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## PROPOSAL

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From: Secretary-General of the European Commission,  
signed by Mr Jordi AYET PUIGARNAU, Director

date of receipt: 15 June 2016

To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of  
the European Union

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No. Cion doc.: COM(2016) 388 final

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Subject: Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND  
OF THE COUNCIL on establishing a Union programme to support specific  
activities enhancing the involvement of consumers and other financial  
services end-users in Union policy making in the field of financial services  
for the period of 2017-2020

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Delegations will find attached document COM(2016) 388 final.

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Encl.: COM(2016) 388 final



Brussels, 15.6.2016  
COM(2016) 388 final

2016/0182 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on establishing a Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union policy making in the field of financial services for the period of 2017-2020**

(Text with EEA relevance)

{SWD(2016) 196 final}

## EXPLANATORY MEMORANDUM

### 1. CONTEXT OF THE PROPOSAL

- **Reasons for and objectives of the proposal**

In 2007, the confidence of financial services' end-users', and in particular that of consumers in the field of financial services, was shaken by the financial and economic crisis. Therefore, the European legislators considered that the concerns of consumers and other financial services end-users should be systematically and adequately taken into account to restore citizens' confidence in the soundness of the financial sector.

Financial services consumers cover a wide range of natural persons using or requesting financial services, including retail investors, savers, insurance holders, pension fund participants and borrowers. While consumers represent the main focus of the present proposal, its objectives might be also relevant for other end-users of financial services, who are using or requesting financial services for purposes which are not outside their trade, business or profession. Several actions have been undertaken by the European Commission to ensure that the views of consumers and other end-users of financial services are heard, notably with (i) the establishment in 2010 of the Financial Services Users Group (FSUG) which acts as a forum where non-industry stakeholders' representatives are regularly kept informed about the financial services policy issues under development and are invited to give their views and express their concerns and suggestions on intended legislative initiatives and (ii) the systematic inclusion of consumers and civil society organisations' representatives in the various expert groups set up to assist the Commission or the ESAs in their work in the financial services area.

The Commission had also identified the scarcity of resources and specialised expertise among organisations representing these stakeholders as an obstacle to their active participation in the discussions on the Union policy making in the financial services area. Consumer bodies as well as civil society organisations did not have adequate resources to properly cover a wide range of often highly technical topics and contribute relevant input in the Union financial services policy making. This was unsatisfactory because the Commission could not benefit from the widest possible range of views and inputs and was perceived by some civil society organisations as being unduly influenced by industry contributions.

In that context, the Commission launched at the end of 2011 a pilot project aiming to provide grants to support the development of a financial expertise centre to the benefit of end-users and non-industry stakeholders and enhance their capacity to participate in Union policy making in the field of financial services. Following successive open calls for proposals, the Commission awarded operating grants to two non-profit organisations based in Brussels, Finance Watch and Better Finance between 2012 and 2015.

The two non-profit organisations mainly conducted research work, policy analysis, advocacy and communication activities during that period. In 2015, an evaluation of the pilot project and the subsequent preparatory action was conducted in order to decide on potential further steps in this area.

The evaluation concluded that the policy objectives of the pilot project and the preparatory action had generally been met. However, the evaluation underlined that both organisations

were not financially sustainable without Union funding, despite efforts to diversify their resources during these three years. Stopping funding as of 2017 would lead the organisations to reduce dramatically or even cease their activities, which would have meant that the policy objectives could no longer be achieved. In the same vein, reducing the level of co-funding would be risky since both organisations would have to cut staff immediately, already limiting their activities in 2017, and likely stop them quite rapidly.

Co-funding these beneficiaries along the same line as of 2017 is the only option which can ensure that all the results and effects that have materialised since 2012 according to the evaluation results are likely to continue. This will enable to further increase the involvement of consumers, other end-users of financial services and stakeholders representing their interests in Union policy-making in the financial sector.

- **Consistency with existing policy provisions in the policy area**

This Union programme will complement existing policy initiatives, such as the activities carried out by the Financial Services User Group (FSUG) since 2010, or by other expert groups set up to assist the Commission or the European Supervisory Authorities (e.g ESAs stakeholders groups) in the Union policy making for financial services.

This Union programme will complement existing Union consumer policy. By contributing to a better informed and balanced Union policy making in the financial sector and by providing better communication to the public around European financial regulation, this Programme will help restore citizens' confidence in the European financial system.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The legal basis is the Treaty on the Functioning of the European Union, and in particular Article 169(2)(b) thereof. The proposed Union programme will contribute to ensuring a high level of protection and to placing consumers at the heart of the single market in the field of financial services, by supporting and complementing Member States' policies in seeking to ensure that citizens can fully reap the benefits of the internal market and that, in so doing, their legal and economic interests are properly addressed and defended. In accordance with the Commission legislative policy adopted in the framework of the Multi-Annual Financial Framework, the present funding programme is proposed as a Regulation.

- **Subsidiarity (for non-exclusive competence)**

The Union programme provides for the possibility to co-finance activities carried out by two beneficiaries aiming to enhance the involvement of consumers and other end-users, as well as stakeholders representing their interests in the field of financial services. The proposal complies with the subsidiarity principle since, in accordance with Article 5 of the Treaty on the European Union, its objectives cannot be sufficiently achieved by the Member States and can, by reason of the scale and the effect of the action, be better achieved at Union level.

In particular, the evaluation assessed positively the Union added value of the previous pilot project and preparatory action: national organisations dealing with all kinds of consumers issues lack technical expertise and cannot cover such a broad scope of policy areas related to financial services. In addition, no other similar organisations have been identified at EU level.

- **Proportionality**

The proposal complies with the proportionality principle as set out in Article 5 of the Treaty on the European Union. As assessed in the ex-ante evaluation accompanying the Commission proposal for the Financing Regulation, this Regulation does not go beyond what is necessary in order to maintain the impacts and effects achieved so far through the previous pilot project and preparatory action. Union funding is proposed for two well-identified beneficiaries whose activities, outputs and impacts have been evaluated in 2015. Within the current institutional framework, the new funding arrangements will ensure stable, sound and adequate funding to achieve the policy objectives. Financial support will be granted according to the conditions laid down in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012.

- **Choice of the instrument**

The most appropriate legal instrument to be used in the present case, on the basis of Article 169(2)(b), in order to establish a Union programme to support specific activities enhancing the involvement of consumers and other end-users as well as stakeholders representing their interests in Union policy making in the field of financial services, is a regulation.

### **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

- **Ex-post evaluations of existing legislation**

According to the ex-post evaluation<sup>1</sup>, the Commission considers that the objectives set for the pilot project and the subsequent preparatory action has been generally achieved. The overall objective to develop a European financial center of expertise has been met with two complementary centers of expertise having emerged. The activities implemented by both beneficiaries contributed to providing European policy-makers with other views than those expressed by the financial industry in that period and by succeeding in communicating those views to the wider public. Both Finance Watch and Better Finance have been in close contact with Union policy makers since 2012, as evidenced by their participation in various meetings and hearings in national or European Parliaments. Their expertise, shared in a number of publications and responses to consultations, enabled them to bring another voice in the public debate. Lastly, both developed effective communication capacity which enabled them to inform their members and even a wider public about the issues at stake in the financial sector. Finance Watch and Better Finance have been working on different policy areas and targeted different audiences, but together they have covered, through their activities, most of the Union financial political agenda since 2012.

Finance Watch was set up thanks to these Union grants, and received €3.04 million financial contributions between 2012 and 2014. The assessment found that its organisation, staff and activities are very relevant towards achieving the objectives of the pilot project and preparatory action. Finance Watch clearly focused on the financial reform agenda following the crisis and covered a significant part of the Union political agenda between 2012 and 2014. The expertise provided during that period (research reports, position papers, responses to

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<sup>1</sup> [http://ec.europa.eu/finance/finservices-retail/docs/users/151222-staff-working-document\\_en.pdf](http://ec.europa.eu/finance/finservices-retail/docs/users/151222-staff-working-document_en.pdf)

consultations, press releases) has been generally well-perceived. On the communication side, Finance Watch set up a dedicated website, managed to have a relatively strong media presence and to organize two high-level conferences per year since 2012. The organisation was found less effective in enhancing the capacity of end-users, consumers in Union policy making in the financial sector, and this could be linked to its heterogeneous membership (low leverage outside Brussels). Its yearly budget amounted to €1.8 million in average, with almost two-thirds of its resources allocated to hire highly qualified staff (14 staff members) to conduct its activities. The organisation's cost-per-output ratio (publications, events & meetings, communication) was assessed as stable between 2012 and 2014.

Better Finance received €0.90 million operating grants in three years. The organisation managed to form a financial centre of expertise focusing mostly on the interests of private investors, individual shareholders, savers and other end-users of financial services in coherence with its membership base and limited resources. Better Finance's organisation, members and activities have been assessed as very relevant towards the objectives of the pilot project on specific policy areas. However, its secretariat was assessed as somewhat fragile with limited size (5 staff members), limited number of financial experts and difficulties faced during that period to keep stable resources. As regards its actual impact in Union policy-making, the organisation was considered to be effective with Brussels-based Union policy makers on a number of specific dossiers, and maybe even more in the realm of second and third-level legislations with the ESAs. Thanks to the Union operating grants, Better Finance could effectively increase its communication potential, developing a professional website and hiring dedicated staff. Its research work largely focused on pensions during that period.

Since 2012, both beneficiaries have been funded up to 60% of their eligible costs through Union grants and they remain heavily dependent on Union funding. Despite regular efforts, Finance Watch managed to attract only one other stable and significant donor, Adessium Foundation, whose contribution is not confirmed after 2016. Finance Watch's members are not likely to compensate this loss. The situation appears even worse for Better Finance. Besides the grant, the organisation has benefited during the period under evaluation (2012-2014) from a significant and recurrent contribution from one of its members. The important reduction of this contribution in 2015 may prove a threat for Better Finance's sustainability.

Finally, looking at the Union added value brought by this pilot project and preparatory action, the evaluation concluded that both organisations definitely added value to Union policy making in the area of financial services. At the Union level, there are few organisations that represent the general interest of consumers, and no civil society organisations that specifically focus on the financial sector and its regulation. Between 2012 and 2014, in the context of the yearly calls for proposals, no alternative initiative to Finance Watch and Better Finance made itself known. The assessment established that both organisations through their actions added value with respect to the activities of their national members and benefited to European end-users in a way that national consumer advocacy groups have not been able to deliver.

- **Stakeholder consultations**

The ex-post evaluation included a targeted consultation encompassing a broad on-line survey and targeted interviews of all relevant stakeholders:

- All members of the beneficiaries (both organisations and individuals)
- A number of policy makers including Members of the European Parliament (MEPs mainly from ECON committee), COM officials (FISMA and JUST), representatives from the three ESAs and representatives from national authorities

- Donors, other funders of the beneficiaries
- Consumer organisations
- Representatives from the Banking industry
- Financial experts
- Think tanks involved in the financial sector

- **Impact assessment**

Considering the conclusions of the recent ex-post evaluation on the previous pilot project and subsequent preparatory action - including the outputs of the targeted consultation conducted in that context- and also the limited scale of the new Union programme, it was decided to accompany the proposal for a legal base by an ex-ante evaluation according to the financial regulation. No impact assessment was therefore carried out in that context.

#### **4. BUDGETARY IMPLICATIONS**

The proposed regulation will result in a programme running for the period 2017-2020 with an overall maximum budget of EUR 6 000 000 to support the activities carried out by Finance Watch and Better Finance. This programme follows a pilot project (2012-2013) and a preparatory action (2014-2016). The budgetary implications of this proposal are presented in the financial statement in the annex.

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on establishing a Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union policy making in the field of financial services for the period of 2017-2020**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular point (b) of Article 169(2) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee<sup>2</sup>,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) The Union contributes to ensuring a high level of consumer protection and to placing consumers at the heart of the single market by supporting and complementing Member States' policies in seeking to ensure that citizens can fully reap the benefits of the internal market and that, in so doing, their legal and economic interests are properly addressed and defended. A well-functioning and trustworthy financial services sector is a key component of the single market. It requires a solid framework for regulation and supervision, which simultaneously ensures financial stability and focuses on supporting a sustainable economy. At the same time, it should provide a high level of protection to consumers and other financial services end-users, including retail investors, savers, insurance holders, pension fund participants, individual shareholders, borrowers or SMEs.
- (2) Since 2007, the confidence of consumers in particular and of other financial services' end-users has been shaken by the financial and economic crisis. To restore citizens' confidence in the soundness of the financial sector, it is therefore important to increase the involvement of consumers and other end-users, as well as of stakeholders representing their interests, in the Union decision-making process in the financial sector.

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<sup>2</sup> OJ C , , p . .



- (3) To achieve this objective, the Commission initiated at the end of 2011 a pilot project aimed at providing grants to support the development of a financial expertise centre to the benefit of consumers, other end-users and stakeholders representing their interests and to enhance their capacity to participate in Union policy making in the field of financial services. The main policy objectives were to ensure that Union policy-makers, when initiating new legislation, would be provided with views other than those expressed by the financial sector professionals, that the wider public is better informed about issues at stake in financial regulation and that the participation of consumers, is enhanced in Union policy-making in the area of financial services, resulting in well-balanced legislation.
- (4) As a result, the Commission awarded between 2012 and 2015 via an open call for proposals operating grants to two non-profit entities, Finance Watch and Better Finance. These grants were awarded under a pilot project during two years, 2012 and 2013, and a preparatory action since 2014. Since a preparatory action can be used up to three years<sup>3</sup>, a legislative act is necessary to provide a legal basis for funding such actions as of 2017.
- (5) Finance Watch was set up in 2011 as an international non-profit association under Belgian law. Its mission is to defend the interests of civil society in the financial sector. Thanks to Union grants, Finance Watch in a short period of time managed to set up a qualified team of experts, able to conduct studies, policy analysis and communication activities in the field of financial services.
- (6) Better Finance results from successive re-organisations and rebranding of pre-existing European federations of investors and shareholders since 2009. Thanks to Union grants, the organisation managed to form a financial centre of expertise, focusing mostly on the interests of consumers, individual investors, individual shareholders, savers and other end-users of financial services, in coherence with its membership base.
- (7) The evaluation of the pilot project and the subsequent preparatory action carried out in 2015 concluded that the policy objectives have been generally achieved. Finance Watch and Better Finance have been working on complementary policy areas and targeted different audiences. Together they have covered, through their activities, most of the Union financial political agenda since 2012.
- (8) Both organisations provided added value both to the sum of activities of their national members and to Union consumers in a way that national consumer advocacy groups were unable to deliver. National organisations dealing with all kinds of consumers' issues lack technical expertise in policy areas related to financial services. In addition, no other similar organisations have been identified at Union level so far. The evaluation also showed that no other applicant responded to the successive yearly calls for proposal since 2012, which tends to show that no other organisation is currently able to carry out similar Union-wide activities.
- (9) However, despite regular efforts, both organisations did not manage to attract stable and significant funding from other donors, independent from the financial industry,

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<sup>3</sup> Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298 26.10.2012, p. 1).

and, therefore, remain heavily dependent on Union funding. Co-funding from the Union is therefore necessary to ensure the resources needed to achieve the desired policy objectives in the coming years, providing financial stability to those organisations who have so far managed to start-up their relevant activities in a short period of time. It is therefore necessary to establish a Union programme for the period 2017-2020 to support the activities of Finance Watch and Better Finance ('Programme').

- (10) Continuing funding of Finance Watch and Better Finance for the period 2017-2020 along the same lines as for the preparatory action would ensure that the positive impacts of the activities of those organisations assessed so far are maintained. The financial envelope for the implementation of the Programme should be based on the average actual costs incurred by each beneficiary between 2012 and 2015. The co-funding rate should remain unchanged.
- (11) Between 2012 and 2015, the two organisations have been co-funded through operating grants. In 2016, it was decided to provide action grants instead, as action grants ensure better control of Union budget spending.
- (12) This Regulation should lay down a financial envelope for the entire duration of the Programme which is to constitute the prime reference amount, within the meaning of point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>4</sup> for the European Parliament and the Council during the annual budgetary procedure.
- (13) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission in respect of the establishment of the annual work programmes.
- (14) Every year before 31 December, each beneficiary should submit a description of activities planned for the following year to achieve the policy objectives of the Programme. Those activities should be described in detail, including their objectives, expected results and impact, estimated costs and timeframe as well as relevant indicators to assess them.
- (15) Financial support should be granted in accordance with the conditions laid down in Regulation (EU, Euratom) No 966/2012 and Commission Delegated Regulation (EU) No 1268/2012<sup>5</sup>.
- (16) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties.
- (17) Since the objectives of this Regulation cannot be sufficiently achieved by the Member States, but can rather, by reason of its scale and effects, be better achieved at Union

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<sup>4</sup> OJ C 373, 20.12.2013, p. 1.

<sup>5</sup> Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362 31.12.2012, p. 1).

level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on the European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS REGULATION:

*Article 1*  
*Subject matter and scope*

1. A Union programme (the ‘Programme’) is hereby established for the period from 1 January 2017 to 31 December 2020 to support the activities of the organisations referred to in Article 3, who contribute to the achievement of the policy objectives of the Union in relation to enhancing the involvement of consumers and other financial services end-users, as well as stakeholders representing their interests in Union policy making in the field of financial services.
2. The Programme shall cover the following activities:
  - (a) research activities, including production of own research, data, expertise;
  - (b) awareness and dissemination activities, including to a wide audience of non-experts;
  - (c) activities reinforcing the interactions between the members of the organisations referred to in Article 3 and advocacy activities fostering the positions of those members at Union level.

*Article 2*  
*Objectives*

1. The Programme shall have the following objectives:
  - (a) to further enhance the participation of consumers and other financial services end-users, as well as stakeholders representing their interests, in Union policy-making in the area of financial services;
  - (b) to contribute to the information of consumers and other financial services end-users, as well as stakeholders representing their interests, about issues at stake in the regulation of the financial sector.
2. The objectives set out in paragraph 1 shall be monitored in particular through a yearly description of the actions performed by the beneficiaries of the Programme and an annual activity report, which shall include quantitative and qualitative indicators for each activity planned and conducted by the beneficiaries.

*Article 3*  
*Beneficiaries*

1. Finance Watch and Better Finance shall be beneficiaries of the Programme ('beneficiaries').
2. In order to benefit from the Programme, these beneficiaries shall remain non-governmental, non-profit-making legal entities, independent of industry, commerce or business. They shall have no other conflicting interests and represent through their members the interests of Union consumers and other end-users in the field of financial services. The Commission shall ensure continued compliance with these criteria for the duration of the Programme by including them in the annual work programmes referred to in Article 7 and by assessing annually whether the beneficiaries meet these criteria before awarding the action grants referred to in Article 4.
3. Should the two beneficiaries referred to in paragraph 1 merge, the resulting legal entity shall become the beneficiary of the Programme.

*Article 4*  
*Award of grants*

Financing under the Programme shall be provided in the form of action grants awarded on an annual basis and shall be based on the proposals submitted by the beneficiaries in accordance with Article 7.

*Article 5*  
*Transparency*

Any communication or publication related to an action made by a beneficiary and funded under the Programme shall indicate that the beneficiary has received funding from the budget of the Union.

*Article 6*  
*Financial provisions*

1. The financial envelope for the implementation of the Programme for the period from 1 January 2017 to 31 December 2020 shall be maximum EUR 6 000 000 in current prices.
2. The annual appropriations shall be authorised by the European Parliament and the Council within the limits of the multiannual financial framework.

*Article 7*  
*Implementation of the Programme*

1. The Commission shall implement the Programme in accordance with Regulation (EU, Euratom) No 966/2012.

2. In order to benefit from the Programme, the beneficiaries shall submit every year before 31 December to the Commission a proposal describing the activities referred to in Article 1 planned for the following year.
3. In order to implement the Programme, the Commission shall adopt annual work programmes. Those annual work programmes shall set out the objectives to be pursued, the expected results of the actions performed by the beneficiaries, the method of implementation of those actions and the total amount required to perform those actions. They shall also contain a description of the actions to be financed, an indication of the amount allocated to each action and an indicative implementation timetable. For the action grants, the annual work programmes shall set out priorities and essential award criteria. The maximum rate of co-financing shall be 60% of eligible costs.
4. The Commission shall adopt the annual work programmes by means of implementing acts.

#### *Article 8*

#### *Protection of the financial interests of the Union*

1. The Commission shall take appropriate measures ensuring that, when activities financed under this Regulation are implemented, the financial interests of the Union are protected through the application of preventive measures against fraud, corruption and any other illegal activities, through effective checks and, if irregularities are detected, through the recovery of the amounts wrongly paid and, where appropriate, through effective, proportionate and dissuasive administrative and financial penalties.
2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot checks, over all grant beneficiaries, contractors and subcontractors who have, directly or indirectly, received Union funds under the Programme.
3. The European Anti-fraud Office (OLAF) may carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>6</sup> and in Council Regulation (Euratom, EC) No 2185/96<sup>7</sup> with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded, directly or indirectly, under this Programme.
4. Without prejudice to paragraphs 1, 2 and 3, cooperation agreements with third countries and international organisations and grant agreements and grant decisions

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<sup>6</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

<sup>7</sup> Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

and contracts resulting from the implementation of this Regulation shall expressly empower the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections. Where the implementation of an action is outsourced or subdelegated, in whole or in part, or where it requires the award of a procurement contract or financial support to be given to a third party, the grant agreement or decision shall include the beneficiary's obligation to impose on any third party involved explicit acceptance of those powers of the Commission, the Court of Auditors and OLAF.

*Article 9*  
*Evaluation*

1. No later than twelve months before the end of the Programme, the Commission shall submit to the European Parliament and the Council an evaluation report on the achievement of the Programme's objectives. That report shall appraise the overall relevance and added value of the Programme, the effectiveness and efficiency of its execution and the overall and individual effectiveness of the beneficiaries' performance in terms of achievements of the objectives set out in Article 2.
2. The report shall be forwarded to the European Economic and Social Committee for information.

*Article 10*  
*Entry into force*

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council on establishing a Union programme to support specific activities enhancing the involvement of consumers and other financial services end-users in Union policy-making in the field of financial services for the period of 2017-2020.

#### 1.2. Policy area(s) concerned in the ABM/ABB structure<sup>8</sup>

Policy Area: 12.02 Financial services and capital markets

Activity: Financial services and capital markets

#### 1.3. Nature of the proposal/initiative

The proposal/initiative relates to **a new action**

The proposal/initiative relates to **a new action following a pilot project/preparatory action**<sup>9</sup>

The proposal/initiative relates to **the extension of an existing action**

The proposal/initiative relates to **an action redirected towards a new action**

#### 1.4. Objectives

##### 1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

Support activities which aim to enhance the involvement of consumers and other end-users in Union policy making in the field of financial services

##### 1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

###### Specific objectives:

Further enhance the involvement of consumers and other end-users, as well as other stakeholders representing their interests, in Union policy making in the financial services

Contribute to the information of consumers and other end-users, as well as stakeholders representing their interests, about issues at stake in the regulation of the financial sector

<sup>8</sup> ABM: Activity-Based Management – ABB: Activity-Based Budgeting.

<sup>9</sup> As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

ABM/ABB activity(ies) concerned:

12. Financial services and capital markets



### 1.4.3. *Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

The impacts assessed by the ex-post evaluation of the pilot project and the preparatory action are expected to be maintained:

-strengthen the voice of consumers and other end-users in the European financial regulation, thereby ensuring a well-balanced Union legislation

-develop a strong communication device with European end-users

### 1.4.4. *Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

Indicators for the research activities: quantitate and qualitative indicators such as:

- number and type of research activities; topics covered;
- dissemination strategy;
- peer reviews

Indicators for the awareness and dissemination activities: quantitate and qualitative indicators such as:

- number and type of public event organised (e.g. high-level conferences); topic covered; evaluation of the event by participants;
- traffic through the website, including from members;
- all relevant quantitative indicators for social media;
- press coverage including number of interviews and broadcasts; topics covered

Indicators for the advocacy activities fostering interactions and positions of members of Finance Watch and Better Finance : quantitate and qualitative indicators such as:

- number of meetings with EU policy-makers, participation in hearings;
- coordination with members of Finance Watch and Better Finance, contributions received, working groups set with members

## **1.5. Grounds for the proposal/initiative**

### 1.5.1. *Requirement(s) to be met in the short or long term*

A pilot project and a preparatory action can be used only during a limited period of time. To ensure that the results obtained and impacts assessed so far are maintained, the only way forward is a legislative framework providing for funding the same activities.

#### 1.5.2. *Added value of EU involvement*

The ex-post evaluation assessed positively the Union added value of the previous pilot project and preparatory action: national organisations dealing with all kinds of consumers issues lack technical expertise and cannot cover such a broad scope of policy areas related to financial services. In addition, no other similar organisations have been identified at Union level. The proposal complies with the subsidiarity principle since, in accordance with Article 5 of the Treaty on the European Union, its objectives cannot be sufficiently achieved by the Member States and can, by reason of the scale and the effect of the action, be better achieved at Union level.

#### 1.5.3. *Lessons learned from similar experiences in the past*

The ex-post evaluation of the previous pilot project and preparatory action assessed that the policy objectives set at the end of 2011 have been overall achieved.

To ensure that the positive impacts assessed so far are maintained, it is therefore necessary to continue funding the same activities along the same lines.

#### 1.5.4. *Coherence and possible synergy with other relevant instruments*

This Union programme will complement existing policy initiatives, such as the activities carried out by the Financial Services User Group (FSUG) since 2010, or by other expert groups set up to assist the Commission or the ESAs (e.g. ESAs stakeholders groups) in the Union policy making for financial services.

This Union programme will complement existing Union consumer policy. By contributing to a stronger involvement of consumers and other end-users in Union policy making in the financial sector and by providing better communication to the public around these issues, this Programme will enable to better represent and voice the interests of consumers and other end-users in this area, thereby restoring citizens' confidence in the European financial system.

### 1.6. **Duration and financial impact**

#### Proposal/initiative of **limited duration**

- Proposal/initiative in effect from 01/01/2017 to 31/12/2020
- Financial impact from 2017 to 2021

#### Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

## 1.7. Management mode(s) planned<sup>10</sup>

### Direct management by the Commission

- by its departments, including by its staff in the Union delegations;
- by the executive agencies

### Shared management with the Member States

### Indirect management by entrusting budget implementation tasks to:

- third countries or the bodies they have designated;
  - international organisations and their agencies (to be specified);
  - the EIB and the European Investment Fund;
  - bodies referred to in Articles 208 and 209 of the Financial Regulation;
  - public law bodies;
  - bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
  - bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
  - persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
- *If more than one management mode is indicated, please provide details in the 'Comments' section.*

## 2. MANAGEMENT MEASURES

### 2.1. Monitoring and reporting rules

*Specify frequency and conditions.*

For both beneficiaries : progress reports and final reports
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### 2.2. Management and control system

#### 2.2.1. Risk(s) identified

There is a risk of not achieving the operational objectives if the quality of the beneficiaries' output is not in accordance with the initial objectives as described in the annual proposals
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<sup>10</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:

<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

There is a risk of threat to the EU financial interests/reputation if Commission's services fail to identify ineligible expenditure

### 2.2.2. *Information concerning the internal control system set up*

Risk of not achieving operational objectives:

– Beneficiaries are requested to submit an annual report, in accordance with the individual objectives of annual proposals and in line with the guidelines of Regulation (EU, Euratom) No 966/2012 of 25 October 2012, on the financial rules applicable to the general budget of the European Union

– The operational units responsible within DG FISMA have regular contacts with the beneficiaries

Risk of threat to the EU financial interests:

– Controls of grant commitments and payments in DG FISMA follow the reinforced financial circuit and comprise desk checks of relevant supporting documents, including interim and final reports, audited accounts and specific documents requested by the DG. These controls are documented in checklists that are systematically filled in by all actors involved in the respective financial transactions (OIA,OVA,OVA2,FIA, FVA, FVA2, AO), including controls carried out by the DG's financial unit on financial and legal matters in order to deliver the "Bon à Payer"

– The DG's financial unit systematically carries out on-the-spot controls on each beneficiary with substantive testing of a sample of transactions with an aim to assess the beneficiary's financial and internal control system and to provide the AO with additional assurance on the sufficient protection of the EU financial interests

### 2.2.3. *Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error*

The maximum error rate would remain below 2%

The cost of the controls would be below 0.5 FTE or 67.000€per year.

The benefit of the controls would be 100% of the annual granted amount spent adequately and following the sound financial management principle

## 2.3. **Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures.*

Reinforced financial circuits with both an ex-ante operational and financial verification

Regular analysis of the beneficiaries' accounts, annual reports and audit certificates

On-the-spot regular audits to verify financial systems and controls

**3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

**3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected**

- Existing expenditure budget lines: not applicable
- New budget lines requested

*In order of multiannual financial framework headings and budget lines.*

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			from EFTA countries	from candidate countries	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
	12.0202 Enhancing the involvement of consumers and other end-users in Union policy making in the field of financial services....	Diff./Non-diff.	NO	NO	NO	NO
1	12.02.02	Diff	NO	NO	NO	NO

### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

EUR million in current prices (to 3 decimal places)

Heading of multiannual financial framework:	Number:1	Heading Smart and Inclusive Growth				
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DG: FISMA		2017	2018	2019	2020	2021	TOTAL
• Operational appropriations	Commitments (1)	1.500	1.500	1.500	1.500		<b>6.000</b>
	Payments (2)	0750	1.500	1.500	1.500	0.750	<b>6.000</b>
Appropriations of an administrative nature financed from the envelope of specific programmes <sup>11</sup>							
Number of budget line	(3)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL appropriations for DG FISMA</b>	Commitments	1.500	1.500	1.500	1.500		<b>6.000</b>
	Payments	0.750	1.500	1.500	1.500	0.750	<b>6.000</b>

<sup>11</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

• TOTAL operational appropriations	Commitments	(4)	1.500	1.500	1.500	1.500	1.500	6.000
	Payments	(5)	0.750	1.500	1.500	1.500	0.750	<b>6.000</b>
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>TOTAL appropriations under HEADING 1</b>	=4+6	1.500	1.500	1.500	1.500		<b>6.000</b>
of the multiannual financial framework	Payments	=5+6	0.750	1.500	1.500	0.750		<b>6.000</b>

**If more than one heading is affected by the proposal / initiative: not applicable**

• TOTAL operational appropriations	Commitments	(4)	1.500	1.500	1.500	1.500	1.500	<b>6.000</b>
	Payments	(5)	0.750	1.500	1.500	1.500	0.750	<b>6.000</b>
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)						
	<b>TOTAL appropriations under HEADINGS 1 to 4</b>	=4+6	1.500	1.500	1.500	1.500		<b>6.000</b>
of the multiannual financial framework (Reference amount)	Payments	=5+6	0.750	1.500	1.500	1.500	0.750	<b>6.000</b>

EUR million (to three decimal places)

<b>TOTAL appropriations</b>	Commitments	2017 <sub>12</sub>	2018	2019	2020	2021	<b>TOTAL</b>
		1.500	1.500	1.500	1.500		<b>6.000</b>

<sup>12</sup> Year N is the year in which implementation of the proposal/initiative starts.

<b>under HEADINGS 1 to 5</b> of the multiannual financial framework	Payments	0.750	1.500	1.500	1.500	1.500	0.750	<b>6.000</b>
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### 3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below: (action grants)

### 3.2.3. *Estimated impact on appropriations of an administrative nature*

#### 3.2.3.1. Summary

- The proposal/initiative does not require the use of administrative appropriations
- The proposal/initiative requires the use of administrative appropriations, as explained below:

#### 3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources
- The proposal/initiative requires the use of human resources, as explained below:

The human resources required will be met by staff from the DG who are already assigned to management of the action.

### 3.2.4. *Compatibility with the multiannual financial framework*

- Proposal/initiative is compatible with the proposal for the new multiannual financial framework 2014-2020
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.
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- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework<sup>13</sup>.

See section 3.2.1..
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### 3.2.5. *Third-party contributions*

- ~~The proposal/initiative does not provide for co-financing by third parties~~
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)

<sup>13</sup> See points 19 and 24 of the Interinstitutional Agreement.

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>Total</b>
Finance Watch and Better Finance with their own funds and with funds received from third parties (Beneficiary average co-finance 40%)	1.000	1.000	1.000	1.000	<b>4.000</b>
<b>TOTAL appropriations co-financed</b>	1.000	1.000	1.000	1.000	<b>4.000</b>

### 3.3. **Estimated impact on revenue**

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
  - on own resources
  - on miscellaneous revenue