



EU Financial Regulation Newsletter, February 2018

4 October 2017- *The European Commission proposes far-reaching reform of the EU VAT system.* The European Commission has launched plans for the biggest reform of EU VAT rules in a quarter of a century. The Commission wants a VAT system that helps European companies to reap all the benefits of the Single Market and to compete in global markets. The Commission proposes to fundamentally change the current VAT system by taxing sales of goods from one EU country to another in the same way as goods are sold within individual Member States. This will create a new and definitive VAT system for the EU (see http://europa.eu/rapid/press-release_IP-17-3443_en.htm).

9 October 2017- *Euro area finance ministers discussed the possible future roles and tasks of the European Stability Mechanism (ESM) in the context of the broader ongoing debate on the future of the Economic and Monetary Union.* Ministers also exchanged views on and shared national best practices in financing labour tax cuts. The tax wedge on labour in the euro area is among the highest in the world and reducing it could contribute to economic growth and job creation.

10 October 2017- *EU finance ministers adopted a directive introducing a new system for resolving double taxation disputes between Member States that arise from the interpretation of agreements on the elimination of double taxation.* They also took stock of the 2017 European Semester policy monitoring process with a view to making the exercise smoother and more effective (see <http://www.consilium.europa.eu/en/meetings/ecofin/2017/10/10/>).

11 October 2017- *The European Commission calls for the completion of all parts of the Banking Union by 2018.* The Commission is publishing a Communication that sets out an ambitious yet realistic path to ensure agreement on all the outstanding elements of the Banking Union, based on existing commitments by the Council (see http://europa.eu/rapid/press-release_IP-17-3721_en.htm).

19 October 2017- *EU leaders discussed migration, digital Europe, defence, and external relations.* They adopted conclusions on these four topics (see <http://www.consilium.europa.eu/en/meetings/european-council/2017/10/19-20/>).

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26 October 2017- *The European Commission publishes a technical report setting out the policy actions taken by EU countries in the financial sector between 2008 and 2015 in response to the global financial crisis.* The report analyzes the reforms undertaken both at European and national level and shows that the actions undertaken have had positive effects, including: credit growth to the private sector, restoring confidence in the financial sector, reducing banks' dependence on central bank borrowing (see https://ec.europa.eu/info/publications/coping-international-financial-crisis-national-level-european-context_en).

10 November 2017- *The Commission is launching a targeted consultation on common minimum levels of capital that EU banks must set aside to cover incurred and expected losses on newly originated loans that turn non-performing* (see https://ec.europa.eu/info/news/finance-2017-non-performing-loans-backstops_en).

13 November 2017- *The Commission is launching a public consultation on how asset managers and institutional investors could include environmental, social and governance factors when taking decisions* (see https://ec.europa.eu/info/consultations/finance-2017-investors-duties-sustainability_en).

15 November 2017- *The European Fiscal Board (EFB) published its first annual report.* The report reviews the way the EU fiscal framework has been implemented, highlighting imperfections and scope for improvement. At the same time it concludes that the framework contributed to the stability of the euro area (see https://ec.europa.eu/info/publications/2017-annual-report-european-fiscal-board_en).

22 November 2017- *Commission sets out EU's economic and social priorities for 2018, gives policy recommendation for the euro area and completes the assessment of euro area Member States' Draft Budgetary Plans* (see http://europa.eu/rapid/press-release_IP-17-4681_en.htm).

24 November 2017- *The Commission Expert Group on European corporate bond markets is finalising its recommendations to the European Commission on steps to enhance the functioning of European corporate bond markets* (see https://ec.europa.eu/info/events/finance-171124-corporate-bond-markets_en).

27 November 2017- *The Commission has adopted rules that will make electronic payments in shops and online safer.* This will also allow consumers to access more convenient, cost-effective and innovative solutions offered by payment providers. These rules implement the EU's recently-revised Payment Services Directive (PSD2), which aims to modernize payment

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services in Europe. The rules adopted allow consumers to use innovative services offered by third party providers, also known as FinTech companies (http://europa.eu/rapid/press-release_IP-17-4928_en.htm?locale=en).

6 December 2017- *Commission sets out Roadmap for deepening Europe's Economic and Monetary Union* including concrete steps to be taken over the next 18 months. The overall aim is to enhance the unity, efficiency and democratic accountability of Europe's Economic and Monetary Union by 2025 (http://europa.eu/rapid/press-release_IP-17-5005_en.htm).

11 December 2017- *Commission announces new tax guidelines to make life easier for cross-border investors.* The published recommendations are part of the EU's Capital Markets Union Action Plan and should improve the system for investors and Member States alike (see http://europa.eu/rapid/press-release_IP-17-5193_en.htm).

15 December 2017- *EU agreement reached on the 5th Anti-Money Laundering Directive.* The Council of EU and the European Parliament reached a political agreement on the EU Commission's proposal to amend the Fourth Anti-Money Laundering Directive. The amended directive ('5th AMLD') seeks to prevent large scale concealment of funds and to introduce increased corporate transparency rules, whereby corporate and other legal entities will be required by law to publicly disclose information on the beneficial ownership (see <https://www.iec-iab.be/nl/leden/Publicaties/actualiteit/Instituut/Documents/2017/CFE-Tax-Top-5-18-December-2017.pdf>).

18 December 2017- *The European Commission launches public consultation on how to make it easier for small and medium enterprises (SMEs) to access public markets.* The consultation will help the Commission identify ways to cut red tape and build a supportive environment for SMEs wanting to list on public markets (see <http://europa.eu/rapid/midday-express-18-12-2017.htm?locale=en#9>).

20 December 2017- *EU ambassadors confirmed the political agreement reached between the presidency and the European Parliament on strengthened EU rules to prevent money laundering and terrorist financing.* The draft directive has two main objectives: preventing the use of the financial system for the funding of criminal activities, and strengthening transparency rules to prevent the large-scale concealment of funds (see <http://www.consilium.europa.eu/en/press/press-releases/2017/12/20/money-laundering-and-terrorist-financing-presidency-and-parliament-reach-agreement/>).

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20 December 2017- *The European Commission has proposed to push back the application date of the Insurance Distribution Directive (IDD) by seven months to 1 October 2018. EU countries are still required to transpose IDD into national law by the original date, 23 February 2018* (https://ec.europa.eu/info/law/insurance-distribution-directive-2016-97-eu/upcoming_en).

20 December 2017- *The European Commission proposes more proportionate and risk-sensitive rules for stronger investment firms. The proposal includes: “new and simpler prudential rules for the large majority of investment firms which are not systemic, without compromising financial stability; and amended rules to ensure that large, systemic investment firms which carry out bank-like activities and pose similar risks as banks are regulated and supervised like banks. As a consequence, the European Central Bank, in its supervisory capacity, (the Single Supervisory Mechanism) would supervise such systemic investment firms in the Banking Union. This will ensure level playing field between the large and systemic financial institutions”* (see http://europa.eu/rapid/press-release_IP-17-5304_en.htm).

21 December 2017- *The European Commission publishes a report on the measures taken by the EU countries regarding the financial sector. These measures were initiated in response to the global financial crisis and in the context of the evolving EU framework of country surveillance.*

13 January 2018- *The entry into force of the revised Payment Services Directive (PSD2), which aims to modernise Europe's payment services to the benefit of both consumers and businesses. “The new rules will: prohibit surcharging, which are additional charges for payments with consumer credit or debit cards, both in shops or online; open the EU payment market to companies offering payment services, based on them gaining access to information about the payment account; introduce strict security requirements for electronic payments and for the protection of consumers' financial data; enhance consumers' rights in numerous areas. These include reducing the liability for non-authorised payments and introducing an unconditional (“no questions asked”) refund right for direct debits in euro”* (see http://europa.eu/rapid/press-release_IP-18-141_en.htm?locale=en).

18 January 2018- *The European Commission presented its first progress report on the EU's ongoing work to reduce non-performing loans (NPLs) in the European banking sector. The Commission highlights the further improvement in NPL ratios and forthcoming measures to bring NPL stocks down further. The report highlights recent developments of NPLs both in the*

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EU as a whole and within individual Member States (http://europa.eu/rapid/press-release_IP-18-266_en.htm).

31 January 2018- *High-Level Expert Group delivers roadmap for greener and cleaner economy.* The report highlights the challenges and opportunities that the EU faces in developing a sustainable finance policy. Also the report proposes: a classification system, or "taxonomy", to provide market clarity on what is "sustainable"; clarifying the duties of investors' when it comes to achieving a more sustainable financial system; improving disclosure by financial institutions and companies on how sustainability is factored into their decision-making; an EU-wide label for green investment funds; making sustainability part of the mandates of the European Supervisory Authorities (ESAs); a European standard for green bonds (see http://europa.eu/rapid/press-release_IP-18-542_en.htm).

8 February- *The European Commission published an online survey about the functioning of the Alternative Investment Fund Managers Directive (AIFMD).* The survey seeks the views of stakeholders on: AIFMD's impact on the information provided to investors before they invest; whether retail investors are affected by AIFMD; and whether other legislation, for example tax legislation, has assisted or hindered the achievement of the AIFMD's objectives (see <https://www.lexology.com/library/detail.aspx?g=cc827552-f590-4801-87e7-cd6cd03e4f13>).

16 February- *The Commission publishes a study on EU markets for private placements* (see https://ec.europa.eu/info/publications/180216-study-private-placements_en)

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