First release for the first quarter of 2019 – Household saving rate up to 12.6% in the euro area – Household investment rate nearly stable at 9.3%

The household saving rate in the **euro area** was 12.6% in the first quarter of 2019, compared with 12.1% in the fourth quarter of 2018.

The household investment rate in the **euro area** was 9.3% in the first quarter of 2019, compared with 9.2% the previous quarter.

Full text available on EUROSTAT website

First release for the first quarter of 2019 – Business investment stable at 23.6% in the euro area – Business profit share down to 39.8%

In the first quarter of 2019, the business investment rate was 23.6% in the **euro area**, stable compared to previous quarter.

The business profit share in the **euro area** was 39.8% in the first quarter of 2019, compared with 40.0% in the fourth quarter of 2018.

Full text available on EUROSTAT website

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32 EuroMed journalists selected for Migration Media Award

Mentoring and financial support granted to support evidence based reporting on migration.

The third edition of the Migration Media Award has selected 32 journalists from 12 countries to receive financial and mentoring support to produce stories contributing to balance the narrative on migration in the Euro-Mediterranean region.

An international jury, composed of 15 reputable journalists, academics and migration experts, selected the beneficiaries for their journalistic excellence among 89 eligible applications out of 141 entries consisting of previously published pieces and proposals for future productions which this award scheme will reward with financial and mentoring, starting today in Malta.

The four partners of the Migration Media Award convened top experts and mentors to brief the 32 participants on covering migration and asylum phenomena from July 2 until 4th, 2019. The workshop is being hosted in its headquarters by the European Asylum Support Office (EASO), with financial support from the DG NEAR funded programmes EUROMED Migration IV, implemented by the International Centre for Migration Policy Development and the OPEN Media Hub implemented by the Thomson Foundation, with support from the Malta's Ministry for Foreign Affairs and Trade Promotion.

The selected 16 women and 16 men will then produce a second production by October 15, 2019 to compete in the six categories of video, print, online, photo, multimedia or radio in the English, French or Arabic languages. A new jury session will select the potential awardees who will receive their Migration Media Awards in December 2019.

The full description of the Migration Media Award can be found at http://www.migration-media-award.eu/index.php/en/ where all selected entries are available.

ESMA broadens scrutiny of multiple withholding tax reclaim schemes

Some EU Member States allow for a WHT on the dividends of listed companies, which under specific circumstances can be reclaimed. This can be abused by aiming to obtain multiple repayments of a single WHT paid upon distribution of dividends, ESMA analysed the incidence of these schemes and whether they result in a violation of the Market Abuse (MAR) or Short Selling Regulation (SSR), while identifying potential supervisory responses. To identify these schemes, ESMA analysed EU cash trading and securities lending volumes that showed increased trading activity around dividend dates.

Overall, the Report found, among other things, that the execution of these schemes do not necessarily imply a breach of the provisions of MAR or SSR. However, there could be concerns about compliance with share trading reporting obligations. In addition, the Report found that:

- dividend arbitrage trading can be carried out through a wide range of sophisticated and complex trading methods giving the impression that a series of genuine claims have taken place;

- the schemes involve high volumes of trading in the outstanding shares of large capitalisation EU index stocks, since the schemes are more profitable when carried out on a large scale;

- the schemes appear to be aimed mainly at obtaining multiple repayments of a single WHT paid upon distribution of dividends (i.e. potentially involving a tax fraud) often using a short selling transaction; and

- some national tax laws allow for the issuance of tax certificates that do not contain any reference to the underlying distribution of dividends, making it difficult to identify multiple fraudulent requests.

In relation to the MiFID II framework, based on the information that has emerged so far, these tax schemes do not necessarily imply a violation of MiFID II. Information on the illegality of a given practice and on the degree of involvement of the supervised entities and their directors in specific cases should be the basis to determine whether certain MiFID II requirements have been breached.

Steven Maijoor, ESMA Chair, said:

“ESMA has looked into multiple withholding tax reclaim schemes from a securities markets perspective. While these schemes do not necessarily imply breaches of the market abuse or short selling regimes, they may affect the integrity of securities markets and individual firms.

“ESMA has identified best practices that could be used by NCAs to detect and investigate multiple withholding tax reclaim schemes. In addition, we have launched a formal inquiry to further collect evidence on NCAs’ supervisory experiences.”

Strengthening supervision and cooperation

ESMA has identified best practices that could be used by NCAs to detect and investigate multiple WHT reclaim schemes. These include:

- setting up calibrated alerts in surveillance systems to detect cases where the percentage of traded shares of an issuer reaches a significant level, or perform selective analysis around the dividend distribution dates for possibly relevant issuers;

- using central securities registers data on settlement, transactions and short selling data on short positions to check matching transactions;

- liaising with central securities registers and tax authorities to understand the totality of available data; and

- conducting further firm-specific investigations if need be.

However, as NCAs have different legal mandates, responsibilities and powers it may not be possible for all practices to be adopted uniformly. In addition, further cooperation and mutual assistance between NCAs, tax authorities and other law enforcement bodies could help to prevent the continuation of these schemes and a clear legal basis is required for such cooperation. There is currently no legal basis in EU financial law, namely MAR, MiFID II and MiFIR, for NCAs receiving relevant information under these pieces of legislation to transmit it to the tax Authorities.

Formal Inquiry

ESMA, to build on its preliminary findings, has launched a formal inquiry under Article 22(4) of the ESMA Regulation, to gather further evidence from NCAs on:

- potential threats to the integrity of European financial markets;
- the nature and magnitude of actors in these schemes;
- whether cases were found of breaches of either national or EU law;
- the actions taken by financial supervisors in Member States, and
- potential recommendations for action and reform to the competent authorities concerned.

Next steps

ESMA will report on the results of this formal inquiry to the European Parliament.

Annual accounts 2018

About the EMCDDA

The European Monitoring Centre for Drugs and Drug Addiction (EMCDDA) is the reference point on drugs and drug addiction information in Europe. Inaugurated in Lisbon in 1995, it is one of the EU’s decentralised agencies. Read more >>