



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 14 January 2014

5309/14

**PE 18
ECO 6
ECOFIN 35
EF 13
FIN 26
INST 35
JUR 15
SOC 18**

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 9 January 2014
Chair: Mr Zalba Bidegain (EPP, ES).

Uncontroversial half-day meeting at which ECON agreed to vote in plenary for the compromise agreements between the Council and the European Parliament on the Bank Recovery and Resolution Directive, the Deposit Guarantee Scheme Directive and the directive on criminal sanctions for insider dealing and market manipulation. This was followed by exchanges of views on the 2012 discharge for the three European Supervisory Agencies and on an own initiative report on European long-term investment funds.

Agenda Item 1

Adoption of the agenda

The agenda was adopted.

Agenda Item 2

Approval of the minutes of the meetings of 2, 5 and 9 December 2013

The minutes were approved.

Agenda Item 3

Chair's announcements

Mr ZALBA BIDEGAIN (EPP, ES) said that, after the adoption by the Commission on 20 December of a delegated act under the Capital Requirements Regulation (CRR) on regulatory technical standards specifying the calculation of specific credit risk adjustments and general credit risk adjustments, and in accordance with Articles 110 and 463 of the CRR, he would ask, on the Committee's behalf, for an extension of the scrutiny period by one month.

He told the Committee that the 12th trilogue on the Markets in Financial Instruments Directive had been held on 18 December to discuss provisions on commodity derivatives, the third country regime, access to market infrastructure, and the scope of the legislation and sanctions. Progress had been achieved, thus bringing the negotiations close to an agreement, but there were still some issues requiring further discussion. He added that the 13th trilogue had been scheduled for 14 January. He also announced that an agreement in principle had been reached on securities settlement and central securities depositories at a trilogue meeting on 18 December, following discussion of issues including the conditions for the provision of banking ancillary services and penalties for settlement fails. He said that technical work would now go ahead on preparing a full text for agreement, after which the Committee would be reconsulted in the normal way.

Agenda Item 4

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

Framework for the recovery and resolution of credit institutions and investment firms and amendment of Council Directives 77/91/EEC and 82/891/EC, Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC and 2011/35/EC and Regulation (EU) No 1093/2010

Rapporteur: Mr HÖKMARK (EPP, SE)

The Committee was reconsulted and agreed to vote in the second February plenary for the compromise between the Council and the European Parliament.

Agenda Item 5

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

Proposal for a directive of the European Parliament and of the Council on Deposit Guarantee Schemes (recast)

Rapporteur: Mr SIMON (S&D, UK)

The Committee was reconsulted and agreed to vote in the April plenary (second reading) for the compromise between the Council and the European Parliament.

Agenda Item 6

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

Criminal sanctions for insider dealing and market manipulation

Rapporteur: Ms McCARTHY (S&D, UK)

The Committee was reconsulted and agreed to vote in the first February plenary for the compromise between the Council and the European Parliament.

Agenda Items 7, 8 and 9

2012 Discharge: European Banking Authority, European Securities and Markets Authority and European Insurance and Occupational Pensions Authority

ECON/7/14215 2013/2237(DEC)

ECON/7/14220 2013/2239(DEC)

ECON/7/14272 2013/2238(DEC)

Rapporteur for the opinions: Mr SÁNCHEZ PRESEDO (S&D, ES)

Rapporteur for the responsible committee (CONT): Mr SARVAMAA (EPP, IT)

- Consideration of draft opinions

In his introduction Mr SÁNCHEZ PRESEDO (S&D, ES) pointed out that the three Court of Auditors' reports on the respective European Supervisory Agencies (ESAs) stated that the annual accounts faithfully reflected the financial position of the ESAs and were legal and regular in all material respects, whilst listing the corrective actions taken so far by the ESAs as well as envisaged tasks/actions. He then referred to the size of the respective ESAs' budgets in 2012; this amounted to EUR 20 million for the European Banking Authority (EBA) and the European Securities and Markets Authority (ESMA), and to EUR 15 million for the European Insurance and Occupational Pensions Authority (EIOPA).

Mr SÁNCHEZ PRESEDO considered it vital to monitor the use of funds and called for the ESAs to be more transparent in their recruitment processes, for the Commission to propose an independent budget line for each ESA, for EBA to take full control of its IT system, for EIOPA to carry out corrective physical checks on its tangible assets, and for ESMA to improve the accounting system, adopt control standards and develop IT projects.

All political groups broadly supported the draft opinions, the Court of Auditors reports, the proposed corrective measures and the calls for appropriate monitoring, more transparency in the recruitment process and independent budget lines.

Ms GÁLL-PELCZ (EPP, HU) recommended improving budgetary planning and efficiency before recruiting new staff. Ms JENSEN (ALDE, DK) called for adequate resources for the ESAs, whilst Mr MARTIN (NI, AT) referred to excessive rents and translation costs which he felt should be curtailed. Ms LULLING (EPP, LU) warned against the duplication of supervisory and monitoring costs (national/EU level) for banks.

Ms GÁLL-PELCZ agreed that it was quite risky for the EBAs' IT systems to be subcontracted to a third party, whilst Ms LULLING (EPP, LU) questioned the notion of the ESAs being involved in economic and monetary surveillance, stressing that their main role was to contribute to the stability of financial markets.

Deadline for amendments: 22 January 2014. Consideration of amendments: 13 February 2014. Vote in the lead committee (CONT): 18 March 2014. Vote in ECON: 20 February 2014. Vote in plenary: April 2014.

Agenda Item 10

EU cooperation agreements on competition policy enforcement – the way forward

ECON/7/14398 2013/2921(RSP)

Rapporteur: Mr CUTAŞ (S&D, RO)

- Consideration of amendments

In his initial address, Mr CUTAŞ (S&D, RO) agreed with most of the amendments that had been tabled and underlined the convergence between political groups. He saw the lack of time as the most important issue and felt it was in the interest of the EU to conclude the cooperation agreement with Switzerland; he therefore proposed holding the vote in ECON in January.

The exchange of views that followed reflected the broad agreement between the political groups. Mr GAUZÉS (EPP, FR), on behalf of Mr FERBER (EPP, DE), considered that the cooperation agreement with Switzerland could pave the way to further agreements and that tax harmonisation should be left outside the scope of the proposal. He called for the quick adoption of the resolution and proposed that the agreement be referred back to the European Parliament by means of an oral amendment in the event of Switzerland requesting significant changes to the text.

Mr BESSET (Greens/EFA, FR), on behalf of Mr LAMBERTS (Greens/EFA, BE), expressed some reservations about the political priorities of the agreement and regretted the fact that unfair competition in the field of taxation and tax cooperation were not covered in it, while Ms LULLING (EPP, LU) said that the current agreement was concerned with the enforcement of competition policy and not the formulation of national tax systems, for which the Member States remained competent.

Vote in ECON: 20 January 2014. Vote in plenary: February II 2014.

Agenda Item 11

European Long-term Investment Funds

CON/7/13277 2013/0214(COD)

Rapporteur: Ms KRATSA-TSAGAROPOULOU (EPP, EL)

- Consideration of amendments

This item was postponed.

Agenda Item 12

Long-term financing of the European economy

ECON/7/13125 2013/2175(INI)

Rapporteur: Mr KLINZ (ALDE, DE)

- Consideration of amendments

Mr KLINZ (ALDE, DE) told the Committee that the majority of the tabled amendments referred to SMEs, securitization and taxation. On SMEs, he said that it was necessary to simplify SME access to funding. He referred to the current stigmatising of securitization in the EU and, whilst acknowledging that securitization had led to mistakes in the past, he recommended its use under certain conditions (i.e. limiting the number of levels of securitization).

Mr KLINZ called for the Commission, in conjunction with the European Central Bank and the Financial Stability Board, to draw up and agree on a definition of high-quality securitization. He stressed the need for predictable and enduring taxation frameworks and voiced concerns over double or multiple taxation and over tax collection.

He considered that the crisis had shaken up the banks and that the regulatory measures had restricted bank lending, which, combined with the indebtedness of Member States, meant that bank lending was inadequate and a new strategy was needed to provide for long-term financing. Accordingly, he proposed stimulating the EU venture capital sector.

In the debate that followed, speakers reflected some of the views stated during the consideration of the draft report¹. All supported an additional focus on SMEs and the diversification of long-term investment sources.

Mr GAUZÉS (EPP, FR), on behalf of Mr PALLONE (EPP, IT), supported both the report and the amendments.

Mr CUTAŞ (S&D, RO), on behalf of Mr HOANG NGOC (S&D, FR), explained that some amendments were designed to improve the notion of long-term investors and to promote public long-term investment through the enhancement of fiscal and judicial predictability. He agreed with calls to facilitate SME access to funding and opposed mass securitization. He called for the highest standards of transparency, and advocated the creation of a European credit rating agency and the establishment of accounting principles for institutional investors aimed at preventing excessive volatility.

Mr BESSET (Greens/EFA, FR), on behalf of Mr EICKHOUT (Greens/EFA, NL), proposed adding an environmental, energy and climate strand to the report. He supported the creation of a regulatory framework to allow for long term-financing that would generate positive externalities and investment in services of general interest. He highlighted the positive role of certain innovative funding methods such as crowding and peer-to-peer funding.

Mr Kamall (ECR, UK), on behalf of Ms FORD (ECR, UK), considered it essential to deal with tax frameworks. He favoured additional private investment and welcomed the focus on SMEs, whilst also proposing a simplification of the bankruptcy process, the aggregation and pooling of small investments to enable large investments, the standardisation of infrastructure project data to enable due diligence, and the stimulation of crowd funding and of a consistent approach on high-level securitization. However he opposed the deletion of paragraph 25 on risk weighting for infrastructure investment as well as calls for tax harmonisation.

¹ See 17182/13 page 4.

Ms LULLING (EPP, LU) mentioned the need to tackle double taxation and non-taxation while Mr ZALBA BIDEAIN (EPP, ES) referred to the fragmentation of financial markets in the EU and its impact on SME funding access, competitiveness and growth.

Vote in ECON: 22 January 2014. Vote in plenary: February I 2014.

Agenda Item 13

Any other business

No other business was discussed.

Agenda Item 14

Next meeting

The next meeting will be held in Strasbourg on 13 January 2014.
