



EU Financial Regulation Newsletter, October 2018

11 July 2018- *the European Commission has adopted a decision to activate the enhanced surveillance framework for Greece to support the implementation of agreed reforms following the successful conclusion of the European Stability Mechanism (ESM) stability support programme. The decision follows the agreement reached at the Eurogroup on 22 June, which confirmed that Greece had implemented all of the prior actions under the fourth and final review of the programme and decided upon a strong package of debt measures that will allow Greece to once again stand on its own two feet without financial assistance from partners (see http://europa.eu/rapid/press-release_IP-18-4381_en.htm?utm_source=ecfin_twitter&utm_campaign=greece).*

31 August 2018- *the European Commission has signed a Memorandum of Understanding with Georgia for Macro-Financial Assistance (MFA) of up to €45 million to help Georgia cover part of its external financing needs and support economic reforms. The MFA programme is designed to help the country cover part of its financing needs and support the implementation of structural reforms (see http://europa.eu/rapid/press-release_IP-18-5122_en.htm).*

7 September 2018- *EU finance ministers discussed issues related to the common backstop to the Single Resolution Fund (SRF), as well as the implications on financial stability of increasing interest rates. They exchanged views on crypto-assets, particularly initial coin offerings, which they believe have the potential to emerge as a viable form of alternative financing, provided they can be properly regulated. Ministers discussed InvestEU, which builds on the success of the European Fund for Strategic Investment and aims to leverage EUR 650 billion in investment. They also discussed how to support structural reforms in Member States, the fiscal stabilisation function for the euro area and taxation of the digital economy (see <https://www.consilium.europa.eu/en/meetings/eurogroup/2018/09/07/>).*

12 September 2018- *European Commission President Jean-Claude Juncker proposed to strengthen the international role of the euro and highlighted the need for deeper Economic and Monetary Union (see https://ec.europa.eu/commission/priorities/state-union-speeches/state-union-2018_en).*

12 September 2018- *The European Commission is proposing to further strengthen the supervision of EU financial institutions to better address money-laundering and terrorist*

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financing threats. As part of the broader efforts to complete the Banking Union and the Capital Markets Union, the European Commission therefore proposes to amend the Regulation establishing the European Banking Authority (EBA) in order to reinforce the role of the EBA in anti-money laundering supervision of the financial sector. The Commission is proposing to concentrate anti-money laundering powers in relation to the financial sector within the European Banking Authority and to strengthen its mandate to ensure that risks of money-laundering are effectively and consistently supervised by all relevant authorities and that the relevant authorities cooperate and share information (see http://europa.eu/rapid/press-release_IP-18-5724_en.htm).

12 September 2018-*Commission urges Member States to move forward on Value-Added Tax system*. The Commission is urging Member States to move forward as soon as possible on the broad VAT reform. The reform would improve and modernise the system for governments and businesses alike, while making it more robust and simpler to use for companies. While Member States have taken measures to improve VAT collection, the current figures show that reform of the current EU VAT system combined with better cooperation at the EU level are needed so that Member States can make full use of VAT revenues in their budgets (see http://europa.eu/rapid/press-release_IP-18-5787_en.htm).

1 October 2018-*Finance ministers from the 27 EU Member States discussed the reform of the European Stability Mechanism (ESM)* at a meeting of the Eurogroup on 1 October. The discussion focused on a review of the ESM toolkit – in particular the effectiveness of precautionary instruments and their eligibility criteria – and on the role of the ESM in crisis management and prevention. The Eurogroup held a thematic discussion on the role of national automatic stabilisers. Ministers exchanged views on how national policies could enhance the automatic stabilisers and shared their national experiences in this area (see <https://www.consilium.europa.eu/en/meetings/eurogroup/2018/10/01/>).

2 October 2018-The Commission presented its proposal to strengthen the role of the European Banking Authority (EBA) in supervising EU financial institutions, so as to better address money laundering and terrorist financing threats. Ministers stressed the importance of properly implementing EU rules on anti-money laundering, as well as enhancing cooperation between anti-money laundering and prudential supervisors in order to create an efficient monitoring framework. The Council also adopted a regulation tightening controls on cash entering or leaving the Union, thereby bringing EU legislation in line with the highest international standards on combating money laundering and terrorism financing. In the area of indirect taxation, the Council reached political agreement on three VAT-related proposals. The "e-publication" regulation will allow Member States to apply non-standard VAT rates to

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electronic publications and potentially align VAT rules between physical and electronic formats. To combat cross-border “carousel” fraud, certain Member States would be able to temporarily apply a generalised reversal of VAT liability. Lastly, the Council adopted measures to strengthen administrative cooperation in order to more effectively tackle the most widespread forms of cross-border fraud (see <https://www.consilium.europa.eu/en/meetings/ecofin/2018/10/02/>).

4 October 2018- Advocate General Wathelet proposes that the Court of Justice should rule that the decision of the ECB establishing a programme for the purchase of government bonds on secondary markets is valid. The programme does not infringe the prohibition of monetary financing and does not exceed the powers of the ECB (see <https://curia.europa.eu/jcms/upload/docs/application/pdf/2018-10/cp180145en.pdf>).

9 October 2018- European Commission staff, in liaison with staff from the European Central Bank, visited Madrid from 4 to 5 October for the tenth post-programme mission to Spain. Staff from the European Stability Mechanism participated in the meetings in the context of its Early Warning System (see https://ec.europa.eu/info/news/economy-finance/staff-statement-following-tenth-post-programme-mission-spain-2018-oct-09_en).

17 October 2018- *leaders of the 27 EU Member States reviewed the state of the Brexit negotiations with the UK* (see <https://www.consilium.europa.eu/en/meetings/european-council/2018/10/18/>).

On **18 October**, EU leaders met together with Eurogroup President Mário Centeno and European Central Bank President Mario Draghi for the Euro Summit of 27 EU Member States. Together they assessed the state of play of negotiations on the deepening of the Economic and Monetary Union (EMU) in advance of the Euro Summit in December (see <https://www.consilium.europa.eu/en/european-council/euro-summit/>).

25 October 2018- *Euro area and EU debt and deficit levels fall.* According to data released on 23 October by Eurostat, the EU statistical office, at the end of the second quarter of 2018, the government debt to GDP ratio in the euro area stood at 86.3%, compared with 86.9% at the end of the first quarter of 2018. In the EU, the ratio decreased from 81.5% to 81.0% (see <https://ec.europa.eu/eurostat/documents/2995521/9332918/2-23102018-AP-EN.pdf/62d87091-1ff0-41f6-9f26-afffb1a307b6>).

30 October 2018- *New EU rules bring more transparency and information on bank fees for consumers.* Banks and financial services providers across the EU will have to better inform their customers about the fees associated with opening and maintaining bank accounts thanks to

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new EU rules. These new rules will make sure that banks' offers are more transparent and clearer on fees (see <http://europa.eu/rapid/midday-express-30-10-2018.htm>).

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