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DRAFT MINUTES

Subject: **3475th** meeting of the Council of the European Union (**ECONOMIC AND FINANCIAL AFFAIRS**), held in Luxembourg on 17 June 2016

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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).

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LEGISLATIVE DELIBERATIONS

(Public deliberation in accordance with Article 16(8) of the Treaty on European Union)

"A" ITEMS

1. Proposal for a Regulation of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading [First reading]

= General approach

9800/16 EF 155 ECOFIN 546 CODEC 813

+ ADD 1

9801/16 EF 156 ECOFIN 547 CODEC 814

approved by Coreper, Part 2, on 08.06.2016

The Council reached a general approach on the proposed Regulation.

Statement by Cyprus, France, Greece, Italy and Spain

"Cyprus, France, Greece, Italy and Spain appreciate the Presidency's efforts to reach a compromise and agree with the general purpose aimed to be achieved by this proposal. However, they regret that the new threshold of ten million Euros (€10.000.000), introduced in Article 3(2) of the compromise text, might have significant negative impact to the protection of investors. The proposal tries to minimize costs in order to facilitate access to the capital markets, but Cyprus, France, Greece, Italy and Spain consider that this is achieved at the expense of the level of investor protection. The proposal does allow Member States to set their own national thresholds below ten million Euros (€10.000.000). However, this feature will potentially lead to fragmentation and divergences in the EU market for prospectuses and a general lack of harmonization across EU Member States, depending on how each Member State decides to exercise the relevant discretion provided.

Cyprus, France, Greece, Italy and Spain are of the opinion that a lower harmonized threshold that would cater for all member states' market conditions, would promote investor protection and would be in line with the spirit of the initiative of the Capital Markets Union.

Cyprus, France, Greece, Italy and Spain would appreciate if the abovementioned elements are taken into account by the upcoming Presidency in its negotiations with the European Parliament, on the basis of this negotiating mandate, with a view to reaching an agreement at first reading."

Statement by Italy

"Italy welcomes the Presidency's efforts to improve the Prospectus discipline so as to better balance investor protection and issuer obligations.

Italy, however, wishes the provisions on Summary were further and more deeply considered in the forthcoming negotiations with the European Parliament in order to achieve stronger convergence between the section concerning the securities and the key information document (KID) as far as packaged retail and insurance-based investment products (PRIIPs) and, where relevant, other complex non-equity securities are concerned. Likewise, the delivery of the Summary to retail investors should be considered as an additional investor protection measure, particularly when the KID is not required."

2. Proposal for a Regulation of the European Parliament and of the Council on Money Market Funds [First reading]

= General approach

9873/16 EF 161 ECOFIN 555 CODEC 821

9874/16 EF 162 ECOFIN 556 CODEC 822

approved by Coreper, Part 2, on 15.06.2016

The Council reached a general approach on the proposed Regulation.

Statement by Ireland and Luxembourg

"Even though Ireland and Luxembourg do not oppose the adoption of the General Approach on the money market funds regulation, Ireland and Luxembourg consider that further work is necessary in order for money market funds to remain a viable and credible alternative to bank deposits. This goal is in line with the underlying objectives of the Capital Markets Union.

Against this background, it is important to ensure that the liquidity requirements for the Low Volatility Net Asset Value (LVNAV) funds and the Constant Net Asset Value (CNAV) funds are operable. In particular, there should be further recognition of the high liquidity of high quality Government debt.

Further technical enhancements to the General Approach are warranted to ensure that the proposed framework for money market funds is sound, workable and efficient.

Ireland and Luxembourg consider that these issues should be addressed during the trilogues with the European Parliament and will continue to work constructively towards achieving such an outcome."

3. Directive of the European Parliament and of the Council amending Directive 2014/65/EU on markets in financial instruments [First reading] (LA)

PE-CONS 23/16 EF 117 ECOFIN 395 CODEC 651

The Council approved the European Parliament's position at first reading and the proposed act has been adopted, pursuant to Article 294(4) of the Treaty on the Functioning of the European Union. (Legal basis: Article 53(1) TFEU).

4. Regulation of the European Parliament and of the Council amending Regulation (EU) No 600/2014 on markets in financial instruments, Regulation (EU) No 596/2014 on market abuse and Regulation (EU) No 909/2014 on improving securities settlement in the European Union and on central securities depositories [First reading] (LA)

PE-CONS 24/16 EF 118 ECOFIN 396 CODEC 652

The Council approved the European Parliament's position at first reading and the proposed act has been adopted, pursuant to Article 294(4) of the Treaty on the Functioning of the European Union. (Legal basis: Article 114 TFEU).

5. Draft amending budget No 2 to the general budget for 2016: Entering the surplus of the financial year 2015

9585/16 FIN 329 PE-L 28

approved by Coreper, Part 2, on 08.06.2016

The Council adopted its position on the draft amending budget No 2/2016 as set out in 9585/16, by a qualified majority with the UK Delegation abstaining.

"B" ITEMS

3. Anti-Tax Avoidance Directive

– Proposal for a Council Directive laying down rules against tax avoidance practices that directly affect the functioning of the internal market

= Political agreement

10039/16 FISC 100 ECOFIN 585

10340/16 FISC 103 ECOFIN 624

The Council had a discussion with a view to reaching a political agreement on the Anti-Tax-Avoidance Directive (the proposal for a Council Directive laying down rules against tax avoidance practices that directly affect the functioning of the internal market). The outcome of proceedings on this point is contained in 10426/16, setting a silence procedure for Member States until Monday, 20 June, 24:00. This silence procedure was not broken, so that political agreement has been reached, as set out in this document.

Statement by the Commission

"The Commission commits to present, before the end of the year, a legislative proposal allowing individual Member States to derogate from the common system of value added tax so as to apply a generalised reverse charge mechanism to domestic supplies above a defined threshold and preserving the Internal Market."

4. **Enhanced cooperation in the area of Financial Transaction Tax**

- Proposal for a Council Directive implementing enhanced cooperation in the area of financial transaction tax
- = State of play
9602/16 FISC 90 ECOFIN 522

The Council was briefed by the AT delegation on the state of play relating to the enhanced cooperation in the area of Financial Transaction Tax.

5. **Strengthening of the Banking Union**

- Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) 806/2014 in order to establish a European Deposit Insurance Scheme [First reading]
- Communication from the Commission to the European Parliament, the Council, the European Central Bank, the European Economic and Social Committee and the Committee of the Regions "Towards the completion of the Banking Union"
- = Progress report (State of play)
- = Council conclusions
10176/1/16 REV 1 EF 186 ECOFIN 604 CODEC 874
10036/16 EF 175 ECOFIN 573 CODEC 856
+ COR 1
10037/1/16 REV 1 EF 176 ECOFIN 574 CODEC 857

The Council adopted the conclusions on the Roadmap to complete the Banking Union, as recorded in 10460/16.

6. **Any other business**

- Current legislative proposals
- = Information from the Presidency
10015/16 EF 173 ECOFIN 571

The Council took note of the state of play in relation to financial service legislative proposals.