



## EU Financial Regulation Newsletter, February 2017

On **22 November 2016**, the *International Financial Reporting Standard (IFRS) 9 on Financial Instruments* was adopted into EU law. The standard, which will be applied from 2018, covers accounting for financial instruments and is particularly important for banks and other financial services companies (see Commission Regulation (EU) 2016/2067 of 22 November 2016 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard 9, Official Journal of the European Union, L 323, 29.11.2016).

On **22 November 2016**, the European Commission presents, for the first time, a *set of European rules on business insolvency*. This initiative will provide enterprises, which are facing financial difficulties, several opportunities to restructure early, in order to prevent bankruptcy and to avoid staff dismissal. Also, the initiative will lead to more effective and efficient insolvency procedures throughout EU territory. European Commission proposals will also be important for financial stability because efficient restructuring procedures will prevent businesses from defaulting on their loans to the banks. This will allow banks to grant more loans to consumers and businesses. The proposed Directive focuses on three key elements, namely: Common principles on the use of early restructuring frameworks; Rules to allow entrepreneurs to benefit from a second chance; Targeted measures for Member States to increase the efficiency of insolvency, restructuring and discharge procedures (see [http://europa.eu/rapid/press-release\\_IP-16-3802\\_en.htm](http://europa.eu/rapid/press-release_IP-16-3802_en.htm); European Commission, Proposal for a Directive of the European Parliament and of the Council on preventive restructuring frameworks, second chance and measures to increase the efficiency of restructuring, insolvency and discharge procedures and amending Directive 2012/30/EU, COM(2016) 723 final, Strasbourg, 22.11.2016).

On **23 November 2016**, the European Commission presents a *set of measures aimed at strengthening the EU banking sector and also proposals for improving the EU's financial services framework*. To reinforce banks' ability to withstand potential shocks, European Commission proposals cover the following key elements: measures to increase the resilience of EU institutions and enhancing financial stability; measures to improve banks' lending capacity to support the EU economy; measures to further facilitate the role of banks in achieving deeper and more liquid EU capital markets to support the creation of a Capital Markets Union

*This event is an action of the project JM Chair EU Financial Regulation /EUFIRE*

*574702-EPP-1-RO-EPP JMO-CHAIR, within the Erasmus+ Programme of the European Union*



([http://europa.eu/rapid/press-release\\_IP-16-3731\\_en.htm](http://europa.eu/rapid/press-release_IP-16-3731_en.htm)). On 23 November 2016, the European Commission proposed amendments to the Bank recovery and resolution directive. The amendments include measures that will further strengthen the European resolution framework and the ability of relevant authorities to achieve resolution outcomes that are effective in safeguarding financial stability and public funds. With regard to improving the *EU's financial services framework*, the European Commission's proposals are the result of a comprehensive consultation with over 300 responses. The Commission has concluded that overall the financial services framework does not need to be changed. However, in order to improve there are proposed some actions which cover the following four areas: removing unnecessary regulatory constraints on financing the economy; enhancing the proportionality of rules; reducing undue regulatory burdens; making rules more consistent and forward-looking. Also, the feedback received indicates the necessity of some key reforms to improve access to finance for SMEs and investment projects (see [http://europa.eu/rapid/press-release\\_IP-16-3750\\_en.htm?locale=en](http://europa.eu/rapid/press-release_IP-16-3750_en.htm?locale=en)).

In order to increase the strength and competitiveness of the banking sector, and to improve financial stability, on **25 November 2016**, the European Commission has proposed a *review of the capital requirements regulation (CRR) and directive (CRD)*. Once adopted, the regulation will apply directly to all banks, all Member States, both Banking Union and non-Banking Union.

On **1 December 2016**, the European Commission proposes *new tax rules to support e-commerce and online businesses in the EU*. The measures proposed seek to improve the Value Added Tax (VAT) environment for e-commerce businesses in the EU and to allow consumers and businesses, in particular start-ups and SMEs, to buy and sell goods and services more easily online. The Commission proposals aim in particular: new rules allowing companies that sell goods online to deal easily with all their EU VAT obligations in one place; to simplify VAT rules for start-ups and micro-businesses selling online; action against VAT fraud from outside the EU, which can distort the market and create unfair competition; to enable Member States to reduce VAT rates for e-publications such as e-books and online newspapers (see [http://europa.eu/rapid/press-release\\_IP-16-4010\\_en.htm](http://europa.eu/rapid/press-release_IP-16-4010_en.htm)).

On **19 December 2016**, the European Commission publishes *Report on Public Finances in EMU 2016* that focuses on recent trends in public finances in the EU and the euro area, and the latest developments of the Stability and Growth Pact. The report is divided into four parts and focuses on: current developments in public finances in the EU and the euro area; recent developments in fiscal surveillance; government investments, and the fiscal stance in the euro

*This event is an action of the project JM Chair EU Financial Regulation /EUFIRE*

*574702-EPP-1-RO-EPP JMO-CHAIR, within the Erasmus+ Programme of the European Union*



area (see European Commission, Report on Public Finances in EMU 2016, Institutional Paper 045, December 2016, [https://ec.europa.eu/info/sites/info/files/ip045\\_en\\_0.pdf](https://ec.europa.eu/info/sites/info/files/ip045_en_0.pdf)).

On **20 January 2017**, the European Commission launches public consultation on the Capital Markets Union Mid-Term Review. With this consultation, the European Commission seeks to receive information to complement and update the Capital Markets Action Plan (see [http://europa.eu/rapid/press-release\\_MEMO-17-116\\_en.htm](http://europa.eu/rapid/press-release_MEMO-17-116_en.htm)).

On **27 January 2017**, Council of the EU adopted *conclusions related to the Commission's 'alert mechanism report'* which marks the starting point of the annual round of the Macroeconomic Imbalance Procedure (MIP) in the context of the 2017 European Semester (see [http://www.consilium.europa.eu/press-releases-pdf/2017/1/47244654069\\_en.pdf](http://www.consilium.europa.eu/press-releases-pdf/2017/1/47244654069_en.pdf)).

On **15 February 2017**, *the European Commission publishes the cases of non-fulfillment of obligations by Member States from February*: the European Commission is pursuing legal action against Member States for failing to comply with their obligations under EU law. These decisions, covering various sectors and EU policy areas, aim to ensure the proper application of EU law for the benefit of citizens and businesses (see [http://europa.eu/rapid/press-release\\_MEMO-17-234\\_en.htm?locale=en](http://europa.eu/rapid/press-release_MEMO-17-234_en.htm?locale=en)).

On **15 February 2017**, *the European Commission welcomes the agreement between the European Parliament and the Council in support of consumer organisations in EU financial services policy making*. The agreement on the Commission proposal was reached in a single round of negotiations, showing the EU's commitment to involve a broad range of stakeholders in the area of financial services policy-making and to give consumers and citizens a strong voice alongside other interest groups (see <http://europa.eu/rapid/midday-express-15-02-2017.htm?locale=en#3>).

*This event is an action of the project JM Chair EU Financial Regulation /EUFIRE*

*574702-EPP-1-RO-EPP JMO-CHAIR, within the Erasmus+ Programme of the European Union*