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REPORT

From: Permanent Representatives Committee
To: Delegations
Subject: Proposal for a Regulation of the European Parliament and of the Council on interchange fees for card-based payment transactions (First Reading)
- *General approach*

I. INTRODUCTION

1. On 24 July 2013 the Commission transmitted to the Council its proposal for a Regulation of the European Parliament and of the Council on interchange fees for card-based payment transactions.
2. This Regulation will enhance the internal market for payments and support the establishment of a Single Euro Payments Area. The new rules will reduce market fragmentation and further develop a level playing field in the card payments market. They will foster competition and facilitate new entrants joining the market, leading to broader availability of payment instruments, increased efficiency and lower costs for payment card users.

3. The ECON Committee of the European Parliament voted its report on 11 March 2014. The European Economic and Social Committee and the European Central Bank¹ delivered their opinions on 11 December 2013 and 5 February 2014 respectively.
4. Following the last meeting of the Working Party on 17 October 2014, a broad agreement was reached on the text of the Presidency compromise as set out in document 14773/14 EF 281 ECOFIN 983 CONSOM 216 CODEC 2107. However, FR did not agree with the Presidency compromise.
5. The Presidency compromise allows payment service providers to apply:
 - (i) for domestic debit card transactions, a weighted average interchange fee of no more than the equivalent of 0.2% of the annual average transaction value of all domestic debit card transactions within each payment card scheme, or a per transaction interchange fee of no more than 0.2% of the value of the transaction;
 - (ii) for cross-border debit card transactions, a per transaction interchange fee of no more than 0.2% of the value of the transaction;
 - (iii) for any credit card transaction, a per transaction interchange fee of no more than 0.3% of the value of the transaction.
6. At COREPER on 5 November 2014, the Presidency compromise was supported by all delegations, including the Commission, except FR.

¹ Doc. 8587/14

7. At COREPER on 6 November 2014, the Presidency and the Commission presented the following joint declaration, supported by the FR delegation:

"Declaration from the Italian Presidency and the Commission -

- *During the Trilogue discussions, the Presidency and the Commission will take into account the concerns related to domestic universal cards which currently do not allow distinguishing whether they are debit or deferred debit cards, with a view to negotiate a transitional period to allow those card schemes to adapt to the obligations set by the Regulation.*
- *Solutions can for instance be explored along the following lines:*
 - *the special provisions on universal cards will expire after a transitional period of up to two years that will be used by Member States to ensure that all domestic card transactions shall be either debit or credit cards and will be subject to the corresponding provisions in the Regulation;*
 - *during the transitional period, all new cards issued (including renewed cards) will be identified as either debit or credit, consumer or commercial, and will be subject to the corresponding provisions in the Regulation; and*
 - *during the transitional period, existing cards will be replaced by new cards at least as quickly as is currently scheduled to avoid any undue use the transitional regime;*
- *The Presidency and Commission will keep Member States informed of the progress on this issue during the Trilogue discussions."*

II. CONCLUSION

8. The Permanent Representatives Committee:
- agreed the general approach with regard to the proposed Regulation, as set out in document 14773/14 EF 281 ECOFIN 983 CONSOM 216 CODEC 2107;

- requested the Presidency to conduct negotiations with the European Parliament on the basis of the agreed general approach with a view to reaching an agreement at first reading; and,
 - took note of the statements set out in the addendum to this document.
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