Opening remarks by Vice-President Dombrovskis on the Capital Markets Union

Good morning,

I am here to talk about the Capital Markets Union. We need to accelerate its implementation, so European consumers, investors, and companies can benefit from deeper and more integrated capital markets.

This is all the more urgent, because Europe's largest financial centre is on the verge of leaving the single market. By the time Brexit happens, the pre-conditions for a true single market for capital need to be in place.

The Capital Markets Union is especially important for those countries that share the euro as their currency. It would complement the Banking Union and lead to more private cross-border risk-sharing in the EU, and increased shock-absorption capacity. The result would be a more resilient Economic and Monetary Union. This is part of a political agenda which is currently entering a critical phase. Compromises need to be found as soon as possible, and ahead of the leader's meeting in June.

So today we are presenting our strategy to accelerate work and complete the Capital Markets Union by 2019. It is made up of three components:

First, allowing all investors to take full advantage of the single market for capital with new EU-wide labels and passports for financial products. As of this month, new rules to boost European venture capital funds are in place. Last June, we proposed a label for Pan-European personal pensions, or PEPP. It would help EU households prepare for retirement by making the most of their savings. And just last week, we proposed a new EU license for crowdfunding platforms, to help them operate across the single market based on a single authorisation.

The second component is to remove barriers to deeper capital markets through clearer and simpler rules for businesses. Here, two proposals have already been adopted, namely our Prospectus Regulation and our new rules for safe, transparent, and standardised securitisation. But there are still important files waiting on the desks of co-legislators. One example is our 2016 proposal on business insolvency, to promote preventive restructuring and give a second chance for viable businesses. We hope for a quick agreement on this important proposal.

And the third component is about achieving more consistent supervision of EU capital markets, to maintain the protection of investors and financial stability. Here, allow me to mention last year's proposal to review the functioning of the European Supervisory Authorities. The Commission stands ready to discuss with the European Parliament and Council ideas to accelerate

current negotiations.

Today we are pursuing this CMU strategy, with new proposals to promote alternative sources of financing and remove barriers to cross-border investments:

First, we are presenting common EU rules to boost covered bonds as a source of long-term finance. These bonds are a stable and cost-effective source of financing that fared well during the crisis. They are very popular in some Member States, but in others they are barely in use. Our proposal seeks to develop this market further, by drawing on the high standards and good practices of national systems. This will provide new and safer investment opportunities for investors. And it will help reduce borrowing costs for bank loans, with up to €1.9 billion in potential annual savings for EU borrowers.

Second, we are presenting measures to boost the cross-border market for investment funds. They are an important tool for channeling private savings into the economy. But the markets are still mostly national. For example, the share of UCITS funds that are marketed in more than three countries is low – only 37%. And for alternative funds it is very low – only 3%.

We propose to reduce regulatory barriers that hinder the cross-border distribution of investment funds. This will reduce the administrative burden and improve clarity for fund managers who want to market their funds across the EU. The goal is simple: To give an example, we want a fund manager based in Milan to be able to easily offer their funds in Riga, without compromising on investor protection.

Finally, we are proposing new rules, developed by my colleague Vera Jourova, to facilitate cross-border transactions, by providing legal certainty on who owns a claim. In particular, ownership disputes should be resolved under the law of the country of residence of the transferor of the claim, regardless of where the case is being examined. In a separate Communication, we are providing guidance to increase legal certainty for transactions in securities. This will promote cross-border investment and access to credit, while preventing systemic risks.

Before I take your questions, allow me to make one final point: Building the Capital Markets Union is a shared responsibility, and the Commission cannot do it alone. As of today, we have tabled 12 legislative proposals on CMU, but only three have been adopted. We need to get the Capital Markets Union past the finish line before the next European elections.

The European Council and the European Parliament have both argued for progress on this important agenda. We now count on the Parliament and Member States to intensify their work and adopt all legislative proposals by 2019.

Thank you very much.

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Capital Markets Union: breaking down barriers to cross-border investments and accelerating delivery

The European Commission is today taking a major step towards the development of a Capital Markets Union (CMU) by promoting alternative sources of financing and removing barriers to cross-border investments. While the CMU will benefit all Member States, it will particularly strengthen the Economic and Monetary Union by promoting private risk-sharing. Building on progress already achieved since the launch of the CMU in 2015, today's proposals will boost the cross-border market for investment funds, promote the EU market for covered bonds as a source of long-term finance and ensure greater certainty for investors in the context of cross-border transactions of securities and claims. The CMU is one of the priorities of the Juncker Commission to strengthen Europe's economy and stimulate investments to create jobs. It aims to mobilise and channel capital to all businesses in the EU, particularly small and medium enterprises (SMEs) that need resources to expand and thrive. Quick adoption of these proposals by the European Parliament and the Council will enable businesses and investors to benefit more fully from Single Market opportunities. You can find the full press release, MEMO and factsheet online. *(For more information: Vanessa Mock – Tel.: +32 229 56194; Letizia Lupini – Tel.: +32 229 51958)*

Protecting European consumers: toys and cars top the list of dangerous products detected

Today, the European Commission releases its 2017 report on the Rapid Alert System for dangerous products. In 2017, the system was increasingly used by national authorities with more than 2,000 alerts on dangerous products circulated through the Rapid Alert System. Toys, for instance several models of the popular fidget spinners, cars and motorcycles topped the list of dangerous products detected and removed from the markets. The Rapid Alert System is an important tool for the enforcement of EU consumer laws by national consumer authorities. To further improve the enforcement, the Commission will unveil its 'New Deal for Consumers' in April, which aims at modernising the existing rules and improving the protection of consumers. Věra **Jourová**, Commissioner for Justice, Consumers and Gender Equality said: *"European consumer rules guarantee that only safe products are sold in the EU. If this is not the case, the Rapid Alert System supports authorities to react quickly and remove any products that might cause injuries. Thanks to this system, we are keeping our children safe and preventing fatal accidents on our roads. This is a good example of how to efficiently enforce EU consumer rules. Unfortunately, in many other areas we need to improve enforcement and make sure consumers can benefit from their rights. This is what our upcoming 'New Deal for Consumers' is all about."* The 2,201 alerts sent through the Rapid Alert System prompted nearly 4,000 follow-up actions, such as the withdrawal of products from the market. This shows that all national authorities closely monitored the alerts in the system and took all necessary measures to help make the market safer for consumers. A press

release, Q&A and factsheets are available online. *(For more information: Christian Wigand– Tel.: +32 229 62253; Mélanie Voin – Tel.: +32 229 58659)*

Tackling disinformation online: Expert Group advocates for more transparency among online platforms

In a report handed over today to Commissioner for the Digital Economy and Society Mariya **Gabriel,** the High-Level Expert Group on Fake News and Disinformation spread online suggests a definition of the phenomenon and makes a series of recommendations. The independent experts advocate for a Code of Principles that online platforms and social networks should commit to. The report complements the first insights from a public consultation and Eurobarometer survey also published today. These contributions will feed into the preparation of a Communication on tackling disinformation online, that the Commission will publish in spring. Commissioner **Gabriel** said: "*Thanks to the High-Level Expert Group and to Professor Madeleine de Cock Buning for the great work in steering the group to meet the tight deadlines. With all the opinions gathered and the extensive collective expertise, we now have at our disposal a wide array of material that will help us put forward a number of tangible options to better address the risks posed by disinformation spread online*." The expert group recommends to promote media literacy to counter disinformation; develop tools for empowering users and journalists to tackle disinformation; safeguard the diversity and sustainability of the European news media; continuing research on the impact of disinformation in Europe. It also advocates for a Code of Principles that online platforms and social networks should commit to. Further details are available in the press release. *(For more information: Nathalie Vandystadt – Tel.: +32 229 56172; Inga Höglund Tel.: +32 229 55040; Julia-Henriette Bräuer – Tel.: +32 229 80707*)

EU expands its support to Libyan municipalities to enhance access to basic and social services for migrants and Libyans

A new programme worth €50 million, to improve the living conditions and resilience of vulnerable populations in key Libyan municipalities has been adopted under the European Union Emergency Trust Fund for Africa (North of Africa window). The new actions will benefit migrants, refugees, Internally Displaced Persons, returnees and host communities alike. Formulated jointly by the European Commission and Italy, the new programme will enhance access to basic and social services for vulnerable people and support local governance, in particular in the Libyan municipalities most affected by migratory flows. High Representative/Vice-President Federica **Mogherini** said: "*We have been working very closely in recent years with the central and local Libyan authorities, with civil society and with all the actors that can bring peace and stability to a country exposed to many challenges. The municipalities play a key role and have our support. With this decision today, we continue the essential help to and for Libyan municipalities to strengthen governance and public services in the most vulnerable areas. This programme is meant to address the needs of migrants and of the local communities that are particularly exposed to the migratory flows. The European Union will continue to stay at the side of Libyans and of all the people in need*". Commissioner for Neighbourhood Policy and Enlargement

Negotiations, Johannes **Hahn**, underlined: "*Today's new programme demonstrates that the European Union remains committed to assist Libya in responding to the pressing needs of the most vulnerable people and to strengthen local governance across the country. We are committed to supporting the kind of changes in Libya that can help bring stability in the country, which is a key priority for addressing the migration issue and many of the country's other challenges*." The full press release as well as updated factsheets on the North of Africa Window and Libya. *(For more information: Maja Kocijancic – Tel.: +32 229 86570: Alceo Smerilli – Tel.: +32 229 64887; Esther Osorio – Tel.: +32 229 62076)*

Commission hosts working lunch with business representatives on the Common Consolidated Corporate Tax Base

Pierre **Moscovici**, Commissioner for Economic Affairs, Taxation and Customs Union, will tomorrow meet leaders of major European companies to discuss the way forward on the Commission's proposals for a Common Consolidated Corporate Tax Base (CCCTB). The working lunch, co-hosted by Paul Tang MEP, is part of a series of discussions with stakeholders to advance the negotiations on the CCCTB. It provides another opportunity to engage with representatives of companies including Vodafone, BP, Heineken and Air Liquide. Ahead of the meeting, Commissioner Moscovici said: "*The goal of this Commission has always been to ensure that all companies pay their fair share of tax where they generate profits. At the same time, large companies have pointed to a need for simpler tax rules in Europe. The CCCTB would create a robust tax system fit for the 21st century. Tomorrow we will discuss ways to create momentum behind the Commission's ambitious proposals.*" The Commission re-launched the CCCTB in 2016 to provide Member States with an entirely new system for taxing multinationals, in a way that will make the EU more business-friendly while also eliminating the main channels of profit-shifting. The CCCTB will make it easier and cheaper to do business in the Single Market and will act as a powerful tool against tax avoidance. *(For more information: Vanessa Mock – Tel.: +32 229 56194; Patrick McCullough – Tel.: +32 229 87183)*

Preparation of the Eurogroup and ECOFIN meetings, 12-13 March 2018

Vice-President **Dombrovskis** and Commissioner **Moscovici** will represent the European Commission at today's Eurogroup and tomorrow's ECOFIN meeting. Today, the ministers will continue the discussion on the deepening of the Economic and Monetary Union, in preparation for the Euro Summit which will take place in the margins of the European Council on 22-23 March. The Eurogroup will also take stock of progress made with the stability support programme for Greece and discuss inflation and exchange rate developments ahead of the upcoming International Monetary Fund spring meetings. Commissioner **Moscovici** will participate in the press conference following the meetingwhich can be followed live on EbS. On Tuesday,ministers are expected to agree on a package of measures to reduce risks in the banking sector and on new transparency rules for tax planning intermediaries. They will update the EU's common list of tax havens, which was first agreed in December. Ministers will also discuss Country Reports under the 2018 European Semester process, as well as macroeconomic imbalances in some Member States. The preparation of the G20 meeting of finance ministers and central bank

governors that is going to take place in Buenos Aires on 19-20 March is also on the agenda. Vice-President **Dombrovskis** will participate in the press conference following the ECOFIN. *(For more information: Johannes Bahrke – Tel.: +32 229 58615; Vanessa Mock – Tel.: +32 229 56194; Annikky Lamp– Tel.: +32 229 56151; Enda McNamara – Tel.: +32 229 64976, Letizia Lupini – Tel.: +32 229 51958; Patrick McCullough – Tel.: +32 229 87183)*

Commission launches Knowledge Centre to boost food quality and step up the fight against food fraud

Responding to consumer concerns about food quality and fraudulent practices concerning food, the European Commission will tomorrow launch a Knowledge Centre for Food Fraud and Quality, operated by the Joint Research Centre. The Knowledge Centre, a network made up of experts in and outside the Commission, will support EU policymakers and national authorities by providing access to, and sharing up-to-date scientific knowledge on food fraud and food quality issues. Ahead of the launch, Commissioner **Navracsics** said: "*The quality of the food we eat is important to all of us, and because food fraud is a transnational criminal activity, the EU has a clear role to play in the response. The launch of the Knowledge Centre for Food Fraud and Quality will help protect the integrity of the EU food chain and safeguard the quality of food products, generating a clear added-value for Europeans*." Commissioner **Jourová** said: *"The Commission takes the issue of food quality and unjustified differentiation very seriously and has already taken a number of concrete steps to tackle the issue. This newly created Knowledge Centre will further contribute to collecting and processing science-based evidence. Its work will also contribute to developing a common testing methodology, which in turn will help us apply and enforce food and consumer protection laws."* Tibor Navracsics, Commissioner for Education, Culture, Youth and Sport, who is responsible for the Joint Research Centre, will launch the new Knowledge Centre for Food Fraud and Quality in Strasbourg in the presence of Vice-President for the Energy Union, Maroš Šefčovič, and Commissioner for Justice, Consumers and Gender Equality, Vêrá Jourová. A full press release is available online. You can find more information about the Joint Research Centre here. *(For more information: Nathalie Vandystadt – Tel.: +32 229 67083*; Joseph *Waldstein – Tel.: +32 229 56184)*

Eastern Partnership meeting under a new institutional set-up: keep on delivering for the benefit of citizens

Representatives from EU Member States and the six Partner countries Armenia, Azerbaijan, Belarus, Georgia, the Republic of Moldova and Ukraine met today in Brussels and agreed on the key priorities for 2018 to deliver on the commitments taken at the Eastern Partnership Summit of 24 November 2017. Opening the event, Johannes **Hahn**, Commissioner for European Neighbourhood Policy and Enlargement Negotiations stated: "*I welcome the strong commitment by all partners to deliver on the issues that have a meaningful impact on lives of citizens across the Eastern Partnership. Today's meeting, provided us with the opportunity to agree on what we can achieve together throughout 2018, on the basis of the "20 Deliverables for 2020" commitment*". The meeting focused on the role of the renewed Eastern Partnership in delivering results for the benefit of people according to the "20 Deliverables for 2020" agenda

under a new institutional set-up. This was the first meeting organised under the new institutional structure which was officially adopted at the Eastern Partnership Summit to ensure a more results-oriented approach. The new set-up aims at supporting more efficiently the reform processes in the six partner countries in the following four priority areas: 1. Stronger economy: economic development and better market opportunities; 2. Stronger governance: strengthening of institutions and good governance; 3. Stronger connectivity: enhancing connectivity, notably in the areas of transport and energy, as well as environment and climate change; 4. Stronger society: increasing mobility and contacts between people. The speech of Commissioner **Hahn** is available online. Photos and videos of the meeting are available on EbS. *For more information: Maja Kocijancic – Tel.: +32 229 86570; Alceo Smerilli – Tel.: +32 229 64887)*

Commission addresses regulatory barriers to innovation by signing second Innovation Deal on batteries for electric vehicles

Today, the European Commission takes another step to help overcome perceived regulatory barriers to innovation. An Innovation Deal will be signed this afternoon by eight partners from national and regional authorities as well as innovators from France and the Netherlands, aiming to tackle whether regulation is conducive to environment-friendly and industrially-efficient recycling and re-use of electric vehicle batteries. Carlos **Moedas,** Commissioner for Research, Science and Innovation, said: *"The electric vehicle revolution is a testimony to how innovation generates growth and fundamentally changes society for the better. In order for Europe to stay in the lead of this innovation race, we need to work together with innovators and authorities to make sure our laws do not hamper innovation. This Innovation Deal will clarify the regulatory landscape in this area, and boost demand for electric vehicles."* Commissioner Karmenu **Vella,** in charge of Environment, Maritime Affairs and Fisheries, added: *"Innovation in electric vehicles helps the European economy and citizens. This Deal will provide a framework to identify barriers to the reuse of batteries from electric vehicles and explores ways to ensure that EU rules promote their recycling and reuse – the European circular economy in action."* EU leadership in the transition to clean and sustainable energy is a big priority to the Commission and has therefore brought together a European Battery Alliance to ensure competitive and innovative battery manufacturing in Europe. The Commission launched the concept of Innovation Deals in the scope of its Circular Economy package. The first Innovation Deal on wastewater treatment was signed on 7 April 2017. A news item will be available from 4pm. More information on Innovation Deals and Commission initiatives for battery production in Europe is online.*(For more information: Lucía Caudet – Tel.: +32 229 56182; Victoria von Hammerstein – Tel.: +32 229 55040; Maud Noyon – Tel. +32 229-80379)*

State aid: Commission opens in-depth investigation into restructuring support for Romanian energy producer CE Hunedoara

The European Commission has opened an in-depth investigation to assess whether various public support measures from Romania in favour of energy producer Complexul Energetic Hunedoara are in line with EU rules on State aid

to companies in difficulty. EU State aid rules only allow a state intervention for a company in financial difficulty under specific conditions, requiring in particular that the company is subject to a sound restructuring plan to ensure its return to long-term viability, that the company contributes to the cost of its restructuring and that any competition distortions are limited. At this stage, the Commission has doubts whether the proposed restructuring plan could restore the long-term viability of the company without continued State aid. First, CE Hunedoara entered into insolvency proceedings in 2016 (currently suspended), with more than €500 million debt owed to various State bodies. This includes part of the rescue loan Romania granted CE Hunedoara in 2015, a loan financing the repayment of the incompatible State aid but also additional loans of around €73 million, which Romania has granted to CE Hunedoara since 2015 to keep the company afloat. Second, the restructuring plan does not foresee a discernible contribution of CE Hunedoara to the costs of restructuring nor measures to limit possible distortions of competition as a result of the significant State support. The Commission will now investigate further to find out whether its initial concerns are confirmed. At the same time, the Commission will continue to work closely with Romanian authorities to find a viable solution for CE Hunedoara's assets that will ensure they continue to supply electricity, reduce costs for consumers and limit the burden on Romanian taxpayers. The opening of an investigation gives interested third parties the opportunity to submit comments. It does not prejudge the outcome of the investigation. The full press release is available online in EN, FR, DE and RO. *(For more information: Ricardo Cardoso – Tel.: +32 229 80100; Yizhou Ren – Tel.: +32 229 94889)*

Concentrations: la Commission autorise l'acquisition du contrôle conjoint de Pisto par Swiss Life, Crédit Agricole et CNP Assurances

La Commission Européenne a approuvé, en vertu du règlement européen sur les concentrations, l'acquisition du contrôle conjoint de Pisto, basée en France, par Swiss Life, basée en Suisse, Crédit Agricole et CNP Assurances, les deux basées en France. Pisto était précédemment contrôlée conjointement par Macquarie, Prédica et CNP Assurances. Pisto est active dans le financement et la gestion d'installations de réception, de stockage et de transfert de produits pétroliers. Swiss Life est active dans le secteur de l'assurance vie, dommages, retraites et assurance maladie. Crédit Agricole est active dans le secteur bancaire, de l'assurance et de l'immobilier. CNP Assurances est active dans le secteur de l'assurance de personnes en France. La Commission a conclu que l'opération envisagée ne soulèverait pas de problème de concurrence, dans la mesure où les entreprises ne sont pas actives sur les mêmes marchés. L'opération a été examinée dans le cadre de la procédure simplifiée de contrôle des concentrations. De plus amples informations sont disponibles sur le site internet concurrence de la commission, dans le registre public des affaires sous le numéro d'affaire M.8812. *(Pour plus d'informations: Ricardo Cardoso – Tel.: +32 229 80100; Maria Sarantopoulou – Tel.: +32 229 13740)*

ANNOUNCEMENTS

Commissioner Mimica in New York for the EU-UN Spotlight Initiative to end violence against women and girls

On 12 March, Commissioner for International Development and Cooperation Neven **Mimica** will be in New York to participate in the Commission on the Status of Women's 62nd Session, which will examine the challenges and opportunities for empowering rural women and girls. In the margins of this, the European Union will host a side event called "Under the Spotlight: Ending Violence against ALL Women and Girls". In this context, Commissioner **Mimica** said*: "Through the Spotlight Initiative, we want to reach the most remote and vulnerable areas, which traditional programmes do not reach. In cooperation with partners we continue investing in infrastructure, technology, quality services, social protection and opportunities for women and girls to enhance their skills and build their capacities, leaving no one behind*". During the side event on Monday, Commissioner **Mimica** will welcome high-level advocates who are working to end violence against women and girls, including United Nations Deputy Secretary-General Amina J. Mohammed, Under-Secretary-General & Executive Director of UN Women Phumzile Mlambo-Ngcuka, Secretary General of the European External Action Service Helga Schmid, Presidential Secretary for Women of Guatemala Ana Leticia Aguilar Theissen. The Spotlight Initiative is currently supported by the EU's contribution of €500 million, while other donors and partners are invited to join. The meeting will be live-streamed on UN Web TV, and media accreditations are possible here. Join the conversation on social media under @GlobalGoalsUN #SpotlightENDViolence #CSW62. *(For more information: Carlos Martin Ruiz De Gordejuela – Tel.: +32 229 65322: Christina Wunder – Tel.: +32 229 92256)*

Upcoming events of the European Commission (ex-Top News)

EU expands its support to Libyan municipalities to enhance access to basic and social services for migrants and Libyans

The new actions will benefit migrants, refugees, Internally Displaced Persons, returnees and host communities alike. Formulated jointly by the European Commission and Italy, the new programme will enhance access to basic and social services for vulnerable people and support local governance, in particular in the Libyan municipalities most affected by migratory flows.

High Representative/Vice-President **Federica Mogherini** said: *"We have been working very closely in recent years with the central and local Libyan*

authorities, with civil society and with all the actors that can bring peace and stability to a country exposed to many challenges. The municipalities play a key role and have our support. With this decision today, we continue the essential help to and for Libyan municipalities to strengthen governance and public services in the most vulnerable areas. This programme is meant to address the needs of migrants and of the local communities that are particularly exposed to the migratory flows. The European Union will continue to stay at the side of Libyans and of all the people in need"

Commissioner for Neighbourhood Policy and Enlargement Negotiations, Johannes **Hahn**, underlined: "*Today's new programme demonstrates that the European Union remains committed to assist Libya in responding to the pressing needs of the most vulnerable people and to strengthen local governance across the country. We are committed to supporting the kind of changes in Libya that can help bring stability in the country, which is a key priority for addressing the migration issue and many of the country's other challenges.*"

This new programme will support the capacities of local public authorities and administrations in providing basic services – health, education, water and sanitation as well as social services – while improving timely and quality access to these services, in particular for the most vulnerable people. It will cover 24 Libyan municipalities, ensuring a wide and balanced coverage across the country. The programme will be implemented by the Italian Cooperation, the United Nations Development Programme (UNDP) and United Nations Children's Fund (UNICEF).

Implementation will be closely coordinated with the Libyan Government of National Accord (GNA) and the Presidential Council, taking into account the needs of the local population as well as those from migrants and vulnerable groups in order to foster better inclusion and stability. To this end the European Union will continue to work closely with the UN Special Representative for Libya to bring a lasting solution to the crisis and restore peace and stability in the country.

As part of a comprehensive approach to support Libya and joint efforts with Italy, this programme expands both geographically and financially the support provided by the EU to Libyan municipalities across the country, and in particular, along the main migration routes.

Background

In January 2017, the EU rolled out its strategy to address the situation in the Central Mediterranean Route. To address this situation, the Joint Communication on the Central Mediterranean Route, 'Managing flows, Saving Lives' (25 January 2017) and the Malta Declaration of 3 February 2017 outlined a number of measures as part of a comprehensive strategy to strengthen the EU's work along this route with a particular focus on Libya. The Joint Task Force, set up with the African Union and United Nations on 29 November 2017, committed to accelerate ongoing efforts to assist migrants and refugees in Libya, underpinned by financial assistance under the EU Trust Fund.

This new programme builds on the approach and the objectives set under the programme "Managing mixed migration flows in Libya through expanding protection space and supporting local socio-economic development" adopted in April 2017. Through the EU Emergency Trust Fund for Africa, as of today, the EU has already committed €237 million worth in programmes addressing challenges in Libya.

This support has already demonstrated significant results, by enabling, in particular:

- the provision of clothes, food and hygiene kits to approximately 33 000 migrants;
- the medical assistance of more than 10 000 migrants;
- the safe and dignified voluntary return of more than 19 000 stranded migrants in 2017.
- The distribution of ambulances in Murzuq and Kufra.
- The rehabilitation of a clinic in Benghazi (45% completed).
- The delivery of medical equipment to three Primary Health Care Centres in Sabha and one in Qatroun.
- The provision of generators to several health facilities in Sabha to maintain a continuous power supply and allow them to operate even when the power supply is unstable.

For more information

Communication of 25 January 2017: Migration on the Central Mediterranean route. Managing flows, saving lives

Dedicated factsheets: The North of Africa Window and Libya

Annex to the Communication

Malta Declaration of 3 February 2017

'North of Africa Window' of the EU Emergency Trust Fund

Managing mixed migration flows in Libya through expanding protection space and supporting local socio-economic development

Joint Press Release – Meeting of the AU-EU-UN Taskforce, 14 December 2017

Capital Markets Union: covered bonds, cross-border distribution of

[investment funds and cross-border transactions in claims and securities]

The Capital Markets Union is one of the priorities of the Juncker Commission to strengthen Europe's economy and stimulate investments to create jobs. The CMU aims to mobilise and channel capital to all businesses in the EU, particularly small and medium enterprises (SMEs) that need resources to expand and thrive. While the CMU will be beneficial for all EU Member States, it will particularly strengthen the Economic and Monetary Union.

Building on progress already achieved since the launch of the CMU in 2015, today's proposals will boost the cross-border market for investment funds, promote the EU market for covered bonds as a source of long-term finance and ensure greater certainty for investors when dealing in cross-border transactions of securities and claims. This will help integrate EU capital markets further by facilitating cross-border operations and increasing legal certainty for companies.

The Commission is committed to put in place all building blocks of the Capital Markets Union by mid-2019. The measures presented today, and the remaining CMU proposals that will be presented by May 2018 make it possible that legislation can be adopted before European Parliament elections in 2019.

1. Covered Bonds

What are covered bonds and why is the Commission's proposal needed?

Covered bonds are financial instruments that are generally issued by banks to fund the economy. They are backed by a separate pool of assets to which investors have a preferential claim in case of failure of the issuer. The pool of assets usually consists of high quality assets, such as residential and commercial mortgages or public debt.The investors in covered bonds are usually institutional investors, such as banks, pension funds, insurance companies or asset managers, who seek a low risk and long-term investment.

In addition to the issuer's creditworthiness, the fact that an investment in covered bonds is secured by a separate pool of assets constitutes a second protection for investors against credit risk and the solvency of the issuer. This means that if an issuer is in default, the assets can cover the investors' claims. Moreover, if the assets in the covered pool fail to generate sufficient cash flows for the repayment of investors, banks/issuers are fully liable towards investors with their capital. This makes covered bonds safer for investors as compared to other mechanisms such as securitisation.

Issuing covered bonds enables EU banks to obtain cost-efficient funding. The funding obtained by banks from issuing covered bonds may be used to grant for example mortgage loans for housing and non-residential property as well as to finance public debt, ships and aircrafts.

Covered bonds fared well during the financial crisis and proved to be a reliable and stable funding source at a time as other funding channels dried up. However, diverse rules across Member States affect the credit strength of those instruments. In addition, covered bonds markets are unevenly developed across the Single Market. While they are very important in some Member States, they are less developed in others.

This is why the Commission is proposing EU rules that will establish common definitions and standards for covered bonds. The proposed new rules also address prudential concerns by ensuring that the features of covered bonds are in line with the risk profile that is underlying already existing EU-wide preferential capital treatment.

How big is the covered bonds market?

The covered bonds market is very developed in the EU. In December 2015, the outstanding volume of covered bonds reached €2.5 trillion globally, €2.1 trillion of which were issued by EU-based institutions. This constitutes 84% of the total at global level.

One of the reasons why the EU has a comparatively large market for covered bonds is that many Member States have longstanding legal national regimes for covered bonds in place. The largest markets in the EU are Germany (18% of the EU outstanding volume), Denmark (18%), France (15%), Spain (13%), Sweden (11%), Italy (6%) and the UK (6%). The four largest markets account for almost two-thirds of the EU market in 2015.

How are covered bonds currently regulated?

The issuance of covered bonds is currently regulated at national level. Regulatory regimes differ widely across Member States in terms of supervision, disclosure requirements and the composition of the pool of assets backing the covered bond.

At the EU level, in light of their low risk, covered bonds currently benefit from preferential prudential regulatory treatment under the Capital Requirements Regulation (CRR). However, existing Union law does not comprehensively address what constitutes a covered bond. As a result, the prudential treatment under the CRR may be granted to very different products, depending on the applicable national law. That is why harmonisation on an EU level is needed – to make sure covered bonds are safe, robust, and follow the same rules across the EU.

What are today's proposals about?

The proposals – which take the form of a Directive and a Regulation – aim to foster the development of covered bonds across the Union, particularly in those Member States where no market currently exists. By making a cost-effective and long-term funding source available, these rules will help financial institutions – in particular banks – to finance the economy. It will also increase cross-border flows of capital and investments. This will provide investors with a wider and safer range of investment opportunities,

contribute to financial stability and help finance the real economy.

The proposed Directive:

- provides a common **definition** of covered bonds, which will represent a consistent reference for prudential regulation purposes;

- defines the **structural features** of the instrument (dual recourse, quality of the assets backing the covered bond, liquidity and transparency requirements, etc.);

- defines the tasks and responsibilities for the **supervision** of covered bonds; and

- sets out the rules allowing the use of the **'European Covered Bonds' label**.

The Regulation amends the Capital Requirements Regulation (CRR) with the aim of strengthening the conditions for granting preferential capital treatment by adding further requirements.

The proposal will reduce borrowing costs for the economy at large. The Commission estimates that the potential overall annual savings for EU borrowers would be between €1.5 billion and €1.9 billion.

What assets would be allowed to back covered bonds?

The Directive contains provisions to ensure a high quality of the assets in the pool backing the debt obligations. For example, it should be possible to determine the market value or mortgage lending value of the assets.

SMEs loans and infrastructure loans are unlikely to meet the requirements set in the Directive because they are riskier assets. The Commission is therefore assessing the merits of another instrument for SME loans and infrastructure loans, namely the European Secured Note (ESN), as announced in the CMU Mid-term Review. The ESN would follow the basic structural characteristics of covered bonds.

What previous work is the basis of today's proposal?

The Commission carried out a public consultation in 2015. It showed that most stakeholders welcome further harmonisation in the form of a principles-based directive, provided well-functioning national markets are not disrupted.

Today's proposals largely build on the European Banking Authority's recommendations which call for legislative action to harmonise covered bonds at EU level.

The European Parliament also adopted an own-initiative report in July 2017

entitled "Towards a pan-European covered bonds framework" which supports the harmonisation of covered bonds at EU level. Member States have also expressed support for principles-based EU legislation on covered bonds at expert group meetings.

What are the next steps?

The proposal will now be discussed by the European Parliament and the Council. Once adopted, an implementation period of 12 months is envisaged before the new regime starts to apply.

2. Facilitating cross-border distribution of investment funds

What are investment funds?

Investment funds are investment products created with the purpose of pooling investors' capital, and investing that capital collectively through a portfolio of financial instruments such as stocks, bonds and other securities.

Investment funds play a crucial role in facilitating the accumulation of personal savings, whether for major investments or for retirement. They are also important because they make institutional and personal savings available as loans to companies and projects, which ultimately contributes to growth and jobs.

How are investment funds currently regulated?

The two main existing pieces of EU legislation in the area of investment funds are the Directive on Undertakings for Collective Investment in Transferable Securities (UCITS) and the Directive on Alternative Investment Fund Managers (AIFM). The UCITS Directive provides for strong investor protection and creates a label for European retail investment funds. UCITS managers already benefit from a fully-fledged management passport, which allows them to provide their services across the EU without a residence requirement.

The AIFM Directive lays down rules for the authorisation, supervision and oversight of managers of non-UCITS funds, i.e. alternative investment funds (AIFs). EU managers benefit from an EU-wide passport to manage and market AIFs to professional investors across borders. Unlike UCITS, marketing AIFs to non-institutional investors is currently only possible at Member State discretion. Specific regulation already exists for three subcategories of AIFs, namely European Long Term Investment Funds (ELTIF), European Venture Capital Funds (EuVECA) and European Social Entrepreneurship Funds (EuSEF).

What is the Commission proposing to change and why are you making this proposal now?

The EU investment funds market has not yet exploited its full potential in terms of cross-border distribution. The majority of the total assets under management held by investment funds stem from their respective domestic markets. This initiative aims to eliminate current regulatory barriers to the

cross-border distribution of investment funds in order to enable a better functioning Single Market and economies of scale.

The proposal, which consists in a Regulation and a Directive, is designed to improve transparency, remove overly complex and burdensome requirements and harmonise diverging national rules. More concretely:

1. The proposed Regulation improves transparency by aligning national marketing requirements and regulatory fees. It introduces more consistency in the way these regulatory fees are determined. It also harmonises the process and requirements for the verification of marketing material by national competent authorities. The Regulation enables the European Securities and Markets Authority (ESMA) to better monitor investment funds.

2. The proposed Directive harmonises the conditions under which investment funds may exit a national market. It creates the possibility for asset managers to stop marketing an investment fund in defined cases in one or several host Member States. It also allows European asset managers to test the appetite of potential professional investors for new investment strategies through pre-marketing activities.

What are the benefits of today's proposals?

Removing inefficiencies in the functioning of the Single Market for investment funds will reduce the costs for cross-border distribution and make it simpler, quicker and cheaper. This will accelerate the growth of cross-border distribution in the EU and will ultimately provide for more investment opportunities in the EU.

Currently 70% of the total assets under management are held by investment funds authorised or registered for distribution only in their domestic market. Only 37% of UCITS and about 3% of alternative investment funds (AIFs) are registered for distribution in more than 3 Member States.

The proposal will facilitate the cross-border distribution of investment funds by eliminating current regulatory barriers and making cross-border distribution less costly. The proposed measures are expected to save up to EUR 440 million annually in costs for existing cross-border distribution. More importantly, easier cross-border distribution is expected to accelerate the growth of the Single Market for investment funds and boost competition between asset managers.

Which asset managers will be affected?

All asset managers will be affected. The proposal will particularly help smaller players to start marketing their funds on a cross-border basis. At the same time, this will help large asset managers to expand across the EU.

Did the Commission consult on the proposals?

Respondents to the 2015 CMU consultation and the Call for Evidence [link?] said that regulatory barriers to the cross-border distribution of funds prevented the capitalisation of the Single Market's full benefits. Therefore in June 2016 the Commission launched a targeted open consultation on the cross-border distribution of investment funds. Additional input was sought through two surveys addressed to national competent authorities, submitted via the ESMA in 2016 and 2017 respectively, as well as targeted stakeholder consultations through numerous meetings with the fund industry and European investor associations.

What are the next steps?

The proposal will now be discussed by the European Parliament and the Council.

3. Law applicable to third-party proprietary effects of the cross-border assignment of claims

What is meant by a transaction in claims?

The assignment of a claim is a legal mechanism whereby a creditor ("assignor") transfers his right to claim a debt to another person ("assignee"). A claim gives a creditor the right to receive a sum of money or to the performance of an obligation by the debtor. This mechanism is used by companies to obtain liquidity and have access to credit, so-called factoring and collateralisation respectively, and by companies (most often banks) to optimise the use of their capital, also called securitisation.

An SME can assign a part of its current and future claims against clients in several Member States to an assignee, who, in return for a discount against the purchase price, is ready to agree to provide cash flow finance, collect the debts and accept the risk of bad debts. This process is called 'factoring' (see example below).

Example of factoring

An SME needs immediate cash to pay its suppliers. The invoices to its customers are only due for payment in three months. The SME (assignor) therefore decides to assign (sell) its invoices to an assignee (or 'factor') – which is in this case its bank – at a discount price in order to obtain immediate cash from the bank. The discount price at which the SME sells its invoices to the bank accounts for the bank's fees and commission.

What are third-party proprietary effects of the assignment of claims?

The proprietary elements or third-party effects of an assignment of claims refer in general to who has ownership rights over a claim and, in particular, to:

1. which requirements must be fulfilled by the assignee in order to ensure that he acquires legal title over the claim after the assignment (for example, registration of the assignment in a public register, written

notification of the assignment to the debtor), and

2. how to resolve priority conflicts, that is, conflicts between several competing claimants as to who owns the claim after a cross-border assignment (for example, between two assignees where the same claim has been assigned twice, or between an assignee and a creditor of the assignor in the event of an insolvency).

What is the Commission addressing with its proposal?

With the increasing interconnectivity of national markets, a company can often assign a claim to an actor in another EU country, which can lead to a conflict of applicable laws. For cross-border situations, a number of Member States do not have clear rules on third-party effects of assignment of claims. The current uncertainty as to the applicable law creates a higher legal risk in cross-border transactions compared to domestic transactions.

The solution which the Commission proposes is a general rule that in conflict situations the law of the assignor's habitual residence applies. The law of the assignor's habitual residence is easy to determine and most likely to be the place in which the main insolvency proceedings with respect to the assignor will be opened. The proposal is also particularly suitable for bulk assignments and assignments of receivables under future contracts, which are an important source of finance for SMEs.

However, special rules are needed to cater for sectors which may not be well served by the rule of the law of the assignor.

This is why the law of the assigned claim applies to two types of specific claims, which are therefore exempted from the general rule:

- cash on the account of a credit institution (for example a bank, where the consumer is the creditor and the credit institution is the debtor);
- claims derived from financial instruments, such as derivatives.

In addition, for securitisation transactions, the Commission proposes a choice between the law of the assignor and the law of the assigned claim.

How will this proposal contribute to the CMU?

The Capital Market Union Action Plan identified differences in the national treatment of third-party effects of assignment of claims as one of the obstacles that stand in the way of cross-border investment in the Single Market. To remove this obstacle, the CMU mid-term review envisaged a targeted action in this area. The proposed Regulation will fulfil this objective by facilitating the trading in claims across borders. It will render cross-border transactions less risky and boost cross-border investment.

Who benefits from this proposal?

Claims are assigned in factoring, securitisation and as collateral in order

to obtain credit. The following market players will benefit from the legal certainty this proposal brings to the cross-border assignment of claims:

- Borrowers (retail customers and firms, in particular SMEs);
- financial institutions (such as banks engaged in lending, factoring, collateralisation and securitisation); and
- financial intermediaries that transact in securities and claims, end investors (funds, retail investors).

Legal certainty will lead to increased availability of capital and credit across borders and to more affordable rates. This is particularly beneficial for small and medium-sized companies.

4. Communication on the law applicable to securities

How big are securities markets in the EU and how are they currently regulated?

At the end of 2016, EUR 52 trillion in securities were held in Central Securities Depositories ("CSD") accounts across the EU. Transactions in securities settled through EU CSDs amounted to EUR 1 128 trillion. ECB securities settlement statistics data suggests that in 2016 the estimated volume of cross-border investments reached EUR 10.6 trillion. This would mean that one in five securities is held by an investor resident in a Member State other than the Member States where the securities were issued.

National law applies when determining the so-called 'proprietary effects' (i.e. the validity of a transaction and the owner of the assets covered by the transaction) of a national transaction. In contrast, in cross-border transactions it is not always clear which country's law applies to determine the ownership of the assets concerned by the transaction. Currently, three Directives contain specific provisions on which national law is applicable to determine the ownership of securities in cross-border transactions: the Settlement Finality Directive (SFD), the Winding-up Directive (WUD) and the Financial Collateral Directive (FCD).

What is this Communication about and why it is needed?

This Communication outlines the Commission's views on the existing conflict of laws rules relating to securities transactions. Currently, national securities laws are not harmonised at EU level, this is why so-called 'conflict of laws rules' determine which national law applies in cross-border transactions.

The conflict of law provisions in the SFD, FCD and WUD apply on the basis of the place of the relevant register or account and in the case of the SFD and the WUD, the centralised deposit system. However, the provisions differ in detail and there appear to be some differences in how they are applied across Member States. In particular, the Directives lack clarity as regards the definition and determination of where the account is 'located' and 'maintained'.

Clarity on which national law is applicable is essential to be able to assess

whether cross-border transactions are effective vis-à-vis third parties. It is important for parties to the transaction in question, as well as for other market participants who interact with these parties. This is especially true in case of several subsequent transactions when an actor challenges the ownership of securities. As a result, parties to a cross-border transaction have to carry out an assessment of potential risks and benefits of doing business based on a set of potentially applicable laws. This increases significantly the cost of legal advice needed for doing business.

This Communication presents the Commission's views as to how the relevant provisions of the SFD, FCD and WUD may be applied at present. The Commission is of the view that the difference in wording across the three directives does not imply any difference in substance. In addition, without prejudice to potential future decisions of the Court of Justice of the European Union, the Commission is of the view that all the different ways to determine where a security account is "located" or "maintained" under national law appear to be valid.

The Commission may assess in future – in light of international, technological of market developments – whether a different solution would achieve better results.

What are 'proprietary' aspects?

Two elements of securities transactions should be distinguished:

1. the proprietary element which refers to the transfer of rights in property and which affects third parties; and
2. the contractual element, which refers to the parties' obligations towards each other under the transaction.

This Communication focuses on the first 'proprietary' element of securities transactions. The contractual element is already regulated at EU level by the Rome I Regulation.

What preparatory work has been done for this Communication?

This Communication is based on a public consultation held in 2017 with the objective to receive input from all concerned stakeholders. At the same time, the Commission consulted the European Post Trade Forum, set up a group of legal expert to examine alternative legislative solutions and consulted with Member States.

What are the next steps?

The Commission will continue to closely monitor developments in this area. Within the next five years, it will assess how national interpretations and market practices has evolved in light of international and technological developments. Furthermore, the impact of specific issues on the functioning of the internal market will be assessed.

Capital Markets Union: breaking down barriers to cross-border investments and accelerating delivery

While the CMU will benefit all Member States, it will particularly strengthen the Economic and Monetary Union by promoting private risk-sharing.

Building on progress already achieved since the launch of the CMU in 2015, today's proposals will boost the cross-border market for investment funds, promote the EU market for covered bonds as a source of long-term finance and ensure greater certainty for investors in the context of cross-border transactions of securities and claims. The CMU is one of the priorities of the Juncker Commission to strengthen Europe's economy and stimulate investments to create jobs. It aims to mobilise and channel capital to all businesses in the EU, particularly small and medium enterprises (SMEs) that need resources to expand and thrive.

Quick adoption of these proposals by the European Parliament and the Council will enable businesses and investors to benefit more fully from Single Market opportunities. The Commission also calls on the co-legislators to ensure the speedy adoption of pending key reforms for the completion of the CMU, such as proposals to strengthen capital market supervision, business restructuring and provide new savings opportunities for consumers. Out of the 12 proposals presented by the Commission to establish the building blocks of the CMU, only three have been agreed by the co-legislators at this stage.

Valdis **Dombrovskis**, Vice-President responsible for Financial Stability, Financial Services and Capital Markets Union, said: *"Today's proposals are part of a broader strategy to strengthen capital markets and encourage investments in the EU. To have a genuine Capital Markets Union in Europe by 2019, we need to advance in three directions: European labels and passports for financial products, harmonised and simplified rules to deepen capital markets and more consistent and efficient supervision."*

Jyrki **Katainen**, Vice-President responsible for Jobs, Growth, Investment and Competitiveness said: *"We want to make it easier and cheaper for companies, especially small and medium-sized ones, to get the financing they need. A deepened single market will help companies to do that and will allow them to grow. The Commission is delivering on its commitment to put in place the building blocks of CMU. The European Parliament and Council must now do their part. The Commission stands ready to work with them to adopt all legislative proposals by 2019."*

Vera **Jourová**, Commissioner for Justice, Consumers and Gender Equality said: *"The new rules will facilitate access to credit by SMEs and promote cross-border investment. We want to provide legal certainty and remove legal risks*

in cross-border assignments of claims as well as in transactions that are important for SME funding."

Today's proposals in details

The Commission is today proposing common rules – consisting of a Directive and a Regulation – for **covered bonds**. With EUR 2.1 trillion in outstanding amounts, they are currently among the largest debt markets in the EU. European banks are global leaders in this market, which represent an important source of long-term financing in many EU Member States.

Covered bonds are financial instruments backed by a segregated group of loans. They are considered beneficial not only because they fund cost-effective lending, but also because they are particularly safe. However, the EU market is currently fragmented along national lines with differences across Member States.

The proposed rules are based on high-quality standards and best practices. They aim to enhance the use of covered bonds as a stable and cost-effective source of funding for credit institutions, especially where markets are less developed. They will also give investors a wider and safer range of investment opportunities.

At the same time, the proposal seeks to reduce borrowing costs for the economy at large. The Commission estimates that the potential overall annual savings for EU borrowers would be between EUR 1.5 billion and EUR 1.9 billion.

Investment funds are an important tool to channel private savings into the economy and increase funding possibilities for companies. The EU investment funds market amounts to a total of EUR 14.3 trillion. However, this market has not yet achieved its full potential. Just over a third (37%) of UCITS funds and around 3% of alternative investment funds (AIFs) are registered for sale in more than three Member States. This is also due to regulatory barriers that currently hinder the cross-border distribution of investment funds.

Today's proposal aims to remove these barriers for all kinds of investment funds making cross-border distribution simpler, quicker and cheaper. Increased competition will give investors more choice and better value, while safeguarding a high level of investor protection.

The assignment of a claim refers to a situation where a creditor transfers the right to claim a debt to another person in exchange of a payment. This system is used by companies to obtain liquidity and access credit. At the moment, there is no legal certainty as to which national law applies when determining who owns a claim after it has been assigned in a cross-border case. The new rules proposed today clarify according to which law such disputes are resolved: as a general rule, the law of the country where creditors have their habitual residence would apply, regardless of which Member State's courts or authorities examine the case. This proposal will promote cross-border investment, access to cheaper credit and prevent

systemic risks.

The Commission has also adopted a Communication to clarify which country's law applies when determining who owns a security in a cross-border transaction. Enhanced legal certainty will promote cross-border investment, access to cheaper credit and market integration.

The Mid-Term Review of the Capital Markets Union Action Plan reported in June 2017 on the progress made so far in bringing the Action Plan forward and set the timeline for new action. In this context the Commission announced that it would publish in Q1 2018 several legislative proposals, notably in the areas of investment funds, covered bonds and dispute resolution. Today's package contains these proposals.

Background

The European Commission launched its Action Plan for a Capital Markets Union to help build a true single market for capital across the EU in 2015. The Action Plan is a key pillar of the Investment Plan for Europe, the so-called "Juncker Plan". A single capital market will be beneficial for all EU Member States, but will particularly strengthen the Economic and Monetary Union, by fostering cross-border private risk-sharing in the euro area. This is crucial to absorb systemic economic shocks.

It is built around the following key principles:

- Deepening financial integration and increasing competition
- Creating more opportunities for investors
- Connecting finance to the real economy by fostering non-bank funding sources
- Ensuring a stronger and more resilient financial system.

More Information

MEMO

Factsheet

More information on the proposal