]</p>		<p>9. Further detailed rules for the management, reporting and governance of these trust funds are laid down in the delegated Regulation referred to in Article 199.</p> <p>10. The Commission shall submit annually a comprehensive and detailed report to the European Parliament and the Council on the activities supported by EU trust funds, on their implementation and performance, as well as on their accounts. The Commission shall attach its report to the synthesis report referred to in Article 63(7).</p>	<p><i>basic acts."</i></p> <p>9. Further detailed rules for the management, reporting and governance of these trust funds are laid down in the delegated Regulation referred to in Article 199.</p> <p>10. The Commission shall submit annually a comprehensive and detailed report to the European Parliament and the Council on the activities supported by EU trust funds, on their implementation and performance, as well as on their accounts. The Commission shall attach its report to the synthesis report referred to in Article 63(7).</p>

<p>CION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (COMBUD 192/12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
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<p>The modalities of management, reporting and governance of these trust funds are detailed in the delegated Regulation referred to in Article 199.</p>				
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Point 11

Articles 195, 18(3)(f) and 14 (*Buildings - loans and assigned revenue*)

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p><i>Article 14</i></p> <p>1. Budget revenue and payment appropriations must be in balance.</p> <p>2. Without prejudice to Article 46(1)(4), the European Community and the European Atomic Energy Community, as well as the bodies set up by the Communities as referred to in Article 185, may not raise loans.</p>	<p><i>Article 14</i> <i>Definition and scope</i></p> <p>1. Budget revenue and payment appropriations must be in balance.</p> <p>2. Within the framework of the budget, the Union and the European Atomic Energy Community, as well as the bodies set up by the Union as referred to in Article 200, may not raise loans.</p>	<p><i>Article 14</i> <i>Definition and scope</i></p> <p>1. Budget revenue and payment appropriations must be in balance.</p> <p>2. Within the framework of the budget, The Union and the European Atomic Energy Community, as well as the bodies set up by the Union as referred to in Article 200, may not raise loans within the framework of the budget.</p>		<p><i>Article 14</i> <i>Definition and scope</i></p> <p>1. Budget revenue and payment appropriations must be in balance.</p> <p>2. The Union and the European Atomic Energy Community, as well as the bodies set up by the Union as referred to in Article 200, may not raise loans within the framework of the budget.</p>
<p><i>Article 18</i></p>	<p><i>Article 18</i> <i>Assigned revenue</i></p>	<p><i>Article 18</i> <i>Assigned revenue</i></p>		<p><i>Article 18</i> <i>Assigned revenue</i></p>
<p><i>Article 179</i></p> <p>1. Administrative appropriations shall be non-differentiated appropriations.</p> <p>2. Operating expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.</p>	<p><i>Article 195</i> <i>Specific provisions regarding administrative appropriations</i></p> <p>1. Administrative appropriations shall be non-differentiated appropriations.</p> <p>2. Administrative expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.</p>	<p><i>Article 195</i> <i>Specific provisions regarding administrative appropriations</i></p> <p>1. Administrative appropriations shall be non-differentiated appropriations.</p> <p>2. Administrative expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.</p>		<p><i>Article 195</i> <i>Specific provisions regarding administrative appropriations</i></p> <p>1. Administrative appropriations shall be non-differentiated appropriations.</p> <p>2. Administrative expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>3. The institutions shall inform the two branches of the budgetary authority as soon as possible of any building project likely to have significant financial implications for the budget.</p>	<p>3. The institutions shall inform the budgetary authority as soon as possible of any building project likely to have significant financial implications for the budget.</p>	<p>3. The institutions shall inform request the approval of the budgetary authority European Parliament and the Council as soon as possible for any building project likely to have significant financial implications for the budget, as specified in the delegated Regulation referred to in Article 199.</p>	<p>3. The institutions <i>and bodies within the meaning of Article 196b</i> shall inform the budgetary authority as soon as possible of any building project likely to have significant financial implications for the budget.</p> <p><i>In particular, they shall inform the budgetary authority in connection with:</i></p> <p>(a) <i>construction and renovation projects, before invitations to tender are issued, about the specific planning arrangements and, once detailed cost plans have been drawn up but before contracts are concluded, about all aspects with a bearing on decision-taking and about project financing, as well as, after completion of the works, about the extent to which the works were carried out as planned and on budget;</i></p> <p>(b) <i>other building contracts, before invitations to tender are issued or any prospecting</i></p>	<p>3. Each institution^(*) shall provide the European Parliament and the Council by 1 June each year with a working document on its building policy incorporating the following information:</p> <p>^(*) Equivalent provisions will be included in the Framework Financial Regulation for agencies and bodies set up under the Treaties.</p> <p>(a) for each building, expenditure and areas covered by the appropriations of the corresponding budget lines;</p> <p>(b) expected evolution of the global programming of areas and locations for the coming years with a description of the building projects in planning phase which are already identified;</p> <p>(c) final terms and costs as well as relevant information regarding project implementation of new building projects previously submitted to the European</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>If either branch of the budgetary authority intends to issue an opinion, it shall within two weeks after receipt of the information on the building project notify the institution concerned of its intention to issue such an opinion. Failing a reply, the institution concerned may proceed with the planned operation under its administrative autonomy, subject to Article 282 of the EC Treaty and Article 185 of the Euratom Treaty with regard to Community representation.</p> <p>This opinion shall be forwarded to the institution concerned within two weeks of such notification.</p>	<p>If either branch of the budgetary authority intends to issue an opinion, it shall within two weeks after receipt of the information on the building project notify the institution concerned of its intention to issue such an opinion. Failing a reply, the institution concerned may proceed with the planned operation under its administrative autonomy, subject to Article 335 of the TFEU and Article 185 of the Euratom Treaty with regard to Union representation.</p> <p>That opinion shall be forwarded to the institution concerned within two weeks of such notification.</p> <p>The institutions shall request the approval of the budgetary authority for the acquisition of real state assets or any other building project, financed through a loan.</p>	<p>If either branch of the budgetary authority intends to issue an opinion, it shall within two weeks after receipt of the information on the building project notify the institution concerned of its intention to issue such an opinion. Failing a reply, the institution concerned may proceed with the planned operation under its administrative autonomy, subject to Article 335 of the TFEU and Article 185 of the Euratom Treaty with regard to Union representation.</p> <p>That opinion shall be forwarded to the institution concerned within two weeks of such notification.</p> <p>The institutions shall request the approval of the budgetary authority for the acquisition of real state assets or any other building project, financed through a loan.</p>	<p><i>of the local market takes place, about the specific building surface area required and, before contracts are concluded, about all aspects with a bearing on decision-taking and about project financing, as well as, after completion of projects, about budget compliance and project implementation.</i></p> <p><i>Where appropriate, the institutions and bodies may provide information in the working document on building policy referred to in Article 34(4a).</i></p> <p><i>The approval of the budgetary authority shall be obtained before contracts are concluded. The budgetary authority shall take a decision on giving approval within eight weeks after receipt of the application and of all information with a bearing on decision-taking.</i></p> <p style="text-align: right;">AM 237</p> <p>3a. Building projects likely to have significant financial implications</p>	<p>Parliament and the Council under the procedure established in Article [195(4) and (5)] and not included in previous years' working documents;</p> <p>4. For any building project likely to have significant financial implications for the budget, the Institution shall inform the European Parliament and the Council as early as possible about the building surface area required and provisional planning before any prospecting of the local market in the case of building contracts or before invitations to tender are issued or takes place, in the case of building works.</p> <p>5. For any building project likely to have significant financial implications for the budget, the Institution shall present the building project including its detailed estimated costs and its financing and request the approval of the European Parliament and the Council before contracts are concluded. At the request of the institution, the draft contract shall be treated</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
	<p>Except in urgent circumstances, the Council and the European Parliament, shall deliberate upon the building project proposal within six weeks of the date on which the two institutions received it.</p> <p>The building project proposal shall be deemed to be approved at the expiry of this six-week period, unless the European Parliament and/or the Council take a decision contrary to the proposal.</p>	<p>Except in cases of <i>force majeure</i>, the European Parliament and the Council shall deliberate upon the building project, which shall include a list of the draft contracts envisaged, within four weeks of the date on which the two institutions received it.</p> <p>The building project shall be deemed to be approved at the expiry of this four-week period, unless the European Parliament or the Council take a decision contrary to the proposal within this period of time.</p> <p>If the European Parliament and/or the Council raise duly substantiated concerns within that four-week period, that period shall be extended once by two weeks.</p> <p>If the European Parliament or the Council take a decision contrary to the building project, the institution concerned shall withdraw its proposal and may submit a new one.</p>	<p><i>for the budget are:</i></p> <p>(i) <i>the acquisition, sale, renovation or construction of buildings exceeding EUR 2 million, or the extension of existing building contracts exceeding EUR 2 million per annum,</i></p> <p>(ii) <i>any acquisition of land,</i></p> <p>(iii) <i>all new building contracts (including usufruct and long term leases) for new property with an annual charge of at least EUR 500 000,</i></p> <p>(iv) <i>all building projects which have an inter-institutional nature.</i></p> <p>AM 238</p> <p>3b. <i>A building project may be financed from the budget or, in derogation from Article 14, with the agreement of the budgetary authority, through loans. Loans shall be repaid within an appropriate period.</i></p> <p><i>The financing plan to be submitted, together with the</i></p>	

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			<p><i>application for approval, by the institution concerned shall specify, in particular, the maximum level of financing, the financing period and the type of financing.</i></p>	<p>6. In cases of <i>force majeure</i>, the information foreseen in paragraph 4 may be submitted jointly with the building project. The European Parliament and the Council shall deliberate upon the building project within 2 weeks of the date on which the two institutions received it. The building project shall be deemed to be approved at the expiry of this two-week period, unless the European Parliament and/or the Council take a decision contrary to the proposal within this period of time.</p> <p>7. Building projects likely to have significant financial implications for the budget are:</p> <ul style="list-style-type: none"> (i) any acquisition of land; (ii) the acquisition, sale, structural renovation works, construction of buildings or any project combining these elements to be implemented in the same timeframe, exceeding EUR 3 million; (iii) any new building contract (including usufructs and

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				<p>long-term leases) not covered by point (ii) with an annual charge of at least EUR 750 000;</p> <p>(iv) the renewal of existing building contracts (including usufruct and long term leases) with an annual charge of at least EUR 3 million, except where the building project is renewed under the same or more favourable conditions.</p> <p>Points (i) to (iv) apply also to building projects which have an interinstitutional nature, as well as to EU delegations.</p> <p>8. (*) Without prejudice to Article 14, aA building acquisition project may be financed through the budget or by way of delegation of Article 14 a loan subject to a prior approval by the European Parliament and the Council; through a loan.</p> <p>Loans shall be contracted and repaid with due regard to principles of sound financial</p>

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				<p>management and the best financial interest of the European Union.</p> <p>When the institution proposes to finance the acquisition through a loan, the financing plan to be submitted, together with the request for prior approval by the institution concerned, shall specify in particular, the maximum level of financing, the financing period, the type of financing, the financing conditions and savings compared to other types of contractual arrangements.</p> <p>The European Parliament and the Council shall deliberate upon the request for prior approval within FX four weeks, extendable once by two, weeks of the date on which the two institutions received it. The acquisition through a loan shall be deemed to be rejected if the European Parliament and the Council have not expressly approved it within this period of time.</p> <p>^(*) The following <u>CION</u> statement on loans will accompany</p>

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				<p>Article 195(8):</p> <p><i>"The Commission underlines that using loans for the acquisition buildings is not contrary to the principle of equilibrium according to Article 14 of the Financial Regulation.</i></p> <p><i>The borrowing of the funds constitutes an off-budget operation: The amount of the loan is not recorded in the budget as revenue and the full amount of the building price is not recorded as expenditure. Only the annual instalments to be paid to the bank are included as expenditure matched by the annual administrative budget (revenue). From an accounting point of view, the loan does not finance the budget expenditures, but the acquisition of an asset. The loan (debt) is compensated by the value of the building (asset). Therefore, loans for the acquisition of buildings do not create a deficit."</i></p>

Point 12

Articles 56 (*Shared management with Member States*), and connected Articles 57 (*Indirect management*) and 77 (*Recoveries*)

<p>CION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p><i>Article 56</i> <i>Shared management with Member States</i></p>	<p><i>Article 56</i> <i>Shared management with Member States</i></p>			
<p>1. Member States shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. To this end, Member States shall fulfil the control and audit obligations and assume the resulting responsibilities laid down in this Regulation. Complementary provisions may be laid down in sector-specific rules.</p> <p>2. Member States shall prevent,</p>	<p>AM 108 <i>Responsibilities for budget implementation in shared management</i></p> <p>1. Where the Commission implements the budget under shared management, implementation tasks shall be delegated to Member States. Member States shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. To this end, the Commission and the Member States shall fulfil their respective control and audit obligations, and assume the resulting responsibilities laid down in this regulation. Complementary provisions may shall be laid down in sector-specific rules.</p> <p>AM 109 <i>Specific duties of the Member States</i></p> <p>2. Member States shall, when</p>	<p>1. Where the Commission implements the budget under shared management, implementation tasks shall be delegated to Member States. The Commission and the Member States shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. To this end, the Commission and the Member States shall fulfil their respective control and audit obligations, and assume the resulting responsibilities laid down in this regulation. Complementary provisions may shall be laid down in sector-specific rules.</p> <p>2. Member States shall, when</p>	<p>1. Where the Commission implements the budget under shared management, implementation tasks shall be delegated to Member States. The Commission and the Member States shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. To this end, the Commission and the Member States shall fulfil their respective control and audit obligations, and assume the resulting responsibilities laid down in this Regulation. Complementary provisions shall be laid down in sector-specific rules.</p> <p>2. Member States shall when</p>	<p>1. Where the Commission implements the budget under shared management, implementation tasks shall be delegated to Member States. The Commission and the Member States shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. To this end, the Commission and the Member States shall fulfil their respective control and audit obligations, and assume the resulting responsibilities laid down in this Regulation. Complementary provisions shall be laid down in sector-specific rules.</p> <p>2. Member States shall when</p>

<p>CION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>detect and correct irregularities and fraud when executing tasks related to the implementation of the budget. To this end they shall carry out <i>ex ante</i> and <i>ex post</i> controls including, where appropriate, on the spot checks, to ensure that the actions financed from the budget are effectively carried out and implemented correctly, recover funds unduly paid and bring legal proceedings as necessary.</p>	<p>executing tasks relating to the implementation of the budget, take all the legislative, regulatory and administrative measures necessary to protect the Union's financial interests, in particular:</p> <p>(a) satisfy themselves that actions financed from the budget are actually carried out and ensure that they are implemented correctly and for that purpose accredit and supervise bodies responsible for the management and control of Union funds;</p>	<p>executing tasks relating to the implementation of the budget, take the measures necessary to protect the Union's financial interests, namely:</p> <p>(a) ensure that actions financed from the budget are implemented correctly and in accordance with the applicable sector-specific rules;</p>	<p>executing tasks relating to the implementation of the budget, take all the legislative, regulatory and administrative or other⁽²⁾ measures necessary to protect the Union's financial interests, namely:</p> <p>⁽²⁾ Reserve by Council. Text proposed by CION as a possible compromise: " ...take all the necessary measures, including legislative, regulatory and administrative, to protect...."</p> <p>(a) ensure that actions financed from the budget are implemented correctly and effectively⁽³⁾ and in accordance with the applicable sector-specific rules and for that purpose accredit/designate and supervise bodies responsible for the management and control of Union funds⁽⁴⁾;</p> <p>⁽³⁾ Reserve by Council. CION to provide clarification on this.</p> <p>⁽⁴⁾ Reserve by Council. Council insists on "designate",</p>	<p>executing tasks relating to the implementation of the budget, take all the necessary measures, including legislative, regulatory and administrative, to protect the Union's financial interests, namely:</p> <p>(a) ensure that actions financed from the budget are implemented correctly and effectively and in accordance with the applicable sector-specific rules and for that purpose designate and supervise bodies responsible for the management and control of Union funds;</p>

<p>CION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
	<p>(b) prevent, detect and correct irregularities and fraud when executing tasks related to the implementation of the budget.</p> <p>To this end effect, they shall, in accordance with the principle of proportionality, and in compliance with paragraphs 2(a), 3 to 5 as well as the relevant sector-specific rules, carry out <i>ex ante</i> and <i>ex post</i> checks including, where appropriate, on the spot checks on representative samples of the transactions, to ensure that the budget actions financed from the budget are effectively implemented correctly. They shall also recover funds unduly paid and bring legal proceedings as necessary. The Commission may appraise the systems set up in the Member States on its own risk assessment or in application of sector-specific rules.</p>	<p>(b) prevent, detect and correct irregularities and fraud when executing tasks related to the implementation of the budget.</p> <p>To this end effect, they shall, respecting the principle of proportionality, and in compliance with this article, as well as the relevant sector-specific rules, carry out <i>ex ante</i> and <i>ex post</i> checks including, where appropriate, on the spot checks on representative samples of the transactions, to ensure that the actions financed from the budget are effectively carried out and implemented correctly. They shall also recover funds unduly paid and bring legal proceedings as necessary.</p>	<p>whereas <u>EP</u> insists on "<i>accredit</i>" throughout the text. CION to provide clarification on the implications of the term "supervise".</p> <p>(b) prevent, detect and correct irregularities and fraud.</p> <p>To this effect, they shall, respecting the principle of proportionality, and in compliance with this article, as well as the relevant sector-specific rules, carry out <i>ex ante</i> and <i>ex post</i> controls including, where appropriate, on the spot checks on representative and/or risk-based samples of transactions. They shall also recover funds unduly paid and bring legal proceedings as necessary.</p>	<p>(b) prevent, detect and correct irregularities and fraud.</p> <p>To this effect, they shall, respecting the principle of proportionality, and in compliance with this article, as well as the relevant sector-specific rules, carry out <i>ex ante</i> and <i>ex post</i> controls including, where appropriate, on the spot checks on representative and/or risk-based samples of transactions. They shall also recover funds unduly paid and bring legal proceedings as necessary.</p>

<p>COMMISSION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>COMMISSION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>Member States shall impose effective, dissuasive and proportionate penalties on recipients as provided for in sector-specific rules and in national legislation.</p>	<p>As far as Member States immediately disclose errors and/or irregularities they discover to the Commission and remedy them, namely by recovering any amounts unduly paid, they shall be exempt from financial corrections concerning these errors and / or irregularities up to the time of disclosure.</p>	<p>Member States shall impose effective, dissuasive and proportionate penalties on recipients as where provided for in sector-specific rules and in specific provisions in national legislation.</p>	<p>Member States shall impose effective, dissuasive and proportionate penalties on recipients where provided for in sector-specific rules and in specific provisions in national legislation.</p>	<p>Member States shall impose effective, dissuasive and proportionate penalties on recipients where provided for in sector-specific rules and in specific provisions in national legislation. (*)</p> <p>(*) To be read together with Article 77.</p> <p>As part of its risk assessment and in accordance with sector-specific rules, the Commission shall monitor the management and control systems set in the Member States. The Commission in its audit work shall respect the principle of proportionality and shall take into account the level of</p>
<p>10803/12 ANNEX 1</p>	<p>DG G II A</p>	<p>CR/kg</p>	<p>125 EN</p>	<p></p>

<p>CIION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CIION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
		<p>it is proportionate to the risk assessed, in accordance with provisions specified in the sector specific rules.</p>	<p><u>assessed risk in accordance with the sector-specific rules.</u>⁽⁶⁾</p> <p>(5) <u>Text from Presidency proposal of 12.12.11.</u> It is noted that in this paragraph the last sentence of the second subparagraph of EP AM is linked to the fourth subparagraph of Council proposal. In the same way, the third subparagraph of EP AM is linked to the last subparagraph of Council proposal.</p> <p>(6) Reserve by <u>Council</u> on this sentence, as well as on the non-inclusion of the last indent of paragraph 2 as presented in Presidency proposal of 12.12.2011.</p> <p>Reserve also by <u>EP</u> on this sentence. <u>CIION</u> to provide clarification on the implications of the <i>'principle of proportionality'</i> in this context. Text proposed by <u>CIION</u> as a possible compromise: <i>"The Commission in its audit work shall respect the principle of proportionality, including as assessment of the level of risk in accordance with the sector-specific rules"</i>.</p>	<p>assessed risk in accordance with the sector-specific rules.</p>

<p>CION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>3. In accordance with the sector-specific rules, Member States shall accredit one or more public sector bodies which shall be solely responsible for the proper management and control of the funds, for which accreditation has been granted. This shall be without prejudice to the possibility for carry out tasks not related to the management of Union funds or to entrust certain of their tasks to other bodies.</p>	<p>AM 110 <i>Role and competences of the accrediting authority</i></p> <p>3. In accordance with the criteria and procedures laid down in sector-specific rules, Member public sector States shall accredit one or more public sector bodies which shall be solely responsible for the proper management and internal control of the Union funds, for which accreditation has been was granted. This shall be without prejudice to the possibility for these bodies to carry out tasks not related to the management of Union funds or to entrust certain of their tasks to other bodies.</p>	<p>Insofar as Member States, the Commission or the Court of Auditors discover irregularities before the submission of the final closure documents and, as a result, Member States remedy them, namely by recovering any amounts unduly paid, if required, the contribution from the funds cancelled due to the financial correction imposed may be reused by the Member States.</p> <p>3. In accordance with the criteria and procedures laid down in sector-specific rules and with the institutional, legal and financial framework of the Member States, these Member States shall designate bodies responsible for the proper management and bodies may carry out tasks not related to the management of Union funds and may entrust certain of their tasks to other bodies.</p>	<p>3. In accordance with criteria and procedures laid down in sector-specific rules, Member States shall, at the appropriate level⁽⁷⁾, <u>accredit/designate</u> bodies responsible for the management and control of Union funds⁽⁸⁾. These bodies may carry out tasks not related to the management of Union funds and may entrust certain of their tasks to other bodies.</p> <p>⁽⁷⁾ Alternative: <i>"at national or regional level"</i>. <u>CION</u> to provide</p>	<p>3. In accordance with criteria and procedures laid down in sector-specific rules, Member States shall, at the appropriate level, designate bodies responsible for the management and control of Union funds. These bodies may carry out tasks not related to the management of Union funds and may entrust certain of their tasks to other bodies.</p>

<p>CIION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CIION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>The accreditation shall be given by a Member State authority in accordance with sector-specific rules ensuring that the body is capable of properly managing the funds. The sector-specific rules may also define a role of the Commission in the accreditation process.</p> <p>The accrediting authority shall be responsible for supervising the body and for taking all necessary measures to remedy any deficiency in its operation, including the suspension and withdrawal of the accreditation.</p>	<p>The accreditation shall be given by a Member State authority in accordance with sector-specific rules ensuring that the body is capable of properly managing the funds. The sector-specific rules may also define a role of the Commission in the accreditation process.</p> <p>The accrediting authority shall further be responsible for supervising the body and for taking all necessary measures to remedy any deficiency in its operation, including the suspension and withdrawal of monitoring compliance of the accredited bodies with the accreditation criteria, on the basis of existing audit and control results. It shall take all necessary measures to ensure that deficiencies in the implementation of the tasks entrusted to the bodies it has accredited are being remedied, including by suspension and withdrawal of the accreditation. The role of the Commission in the accreditation process to which paragraph 2 applies shall</p>		<p>clarification on the implications of the redrafting by CIION of the text as included in the Presidency proposal of 12.12.11 ("<i>in accordance with ... with the institutional, legal and financial framework of the Member States</i>") was redrafted by CIION.</p> <p>⁽⁸⁾ Reserve by <u>Council</u>.</p> <p><u>Member States may base their decision on accreditation/designation on whether the management and control systems are essentially the same as those in place for the previous period and have functioned effectively.</u>⁽⁹⁾</p> <p>⁽⁹⁾ As proposed in trilogue of 09.02.12. <u>CIION</u> to provide clarification on who and on the basis of which criteria would judge on this.</p>	<p>Member States may base their decision on designation on whether the management and control systems are essentially the same as those in place for the previous period and have functioned effectively.</p>

<p>CION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
	<p>be further defined in sector-specific rules taking account of the risk in the policy area concerned.</p>	<p>If the existing audit and control results show that the designated bodies no longer comply with the criteria set out in the sector-specific rules, Member States shall take the measures necessary to ensure that deficiencies in the implementation of the tasks of these bodies are remedied, including by suspending their functions. The sector-specific rules may shall define the role of the Commission in the process set out in this paragraph.</p>	<p>If the existing audit and control results show that the <u>accredited/designated</u> bodies no longer comply with the criteria set out in the sector-specific rules, Member States shall take the measures necessary to ensure that deficiencies in the implementation of the tasks of these bodies are remedied, including by <u>withdrawal of the accreditation/ending the designation</u> in accordance with the sector-specific rules⁽¹⁰⁾.</p> <p>⁽¹⁰⁾ Based on Presidency proposal of 12.12.11. CION to provide clarification on the implications of the "withdrawal of the accreditation/ending the designation".</p> <p><u>The sector-specific rules shall define the role of the Commission in the process set out in this paragraph; taking into account the risk involved.</u> ⁽¹¹⁾</p>	<p>If the existing audit and control results show that the designated bodies no longer comply with the criteria set out in the sector-specific rules, Member States shall take the measures necessary to ensure that deficiencies in the implementation of the tasks of these bodies are remedied, including by ending the designation in accordance with the sector-specific rules.</p> <p>The sector-specific rules shall define the role of the Commission in the process set out in this paragraph.</p>

<p>CIION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CIION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>4. Bodies accredited pursuant to paragraph 3 of this Article shall:</p>	<p>AM 111 <i>Role and competences of the accredited body</i></p> <p>4. Member States at the appropriate level, by means of Bbodies accredited pursuant to paragraph 3 of this article shall:</p>	<p>4. Bodies designated pursuant to paragraph 3 shall:</p>	<p>(11) Inspired by AM 110, last sentence. At the informal trilogue on 18.04.12, parties agreed to delete the part in strikethrough.</p> <p>4. (12)Bodies accredited/designated pursuant to paragraph 3 shall: <u>At the informal trilogue on 18.04.12, parties agreed on paragraph 4 as it stands here (with the exception of "accredit/designate")</u>.</p>	<p>4. Bodies designated pursuant to paragraph 3 shall:</p>
<p>(a) set up and ensure the functioning of an effective and efficient internal control system;</p> <p>(b) use an annual accounting system providing accurate, complete and reliable information in a timely manner;</p> <p>(c) be subject to an independent external audit, performed in accordance with</p>	<p>(a) set up and ensure the functioning of an effective and efficient internal control system;</p> <p>(b) use an annual accounting system providing accurate, complete and reliable annual information in a timely manner;</p> <p>(c) be subject to an independent external audit, performed provide the prerequisite</p>	<p>(a) set up and ensure the functioning of an effective and efficient internal control system;</p> <p>(b) use an accounting system providing accurate, complete and reliable data in a timely manner;</p> <p>(c) provide the information required in paragraph 5;</p>	<p>(a) set up and ensure the functioning of an effective and efficient internal control system;</p> <p>(b) use an accounting system providing accurate, complete and reliable information in a timely manner;</p> <p>(c) provide the information required in paragraph 5;</p>	<p>(a) set up and ensure the functioning of an effective and efficient internal control system;</p> <p>(b) use an accounting system providing accurate, complete and reliable information in a timely manner;</p> <p>(c) provide the information required in paragraph 5;</p>

CION NEW PROPOSAL (COM(2011) 815 final)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)	CION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>internationally accepted auditing standards by an audit service functionally independent of the accredited body;</p> <p>(d) ensure, in conformity with Article 31(2), annual ex post publication of recipients of Union funds;</p> <p>(f) ensure a protection of personal data which satisfies the principles laid down in Directive 95/46/EC.</p>	<p>data and information in accordance with internationally accepted auditing standards by an audit service functionally independent of the accredited body paragraph 5;</p> <p>(d) ensure <i>ex-post</i> publication of recipients of Union funds; in conformity with Article 31(2), annual ex post publication of recipients of Union funds. Any processing of personal data shall comply with national provisions implementing Directive 95/46/EC.</p> <p>(f) ensure a protection of personal data which satisfies the principles laid down in Directive 95/46/EC.</p> <p>[AMD 112] <i>Content, timing and audit of data reported by the accredited bodies</i></p>	<p>(d) ensure <i>ex-post</i> publication of beneficiaries of Union funds, in accordance with Article 31. Any processing of personal data shall comply with national provisions implementing Directive 95/46/EC.</p>	<p>(d) ensure <i>ex-post</i> publication of beneficiaries of Union funds, in accordance with Article 31⁽¹³⁾. Any processing of personal data shall comply with national provisions implementing Directive 95/46/EC.</p> <p>⁽¹³⁾ Reserve by CION during trilogue on 09.02.12.</p>	<p>(d) ensure <i>ex-post</i> publication of beneficiaries of Union funds, in accordance with Article 31. Any processing of personal data shall comply with national provisions implementing Directive 95/46/EC.</p> <p>5. Bodies accredited pursuant to paragraph 3 of this Article shall provide the Commission by</p>
<p>5. Bodies accredited pursuant to paragraph 3 of this Article shall provide the Commission by</p>	<p>5. Bodies accredited pursuant to paragraph 3 of this Article, shall provide the Commission by</p>	<p>5. Bodies designated pursuant to paragraph 3, shall provide the Commission by</p>	<p>5. Bodies <u>accredited/designated</u> pursuant to paragraph 3, shall provide the Commission on a</p>	<p>5. (*) Bodies designated pursuant to paragraph 3 shall provide the Commission by 1 March with:</p>

<p>CION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>1 February of the following financial year with:</p>	<p>1 February March of the following financial year with:</p>	<p>following financial year the deadline set out in the relevant sector-specific rules with:</p>	<p><u>yearly basis by 15 February</u>⁽¹⁴⁾ with: ⁽¹⁴⁾ Reserve by <u>Council</u> on the "yearly basis", as well as on the deadline proposed (Council insists on maintaining the text as presented in Presidency proposal of 12.12.11).</p>	<p>⁽³⁾ The following <u>CION</u> statement will accompany Article 56(5) and (6): "The <u>Commission</u> confirms that</p> <ul style="list-style-type: none"> - the submission of information to the Commission on a yearly basis as provided for in Article 56, paragraph 5, gives a view, <i>inter alia</i>, of the accounts on the expenditure made during the relevant reference period as defined in the sector-specific rules; - this submission of information is distinct from the procedure of examination and acceptance of the accounts as provided for in Article 56, paragraph 6. <p>The Financial Regulation does not prejudice the modalities for the examination and acceptance of the accounts nor the modalities for the</p>

<p>CION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>(a) their accounts drawn up for the expenditure made in the execution of the tasks entrusted;</p>	<p>(a) their annual accounts of the accredited bodies drawn up for on the expenditure that is made in the execution of the tasks entrusted to them and that is presented to the Commission for reimbursement, including the payments on account and sums for which recovery procedures are underway or have been completed. That information shall be accompanied by a statement of management responsibilities confirming that, in the opinion of those in charge of the management of the funds:</p>	<p>(a) their accounts on the expenditure made, during the relevant reference period as defined in the sector-specific rules⁽¹⁵⁾, in the execution of their tasks and presented to the Commission for reimbursement. These accounts shall include pre-financing and sums for which recovery procedures are underway or have been completed. They shall be accompanied by a [management declaration of assurance]⁽¹⁶⁾ confirming that, in the opinion of those in charge of the management of the funds:</p>	<p>(a) <u>their accounts on the expenditure made, during the relevant reference period as defined in the sector-specific rules⁽¹⁵⁾</u>, in the execution of their tasks and presented to the Commission for reimbursement. These accounts shall include pre-financing and sums for which recovery procedures are underway or have been completed. They shall be accompanied by a management declaration of assurance⁽¹⁶⁾ confirming that, in the opinion of those in charge of the management of the funds:</p> <p>⁽¹⁵⁾ Based on <u>Presidency proposal</u> of 12.12.2011. ⁽¹⁶⁾ Alternative term: "management statement of assurance". <u>CION</u> could accept the term "statement of management responsibilities, providing reasonable assurance as to whether", although the term in CION's proposal is more accurate.</p>	<p><i>closure of expenditure which are to be defined in the sector specific rules."</i></p> <p>(a) their accounts on the expenditure made, during the relevant reference period as defined in the sector-specific rules, in the execution of their tasks and presented to the Commission for reimbursement. These accounts shall include pre-financing and sums for which recovery procedures are underway or have been completed. They shall be accompanied by a management declaration confirming that, in the opinion of those in charge of the management of the funds:</p>

<p>CIION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CIION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>(b) a summary of the results of all available audits and controls</p>	<ul style="list-style-type: none"> - the information is properly presented, complete and accurate; - the expenditure has been used for its intended purpose, as defined in the sector-specific rules; 	<ul style="list-style-type: none"> - the information is properly presented, complete and accurate; - the expenditure has been used for its intended purpose, as defined in the sector-specific rules; 	<ul style="list-style-type: none"> - the information is properly presented, complete and accurate; - the expenditure has been used for its intended purpose, as defined in the sector-specific rules and in accordance with the principle of sound financial management⁽¹⁷⁾; <p>⁽¹⁷⁾ At the informal trilogue on 18.04.12, parties agreed to deleting the part in strikethrough.</p> <ul style="list-style-type: none"> - the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions⁽¹⁸⁾; <p>⁽¹⁸⁾ Reserve by Council.</p>	<ul style="list-style-type: none"> - the information is properly presented, complete and accurate; - the expenditure has been used for its intended purpose, as defined in the sector-specific rules; - the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions; <p>(b) a summary of the final audit reports and of controls carried</p>
<p>(b) a summary of the results of all available audits and controls</p>	<p>(b) a summary of the results of all available final audits reports</p>	<p>(b) a summary of the final audit reports and a summary of</p>	<p>(b) a summary of the final audit reports and of controls carried</p>	<p>(b) a summary of the final audit reports and of controls carried</p>

<p>SION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>SION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>carried out, including an analysis of systematic or recurrent weaknesses as well as corrective actions taken or planned;</p>	<p>and a summary of controls carried out, including an analysis of systematic or recurrent or systemic weaknesses, as well as corrective actions taken or planned and their results;</p>	<p>work carried out, including an analysis of the nature and extent of errors and of weaknesses in systems identified, as well as corrective actions taken or planned.</p>	<p>out, including an analysis of the nature and extent of errors and of weaknesses in systems identified, as well as corrective actions taken or planned.</p>	<p>out, including an analysis of the nature and extent of errors and of weaknesses in systems identified, as well as corrective actions taken or planned.</p>
<p>(c) a management declaration of assurance as to the completeness, accuracy and veracity of the accounts, the proper functioning of the internal control systems as well as to the legality and regularity of the underlying transactions and the respect of the principle of sound financial management;</p>	<p>(e) a management declaration of assurance as to the completeness, accuracy and veracity of the accounts, the proper functioning of the internal control systems as well as to the legality and regularity of the underlying transactions and the respect of the principle of sound financial management;</p>			
<p>(d) the opinion of an independent audit body on the management declaration of assurance mentioned in point (c) of this paragraph, covering all its elements.</p>	<p>(e) the opinion of an independent audit body on the management declaration of assurance mentioned in point (e) of this paragraph, covering all its elements.</p>	<p>The accounts referred to in point (a) and the summaries referred to in point (b) shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally</p>	<p>The accounts referred to in point (a) and the summaries referred to in point (b) shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally</p>	<p>The accounts referred to in point (a) and the summaries referred to in point (b) shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally</p>

<p>CIION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CIION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>If a Member State has accredited more than one body per policy area, it shall by 15 February of the following financial year provide the Commission with a synthesis report consisting of an overview at national level of all management declarations of</p>	<p>accordance with internationally accepted audit standards, on whether the accounting information gives a true and fair view and whether expenditure for which reimbursement has been requested from the Commission is legal and regular, and on the proper functioning of the control systems put in place. The opinion shall state if the examination puts in doubt the assertions made in the statement of management responsibilities. An annex to the opinion shall present the error rate per funds and an analysis of the errors as well as reservations.</p>	<p>internationally accepted audit standards, having regard to, where applicable, the national audit standards. Such opinion shall establish whether the accounts give a true and fair view, whether expenditure for which reimbursement has been requested from the Commission is legal and regular, and whether the control systems put in place function properly⁽¹⁹⁾. The opinion shall also state whether the examination puts in doubt the assertions made in the [management declaration of assurance]⁽²⁰⁾.</p> <p>⁽¹⁹⁾ Reserve by Council. ⁽²⁰⁾ Alternative term: "management statement of assurance". CION could accept the term "<i>statement of management responsibilities, providing reasonable assurance as to whether</i>", although the term in CION proposal is more accurate.</p> <p>If a Member State has accredited more than one body per policy area, it shall by 15 February of the following financial year provide the Commission with a synthesis report consisting of an overview at national level of all management declarations of</p>	<p>accepted audit standards. Such opinion shall establish whether the accounts give a true and fair view, whether expenditure for which reimbursement has been requested from the Commission is legal and regular, and whether the control systems put in place function properly. The opinion shall also state whether the examination puts in doubt the assertions made in the management declaration.</p>	<p>accepted audit standards. Such opinion shall establish whether the accounts give a true and fair view, whether expenditure for which reimbursement has been requested from the Commission is legal and regular, and whether the control systems put in place function properly. The opinion shall also state whether the examination puts in doubt the assertions made in the management declaration.</p>

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<p>assurance and the independent audit opinions thereon, prepared for the policy area concerned.</p>	<p>of an overview at national level of all management declarations of assurance and the corresponding independent audit opinions thereon, prepared for the policy area concerned.</p>	<p>assurance and the independent audit opinions thereon, prepared for the policy area concerned</p>	<p>report consisting of an overview at national level of all management declarations of assurance and the corresponding independent audit opinions, prepared for the policy area concerned ⁽²²⁾</p> <p>⁽²¹⁾ "15 February" in CION proposal. ⁽²²⁾ CION could accept the deletion of this subparagraph. At the informal trilogue on 18.04.12, parties agreed to discuss this text within paragraph 6b, deleting it from this paragraph.</p>	<p>Member States may, at the appropriate level, publish this information.</p>
<p>6. The Commission shall:</p>	<p>Member States shall, at the appropriate level, publish this information no later than 6 months after providing the Commission with these documents.</p> <p>AM 113 <i>Specific duties of the Commission</i></p> <p>6. In order to ensure that the funds are used in accordance with the applicable rules, the</p>	<p>Member States may, at the appropriate level, publish this information.</p>	<p><u>Member States may, at the appropriate level, publish this information.</u> ⁽²³⁾</p> <p>⁽²³⁾ EP insists on the text as presented in its AM: "<i>Member States shall, at the appropriate level, publish this information no later than 6 months after providing the Commission with these documents.</i>"</p>	<p>6. In order to ensure that Union funds are used in accordance with the applicable rules, the</p>

<p>CIION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CIION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>(a) apply procedures for a timely financial clearance of the accounts of the accredited bodies, ensuring that the accounts are complete, accurate and true and allowing for a timely clearance of irregularity cases;</p> <p>(b) exclude from Union financing expenditure the disbursements which have been made in breach of Union law.</p>	<p>Commission shall:</p> <p>(-a) monitor the manner in which Member States fulfil their responsibilities, in particular by carrying out audits during the programme implementation;</p> <p>(a) apply procedures for a timely financial clearance of the accounts of the accredited bodies, ensuring that establishing whether the accounts are complete, accurate and true and allowing for a timely clearance of irregularity cases;</p> <p>(b) exclude from Union financing expenditure the for which disbursements which have been made in breach of Union law.</p>	<p>Commission shall:</p> <p>(a) apply procedures for a timely financial clearance the examination and acceptance of the accounts of the designated bodies, ensuring that the accounts are complete, accurate and true;</p> <p>(b) exclude from Union financing expenditure for which disbursements have been made in breach of Union law;</p>	<p>Commission:</p> <p>(a) shall apply procedures for the <u>examination and acceptance of the accounts of the accredited/designated bodies, ensuring that the accounts are complete, accurate and true</u>⁽²⁴⁾;</p> <p>⁽²⁴⁾ Based on Presidency proposal of 12.12.11.</p> <p>(b) shall exclude from Union financing expenditure for which disbursements have been made in breach of <u>applicable national and</u>⁽²⁵⁾ Union law;</p> <p>⁽²⁵⁾ Addition necessary to ensure the link with the first paragraph of the proposed Article 77. Reserve by <u>Council. CIION</u> to provide clarification on the need for <i>"national and Union law"</i>.</p>	<p>Commission:</p> <p>(a) shall apply procedures for the examination and acceptance of the accounts of the designated bodies, ensuring that the accounts are complete, accurate and true;</p> <p>(b) shall exclude from Union financing expenditure for which disbursements have been made in breach of applicable law;</p>

<p>SION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>SION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
	<p>(ba) interrupt payment deadlines or suspend payments in the event of significant deficiencies in the monitoring by a Member State or in the functioning of a body accredited in accordance with paragraph 3, in the event that the prerequisite actions are not taken immediately.</p> <p>The Commission may decide to lift all or part of the interruption or suspension on payments after a Member State has presented its observations. The annual activity report of the Commission's competent authorising officer by delegation shall report on all the obligations under this paragraph.</p> <p>Sector-specific rules shall govern the conditions under which</p>	<p>(ba) where provided for in sector-specific rules, interrupt payment deadlines, on the basis of evidence, provided by a national or the EU audit body, of significant deficiencies, or suspend payments on the basis of evidence, provided by a national or the EU audit body, of significant deficiencies in the event that required remedial action is not taken immediately.</p> <p>The Commission shall lift all or part of the interruption or suspension of payments after a Member State has presented its observations and has taken, where necessary, the appropriate measures. The annual activity report of the Commission's competent authorising officer by delegation shall report on all the obligations under this subparagraph.</p>	<p>(ba) <u>may</u>⁽²⁶⁾ interrupt payment deadlines or suspend payments where provided for in the sector-specific rules, notably in cases of significant deficiencies in the monitoring by a Member State or in the functioning of a body accredited/designated in accordance with paragraph 3⁽²⁷⁾.</p> <p>⁽²⁶⁾ Reserve by EP: "shall" instead of "may". ⁽²⁷⁾ Reserve by Council: delete the part of the sentence starting with "notably".</p> <p>The Commission shall⁽²⁸⁾ end all or part of the interruption or suspension of payments after a Member State has presented its observations and as soon as it has taken the necessary measures. The annual activity report of the Commission's competent authorising officer by delegation shall report on all the obligations under this subparagraph.</p> <p>⁽²⁸⁾ Reserve by EP: "may" instead of "shall".</p>	<p>(ba) shall interrupt payment deadlines or suspend payments where provided for in the sector-specific rules;</p> <p>The Commission shall end all or part of the interruption or suspension of payments after a Member State has presented its observations and as soon as it has taken the necessary measures. The annual activity report of the Commission's competent authorising officer by delegation shall report on all the obligations under this subparagraph.</p>

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<p>Sector-specific rules shall govern the conditions under which payments to Member States may be suspended by the Commission or interrupted by the authorising officer by delegation.</p> <p>AM 114 <i>Specific provisions for European Territorial Cooperation</i></p> <p>6a. Sector-specific rules shall take account of the needs of European Territorial Cooperation programmes as regards, in particular, the content of the management declaration, the accreditation process and the audit function.</p>	<p>payments to Member States may be suspended by the Commission or interrupted by the authorising officer by delegation.</p> <p>AM 114 <i>Specific provisions for European Territorial Cooperation</i></p> <p>6a. Sector-specific rules shall take account of the needs of European Territorial Cooperation programmes as regards, in particular, the content of the annual management declaration, the accreditation process and the audit function.</p>	<p>Sector-specific rules shall govern the conditions under which payments to Member States may be suspended or interrupted and the decision to lift such measures. That decision shall be taken without delay by the Commission or by the authorising officer by delegation.</p> <p>6a. Sector-specific rules shall take account of the needs of European Territorial Cooperation programmes as regards, in particular, the content of the management declaration of assurance⁽²⁹⁾, the process set out in paragraph 3 and the audit function.</p>	<p>6a. Sector-specific rules shall take account of the needs of European Territorial Cooperation programmes as regards, in particular, the content of the management declaration of assurance⁽³⁰⁾, the process set out in paragraph 3 and the audit function.</p> <p>⁽²⁹⁾ At the informal trilogue on 18.04.12, parties agreed on paragraph 6a as it stands here (with the exception of "management declaration of assurance").</p> <p>⁽³⁰⁾ Alternative term: "management statement of assurance". CION could accept the term "statement of management responsibilities", although the term in the CION proposal is more accurate.</p>	<p>6a. Sector-specific rules shall take account of the needs of European Territorial Cooperation programmes as regards, in particular, the content of the management declaration, the process set out in paragraph 3 and the audit function.</p>

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	<p><i>National declarations of assurance</i></p> <p>6b. Member States shall provide a national declaration on the expenditure made under the method of shared management. This declaration shall be signed at the appropriate political level, and be based on the information to be provided under paragraph 5(c), and shall cover at least the effective functioning of the internal control systems in place and the legality and regularity of the underlying transactions. It shall be subject to the opinion of an independent audit body and be provided to the Commission by 15 March of the year following the financial year concerned.</p> <p>The Court of Auditors and the Contact Committee of the Supreme Audit Institutions of the European Union shall be consulted on the guidelines for the establishment of such national declarations.</p>		<p>6b. ⁽³¹⁾ Member States <u>may</u> provide a national declaration on the expenditure made under the method of shared management. This declaration shall be signed at the appropriate political level, and be based on the information to be provided under paragraph [5]⁽³²⁾, and shall cover at least the effective functioning of the internal control systems in place and the legality and regularity of the underlying transactions. It shall be subject to the opinion of an independent audit body and be provided to the Commission by [15 February] of the year following the financial year concerned.</p> <p>⁽³¹⁾ Disagreement on paragraph 6b. At the informal trilogue on 18.04.12, CION proposed the following text as possible compromise (subject to further rewording by CION): "Member States may provide a national declaration on the expenditure made under the method of shared management signed at the appropriate political level. If such a</p>	

<p>CIION NEW PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>CIION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
	<p>Where a Member State has provided a national declaration in accordance with this paragraph, this shall be taken into account in the establishment of the Commission's audit and control strategies under paragraph 6 of this Article and the establishment of risk at Member States' level in accordance with Article 29; it</p>		<p><i>national declaration covers at least the functioning of the management and control systems in place and the legality and regularity of the underlying transactions, is provided by 15 February of the year following the financial year concerned and has been subject to an opinion from an independent audit body, the Commission shall take that declaration into account in the establishment of its audit and control strategies under paragraph 2 [and inform the budgetary authority accordingly"].</i></p> <p>⁽³²⁾ Verify reference (5(a))</p> <p>Where a Member State has provided a national declaration in accordance with this paragraph, this shall be taken into account in the establishment of the Commission's audit and control strategies under [paragraph 6] of this Article and the establishment of risk at Member States' level in accordance with [Article 29] it shall be forwarded to the budgetary authority in application</p>	

<p>COMMISSION PROPOSAL (COM(2011) 815 final)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>DRAFT COMPROMISE (Polish Presidency proposal of 12.12.11)</p>	<p>COMMISSION COMPROMISE PROPOSAL (as reviewed at the informal trilogue of 18.04.12)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
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	<p>shall be forwarded to the budgetary authority in application of Article 63(9) <i>mutatis mutandis</i>.</p>		<p>of Article 63(9) <i>mutatis mutandis</i>.⁽³³⁾ ⁽³³⁾ It is preferable that this paragraph is deleted.</p>	
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<p>CION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
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<p><i>Article 57</i> <i>Indirect management with entities and persons other than Member States</i></p>	<p><i>Article 57</i> <i>Indirect management with entities and persons other than Member States</i></p>	<p><i>Article 57</i> <i>Indirect management with entities and persons other than Member States</i> AM 116</p>	<p><i>Article 57</i> <i>Indirect management</i></p>	<p><i>Article 57</i> <i>Indirect management</i></p>
<p>1. Entities and persons entrusted with budget implementation pursuant to point (b) of Article 55(1) shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. They shall guarantee a level of protection of the financial interests of the Union equivalent to that required under this Regulation when they manage Union funds, with due consideration:</p> <p>(a) the nature of the tasks entrusted and the amounts involved;</p> <p>(b) the financial risks involved;</p> <p>(c) the level of assurance</p>	<p>1. Entities and persons entrusted with budget implementation pursuant to point (b) of Article 55(1) shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. They shall guarantee a level of protection of the financial interests of the Union equivalent to that required under this Regulation when they manage Union funds, with due consideration to:</p> <p>(a) the nature of the tasks entrusted and the amounts involved;</p> <p>(b) the financial risks involved;</p> <p>(c) the level of assurance</p>	<p>1. Entities and persons other than the Member States entrusted with budget implementation tasks pursuant to point (b) of Article 55(1) shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. They shall guarantee a level of protection of the financial interests of the Union equivalent to that required under this Regulation when they manage Union funds, with due consideration for:</p> <p>(a) the nature of the tasks entrusted and the amounts involved;</p> <p>(b) the financial risks involved;</p> <p>(c) the level of assurance</p>	<p>1. Entities and persons entrusted with budget implementation pursuant to point (b) of Article 55(1) shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. They shall guarantee a level of protection of the financial interests of the Union equivalent to that required under this Regulation when they manage Union funds, with due consideration for:</p> <p>(a) the nature of the tasks entrusted and the amounts involved;</p> <p>(b) the financial risks involved;</p> <p>(c) the level of assurance</p>	<p>1. Entities and persons entrusted with budget implementation tasks pursuant to point (c) of Article 55(1) shall respect the principles of sound financial management, transparency and non-discrimination and ensure the visibility of Union action when they manage Union funds. They shall guarantee a level of protection of the financial interests of the Union equivalent to that required under this Regulation when they manage Union funds, with due consideration for:</p> <p>(a) the nature of the tasks entrusted and the amounts involved;</p> <p>(b) the financial risks involved;</p> <p>(c) the level of assurance</p>

COUNCIL MANDATE (9626/11 ADD 1)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	COUNCIL MANDATE (9626/11 ADD 1)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
stemming from their systems, rules and procedures together with the measures taken by the Commission to supervise and support the implementation of the tasks entrusted.	stemming from their systems, rules and procedures together with the measures taken by the Commission to supervise and support the implementation of the tasks entrusted.	stemming from their systems, rules and procedures together with the measures taken by the Commission to supervise and support the implementation of the tasks entrusted.	stemming from their systems, rules and procedures together with the measures taken by the Commission to supervise and support the implementation of the tasks entrusted.	stemming from their systems, rules and procedures together with the measures taken by the Commission to supervise and support the implementation of the tasks entrusted.
2. To this effect, the entities and persons referred to in paragraph 1 shall: accordance with the principle of proportionality:	2. To this effect, the entities and persons referred to in paragraph 1 shall, in accordance with the principle of proportionality:	2. To this effect, the entities and persons referred to in paragraph 1 shall, in accordance with standards equivalent to those commonly applied in the Union or, where such standards do not exist, internationally accepted standards and defined in the agreement entrusting the certain specified implementation tasks:	2. To this effect, the entities and persons referred to in paragraph 1 shall:	2. To this effect, the entities and persons referred to in paragraph 1 shall, in accordance with the principle of proportionality:
(a) set up and ensure the functioning of an effective and efficient internal control system;	(a) set up and ensure the functioning of an effective and efficient internal control system;	(a) set up and ensure the functioning of an effective and efficient internal control system;	(a) set up and ensure the functioning of an effective and efficient internal control system;	(a) set up and ensure the functioning of an effective and efficient internal control system;
(b) use an annual accounting system providing accurate, complete and reliable information in a	(b) use an annual accounting system providing accurate, complete and reliable information in a timely	(b) use an annual accounting system providing accurate, complete and reliable information in a timely	(b) use an annual ⁽²⁾ accounting system providing accurate, complete and reliable information in a timely	(b) use an accounting system providing accurate, complete and reliable information in a timely

CION NEW PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)	CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>timely manner;</p> <p>(c) be subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;</p> <p>(d) apply appropriate rules and procedures for providing financing from Union funds through grants, procurement and financial instruments;</p> <p>(e) ensure, in conformity with Article 31(2), annual <i>ex post</i> publication of recipients of Union funds;</p> <p>(f) ensure a reasonable</p>	<p>manner;</p> <p>(c) be subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;</p> <p>(d) apply appropriate rules and procedures for providing financing from Union funds through grants, procurement and financial instruments;</p> <p>(e) ensure, in conformity with Article 31(2), annual <i>ex post</i> publication of recipients of Union funds;</p> <p>(f) ensure a reasonable</p>	<p>manner;</p> <p>(c) be subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;</p> <p>(d) apply appropriate rules and procedures for providing financing from Union funds through grants, procurement and financial instruments;</p> <p>(e) ensure <i>ex post publication of recipients of Union funds</i> in conformity with Article 31(2) <i>and the protection of personal data which satisfies the principles laid down in Directive 95/46/EC</i>;</p> <p>(f) ensure a reasonable</p>	<p>information in a timely manner;</p> <p>⁽²⁾ Provisional result of trilogue of 18.04.12.</p> <p>(c) be subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;</p> <p>(d) apply appropriate rules and procedures for providing financing from Union funds through grants, procurement and financial instruments;</p> <p>(e) ensure, in conformity with Article 31(2), <i>ex post</i> publication of recipients of Union funds;</p> <p>(f) ensure a reasonable</p>	<p>manner;</p> <p>(c) be subject to an independent audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;</p> <p>(d) apply appropriate rules and procedures for providing financing from Union funds through grants, procurement and financial instruments;</p> <p>(e) ensure, in conformity with Article 31, <i>ex post</i> publication of recipients of Union funds;</p> <p>(f) ensure a reasonable</p>

<p>SION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>SION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>protection of personal data.</p> <p>Persons referred to in point (viii) of Article 55(1)(b) may satisfy these requirements progressively. They shall adopt their financial rules with the Commission's prior consent.</p>	<p>protection of personal data.</p> <p>Persons referred to in point (viii) of Article 55(1)(bc) may satisfy these requirements progressively. They shall adopt their financial rules with the Commission's prior consent.</p>	<p>protection of personal data <i>as laid down in Directive 95/46/EC and Regulation (EC) No 45/2001.</i></p> <p><i>Notwithstanding Article 196b and 196c, they shall adopt their financial rules with the Commission's prior consent.</i></p> <p>Persons referred to in point (viii) of Article 55(1)(b) may satisfy <i>the</i> requirements <i>laid down in points (a) to (e) of this paragraph progressively within the first six months of their mandate.</i></p> <p style="text-align: right;">AM 300</p>	<p>protection of personal data, as laid down in <u>Directive 95/46/EC and Regulation (EC) No 45/2001.</u></p> <p>Persons referred to in point (viii) of Article 55(1)(cb) shall adopt their financial rules with the Commission's prior consent. They may satisfy these requirements <u>laid down in points (a) to (e) of this paragraph progressively within the first six months of their mandate.</u> They shall adopt their financial rules with the Commission's prior consent. <u>Where at the end of this period, they comply with these requirements in part, the Commission shall take appropriate remedial measures to supervise and support the implementation of the tasks entrusted.</u>⁽³⁾</p> <p>⁽³⁾ Text, distributed during the trilogue of 18.04.12, which addresses in particular CFSP missions.</p>	<p>protection of personal data, as laid down in Directive 95/46/EC and Regulation (EC) No 45/2001.</p> <p>Persons referred to in point (viii) of Article 55(1)(c) shall adopt their financial rules with the Commission's prior consent. They may satisfy the requirements laid down in points (a) to (e) of this paragraph progressively within the first six months of their mandate. Where at the end of this period, they comply with these requirements in part, the Commission shall take appropriate remedial measures to supervise and support the implementation of the tasks entrusted.</p>

COUNCIL MANDATE (9626/11 ADD 1)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	COUNCIL COMPROMISE PROPOSAL (aligned with provisional results on Article 56)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>3. The entities and persons referred to in paragraph 1 shall prevent, detect and correct irregularities and fraud when executing tasks related to the implementation of the budget. To this end they shall carry out <i>ex ante</i> and <i>ex post</i> controls including, where appropriate, on the spot checks, to ensure that the actions financed effectively carried out and implemented recover funds unduly paid and bring legal proceedings as necessary.</p>	<p>3. The entities and persons referred to in paragraph 1 shall prevent, detect and correct irregularities and fraud when executing tasks related to the implementation of the budget. To this end they shall carry out, in accordance with the principle of proportionality, ex ante and ex post controls checks including, where appropriate, on the spot checks on representative samples of transactions, to ensure that the actions financed from the budget are effectively carried out and implemented correctly. They shall also recover funds unduly paid and bring legal proceedings as necessary.</p>	<p><i>2a. With a view to ensuring legal certainty, stricter participation rules shall not be applied retroactively and recipients shall not be required to recalculate financial statements that have already been approved by the Commission.</i></p>	<p>3. The entities and persons referred to in paragraph 1 shall prevent, detect and correct irregularities and fraud when executing tasks related to the implementation of the budget. To this end they shall carry out, <u>in accordance with the principle of proportionality⁽⁴⁾, ex ante and ex post controls⁽⁵⁾</u> including, where appropriate, on the spot checks, to ensure that the actions financed from the budget are effectively carried out and implemented correctly. ⁽⁶⁾ They shall also recover funds unduly paid and bring legal proceedings as necessary.</p> <p>⁽⁴⁾ See provisionally agreed Article 56(2), second</p>	<p>3. The entities and persons referred to in paragraph 1 shall prevent, detect and correct irregularities and fraud when executing tasks related to the implementation of the budget. To this end they shall carry out, in accordance with the principle of proportionality, <i>ex ante</i> and <i>ex post</i> controls including, where appropriate, on the spot checks on representative and/or risk-based samples of transactions, to ensure that the actions financed from the budget are effectively carried out and implemented correctly. They shall also recover funds unduly paid and bring legal proceedings as necessary.</p>

<p>CIION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CIION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
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<p>4. The Commission may suspend payments to entities and persons referred to in paragraph 1, in particular when systemic errors which question the reliability of the internal control systems of the entity or person concerned or the legality and regularity of the underlying</p>	<p>4. The Commission may suspend payments to entities and persons referred to in paragraph 1, in particular when systemic errors which question the reliability of the internal control systems of the entity or person concerned or the legality and regularity of the underlying transactions are</p>	<p>AM 288 <i>3a. Union institutions and bodies will actively encourage the reporting of suspected irregularities with Union funding in the Member States.</i></p>	<p>subparagraph: <i>"To this effect, they shall <u>respecting the principle of proportionality, and in compliance with this article, as well as the relevant sector specific rules, carry out ex ante and ex post controls (...)"</u></i>. (5) See provisionally agreed Article 56(2), second subparagraph, where reference is made to "ex ante and ex post controls". (6) <u>Council</u> position.</p>	<p>4. The Commission may suspend payments to entities and persons referred to in paragraph 1, in particular when systemic errors which question the reliability of the internal control systems of the entity or person concerned or the legality and regularity of the underlying transactions are</p>
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<p>CION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>transactions are detected.</p> <p>The authorising officer by delegation may interrupt payments to such entities or persons fully or partially for the purpose of further verifications when information comes to his notice indicating a significant deficiency in the functioning of the internal control system or that the expenditure certified by the entity or person concerned is linked to a serious irregularity and has not been corrected, provided the interruption is necessary to prevent significant damage to the financial interests of the Union.</p>	<p>detected.</p> <p>The authorising officer by delegation may interrupt payments to such entities or persons fully or partially for the purpose of further verifications checks when information comes to his notice indicating a significant deficiency in the functioning of the internal control system or that the expenditure certified by the entity or person concerned is linked to a serious irregularity and has not been corrected, provided the interruption is necessary to prevent significant damage to the financial interests of the Union.</p>	<p>AM 118</p> <p><i>Notwithstanding Article 89</i>, the authorising officer by delegation may interrupt payments to such entities or persons fully or partially for the purpose of further verifications when information comes to his notice indicating a significant deficiency in the functioning of the internal control system or that the expenditure certified by the entity or person concerned is linked to a serious irregularity and has not been corrected, provided the interruption is necessary to prevent significant damage to the financial interests of the Union.</p>	<p>are detected.</p> <p><u>Notwithstanding Article 89⁽⁷⁾</u> the authorising officer by delegation may interrupt payments to such entities or persons fully or partially for the purpose of further verifications checks⁽⁸⁾ when information comes to his notice indicating a significant deficiency in the functioning of the internal control system or that the expenditure certified by the entity or person concerned is linked to a serious irregularity and has not been corrected, provided the interruption is necessary to prevent significant damage to the financial interests of the Union.</p> <p>⁽⁷⁾ AM 118. ⁽⁸⁾ Council position.</p>	<p>detected.</p> <p>Notwithstanding Article 89, the authorising officer by delegation may interrupt payments to such entities or persons fully or partially for the purpose of further checks when information comes to his notice indicating a significant deficiency in the functioning of the internal control system or that the expenditure certified by the entity or person concerned is linked to a serious irregularity and has not been corrected, provided the interruption is necessary to prevent significant damage to the financial interests of the Union.</p>
<p>5. The entities and persons referred to in paragraph 1 shall provide the Commission with:</p>	<p>5. The entities and persons referred to in paragraph 1 shall provide the Commission with:</p>	<p>AM 119</p> <p>5. The entities and persons referred to in paragraph 1 shall provide the Commission with:</p>	<p>5. The entities and persons referred to in paragraph 1 shall provide the Commission with:</p>	<p>5. The entities and persons referred to in paragraph 1 shall provide the Commission with:</p>

CION NEW PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)	CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>(a) a report on the implementation of the tasks entrusted;</p> <p>(b) their accounts drawn up for the expenditure made in the execution of the tasks entrusted;</p>	<p>(a) a report on the implementation of the tasks entrusted;</p> <p>(b) the accounting information drawn up for on the expenditure made in the execution of the tasks entrusted and presented to the Commission for reimbursement, and sums disbursed for which recovery procedures are underway. This information shall be accompanied by a statement of management responsibilities confirming that, in the opinion of those in charge of the management of the funds:</p> <p>- this information is properly presented, complete and accurate;</p>	<p>(a) a report on the implementation of the tasks entrusted;</p> <p>(b) their accounts drawn up for the expenditure made in the execution of the tasks entrusted;</p>	<p>(a) a report on the implementation of the tasks entrusted;</p> <p>(b) their accounts drawn up for the expenditure made in the execution of the tasks entrusted. <u>These accounts shall be accompanied by a [management declaration of assurance]⁽⁹⁾ as to whether⁽¹⁰⁾</u></p> <p>⁽⁹⁾ Alternative term: <i>"management statement of assurance"</i>. CION could accept the term <i>"statement of management responsibilities providing reasonable assurance as to whether"</i>. Nevertheless, the terms <i>"management declaration of assurance"</i> is more accurate. ⁽¹⁰⁾ The structure of the Council position is followed in line with Article 56.</p> <p>- the information is properly presented, complete and accurate.⁽¹¹⁾</p>	<p>(a) a report on the implementation of the tasks entrusted;</p> <p>(b) their accounts drawn up for the expenditure made in the execution of the tasks entrusted. These accounts shall be accompanied by a management declaration confirming that:</p> <p>- the information is properly presented, complete and accurate;</p>

<p>SION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>SION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>(c) a summary of the results of all available audits and controls carried out,</p>	<p>- the expenditure has been used for its intended purpose, as defined in the sector-specific rules or in the delegation agreements concluded with the entrusted entities;</p> <p>- the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;</p> <p>(c) a summary of the results of all available the final audits reports and controls carried</p>	<p>(c) a summary of the results of all available audits and controls carried out,</p>	<p>(11) <u>Council</u> position. <i>"This"</i> is replaced by <i>"the"</i>.</p> <p>- the expenditure has been used for its intended purpose and in accordance with the principle of sound financial management.⁽¹²⁾</p> <p><u>AM 119.</u></p> <p>- the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.^{(13),(14)}</p> <p><u>AM 119 and Council</u> position. The reference to "control procedures" has been replaced by "control systems" in line with the provisionally agreed text of Article 56(5)(a), third indent. ⁽¹⁴⁾ See Article 56(5)(a).</p> <p>(c) a summary of the <u>final</u> audit reports and of ⁽¹⁵⁾ results of all available</p>	<p>- the expenditure has been used for its intended purpose as defined in the delegation agreements concluded with the entrusted entities or, where applicable, in the relevant sector-specific rules;</p> <p>- the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;</p> <p>(c) a summary of the final audit reports and of controls carried out,</p>

CION NEW PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>including an analysis of systematic or recurrent weaknesses as well as corrective actions taken or planned;</p> <p>(d) a management declaration of assurance as to the completeness, accuracy and veracity of the accounts, the proper functioning of the internal control systems as well as to the legality and regularity of the underlying transactions and the respect of the principle of sound financial management;</p>	<p>out, including an analysis of systematic or recurrent weaknesses as well as corrective actions taken or planned;</p> <p>(d) a management declaration of assurance as to the completeness, accuracy and veracity of the accounts, the proper functioning of the internal control systems as well as to the legality and the respect of the principle of sound financial management;</p>	<p>including an analysis of systematic or recurrent weaknesses as well as corrective actions taken or planned;</p> <p>(d) a management declaration <i>providing reasonable assurance that:</i></p> <p>(i) <i>the information contained in the accounts presents a true and fair view;</i></p>	<p>audits and controls carried out, including an analysis of <u>the nature and extent of errors and weaknesses in systems identified</u>, <u>systematic or recurrent weaknesses</u>⁽¹⁵⁾ as well as corrective actions taken or planned;</p> <p>⁽¹⁵⁾ Proposal in line with Article 56(5)(b) of CION proposed compromise of 28.03.12.</p> <p>(d) a management declaration of assurance as to the completeness, accuracy and veracity of the accounts, the proper functioning of the internal control systems as well as to the legality and regularity of the underlying transactions and the respect of the principle of sound financial management;</p>	<p>including an analysis of the nature and extent of errors and weaknesses in systems identified, as well as corrective actions taken or planned;</p>

<p>CION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>(e) the opinion of an independent audit body on the management declaration of assurance mentioned in point (d) of this paragraph, covering all its elements.</p>	<p>(e) the opinion of an independent audit body on the management declaration of assurance mentioned in point (d) of this paragraph, covering all its elements.</p>	<p>(ii) <i>the expenditure referred in the accounts has been used for its intended purpose and in accordance with the principle of sound financial management;</i></p> <p>(iii) <i>the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.</i></p>	<p>(e) the opinion of an independent audit body on the management declaration of assurance mentioned in point (d) of this paragraph, covering all its elements.</p>	

<p>CION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>These documents shall be accompanied by an independent audit opinion, drawn up in accordance with internationally accepted audit standards, on whether the accounting information give a true and fair view, and expenditure for which reimbursement has been requested from the Commission is legal and regular. This opinion shall indicate if the examination puts in doubt the assertions made in the statement of management responsibilities.</p>		<p><i>underlying transactions. The audit body shall report if the examination puts in doubt the assertions made in the management declaration.</i></p>	<p>These documents shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards, on the completeness, accuracy and veracity of the accounts, on the proper functioning of the control systems put in place as well as on the legality and regularity of the underlying transactions.⁽¹⁶⁾ The opinion shall also state whether the examination puts in doubt the assertions made in the management declaration of assurance^{(17),(18)}.</p> <p>⁽¹⁶⁾ Article 56(5), second subparagraph (highlighted parts are still under discussion): <i>"[The accounts] referred to in point (a) and the summaries referred to in point (b) shall be</i></p>	<p>These documents shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards, on the completeness, accuracy and veracity of the accounts, on the proper functioning of the control systems put in place, as well as on the legality and regularity of the underlying transactions. The opinion shall also state whether the examination puts in doubt the assertions made in the management declaration.</p>

CION NEW PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)	CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>These elements shall be provided to the Commission by 1 February of the following financial year with</p>	<p>These elements shall be provided to the Commission by 1 February of the following financial year with</p>	<p>These elements shall be provided to the Commission by 1 February of the following financial year with</p>	<p><i>accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards. Such opinion shall establish whether the accounts give a true and fair view, whether expenditure for which reimbursement has been requested from the Commission is legal and regular, and whether the control systems put in place function [properly]. The opinion shall also state whether the examination puts in doubt the assertions made in the [management declaration of assurance]."</i> (17) Alternative term: "management statement of assurance". CION could accept the term "statement of management responsibilities" although the term "management declaration of assurance" is more accurate. (18) AM 119.</p>	<p>These elements shall be provided to the Commission by 15 February of the following financial year with</p>

<p>CION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>the exception of the audit opinion referred to in point (e). The latter shall be provided at the latest by 15 March.</p> <p>These obligations shall be without prejudice to the provisions made in agreements concluded with international organisations and third countries. These provisions shall include at least the obligation of such entities to provide the Commission annually with a statement that, during the financial year concerned, the Union contribution has been used and accounted for in compliance with the requirements set out in paragraph 2 of this article and the obligations laid down in the agreement concluded with the relevant international organisations or third country.</p>	<p>exception of the audit opinion referred to in point (e). The latter shall be provided at the latest by 15 March each year.</p> <p>These obligations shall be without prejudice to the provisions made in agreements concluded with international organisations and third countries. These provisions shall include at least the obligation of such entities to provide the Commission annually with a statement that, during the financial year concerned, the Union contribution has been used and accounted for in compliance with the requirements set out in paragraph 2 of this article and the obligations laid down in the agreement concluded with the relevant international organisations or third country.</p>	<p>the exception of the audit opinion referred to in point (e). The latter shall be provided at the latest by 15 March.</p> <p>These obligations shall be without prejudice to the provisions made in agreements concluded with international organisations and third countries. These provisions shall include at least the obligation of such entities to provide the Commission annually with a statement that, during the financial year concerned, the Union contribution has been used and accounted for in compliance with the requirements set out in paragraph 2 of this Article and the obligations laid down in the agreement concluded with the relevant international organisations or third country, <i>audited by the competent supreme audit institution. The results of the audits shall be made available to the discharge authority. This</i></p>	<p>the exception of the audit opinion referred to in <u>the second subparagraph</u> point (e). The latter shall be provided at the latest by 15 March.</p> <p>These obligations shall be without prejudice to the provisions made in agreements concluded with international organisations and third countries. These provisions shall include at least the obligation of such entities to provide the Commission annually with a statement that, during the financial year concerned, the Union contribution has been used and accounted for in compliance with the requirements set out in paragraph 2 of this article and the obligations laid down in the agreement concluded with the relevant international organisations or third country.</p>	<p>the exception of the audit opinion referred to in the second subparagraph. The latter shall be provided at the latest by 15 March.</p> <p>These obligations shall be without prejudice to the provisions made in agreements concluded with international organisations and third countries. These provisions shall include at least the obligation of such entities to provide the Commission annually with a statement that, during the financial year concerned, the Union contribution has been used and accounted for in compliance with the requirements set out in paragraph 2 and the obligations laid down in the agreement concluded with the relevant international organisations or third country.</p>

<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>	<p>CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>CION NEW PROPOSAL (COM(2010) 815 final)</p>
<p>6. The Commission shall:</p> <p>(a) ensure supervision and evaluation of the implementation of the tasks entrusted;</p> <p>(b) apply procedures for a timely financial clearance of the accounts of the</p>	<p>6. The Commission shall:</p> <p>(a) ensure supervision and evaluation of the implementation of the tasks entrusted; supervise that these persons and entities fulfil their responsibilities, in particular by carrying out audits and evaluations on the programme implementation;</p> <p>(b) apply procedures for a timely financial clearance of the accounts of the</p>	<p><i>shall not preclude the European Court of Auditors, as well as the OLAF's powers of investigation.</i></p> <p>AM 120</p> <p>6. The Commission shall:</p> <p>(a) <i>supervise that these entities fulfil their responsibilities, in particular by carrying out audits and evaluations during the programme implementation;</i></p> <p>(b) apply procedures for a timely clearance of the accounts of the entities,</p>	<p>(a) ensure supervision and evaluation of the implementation of the tasks entrusted;</p> <p>(b) apply procedures for a timely financial clearance of the accounts of the</p>	<p>6. The Commission shall:</p> <p>(a) supervise that these persons and entities fulfil their responsibilities, in particular by carrying out audits and evaluations on the programme implementation;</p> <p>(b) apply procedures for the examination and acceptance of the accounts</p>

⁽¹⁹⁾ Wording from AM 120, with the exception of the following two points: i) a reference to "persons" has been added in line with paragraph 1; ii) "during the programme implementation" has been replaced by "on the programme implementation".

CION NEW PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)	CION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>entrusted entities and persons, ensuring that the accounts are complete, accurate and true and allowing for a timely clearance of irregularity cases;</p> <p>(c) exclude from Union financing expenditure the disbursements which have been made in breach of the applicable rules.</p>	<p>entrusted entities and persons, ensuring that the accounts are complete, accurate and true and allowing for a timely clearance of irregularity cases;</p> <p>(e) exclude from Union financing expenditure the disbursements which have been made in breach of the applicable rules:</p> <p>In order to ensure that the funds are used in accordance with the applicable rules, the Commission shall apply, in accordance with sector-specific rules and relevant agreements, timely clearance-of-accounts procedures and, where</p>	<p>establishing whether the accounts are complete, accurate and true and allowing for a timely clearance of irregularity cases;</p>	<p>entrusted entities and persons, ensuring that the accounts are complete, accurate and true [and allowing for a timely clearance of irregularity cases]⁽²⁰⁾;</p> <p>⁽²⁰⁾ Article 56(6)(a) as in CION proposed compromise of 28.03.12: <i>"shall apply procedures for the examination and acceptance of the accounts of (...), ensuring that the accounts are complete accurate and true."</i></p> <p>(c) exclude from Union financing expenditure the disbursements which have been made in breach of the applicable rules.</p>	<p>of the entrusted entities and persons, ensuring that the accounts are complete, accurate and true;</p> <p>(c) exclude from Union financing expenditure the disbursements which have been made in breach of the applicable rules.</p>

<p>CIION NEW PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7- 0325_2011)</p>	<p>CIION COMPROMISE PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
<p>7. Paragraphs 5 and 6 of this article shall not apply to entities and persons which are subject to a separate procedure of discharge from the budgetary authority.</p>	<p>appropriate, financial correction mechanisms, which enable it to assume final responsibility for the implementation of the budget.</p> <p>7. Paragraphs 5 and 6 of this article shall not apply to entities and persons which are subject to a separate procedure of discharge from the budgetary authority.</p>	<p>AM 121</p> <p>7. Paragraphs 5 and 6 of this Article shall not apply to <i>Union</i> entities which are subject to a separate <i>discharge</i> procedure <i>when these entities implement the Union budget.</i></p> <p>AM 122</p> <p><i>7a. Paragraphs 1, 2 and 3 shall apply mutatis mutandis for the indirect management of the appropriations allocated by the European Parliament to its political groups. The European Parliament shall adopt implementing measures in this regard which take account of the particular requirements of the political groups.</i></p>	<p>7. Paragraphs 5 and 6 of this article shall not apply to <u>Union entities and persons</u> which are subject to a separate <u>discharge</u> procedure <u>of discharge from the budgetary authority when these entities implement the Union budget.</u> ⁽²¹⁾</p> <p>⁽²¹⁾ AM 121.</p>	<p>7. Paragraphs 5 and 6 shall not apply to Union entities which are subject to a separate discharge procedure.</p>

<p>COMMISSION PROPOSAL (COM(2010) 815 final)</p>	<p>COUNCIL MANDATE (9626/11 ADD 1)</p>	<p>EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)</p>	<p>COMMISSION PROPOSAL (aligned with provisional results on Article 56)</p>	<p>PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)</p>
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FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p><i>Article 73</i></p> <p>1. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer responsible. He/She shall exercise due diligence to ensure that the Communities receive their revenue and shall see that their rights are safeguarded.</p> <p>The accounting officer shall recover amounts by offsetting them against equivalent claims that the Communities have on any debtor who himself/herself has a claim on the Communities that is certain, of a fixed amount and due.</p>	<p><i>Article 77</i></p> <p><i>Rules on recovery</i></p> <p>1. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer responsible. He shall exercise due diligence to ensure that the Union receive their revenue and shall see that their rights are safeguarded.</p> <p>The accounting officer shall recover amounts by offsetting them against equivalent claims that the Union have on any debtor who himself has a claim on the Union that is certain, of a fixed amount and due.</p>	<p><i>Article 77</i></p> <p><i>Rules on recovery</i></p> <p>1. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer responsible. He shall exercise due diligence to ensure that the Union receive their revenue and shall see that their rights are safeguarded.</p> <p>The accounting officer shall recover amounts by offsetting them against equivalent claims that the Union has on any debtor who himself has a claim on the Union. Such claims must be certain, of a fixed amount and due.</p>	<p><i>Article 77(*)</i></p> <p><i>Rules on recovery</i></p> <p>(*) AMs 136 to 138 are rejected.</p> <p>1. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer responsible. He shall exercise due diligence to ensure that the Union receive its revenue and shall see that its rights are safeguarded.</p> <p>The accounting officer shall recover amounts by offsetting them against equivalent claims that the Union has on any debtor who himself has a claim on the Union. Such claims must be certain, of a fixed amount and due.</p> <p>2. Where the competent authorising officer by delegation is planning to waive or partially waive recovery of an established amount receivable, he shall ensure that the waiver is in order and complies with the principle of sound financial management and</p>
<p>2. Where the responsible authorising officer by delegation is planning to waive or partially waive recovery of an established amount receivable, he/she shall ensure that the waiver is in order and complies with the principle of sound financial management and</p>	<p>2. Where the responsible authorising officer by delegation is planning to waive or partially waive recovery of an established amount receivable, he shall ensure that the waiver is in order and complies with the principle of sound financial management and</p>	<p>2. Where the competent authorising officer by delegation is planning to waive or partially waive recovery of an established amount receivable, he/she shall ensure that the waiver is in order and complies with the principle of sound financial management and</p>	<p>2. Where the competent authorising officer by delegation is planning to waive or partially waive recovery of an established amount receivable, he shall ensure that the waiver is in order and complies with the principle of sound financial management and</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	C I O N P R O P O S A L (COM(2010) 815 final)	C O U N C I L M A N D A T E (9626/11 ADD 1)	E P A M s v o t e d o n 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	P R O P O S A L F O R A R E V I S E D U P D A T E D M A N D A T E (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
<p>proportionality in accordance with the procedures and the criteria laid down in the implementing rules. The waiver decision must be substantiated. The authorising officer may delegate the decision only as laid down in the implementing rules.</p> <p>The responsible authorising officer may furthermore cancel or adjust an established amount receivable, in accordance with the conditions set out in the implementing rules.</p>	<p>proportionality in accordance with the procedures and the criteria laid down in the delegated Regulation referred to in Article 199. The waiver decision must be substantiated. The authorising officer may delegate the decision only as laid down in the delegated Regulation referred to in Article 199.</p> <p>The responsible authorising officer may cancel an established amount receivable in full or in part, in accordance with the conditions set out in the delegated Regulation referred to in Article 199. The partial cancellation of an established amount receivable does not imply a waiver of a Union's established entitlement.</p>	<p>proportionality in accordance with the procedures and the criteria laid down in the delegated Regulation referred to in Article 199. The waiver decision must be substantiated. The authorising officer may delegate the decision only as laid down in the delegated Regulation referred to in Article 199.</p> <p>The responsible authorising officer may cancel an established amount receivable in full or in part, in accordance with the conditions set out in the delegated Regulation referred to in Article 199. The partial cancellation of an established amount receivable does not imply a waiver of a Union's established entitlement.</p>	<p>proportionality. The waiver decision must be substantiated and shall be presented in the annual activity reports referred to in Article 63(9). The authorising officer may delegate the decision.</p> <p>The competent authorising officer may cancel an established amount receivable in full or in part. The partial cancellation of an established amount receivable does not imply a waiver of a Union's established entitlement.</p>	<p>proportionality. The waiver decision must be substantiated. The authorising officer may delegate the decision.</p> <p>The competent authorising officer may cancel an established amount receivable in full or in part. The partial cancellation of an established amount receivable does not imply a waiver of a Union's established entitlement.</p> <p>The rules for the procedures and criteria of a waiver decision, as well as the delegation thereof by the authorising officer and the cancellation of an established amount shall be laid down in the delegated regulation referred to Article 199.</p>

AM 136

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p>2a. Sums recovered by the Member States following the occurrence of irregularity or negligence and the interest on these sums shall be made over to the managing authority and booked by it as revenue in the month in which the money is actually received.</p> <p>AM 137</p> <p>2b. When the Union budget is credited, the Member State may retain 20 % of the corresponding amounts as flat rate recovery costs, except in cases of irregularity or negligence attributable to its administrative authorities or other official bodies.</p> <p>AM 138</p> <p>2c. If there is justification for doing so, Member States may decide not to pursue recovery. A decision to this effect may be taken only in the following cases:</p> <p>(a) if the costs already and likely to be incurred total more than the amount to be recovered, or</p>	<p>3. (*) The Member States shall in the first instance be responsible for carrying out controls and audits and for recovering amounts unduly spent, as provided for in the sector-specific rules. As far as Member States detect and correct on their own account irregularities, they shall be exempt from financial corrections by the Commission concerning these irregularities.</p> <p>(*) The following <u>CION</u> statement on the application of Article 77(3) to Structural Funds will accompany this paragraph:</p> <p><i>"Wherever a Member State detects and corrects on its own account the irregularities, it may reuse the contribution from the Funds cancelled within the operational programme concerned, except for any operation that was subject of the correction or, where a financial correction is made for a systemic irregularity, for any operation affected by the systemic error."</i></p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>(b) if recovery proves impossible owing to the insolvency, recorded and recognised under national law, of the debtor or the persons legally responsible for the irregularity.</i></p>	<p>4.^(*) The Commission shall make financial corrections on Member States in order to exclude from Union financing expenditure which is in breach of applicable law. The Commission shall base its financial corrections on the identification of amounts unduly spent, and the financial implications for the Union budget. Where these cannot be identified precisely, the Commission may apply extrapolated or flat-rate corrections according to the sector-specific rules.</p> <p>The Commission shall, when deciding the amount of a correction, take account of the nature and gravity of the breach of applicable law and the financial implications for the Union budget, including in case of deficiencies in management and control systems.</p> <p>The criteria for establishing financial corrections and the procedure to be applied may be laid down in the sector-specific rules.</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	CION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
				<p>(*) The following <u>CION</u> statement on financial corrections by CION - extrapolation will accompany Article 77(4):</p> <p><i>Wherever possible, the financial corrections shall be calculated on the basis of the amounts unduly spent.</i></p> <p><i>The Commission confirms that it will resort to extrapolated or flat rate corrections solely where it is not possible with proportionate effort to precisely quantify the amounts unduly spent."</i></p> <p>In addition, the following <u>CION</u> statement on "grant reduction or recovery in the case of systemic or recurrent error or irregularity by a grant beneficiary - extrapolation" will accompany Article 126(3):</p> <p><i>"The Commission confirms that, in the case of proven systemic or recurrent errors or irregularities by a beneficiary, calculation of the amounts to be reduced or recovered by way of extrapolation shall be</i></p>

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				<p><i>seen as a last resort solution.</i></p> <p><i>Wherever possible, the amounts to be reduced or recovered shall be calculated on the basis of the revised financial statements submitted by the beneficiary.</i></p> <p><i>Extrapolation of the reduction or recovery rate shall be used solely where it is not possible or where it could create significant administrative difficulty for the beneficiary to precisely quantify the amounts of ineligible costs.</i></p> <p><i>In addition, the Commission confirms that, before any reduction or recovery is decided, any substantiated alternative method or rate proposed by the beneficiary shall be duly examined by the Commission."</i></p> <p>5. The Commission shall submit draft regulations concerning the methodology for applying extrapolated or flat-rate corrections to the competent committee provided for in the</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			relevant basic acts in accordance with the procedure laid down in the same basic act. [AM 139 is rejected]
		<p>AM 139 <i>Article 77a</i> <i>Financial corrections by Member States in shared management under Title II of Part Two</i></p> <p><i>1. The Member States shall in the first instance bear the responsibility for investigating irregularities, acting upon evidence of any major change affecting the nature or the conditions for the implementation or control of operations or operational programmes under Title II of Part Two and making the financial corrections required in accordance with paragraphs 2 to 4.</i></p> <p><i>They shall also recover funds affected by irregularities in expenditure effected under Title I of Part Two.</i></p> <p><i>2. The Member State shall make the financial corrections required in connection with the individual or systemic irregularities detected in</i></p>	

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			<p><i>operations or operational programmes. The corrections made by a Member State shall consist in cancelling all or part of the public contribution to the operational programme. The Member State shall take into account the nature and gravity of the irregularities and the financial loss to the Funds.</i></p> <p><i>Where this is provided for in the relevant legal basis, the resources from the funds released in this way may be reused by the Member State for operations within the operational programme concerned (replacement operation).</i></p> <p>3. <i>The contribution cancelled in accordance with paragraph 2 may not be reused for:</i></p> <p><i>(a) the operation or operations that were the subject of the correction, nor</i></p> <p><i>(b) where a financial correction is made for a systemic irregularity, for existing operations within the whole or part of the priority axis</i></p>	

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p>where the systemic irregularity occurred, nor</p> <p>(c) where a financial correction is made in a replacement operation.</p> <p>4. In the case of a systemic irregularity, the Member State shall extend its enquiries to cover all operations liable to be affected.</p>	
			<p>AM 140 Article 77b Criteria for financial corrections by the Commission</p>	[AM 140 is rejected]
			<p>1. The Commission applies financial corrections by cancelling all or part of the Union contribution to an operational programme where, after carrying out the necessary examination, it concludes that:</p> <p>(a) there is a serious deficiency in the management and control system of the programme which has put at risk the Union contribution already paid to the programme;</p> <p>(b) expenditure contained in a</p>	

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			<p><i>certified statement of expenditure is irregular and has not been corrected by the Member State prior to the opening of the correction procedure under this paragraph;</i></p> <p><i>(c) a Member State has not complied with its obligations under Article 77a prior to the opening of the correction procedure under this paragraph.</i></p> <p><i>2. The Commission shall base its financial corrections on individual cases of irregularity identified, taking account of the systemic nature of the irregularity to determine whether a flat rate or extrapolated correction should be applied.</i></p> <p><i>Flat rate corrections shall only be applied where it is impossible, due to the nature of the case, to either identify the extent and amount of the irregularity found or to extrapolate the amount to be corrected.</i></p>	

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p>3. <i>The Commission shall, when deciding the amount of a correction, take into account the nature and gravity of the irregularity and the extent and financial implications of the deficiencies found in the operational programme concerned. Unless otherwise provided for in the applicable legal basis, the following rates for correction apply:</i></p> <p><i>(a) 100% correction</i></p> <p><i>The rate of correction may be fixed at 100% when the deficiencies in the Member State's management and control system are, or an individual breach is, so serious as to constitute a complete failure to comply with Community rules, thus rendering all the payments irregular;</i></p> <p><i>(b) 25% correction</i></p> <p><i>When a Member State's application of its management and control system is gravely deficient,</i></p>	

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		<p><i>and there is evidence of widespread irregularity, and negligence in countering irregular or fraudulent practices, a correction of 25% is justified, as it can then reasonably be assumed that the freedom to submit irregular claims with impunity will occasion exceptionally high losses to the Fund. A correction at this rate is also appropriate for irregularities in an individual case which are serious but do not invalidate the whole operation;</i></p> <p><i>(c) 10% correction</i></p> <p><i>When one or more key elements of the system do not function or function so poorly or so infrequently that they are completely ineffective in determining the eligibility of the claim or preventing irregularity, a correction of 10% is justified, as it can reasonably be concluded that there was a high risk of widespread loss to the Fund. This rate of</i></p>	

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>correction is also appropriate for individual irregularities of moderate seriousness in relation to key elements of the system;</i></p> <p><i>(d) 5% correction</i></p> <p><i>When all the key elements of the system function, but not with the consistency, frequency, or depth required by the regulations, then a correction of 5% is justified, as it can reasonably be concluded that they do not provide a sufficient level of assurance of the regularity of claims, and that the risk to the Funds was significant. A 5% correction can also be appropriate for less serious irregularities in individual operations in relation to key elements.</i></p> <p><i>The fact that the way in which a system operates is perfectible is not in itself sufficient grounds for a financial correction. There must be a serious deficiency of compliance with explicit</i></p>	

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>Union rules or standards of good practice and the deficiency must expose the Structural Funds to a real risk of loss or irregularity;</i></p> <p><i>(e) 2% correction</i></p> <p><i>When performance is adequate in relation to the key elements of the system, but there is a complete failure to operate one or more ancillary elements, a correction of 2% is justified in view of the lower risk of loss to the Fund, and the lesser seriousness of the infringement.</i></p> <p><i>A 2% correction will be increased to 5% if the same deficiency is established in relation to expenditure after the date of the first correction imposed and the Member State has failed to take adequate corrective measures for the part of the system at fault after the first correction.</i></p> <p><i>A correction of 2% is also justified where the</i></p>	

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			<p><i>Commission has informed the Member State, without imposing any correction, of the need to make improvements to ancillary elements of the system that are in place but do not operate satisfactorily, but the Member State has not taken the necessary action.</i></p> <p><i>Corrections are only imposed for deficiencies in ancillary elements of management and control systems where no deficiencies have been identified in key elements. If there are deficiencies in relation to ancillary elements as well as in key elements, corrections are only made at the rate applicable to the key elements.</i></p> <p><i>4. When a Member State does not comply with its obligations under the applicable legal basis, the Commission may, in relation to the degree of non-compliance with these obligations, make a financial correction by cancelling all or part of the contribution to the Member State concerned.</i></p>	

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			<p><i>Unless otherwise provided for in the applicable legal basis, the financial corrections applicable to:</i></p> <p><i>(a) non compliance with public procurement rules, and</i></p> <p><i>(b) shortcomings between agreed target levels and levels achieved, as well as</i></p> <p><i>(c) any other obligations arising directly out of the application of the legal basis or where this is stipulated in a funding agreement, where the breach of such obligations frustrates in full or in part the Union's policy on which the funding is based or where the protection of the Union's financial interests so requires</i></p> <p><i>shall be those laid down in the delegated regulation referred to with Article 199.</i></p> <p><i>5. Where the Commission bases its position on facts established by auditors other than those of its own services, it shall draw its</i></p>	

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>own conclusions regarding the financial consequences after examining the measures taken by the Member State concerned under Article 77a, the reports supplied under Article 56, and any replies from the Member State.</i></p>	
			<p>AM 141 <i>Article 77c</i> Reduction of financial corrections</p>	[AM 141 is rejected]
			<p>1. The amount of financial corrections for any specific funds in any given Member State subject to such correction shall be reduced where the management body has given a true and fair management declaration:</p> <p><i>(a) where the Commission has established for the two consecutive previous years that this Member State has achieved an error rate below 2%, by 10%;</i></p> <p><i>(b) where the Commission has established for the five consecutive previous years that a Member State has achieved an error rate below 2%, by 20%;</i></p>	

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			<p>(c) where the Commission has established for the ten consecutive previous years that a Member State has achieved an error rate below 2%, by 50%;</p> <p>unless the act of establishment of the error rate itself has been subject to fraud or other intentional or grossly negligent misconduct.</p> <p>2. The financial correction shall be reduced by fifteen per cent per fund, where a Member State has submitted a national declaration on the expenditure made under the system of shared management in accordance with Article 56(6b).</p> <p>3. Without prejudice to other measures taken by the Commission, a management body that has returned a false management declaration shall be barred from reductions in application of this Article.</p>	
			<p>AM 142 Article 77d Contradictory procedure</p>	[AM 142 is rejected]

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p>1. <i>Before taking a decision on a financial correction, the Commission shall open the contradictory procedure by informing the Member State of its provisional conclusions.</i></p> <p><i>Within two months following receipt of the provisional conclusions, the Member State shall:</i></p> <p><i>(a) confirm receipt and agree to the provisional conclusions;</i></p> <p><i>or</i></p> <p><i>(b) be given the opportunity to demonstrate through an examination of the documentation concerned, that the actual extent of irregularity was less than the Commission's assessment, where the Commission proposes a financial correction on the basis of extrapolation or at a flat rate.</i></p> <p><i>In agreement with the Commission, the Member State may limit the scope of this examination to an appropriate proportion or</i></p>	

FINANCIAL REGULATION CURRENTLY IN FORCE	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
		<p><i>sample of the documentation concerned; or</i></p> <p><i>(c) be invited to a hearing by the Commission, and chaired by a pre-selected panel comprising experts from both the Member States and Commission in which both sides in cooperation based on the partnership shall make efforts to reach an agreement concerning the observations and the conclusions to be drawn from them.</i></p> <p><i>The time allowed for procedures under points (a) and (b) shall only be prolonged once for each party by a maximum of two months upon substantiated notice by the respective party to the other.</i></p> <p><i>The time allowed for procedures under point (c) shall not exceed four months unless the expert panel by a majority of its constituent members grants an extension of up to 6 months following the date of the hearing in which the extension is decided.</i></p>	

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			<p>2. <i>The Commission shall take account of any evidence supplied by the Member State within the time limits mentioned in paragraph 1. In the absence of agreement, the Commission shall take a decision on the financial correction within three months of the final date of the examination or hearing, taking account of all information and observations submitted during the course of the procedure.</i></p> <p>3. <i>In case of an agreement, the Member State may reuse the Union funds concerned in conformity with the second subparagraph of Article 77a(2).</i></p>	
			<p>AM 143 Article 77e Repayment</p>	[AM 143 is rejected]
			<p>1. <i>Any repayment due to be made to the general budget of the European Union shall be effected before the due date indicated in the order for recovery drawn up in accordance with Article 76. The due date shall be the last day of the second month following the issuing of the order.</i></p>	

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			<p>2. <i>Any delay in effecting repayment shall give rise to interest on account of late payment, starting on the due date and ending on the date of actual payment. The rate of such interest shall be one-and-a-half percentage points above the rate applied by the European Central Bank in its main refinancing operations on the first working day of the month in which the due date falls.</i></p>	

Point 13

Article 117a(3)(c) (*Eligible cost - VAT*)

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p>AM 173 <i>Article 117a</i> <i>Eligible costs</i></p> <p>1. Grants shall not exceed an overall ceiling expressed in terms of an absolute value which is to be established on the basis of estimated eligible costs.</p> <p><i>Grants shall not exceed the eligible costs.</i></p> <p>2. Eligible costs are costs actually incurred by the beneficiary of a grant which meet all the following criteria:</p> <p><i>(a) they are incurred during the duration of the action or of the work programme, with the exception of costs relating to final reports and audit certificates;</i></p> <p><i>(b) they are indicated in the estimated overall budget of the action or work programme;</i></p> <p><i>(c) they are necessary for the implementation of the action or of the work programme which is the subject of the</i></p>	<p>Article 117a <i>Eligible costs</i></p> <p>1. Grants shall not exceed an overall ceiling expressed in terms of an absolute value which is to be established on the basis of estimated eligible costs.</p> <p>Grants shall not exceed the eligible costs.</p> <p>2. Eligible costs are costs actually incurred by the beneficiary of a grant which meet all the following criteria:</p> <p>(a) they are incurred during the duration of the action or of the work programme, with the exception of costs relating to final reports and audit certificates;</p> <p>(b) they are indicated in the estimated overall budget of the action or work programme;</p> <p>(c) they are necessary for the implementation of the action or of the work programme which is the subject of the</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>grant;</i></p> <p><i>(d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;</i></p> <p><i>(e) they comply with the requirements of applicable tax and social legislation;</i></p> <p><i>(f) they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency.</i></p> <p>3. The call for proposals shall specify the categories of costs considered as eligible for Union funding.</p> <p>Without prejudice to paragraph 2 and to the basic act, the following</p>	<p><i>grant;</i></p> <p><i>(d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;</i></p> <p><i>(e) they comply with the requirements of applicable tax and social legislation;</i></p> <p><i>(f) they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency.</i></p> <p>3. The call for proposals shall specify the categories of costs considered as eligible for Union funding.</p> <p>Without prejudice to paragraph 2 and to the basic act, the following</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>Article 2 applies, the call for proposals shall specify the categories of costs considered eligible for Union funding.</i></p> <p><i>The following costs shall be considered as eligible by the competent authorising officer by delegation:</i></p> <p>(a) <i>costs relating to a bank guarantee or comparable surety to be lodged by the beneficiary of the grant pursuant to Article 125;</i></p> <p>(b) <i>costs relating to external audits required by the competent authorising officer either at the time of the request for financing or on receipt of the cost statement;</i></p> <p>(c) <i>value added tax ("VAT") paid by, and which cannot be refunded to, the beneficiary according to the applicable national legislation. The modalities of the reimbursement shall be laid down in the delegated regulation referred to in</i></p>	<p>eligibility conditions shall apply to the following categories of costs, where considered as eligible by the authorising officer responsible under the call for proposals:</p> <p>(a) costs relating to a pre-financing guarantee lodged by the beneficiary of the grant, where required by the authorising officer responsible pursuant to Article 125;</p> <p>(b) costs relating to external audits where required by the authorising officer responsible in support of the requests for payments;</p> <p>(c) value added tax ("VAT") where it is not recoverable under the applicable national VAT legislation and is paid by a beneficiary other than a non-taxable person as defined in the first subparagraph of Article 13(1) of Directive 2006/112/EC.⁽⁶⁾</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	CION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>Article 199;</i></p> <p><i>(d) depreciation costs, provided they are actually incurred by the beneficiary;</i></p> <p><i>(e) administrative expenditure, staff and equipment costs, including the salary costs of the personnel of national administrations to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken;</i></p>	<p>^(*) The following <u>CION</u> statement on "eligibility of non recoverable VAT" will accompany point (c) of Article 117a(3):</p> <p><i>"The Commission confirms that, as indicated in Article 115(2)(e), provisions of Title VI - including Article 117a(3)(c) on eligibility of non recoverable VAT - do not apply to expenditure implemented under shared management within the meaning of Articles 55(1)(b) and 56."</i></p> <p>(d) depreciation costs, provided they are actually incurred by the beneficiary;</p> <p>(e) salary costs of the personnel of national administrations to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken.</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	COMMISSION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p>(f) <i>other than in the case of operating grants, costs incurred that are necessary for the continued functioning of the business, "overhead" cost) of up to 10 % of the total direct eligible cost of the action where this does not exceed EUR 250 000, and up to 8 % but which cannot be immediately associated with the products/services being offered ("indirect" or thereafter on a flat-rate basis. That percentage may be increased in particular for coordinating legal entities in accordance with the delegated regulation referred to in Article 199. The ceiling may be exceeded by reasoned decision of the Commission.</i></p> <p>4. <i>Costs incurred by affiliated members as referred to in Article 115a shall be accepted as eligible provided that the affiliated members concerned are identified in the grant agreement or decision and abide by the rules applicable to the beneficiary under the grant</i></p>	<p>4. Costs incurred by entities affiliated to a beneficiary as referred to in Article 115a may be accepted as eligible by the authorising officer responsible under the call for proposals. In such a case, the following conditions shall apply cumulatively:</p>

FINANCIAL REGULATION CURRENTLY IN FORCE	SION PROPOSAL (COM(2010) 815 final)	COUNCIL MANDATE (9626/11 ADD 1)	EP AMs voted on 26.10.11 (P7_TA-PROV(2011)0465_A-7-0325_2011)	PROPOSAL FOR A REVISED UPDATED MANDATE (after trilogue on 1 June 2012) (vs updated mandate in doc. 10675/12)
			<p><i>agreement or decision, including those concerning the rights of the Commission, OLAF and the Court of Auditors to control the spending of expenditure in accordance with the grant rules.</i></p>	<p>(a) the concerned entities are identified in the grant agreement or decision;</p> <p>(b) the concerned entities abide by the rules applicable to the beneficiary under the grant agreement or decision with regard to eligibility of costs and rights of audits by the Commission, OLAF and the Court of Auditors.</p>

Point 14

Articles 199, 202, 203 and 204 (*Delegated act*)

<p><i>Article 183</i></p>	<p><i>Article 199</i> <i>Adoption of the detailed rules for the application of this Regulation</i></p>	<p><i>Article 199</i> <i>Adoption of the detailed rules for the application of this Regulation</i></p>	<p><i>Article 199</i> <i>Adoption of the detailed rules for the application of this Regulation</i></p>	<p><i>Article 199(*)</i> <i>Adoption of the detailed rules for the application of this Regulation</i></p> <p>(*) Disagreement persists on AM 243. The text below is meant to replace AMs 246-258 and Article 199 in CION proposal. Figures highlighted in green are subject to the outcome of negotiations. The following phrase will be inserted in each of the articles delegating power, replacing the content of AM 261: "The Commission shall be empowered to adopt delegated acts in accordance with Article 199 concerning [content and scope]." [Example - Article 16 "The Commission shall be empowered to adopt delegated acts in accordance with Article 199 concerning the [authorising officer's] carrying out of operations in national currencies."]</p>
<p>The Commission shall adopt rules for implementing this Regulation.</p>	<p>The Commission shall adopt a delegated Regulation on detailed rules for the application of this Regulation in accordance with Articles 202, 203 and 204.</p>	<p>The Commission shall adopt a delegated Regulation on detailed rules for the application of this Regulation in accordance with Articles 202, 203 and 204.</p>	<p>AM 243</p> <p>The Commission shall be empowered to adopt a delegated regulation in accordance with Articles 202, 203 and 204 concerning detailed rules to supplement or amend certain non-essential elements of the following Articles: 5, 8, 9, 16, 18, 19, 20, 22, 23, 25, 26, 27, 30, 31, 34, 38, 41, 46, 50, 51, 55, 56, 57, 58, 61, 63, 65, 66, 67, 69, 70, 71, 72, 75, 76, 77, 77b, 78, 80, 81, 82, 83, 84, 85, 86, 87, 89,</p>	<p>1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.</p> <p>2. The delegation of power referred to in Articles [5, 8, 9, 16, 18, 19, 20, 22, 23, 25, 26, 27, 30, 31, 34, 38, 41, 46, 50, 51, 55, 56, 57, 58, 61, 63, 65, 66, 51, 55, 56, 57, 58, 61, 63, 65,</p>

	<p>The delegated Regulation shall include rules on the implementation of administrative expenditure relating to the appropriations provided in the budget for the Euratom Supply Agency.</p>	<p>The delegated Regulation shall include rules on the implementation of administrative expenditure relating to the appropriations provided in the budget for the Euratom Supply Agency.</p>	<p>90, 92, 93, 94, 95, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 117a, 118, 119, 120, 122, 123, 124, 125, 126, 126a, 126c, 127, 133, 135, 136, 137, 139, 142, 145, 147, 148, 173, 175, 176, 178, 179, 180, 181, 182, 183, 184, 187, 188, 191, 193, 195, 196, 197.</p> <p><i>An annex to this Regulation lists the objectives, content and scope of the delegation with reference to the aforementioned Articles.</i></p> <p><i>The delegated regulation shall also include rules on the implementation of administrative expenditure relating to the appropriations provided in the budget for the Euratom Supply Agency.</i></p>	<p>66, 67, 69, 70, 71, 72, 75, 76, 77, 77b, 78, 80, 81, 82, 83, 84, 85, 86, 87, 89, 90, 92, 93, 94, 95, 97, 98, 99, 100, 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 117a, 118, 119, 120, 122, 123, 124, 125, 126, 126a, 126c, 127, 133, 135, 136, 137, 139, 142, 145, 147, 148, 173, 175, 176, 178, 179, 180, 181, 182, 183, 184, 187, 188, 191, 193, 195, 196, 197] shall be conferred on the Commission for a period of [3] years from XX^(*). The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the X-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.</p> <p>^(*) Date of entry into force of the basic legislative act or from any other date set by the legislator.</p> <p>3. The delegation of power referred to in Articles [5, 8, 9, 16, 18, 19, 20, 22, 23, 25, 26, 27, 30, 31, 34, 38, 41, 46, 50, 51, 55, 56, 57, 58, 61, 63, 65, 66, 67, 69, 70, 71, 72, 75, 76, 77, 77b, 78, 80, 81, 82, 83, 84, 85, 86, 87, 89, 90, 92, 93, 94,</p>
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	<p><i>Article 202</i> <i>Exercise of the delegation</i></p>	<p><i>Article 202</i> <i>Exercise of the delegation</i></p>		<p><i>Article 202^(*)</i> <i>Exercise of the delegation</i></p> <p>^(*) Disagreement persists on AMs 247 and 248.</p>
	<p>1. The powers to adopt the delegated act referred to in Articles 199, 200 and 201 shall be conferred on the Commission for an indeterminate period of time.</p>	<p>1. The powers to adopt the delegated act referred to in Articles 199, 200 and 201 shall be conferred on the Commission for an indeterminate period of time.</p>	<p>AM 246</p> <p>1. The powers to adopt the delegated <i>regulations</i> referred to in Articles 196b, 196c and 199 shall be conferred on the Commission for a period of 3 years from * and subject to the conditions laid down in Articles 203 and 204.</p> <p>* <i>Date of entry into force of this</i></p>	<p>1. The powers to adopt the delegated act referred to in Articles 199, 200 and 201 shall be conferred on the Commission for an indeterminate period of time.</p>

	<p>2. As soon as it adopts this delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.</p> <p>3. The powers to adopt the delegated act are conferred on the Commission subject to the conditions laid down in Articles 203 and 204.</p>	<p>2. As soon as it adopts this delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.</p> <p>3. The powers to adopt the delegated act are conferred on the Commission subject to the conditions laid down in Articles 203 and 204.</p>	<p>Regulation</p> <p>AM 247</p> <p>2. As soon as it adopts a delegated regulation, the Commission shall notify it simultaneously to the European Parliament and to the Council.</p> <p><i>The Commission shall carry out appropriate consultations during its preparatory work, including with the European Parliament and at expert level, and shall ensure a simultaneous, timely and appropriate transmission of relevant documents to the European Parliament and Council.</i></p> <p>AM 248</p> <p>3. <i>Whenever this Regulation is subject to a review, the Commission shall submit a revised delegated regulation.</i></p>	<p>2. As soon as it adopts this delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.</p> <p>3. The powers to adopt the delegated act are conferred on the Commission subject to the conditions laid down in Articles 203 and 204.</p>
	<p><i>Article 203</i></p> <p><i>Revocation of the delegation</i></p>	<p><i>Article 203</i></p> <p><i>Revocation of the delegation</i></p>	<p>AM 249</p> <p><i>Article 203</i></p> <p><i>Revocation of the delegation and repeal of the delegated regulation</i></p>	<p><i>Article 203^(*)</i></p> <p><i>Revocation of the delegation</i></p> <p>^(*) Disagreement persists on AMs 250, 251, 252 and 253.</p>
	<p>1. The delegation of power referred to in Article 199 may be revoked at any time by the European Parliament or by the Council.</p>	<p>1. The delegation of power referred to in Article 199 may be revoked at any time by the European Parliament or by the Council.</p>	<p>AM 250</p> <p>1. The delegation of power referred to in Articles 196b, 196c and 199 may be revoked in full or in part with effect for the future at any time by the European Parliament or by the Council. The European Parliament or the Council may, in addition, repeal, in full or in</p>	<p>1. The delegation of power referred to in Article 199 may be revoked at any time by the European Parliament or by the Council.</p>

	<p>2. The institution which has commenced an internal procedure for deciding whether to revoke the delegation of power shall inform the other institution and the Commission within a reasonable time before the final decision is taken, indicating the delegated powers which could be subject to revocation and possible reasons for a revocation.</p>	<p>2. The institution which has commenced an internal procedure for deciding whether to revoke the delegation of power shall inform the other institution and the Commission within a reasonable time before the final decision is taken, indicating the delegated powers which could be subject to revocation and possible reasons for a revocation.</p>	<p><i>part, the delegated regulations that were adopted pursuant to the delegated powers revoked under the previous sentence.</i></p> <p>AM 251</p> <p>2. The institution which has commenced an internal procedure for deciding whether to revoke the delegation of power and whether to repeal the delegated regulation, in full or in part, shall inform the other institution and the Commission within a reasonable time before the final decision is taken, indicating the delegated powers and, where applicable, the delegated regulation or the part of it which could be subject to revocation or repeal and possible reasons for a revocation or repeal.</p> <p>AM 252</p> <p>3. The decision of revocation shall put an end to the delegation of the powers specified in that decision. In addition, the decision may also put an end to the validity of the delegated regulation in force or parts of it. It shall take effect immediately or at a later date specified therein. It shall be published in the Official Journal of the European Union.</p> <p>AM 253</p> <p>3a. Within a reasonable time after a decision has been taken on a revocation of part of the</p>	<p>2. The institution which has commenced an internal procedure for deciding whether to revoke the delegation of power shall inform the other institution and the Commission within a reasonable time before the final decision is taken, indicating the delegated powers which could be subject to revocation and possible reasons for a revocation.</p> <p>3. The decision of revocation shall put an end to the delegation of the powers specified in that decision. It shall take effect immediately or at a later date specified therein. It shall not affect the validity of the delegated acts already in force. It shall be published in the <i>Official Journal of the European Union</i>.</p>
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	<p>informed the Commission of their intention not to raise objections.</p> <p>3. If the European Parliament or the Council objects to a delegated act, it shall not enter into force. The institution which objects shall state the reasons for objecting to the delegated act.</p>	<p>informed the Commission of their intention not to raise objections.</p> <p>3. If the European Parliament or the Council objects to a delegated act, it shall not enter into force. The institution which objects shall state the reasons for objecting to the delegated act.</p>	<p>AM 257</p> <p>If <i>either</i> the European Parliament or the Council <i>object to the delegated regulation and propose modifications to it within the period indicated in paragraph 1, the Commission shall take note of the modifications and may adopt a revised delegated regulation. The European Parliament or the Council may object to such a revised delegated regulation in accordance with this Article.</i></p> <p>AM 258</p> <p><i>3a. The European Parliament or the Council may request the Commission at any time to submit a partially or completely revised delegated regulation. They shall inform each other of their intention for such request at the earliest possible convenience.</i></p>	<p>informed the Commission of their intention not to raise objections.</p> <p>3. If the European Parliament or the Council objects to a delegated act, it shall not enter into force.</p>
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1. **Draft joint statement on MFF related issues and on the judgement of the Court of Justice on the adoption and the publication of budgets**

"The European Parliament, the Council and the Commission agree that the ~~provisions relating to the following issues will be discussed in the context~~ **Financial Regulation would be revised in order to include amendments made necessary by the outcome** of the negotiations on the ~~MFF Regulation and the IIA~~ **Multiannual Financial Framework** for the years ~~post-2014-2020~~, **including on the following issues:**

- the carry-over rules for the Emergency Aid Reserve and for projects financed under the Connecting Europe Facility;
- the carry-over of unused appropriations and of the budgetary balance, as well as the related proposal to enter these in a reserve for payments and commitments;
- the possible inclusion of the ~~EDF~~ **European Development Fund** in the EU budget;
- **the enhancing of efforts to combat the illegal traffic in tobacco products.**

~~The Commission undertakes to propose a revision of~~ **Furthermore, the European Parliament, the Council and the Commission agree that** the Financial Regulation is **without prejudice to the issues raised in case C-77/11 on the adoption and publication of the budgets and would be revised**, should it prove necessary, to align it to:

——the judgement of the Court of Justice ~~on the adoption and publication of the budgets in that case,~~

——the ~~MFF Regulation and the IIA for the years post-2014.~~"

2. **Draft joint statement of the European Parliament, the Council and the Commission on Article 195 (expenditure related to buildings)**

"The European Parliament, the Council and the Commission agree that:

1. the early warning procedure foreseen in Article 195(4) and the prior approval procedure foreseen in Article 195(5) do not apply to the acquisition of land free of charge or for a symbolic amount;
2. any reference to "buildings" in Article 195 shall only apply to non residential buildings. The European Parliament and the Council may request any information related to residential buildings;
3. in exceptional or urgent political circumstances the information concerning building projects relating to EU delegations or offices in third countries foreseen in Article 195(4) may be submitted jointly with the building project under Article 195(5); In such cases the European Parliament, the Council and the Commission commit themselves to deal with the building project at the earliest possible opportunity;
4. the prior approval procedure foreseen in Article 195(5) and (6) does not apply to preparatory contracts or studies necessary to evaluate the detailed cost and financing of the building project;
5. the thresholds of EUR 750 000 or EUR 3 000 000 referred to in points (ii) to (iv) of Article 195(7) include the fitting out of the building; for rent contracts, these thresholds apply to the rent without charges but include costs related to the fitting out of the building;
6. the expenditure mentioned under Article 195(3)(a) does not include charges;
7. one year after the date of entry into application of the Financial Regulation, the Commission shall report on the application of the procedures foreseen in Article 195."