



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Summary record of the meeting of the European Parliament **Committee on Economic and Monetary Affairs (ECON)** held in Brussels on 2 December 2013

The meeting was chaired by Ms BOWLES (ALDE, UK).

Item 1 on the agenda

Adoption of the agenda

The agenda was adopted.

Item 2 on the agenda

Chair's announcements

Ms Bowles (ALDE, UK) announced that the Committee would produce several opinions under the accelerated procedure on the Commission proposals on Omnibus II which 'Lisbonised' a number of directives and regulations, on which there would be a vote on 9 December.

She informed the Committee that a trilogue on the Central Securities Depositories (CSDs) Regulation had taken place on 28 November, with progress being made on open points, and in particular on measures relating to internalised settlements. She added that the work on penalties for settlement fails and on the conditions attached to banking licences for CSDs would continue by written procedure before the next trilogue, which was scheduled for 18 December.

She said that the ninth trilogue on the Bank Recovery and Resolution Directive had taken place on 27 November, and that agreement was now in sight on third country issues and minimum requirements for eligible liabilities. She added that progress remained difficult on governmental financial interventions and on resolution and deposit guarantee funds, and that the next trilogue was planned for 11 December.

Finally, she told the Committee that the third trilogue on Market Abuse had taken place on 28 November and had focused on the place of jurisdiction, on training and investigative tools, on the inclusion of attempt and on the definition of criminal offences, on the level and publication of sanctions, and on liability. She added that the next trilogue would be held on 10 December.

Item 3 on the agenda

EU cooperation agreements on competition policy enforcement – the way forward

ECON/7/14398 2013/2921(RSP)

Rapporteur: Mr George Sabin Cutaş (S&D)

- Consideration of draft motion for a resolution

Item 4 on the agenda

Agreement between the European Union and the Swiss Confederation concerning cooperation on the application of their competition laws

ECON/7/09721 2012/0127(NLE)

Rapporteur: Mr George Sabin Cutaş (S&D)

- Consideration of draft report

Points 3 and 4 were discussed together.

Mr Sabin Cutaş (S&D, RO) noted that the current negotiations between the EU and Switzerland on the second generation agreement – which he supported – were the starting point for a broader resolution on EU cooperation agreements on competition policy.

Mr Sabin Cutaş explained that the agreement did not set binding obligations on cooperation and left a broader margin of discretion. Furthermore, it created the possibility for the Commission and for the Swiss authorities to exchange confidential information, which he viewed as a positive step and as a possible blueprint for other bilateral cooperation agreements on competition enforcement. He proposed that the EU should adopt a general framework for future negotiations which gave the Commission some leverage, and suggested setting adequate mechanisms for the transmission of confidential data. He expressed some concern about the decision by the Swiss authorities to suspend negotiations on the agreement due to concerns on the level of protection of confidential information, and asked the Commission what the likelihood was of the Swiss Parliament rejecting the agreement.

In the debate that followed, all speakers supported the agreement (Mr Ferber -EPP, DE, and Mr Torvalds -ALDE, FI). Mr Ferber stressed the similarities between the two jurisdictions but pointed out that the current agreement left too much margin for manoeuvre and too little legal certainty.

The Commission representative reiterated the voluntary nature of the exchange of information and noted that information under leniency programmes would only be exchanged with the consent of the interested parties. She explained that ratification by Switzerland's Federal Council had been postponed until January 2014 so that the possibility could be considered of companies appealing for a review of decisions made by competition authorities to exchange information with the EU. She underscored the Commission's efforts to make clear to the Swiss authorities the workings and guarantees of the EU system, which did not provide for an appeal for review of decisions on the exchange of information. She stressed the need to promote more second generation agreements and mentioned the ongoing negotiations with Canada.

Deadline for amendments 5 December 2013. Consideration of amendments: 9 January 2014.

Item 5 on the agenda

Money market funds

ECON/7/13748 2013/0306(COD)

Rapporteur: Mr Saïd El Khadraoui (S&D)

- Consideration of draft report

Mr El Khadraoui (S&D, BE) underscored the role of Money Market Funds (MMFs) in the short-term funding of the economy and the calls for more regulation and transparency, and proposed using last year's Committee report on shadow banking and MMFs. He disagreed with the Commission plans to set a capital buffer of 3% over a period of 3 years for Constant Net Assets Value (CNAV)s and to ban external ratings, favouring instead the immediate implementation of the capital buffer, the termination of CNAV)s in 5 years, the compulsory transition towards Variable Net Assets Value (VNAV)s, and for MMFs to complement external ratings with their own evaluation tools. He recommended also opening up MMFs to small investors, banning MMFs operating in tax havens, setting down provisions on the remuneration of MMF managers, and fostering EU level supervision of the larger MMFs.

In the debate that followed, political groups remained divided mostly over CNAV)s. All groups opposed an outright ban on external ratings, preferring instead to complement them with other evaluation tools.

Mr Gauzès (EPP, FR) agreed with the rapporteur's suggestions on CNAV)s, adding that despite similar weight in market share, CNAV)s had a higher risk profile than VNAV)s. Mr Lamberts (Greens/EFA, BE) supported a progressive phasing out of CNAV)s and proposed focusing on the conditions and the transition period, while Mr Torvalds (ALDE, FI), on behalf of Mr Klinz (ALDE, DE), opposed the conversion of all CNAV)s into VNAV)s. The same view was taken by Mr Kamall (ECR, UK), Ms Lulling (EPP, LU) and Mr Mitchell (EPP, IE), who held that CNAV)s were as vulnerable to runs as VNAV)s. They therefore questioned the imposition of capital buffers and the phasing out of CNAV)s. Ms Lulling proposed reserving CNAV)s for institutional clients and VNAV)s for retail investors, whereas Mr Mitchell noted that without similar provisions in other major jurisdictions there would be a major outflow of capital from the EU, which would impact the pricing and availability of short-term funds for borrowers.

Ms Bowles (ALDE, UK) was more inclined to favour CNAV's instead of securitisation unless more work was done in reducing the number of tranches. She thought the 3% capital buffer would mean the end of CNAV's and proposed looking at gates and redemption fees, as well as improving transparency and liquidity requirements.

Mr Kamall, Mr Gauzès, Mr Lamberts and Mr Torvalds agreed with calls to reduce the automatic reliance on external ratings, and for each MMF to establish appropriate mechanisms for internal credit risk assessment to provide more sources of information to investors. Nevertheless they rejected the Commission's proposal to ban external ratings altogether.

Mr Gauzès considered it unwise to disregard securitisation, whereas Mr Torvalds proposed introducing liquidity fees in cases of high stress and unusual high levels of redemption, and a gating mechanism to enable MMFs to suspend redemption momentarily. Mr Lamberts called for more clarity on redemption plans. Mr Kamall preferred the restricted use of amortisation to short-term assets instead of a total ban, while Mr Mitchell suggested embracing the solutions being considered in the US on liquidity fees and gates. Finally, Mr Torvalds and Mr Lamberts welcomed calls for the European Securities and Markets Authority (ESMA) to develop guidelines.

The Commission representative called for the quick adoption of the proposal to ensure that the EU fulfilled its G20 commitments on shadow banking. He considered it important to have strict rules on liquidity and diversification of European funds. He admitted that the recently approved legislation on credit rating agencies at EU level had improved the situation on ratings, but noted that the Commission's impact assessment had observed that the CNAV's' triple 'A' ratings sent the wrong signals to investors, which could lead to panic if the ratings were downgraded. He therefore reiterated the proposal to ban external ratings. He also referred to the existence of EU provisions on liquidity fees and the suspension of refunds and noted that institutional investors accounted for 95% of CNAV's.

Consideration of amendments: 20 January 2014. Vote in ECON: 12 February 2014.

Item 6 on the agenda

Statistics relating to trading of goods between Member States as regards conferring of delegated and implementing powers upon the Commission for the adoption of certain measures, the communication of information by the customs administration, the exchange of confidential data between Member States and the definition of statistical value.

ECON/7/13560 2013/0278(COD)

Rapporteur: Mr Hans-Peter Martin (NI)

- Consideration of amendments

Mr Martin (NI, AT) underscored some divergences among the main political groups on access to confidential statistical data and appealed to certain members from the S&D group not to abstain from the vote on the overhaul report.

Mr Torvalds (ALDE, FI), on behalf of Mr Schmidt (ALDE, SE), explained that his group had asked for a split vote on Compromise B and would vote against part 2. He referred to his group's proposal to allow the exchange of confidential information for statistical purposes on a voluntary basis and during a limited period of time (5 years). Mr Bertot (EPP, IT), on behalf of Mr Pallone (EPP, IT), said that his group agreed with the exchange of confidential information for statistical purposes only, and not for taxation or research purposes as suggested by the Commission. Moreover, he welcomed ALDE's proposal to make the exchange of data voluntary and limited in time. Mr Kamall (ECR, UK) mentioned the amendment proposed by the ECR and the S&D to enable academic researchers to access statistics.

The Commission representative explained that amendments 32 and 33 on the use of statistical confidential data for fiscal purposes was in sharp contrast to the confidentiality provisions of the basic statistical Regulation 223. She suggested aligning the provisions on the cost efficiency of statistics with Regulation 223 and with the Code of Good Practice. She also noted that amendments 14, 43, 44 and 45 on the procedural issues of delegation of powers lacked adequate reasoning for not following the common understanding of the Interinstitutional Agreement.

Vote in plenary: April 2014.

Item 7 on the agenda

Amendment of Directives 2003/71/EC and 2009/138/EC in respect of the powers of the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority.

Rapporteur: Mr Burkhard Balz (EPP)

- Reconsultation of the Committee (Rule 70 of the Rules of Procedure)

Mr Balz (EPP, DE) and Mr Skinner (S&D, UK) praised the agreement reached between the European Parliament (EP) and the Council, while Mr Giegold (Greens/EFA, DE) announced that his group would vote against the agreement since the EP position had diverged significantly from its original stance.

The Committee agreed to table the agreed text for a vote during the February II 2014 plenary.

***** *Voting time* *****

Item 8 on the agenda

Statistics relating to trading of goods between Member States as regards conferring of delegated and implementing powers upon the Commission for the adoption of certain measures, the communication of information by the customs administration, the exchange of confidential data between Member States and the definition of statistical value.

ECON/7/13560 2013/0278(COD)

Rapporteur: Mr Hans-Peter Martin (NI)

- Adoption of the draft report

The draft report was approved, with 25 votes in favour, 0 against and 11 abstentions.

***** *End of vote* *****

Item 9 on the agenda

Enhancing the coherence of EU financial services legislation

ECON/7/14549

Rapporteur: Ms Sharon Bowles (ALDE)

- Consideration of draft report (informal)

Ms Bowles (ALDE, UK) stated that there had been a public consultation during the first half of 2013 on various measures to enhance the coherence of financial services legislation and that the secretariat had received responses from 86 individuals and organisations, which had been published on the Committee's website. She explained that the informal report would not go to plenary and would just be voted on in the Committee to serve as a reference during the next parliamentary term. She listed the key concerns and requests that arose from the consultation, which included possible overlaps and inconsistencies in legislation, establishment of clear timetables for the development of new legislation, convergence between the EU legislation major international jurisdictions, greater coordination between the different services of the Commission – in particular among the services from the DG for the Internal Market and Services (DG MARKT), further transparency on compromise amendments and greater access to rapporteurs, and improvement of the EP's oversight of the implementation of legislation by Member States.

She then outlined the main recommendations in the report, which included improvement of the Commission's impact assessments and of the interaction between existing legislation and new proposals, establishment of a 12-month period upon the entry into force of Regulations for the European Supervisory Agencies to prepare Regulatory Technical Standards, formalisation by the European Parliament of scrutiny of Commission activities in third countries, setting up regular requests to DG MARKT to deliver reports on the state of transposition of legislation, and the creation of a single instrument/code concerning the legislation.

Mr Giegold (Greens/EFA, DE) proposed having a hearing with the Commission and enhancing the transparency of certain stakeholders, such as lobbyists. Moreover, he expressed doubts about listing stakeholder views in the annexes of the resolution.

Ms Bowles recommended including some of the initiatives promoted in the EP to promote transparency.

Consideration of amendments: 22 January 2014. Vote in ECON: January 2014.

Item 10 on the agenda

Any other business

No other business was discussed.

Item 11 on the agenda

Next meeting

The next meeting will be held in Brussels on 5 December 2013.
