COUNCIL OF
THE EUROPEAN UNION

Brussels, 25 June 2012

9994/12
ADD 1

PV CONS 28
ECOFIN 413

ADDENDUM to DRAFT MINUTES

Subject: **3167th** meeting of the Council of the European Union **(ECONOMIC and FINANCIAL AFFAIRS)** held in Brussels on 15 May 2012

PUBLIC DELIBERATION ITEMS [1]

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[1] Deliberations on Union legislative acts (Article 16(8) of the Treaty on European Union), other deliberations open to the public and public debates (Article 8 of the Council's Rules of Procedure).

LEGISLATIVE DELIBERATIONS
(public deliberation in accordance with Article 16(8) of the Treaty on European Union)

"A" ITEM

Draft amending budget No 2 to the general budget for 2012 - Statement of expenditure by Section - Section III - Commission
9556/12 FIN 319 PE-L 27

The Council adopted its position on draft amending budget No 1 to the general budget for 2012, with the United Kingdom delegation abstaining.

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AGENDA ITEMS

3. **Revised capital requirements rules (CRD IV)**
   a) **Proposal for a Regulation of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms [First Reading]**
   b) **Proposal for a Directive of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and amending Directive 2002/87/EC of the European Parliament and of the Council on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate [First Reading]**
   - General approach
     9575/12 EF 110 ECOFIN 387 CODEC 1195
     9715/12 EF 112 ECOFIN 392 CODEC 1251
     9716/12 EF 113 ECOFIN 393 CODEC 1252

The Council, with unanimity, reached agreement on a general approach as set out in docs. 9715/12 + ADD 1 and docs. 9716/12 + ADD 1. The Commission reserved its position.

The Council at the same time welcomed the mandate given by the Commission earlier in the year to a high level expert group chaired by Erkki Liikanen, governor of the Bank of Finland, according to which the high level group will have to examine whether, in addition to ongoing regulatory reforms, structural reforms of EU banks would strengthen financial stability and improve efficiency and consumer protection, and if that is the case it will make proposals as appropriate.

Statement by the Council :

"The treatment of the capitalisation of exposures to Central Counterparty's default fund is an issue still under consideration in the Basel Committee. It is expected that the rules will be finalised at the June Basel Committee meeting. The treatment of these exposures is a key determinant in meeting the G20 commitment to creating incentives for derivatives to be centrally cleared where appropriate. As such the final rules within the Capital Requirement Regulation should be amended in the trilogue process."

Statement by the Commission :

"Given the size, complexity and different business models the introduction of new liquidity rules may have a significant impact on the activity of institutions. Therefore, during preparation of a delegated act to introduce a liquidity coverage requirement for the EU in accordance with Article 481 (2a) to specify in detail the general requirement set out in Article 401(1), the Commission will consider the specificities of all concerned institutions and, in particular, cooperative banks, which play vital role for the local communities."

Statement by Austria :

"Austria welcomes the political agreement on a general approach reached on CRD IV/CRR I, with a view to enter into swift negotiations with the European Parliament. However, Austria is strongly concerned that the situation of banking groups based on contractual agreements has not been duly taken into account in Art. 79 CRR. These groups of institutions as a special model for the retail banking industry have proven to be robust in times of crisis and should not be discriminated compared with banking groups on the basis of majority ownership. Therefore, Austria calls for full recognition of minorities stemming from fully consolidated subsidiaries within groups based on specific contractual agreements. We trust this issue will be solved within the up-coming negotiations with the European Parliament."

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8. Draft general budget for 2013

- Presentation by the Commission

The Council took note of the presentation by the Commission of its draft budget for 2013 and held an exchange of views. It instructed the Permanent Representatives Committee to prepare the Council's position on the draft budget, to be adopted in July 2012.

Unilateral statement by Bulgaria, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovakia and Croatia :

"Joint statement on the need to increase cohesion policy payments within the EU 2013 annual budget

Current economic circumstances demand difficult policy choices. The EU efforts and scarce public resources should be focused primarily on growth and jobs. In this context cohesion policy has a key role to play for investing out of the crisis.

Multiannual character of cohesion policy implies a rising profile of payments towards the end of the financial perspective. In addition, slow start of new programmes and the impact of the economic downturn resulted in an extraordinary low payment level during the first half of this programming period. These postponed payments will have to be paid out in the last years of the current period. Moreover, the overlapping of the n+2/n+3 rules will put additional pressure on expenditures under the heading 1b (cohesion) next year.

The EU draft budget 2013 foresees increased level of payments for cohesion policy. We support this justified and strongly needed increase. We should avoid the situation when reimbursements of expenses already made by the beneficiaries are delayed or paid only partially. This can undermine the citizens' and businesses' confidence. In addition, it can aggravate public finance stance of the Member States beneficiaries of the EU cohesion policy. Any cuts of payments in this area would be artificial and not based on the real needs. Increased needs have been recently emphasised by the lack of resources in the EU budget at the end of 2011 to reimburse at least 5 billion EUR.

It is important to underline that the proposed level of payment appropriation in the EU draft budget 2013 will also help to curb increase of outstanding commitments (RAL) by reducing the gap between commitment and payment appropriations (as compared with the EU 2012 budget).

Finally, being fully aware of the consolidation efforts of the Member States it is crucial to respect commitments made in the past - commitments unanimously accepted by all Member States with the adoption of the current financial perspective. By not doing so the credibility of the EU will be put at risk."

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