



EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2012) 2015 final

Brussels, 26 September 2012

MINUTES
of the 2015th meeting of the Commission
held in Strasbourg
(Winston Churchill building)
on Tuesday 11 September 2012
(afternoon)

PV(2012) 2015 final

TABLE OF CONTENTS

Attendance list	4-6
1. AGENDAS (OJ(2012) 2015/FINAL; SEC(2012) 507/2).....	7
2. WEEKLY MEETING OF CHEFS DE CABINET (RCC(2012) 2015).....	7
3. MINUTES OF 2014TH MEETING (5 SEPTEMBER) (PV(2012) 2014).....	7
4. INTERINSTITUTIONAL RELATIONS (RCC(2012) 84)	7
4.1. LEGISLATIVE MATTERS	7
4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL	10
4.3. RELATIONS WITH PARLIAMENT	11
4.4. RELATIONS WITH THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN OMBUDSMAN AND NATIONAL PARLIAMENTS.....	11
4.5. EXTERNAL RELATIONS	12
4.6. OTHER BUSINESS.....	12
5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS.....	12
5.1. WRITTEN PROCEDURES APPROVED (SEC(2012) 508 ET SEQ.).....	12
5.2. EMPOWERMENT (SEC(2012) 509 ET SEQ.)	13
5.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2012) 510 ET SEQ.).....	13
5.4. SENSITIVE WRITTEN PROCEDURES (SEC(2012) 511 AND /2)	13
6. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2012) 512)	13
6.1. DG HUMAN RESOURCES AND SECURITY/ DG INFORMATICS / DG COMMUNICATION NETWORKS, CONTENT AND TECHNOLOGY - ADMINISTRATIVE AND BUDGETARY ARRANGEMENTS FOR THE ‘COMPUTER EMERGENCY RESPONSE TEAM (CERT-EU)’ TASK FORCE	13

6.2. <i>DG ENERGY – COMMISSION PROPOSAL FOR THE POST OF DIRECTOR OF THE ENERGY COMMUNITY SECRETARIAT (PERS(2012) 76)</i>	16
6.3. <i>DG HUMAN RESOURCES AND SECURITY / LEGAL SERVICE – ACTION TO BE TAKEN ON THE JUDGMENT BY THE COUR DU TRAVAIL OF 24 APRIL 2012 IN CASE No 2010/AB/913 CONCERNING THE TERMINATION IN 2004 OF 39 CONTRACTS OF EMPLOYMENT UNDER BELGIAN LAW CONCLUDED WITH LANGUAGE TEACHERS</i>	16
7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE – A ROADMAP TOWARDS A BANKING UNION (COM(2012) 510 TO /3; RCC(2012) 87).....	17
8. PROPOSAL FOR A COUNCIL REGULATION CONFERRING SPECIFIC TASKS ON THE EUROPEAN CENTRAL BANK CONCERNING POLICIES RELATING TO THE PRUDENTIAL SUPERVISION OF CREDIT INSTITUTIONS (COM(2012) 511 TO /3; RCC(2012) 87).....	17
9. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 1093/2012 ESTABLISHING A EUROPEAN SUPERVISORY AUTHORITY (EUROPEAN BANKING AUTHORITY) AS REGARDS ITS INTERACTION WITH COUNCIL REGULATION (EU) .../... CONFERRING SPECIFIC TASKS ON THE EUROPEAN CENTRAL BANK CONCERNING POLICIES RELATING TO THE PRUDENTIAL SUPERVISION OF CREDIT INSTITUTIONS (COM(2012) 512 TO /3; RCC(2012) 87).....	17

Single sitting: Tuesday 11 September 2012 (afternoon)

The sitting opened at 13.16 with Mr BARROSO, President, in the chair.

Present:

Mr BARROSO	President	
Baroness ASHTON	High Representative/ Vice-President	Items 1 to 7/8/9 (in part)
Ms REDING	Vice-President	Items 1 to 7/8/9 (in part)
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr TAJANI	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr REHN	Vice-President	
Mr POTOČNIK	Member	
Mr PIEBALGS	Member	
Mr BARNIER	Member	
Mr ŠEMETA	Member	
Mr DE GUCHT	Member	
Mr DALLI	Member	
Ms GEOGHEGAN-QUINN	Member	
Mr LEWANDOWSKI	Member	Items 1 to 7/8/9 (in part)
Ms DAMANAKI	Member	
Mr OETTINGER	Member	
Mr HAHN	Member	
Ms HEDEGAARD	Member	
Mr FÜLE	Member	
Mr ANDOR	Member	Items 1 to 7/8/9 (in part)
Ms MALMSTRÖM	Member	

Absent:

Ms VASSILIOU	Member
Ms GEORGIEVA	Member
Mr CIOLOŞ	Member

The following sat in to represent absent Members of the Commission:

Mr HILL	A member of Ms VASSILIOU's staff
Ms OBST	A member of Mr CIOLOŞ's staff

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr VANDERSTEEN	Deputy Director-General (acting), DG Communication	
Mr DOENS	Head of the Commission Spokesperson Service	
Ms AHRENKILDE HANSEN	Commission Spokeswoman	
Mr THEBAULT	Head of the Bureau of European Policy Advisers	
Ms SUTTON	A member of the PRESIDENT's staff	
Mr CEBALLOS BARÓN	A member of Baroness ASHTON's staff	Items 7/8/9 (in part)
Mr SELMAYR	Chef de cabinet to Ms REDING	Items 7/8/9 (in part)
Mr DUMONT	A member of Mr BARNIER's staff	
Ms CALVIÑO	Deputy Director-General, DG Internal Market and Services	

Secretary: Ms DAY, Secretary-General, assisted by Mr AYET PUIGARNAU, Director in the Secretariat-General.

1. AGENDAS

(OJ(2012) 2015/FINAL; SEC(2012) 507/2)

The Commission took note of that day's agenda and of the tentative agendas for forthcoming meetings.

2. WEEKLY MEETING OF CHEFS DE CABINET

(RCC(2012) 2015)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 10 September.

3. MINUTES OF 2014TH MEETING (5 SEPTEMBER)

(PV(2012) 2014)

The Commission approved the minutes of its 2014th meeting.

4. INTERINSTITUTIONAL RELATIONS

(RCC(2012) 84)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 7 September (RCC(2012) 84).

It paid particular attention to the following points.

4.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure

(point 1.2 of the IRG record)

Dossiers at Parliament first reading

- Amendment of Regulation (EC) 1060/2009 on credit rating agencies (Regulation) – DOMENICI report – 2011/361 (COD)

The Commission approved the line set out in SI(2012) 384/2.

- Alternative dispute resolution for consumer disputes – Amendment of Regulation (EC) 2006/2004 and Directive 2009/22/EC (Directive) – GRECH report – 2011/0373 (COD) / Online dispute resolution for consumer disputes (Regulation) – THUN UND HOHENSTEIN report – 2011/0374 (COD)

The Commission approved the line set out in SI(2012) 383/2.

ii) Preparation of Parliament's September part-session
(point 1.3 of the IRG record)

Ordinary legislative procedure – First reading

- Amendment of Council Regulation (EC) 774/94 opening and providing for the administration of certain Community tariff quotas for high-quality beef, and for pigmeat, poultrymeat, wheat and meslin, and brans, sharps and other residues – Alignment of regulation with the Treaty on the Functioning of the European Union (delegated and implementing powers of the Commission) (Regulation) – MOREIRA report – 2011/0445 (COD)

The Commission approved the line set out in SP(2012) 557.

- Amendment of Council Regulations (EC) 2008/97, (EC) 779/98 and (EC) 1506/98 in the field of imports of olive oil and other agricultural products from Turkey as regards the delegated and implementing powers to be conferred on the Commission – Alignment of regulations with the Treaty on the Functioning of the European Union (delegated and implementing powers of the Commission) (Regulation) – MOREIRA report – 2011/0453 (COD)

The Commission approved the line set out in SP(2012) 558.

- Agricultural product quality schemes (Regulation) – GARCÍA PÉREZ report – 2010/0353 (COD)

The Commission approved the line set out in SP(2012) 559.

- Certain measures in relation to countries allowing non-sustainable fishing for the purpose of the conservation of fish stocks (Regulation) – GALLAGHER report – 2011/0434 (COD)

The Commission approved the line set out in SP(2012) 560.

- Common organisation of the markets in fishery and aquaculture products (Regulation) – STEVENSON report – 2011/0194 (COD)

The Commission approved the line set out in SP(2012) 561 and /2.

- Economic Partnership Agreements between the European Union and ACP countries – Amendment of Annex I to Council Regulation (EC) 1528/2007 as regards the exclusion of a number of countries from the list of regions or states which have concluded negotiations (Regulation) – MARTIN report – 2011/0260 (COD)

The Commission approved the line set out in SP(2012) 562.

- Implementation of the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the European Union and Colombia and Peru (Regulation) – LANGE report – 2011/0262 (COD)

The Commission approved the line set out in SP(2012) 563 and /2.

- Implementation of the bilateral safeguard clause and the stabilisation mechanism for bananas of the Agreement establishing an Association between the European Union and its Member States on the one hand, and

Central America on the other (Regulation) – LEICHTFRIED report – 2011/0263 (COD)

The Commission approved the line set out in SP(2012) 564 and /2.

- European Social Entrepreneurship Funds (Regulation) / European Venture Capital Funds (Regulation) – AUCONIE report / LAMBERTS report – 2011/0418 (COD) / 2011/0417 (COD)

The Commission approved the line set out in SP(2012) 590.

- Certain permitted uses of orphan works (Directive) – GERINGER DE OEDENBERG report – 2011/0136 (COD)

The Commission took note of the final compromise text in SP(2012) 565/2, further to note SI(2012) 287/2, which it had already approved on 12 June.

- Minimum standards on the rights, support and protection of victims of crime (Directive) – PARVANOV and JIMÉNEZ-BECERRIL BARRIO report – 2011/0129 (COD)

The Commission took note of the compromise text in SP(2012) 566, further to note SI(2012) 269/2, which it had already approved on 12 June.

- Introduction of emergency autonomous trade preferences for Pakistan (Regulation) – MOREIRA report – 2010/0289 (COD)

The Commission approved the line set out in SP(2012) 567.

4.2. RELATIONS WITH THE EUROPEAN COUNCIL AND THE COUNCIL

iii) Programming of Council business

(SI(2012) 390)

The Commission took note of the information in SI(2012) 390 on the Council meetings between 13 and 26 September.

4.3. RELATIONS WITH PARLIAMENT

iv) Participation by Members of Parliament in international conferences

(point 3.6 of the IRG record)

- Eleventh meeting of the Conference of the Parties to the United Nations Convention on Biological Diversity (Hyderabad, 8 to 19 October)

The Commission agreed to the request to the PRESIDENT from Mr Martin Schulz, President of Parliament, concerning the attendance of three Members of the European Parliament at the above-mentioned meeting as observers in the EU delegation, with a reminder about the procedure to be followed.

4.4. RELATIONS WITH THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE, THE COMMITTEE OF THE REGIONS, THE EUROPEAN OMBUDSMAN AND NATIONAL PARLIAMENTS

v) Follow-up to opinions of the European Economic and Social Committee – First quarter 2012

(point 4.3 of the IRG record)

The Commission noted that the item concerning the replies to the opinions adopted by the Economic and Social Committee during the first quarter of 2012 had been withdrawn from the agenda and that a revised version of SC(2012) 27 would be distributed in time for adoption at a forthcoming Commission meeting.

vi) Follow-up to Committee of the Regions opinions – Forty-eighth report (February 2012 plenary session)

(point 4.4 of the IRG record)

The Commission approved the replies to the opinions adopted by the Committee of the Regions during the February 2012 plenary session, contained in the document distributed as SR(2012) 24/2, for transmission to the Committee of the Regions.

vii) Follow-up to Committee of the Regions opinions – Forty-ninth report (May 2012 plenary session)

(point 4.5 of the IRG record)

The Commission approved the replies to the opinions adopted by the Committee of the Regions during the May 2012 plenary session, contained in the document distributed as SR(2012) 25/2, for transmission to the Committee of the Regions.

4.5. EXTERNAL RELATIONS

viii) Russia-Kazakhstan-Belarus Customs Union

(point 5.1 of the IRG record)

The Commission approved the line set out in SI(2012) 385/2.

4.6. OTHER BUSINESS

ix) Withdrawal of the proposal for a Council Regulation on the exercise of the right to take collective action within the context of the freedom of establishment and the freedom to provide services – 2012/0064 (APP)

(point 7.1 of the IRG record)

The Commission approved the line set out in SNP(2012) 9/2.

5. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

**5.1. WRITTEN PROCEDURES APPROVED
(SEC(2012) 508 ET SEQ.)**

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 3 and 7 September.

5.2. EMPOWERMENT
(SEC(2012) 509 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 3 and 7 September.

5.3. DELEGATION AND SUBDELEGATION OF POWERS
(SEC(2012) 510 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 3 and 7 September, as archived in e-Greffe.

5.4. SENSITIVE WRITTEN PROCEDURES
(SEC(2012) 511 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 10 and 14 September and of the finalisation written procedures initiated following the weekly meeting of Chefs de cabinet on 10 September.

6. ADMINISTRATIVE AND BUDGETARY MATTERS
(SEC(2012) 512)

ADMINISTRATIVE MATTERS
(PERS(2012) 98)

**6.1. DG HUMAN RESOURCES AND SECURITY/ DG INFORMATICS / DG
COMMUNICATION NETWORKS, CONTENT AND TECHNOLOGY -
ADMINISTRATIVE AND BUDGETARY ARRANGEMENTS FOR THE
'COMPUTER EMERGENCY RESPONSE TEAM (CERT-EU)' TASK
FORCE**

The Commission took note of the information in point 1 of PERS(2012) 98 and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms KROES, decided that:

- the CERT-EU Preconfiguration Team would be converted into a unit-level Task Force with the name ‘Computer Emergency Response Team – EU’; this Task Force would report to the Director-General of the Directorate-General for Informatics, with additional functional reporting lines for subjects falling within the specific responsibility of the Directorate-General for Communication Networks, Content and Technology, and the Directorate-General for Human Resources and Security; the Task Force would be placed under the strategic oversight and supervision of the inter-institutional Steering Board, which would in particular have responsibility for supervising the Task Force’s work, setting priorities, laying down strategic guidelines, adopting the annual work programme and monitoring its implementation, and monitoring the use of resources;
- the Head of the Task Force would operate at a level equivalent to that of Head of Unit and report to the Director-General of the Directorate-General for Informatics; in order to implement the reporting lines referred to above and maximise the effectiveness of the Task Force, the head of the Task Force would coordinate the activities of the CERT-EU with the relevant units within the Directorate-General for Communication Networks, Content and Technology, the Directorate-General for Human Resources and Security, and the Directorate-General for Informatics, under the guidance and authority of the Director-General of the Directorate-General for Informatics;
- the Task Force would be made up of staff from the Commission and from other Institutions and, where appropriate, seconded national experts; the officials from the Commission and the other institutions would be seconded to the Task Force by their current departments, with the exception of the Head of the Task Force who would be appointed to the

post; the Commission would provide the Task Force with a total of six staff members, including the Head of the Task Force, broken down as follows: a maximum of four AD-level staff members (officials, temporary staff, seconded national experts or contract staff in function group IV) and a maximum of two AST-level staff members (officials, temporary staff or contract staff in function groups III or II); the Directorates-General placing staff at the disposal of the Task Force could be allocated 'surcharge' posts by way of compensation based on a case-by-case assessment;

- the Head of the Task Force would be the functional superior of all Task Force staff on a day-to-day basis and with regard to all tasks necessary for carrying out the Task Force's mission; without prejudice to the powers as appointing authority conferred on the departments providing staff, all DGs and Institutions which had made members of their staff available to the Task Force would consult the Head of the Task Force on all personnel and other administrative decisions, particularly with regard to appraisals and promotions; the Head of the Task Force would authorise leave, training and missions, without prejudice to the appointing authority powers of the departments which had made members of their staff available and without prejudice to the existing operational and financial arrangements;
- the Task Force would occupy offices provided by the Directorate-General for Human Resources and Security; it would receive the customary administrative support from the Directorate-General for Informatics; mission and training costs would be met from the budget lines of the entities having provided staff for the Task Force; other requirements in terms of logistics and equipment would be met from the budget lines of the Directorate-General for Informatics;
- where appropriate, the Task Force could conclude – with the agreement of the Steering Board – Service Level Agreements (SLA) with smaller entities that had not provided staff for the Task Force; these SLAs would

define the nature, scope and administrative and financial terms of the services provided, which could help finance additional staff or other resources for CERT-EU;

- the mandate, composition and duration of the Task Force would be re-examined on an annual basis.

These decisions would take effect on 1 October 2012.

6.2. DG ENERGY – COMMISSION PROPOSAL FOR THE POST OF DIRECTOR OF THE ENERGY COMMUNITY SECRETARIAT (PERS(2012) 76)

The Commission noted the procedure followed, as set out in point 2 of PERS(2012) 98, and, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr OETTINGER, decided:

- to propose Mr Janez KOPAC for the post of Director of the Energy Community Secretariat;
- to instruct Mr OETTINGER, Member of the Commission with special responsibility for energy, to notify the Ministerial Council of the Energy Community of this proposal.

These decisions would take effect immediately.

6.3. DG HUMAN RESOURCES AND SECURITY / LEGAL SERVICE – ACTION TO BE TAKEN ON THE JUDGMENT BY THE COUR DU TRAVAIL OF 24 APRIL 2012 IN CASE No 2010/AB/913 CONCERNING THE TERMINATION IN 2004 OF 39 CONTRACTS OF EMPLOYMENT UNDER BELGIAN LAW CONCLUDED WITH LANGUAGE TEACHERS

Having taken note of the information provided in point 3 of document PERS(2012) 98, the Commission decided that there would be no appeal to the Cour de Cassation against the judgment of the Cour du Travail of 24 April

2012 in case 2010/AB/913 concerning the termination in 2004 of 39 contracts of employment under Belgian law concluded with language teachers.

**7. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE – A ROADMAP TOWARDS A BANKING UNION
(COM(2012) 510 TO /3; RCC(2012) 87)**

**8. PROPOSAL FOR A COUNCIL REGULATION CONFERRING SPECIFIC TASKS ON THE EUROPEAN CENTRAL BANK CONCERNING POLICIES RELATING TO THE PRUDENTIAL SUPERVISION OF CREDIT INSTITUTIONS
(COM(2012) 511 TO /3; RCC(2012) 87)**

**9. PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EU) 1093/2012 ESTABLISHING A EUROPEAN SUPERVISORY AUTHORITY (EUROPEAN BANKING AUTHORITY) AS REGARDS ITS INTERACTION WITH COUNCIL REGULATION (EU) .../... CONFERRING SPECIFIC TASKS ON THE EUROPEAN CENTRAL BANK CONCERNING POLICIES RELATING TO THE PRUDENTIAL SUPERVISION OF CREDIT INSTITUTIONS
(COM(2012) 512 TO /3; RCC(2012) 87)**

The PRESIDENT prefaced his remarks by strongly criticising the fact that one of the documents concerning the package of measures on the single supervisory mechanism had been leaked on the Internet before it had been discussed by the Commission, an unacceptable move that undermined the Commission's reputation and the exercise of its right of initiative, making it difficult for it to conduct its work properly. He said that all possible measures had been taken to determine the exact

origin of this leak. He would in future take other appropriate steps before certain sensitive texts were adopted in order to step up further the protection of the procedure and the documents involved and thus safeguard the collective responsibility of the Commission.

The Commission took note of this information.

The PRESIDENT then launched a discussion on the measures he and Mr BARNIER had proposed, saying that he was convinced that the single supervisory mechanism would be a decisive factor in restoring confidence, in particular in the euro area. He felt that simple cooperation between national supervisors had reached its limit and that it was now important to move on to a common decision-making process on supervision, a particularly urgent matter for the euro area given the interdependence as a result of the single currency and the need to separate banking debt from sovereign debt.

Single supervision was necessary in order to have access to shared financial stability arrangements such as, in the short term, the recapitalisation of banks by the European Stability Mechanism and, in the medium term, to progress towards more decisive measures on bank management and resolution and on deposit guarantees, other key elements in the banking union.

The PRESIDENT said that the proposals presented were technically complex and politically sensitive, which would, he felt, put Europe's determination to the test, particularly since the legal basis of one of the proposals was Article 127(6) of the Treaty on the Functioning of the European Union, requiring unanimity at the Council.

This legal basis, disputed by some Members of the Parliament because it did not involve ordinary legislative procedure, was, however, essential, and Parliament would in any case play a major role in the single supervisory mechanism since the codecision procedure would have to be followed for the Regulation on the European Banking Authority and the proposals on capital requirements, deposit guarantees and bank resolution tools. Moreover, Parliament would have the power to interview

the chair of the new Supervisory Board to be set up within the European Central Bank.

In the case of Member States not using the euro, care had been taken when drafting the proposals to maintain their confidence and establish as open a structure as possible to enable those wishing to take part in the single supervisory mechanism to do so via close cooperation, the aim being to avoid creating new obstacles to countries joining the euro in future or new divisions between those inside and outside the single currency. It was also for this reason that it had been decided to change the rules governing voting in the European Banking Authority. The new rules, which provided for panels for certain decisions, would guarantee more balanced representation of all Member States. They would be reviewed in 2016 in order to make any adjustments necessary.

In reply to the question raised by some Member States as to whether the ECB would be able to exercise direct supervision of the 6000 banks in the euro area as of 2014, the PRESIDENT pointed out that under the proposal the ECB would be ultimately responsible but that the current national supervisors would play a part as well in order to retain the expertise and proximity of supervision at national level, under the aegis of the ECB. Certain powers would continue to be exercised by the national supervisors, for instance those relating to the application of rules on money laundering and consumer protection.

The PRESIDENT considered that, given these sensitive points, it was particularly important that the proposals presented at the meeting should be carefully thought out and should be fair and balanced so that they could be adopted by the end of the year, given the urgent need to establish single supervision, which was essential to restore full confidence in banks and in their restructuring and recapitalisation.

He ended by acknowledging that this would certainly not be one of the easiest adoption processes, nevertheless he was convinced that it was feasible and that the proposals would be generally welcomed as they constituted a historic step in the building of a genuine economic and monetary union.

Mr BARNIER then presented all the documents relating to the establishment of the single supervisory mechanism proposed for adoption that day. He started by saying that this was an unprecedented step in terms of pooling economic and financial sovereignty, with the European Union poised to move from coordinating supervision of the banking sector to real integration. In practical terms, the aim was to pool supervision of the main source of financing of the European economy – the banking sector – and control of the kind of risks that financial instability could bring to Member States and taxpayers, as the crisis had shown. This stage also formed part of a dual process consisting of the introduction of more homogenous and more demanding rules applicable to all financial institutions in the single market (single rule book) and the reinforcement of economic and monetary integration now under way.

The proposed mechanism was credible, simple and robust, with the following key features: (i) the responsibility given to the ECB to take the most important supervision decisions; (ii) the role kept by the national supervisors; (iii) broad scope: supervision of all banks in the euro area; and lastly (iv) gradual entry into force of the single supervisory mechanism. On this last point, he said that once the legislative proposal had been approved, the ECB could directly supervise any bank it considered to be at risk. The big European banks, as of 1 July 2013, and all banks, as of 1 January 2014, would come under the control of the ECB, still with the involvement of the national supervisors.

Mr BARNIER then turned to a number of issues that required particular attention and which the Commission was asked to discuss that day. The first of these was the road map for a banking union, which accompanied the legislative proposals on the agenda and set out the various stages of such a union: the introduction of a single European supervisory system, bank resolution system and deposit guarantee mechanism, as envisaged in the four presidents' report to the European Council. He explained that this road map set out a comprehensive framework, thereby demonstrating that the supervisory mechanism was inspired by the rationale of a banking union and genuine economic and monetary union. However, the most important thing was to emphasise this very significant step to ensure the solidity of

the banks. The first step in the introduction of a banking union had to be supervision, followed by the creation of a bank resolution authority and then, in a third phase, common guarantee mechanisms, once it was possible to draw on the corresponding national funds, as already proposed by the Commission.

On the second matter of the form which non-euro area members' association with the single supervisory mechanism would take, he recommended an open mechanism which, within the framework of legal constraints imposed by the Treaty, would allow the closest possible participation of states wishing to join. Outlining the details of the scheme, he said that the most important point in practical terms was the possibility for these Member States to participate fully in the supervisory committee that would be set up within the ECB, thereby giving them full access to information and the opportunity to take part in the debates.

Thirdly he discussed the decision-making procedures in the European Banking Authority and how the new supervisory role of the ECB would affect its operation. He felt here that it was necessary to reconcile the objective of effective decision-making within the EBA with the goal of preserving the single market and the rights of each Member State in the new system, whether or not it participated in the supervisory mechanism. In the interests of effective decision-making it was important that the EBA should not become a forum which pitted the Member States that were part of the integrated supervision against the rest, and where the issues of financial stability were decided solely along the dividing line between euro area membership and non-membership. Finally, he explained the new rules on decision-making in the EBA and stressed that the system contained genuine guarantees of neutrality and effectiveness and safeguards to protect the single market and the interests of all Member States, while still ensuring an appropriate role for a supervisory authority representing at least 17 Member States. He concluded by expressing his firm belief that the proposal met all the conditions of solidity, clarity and effectiveness essential to the implementation of supervision, and that the success of this reform would represent a major step forward not only for the 17 euro area Member States, but also for the financial stability of the European Union and the single market as a whole.

In the ensuing discussion the following points were raised:

- very broad support for the legislative proposals on the single supervisory system, which was seen as a timely response to the challenges arising from the current fragmentation and an essential element for ending the financial crisis and for deepening economic and monetary union; the importance of the system for both European consumers and the real economy;
- the need to give the ECB the ultimate decision-making power as regards banking supervision, but also the importance of a clear separation between the intended role of the ECB as single banking supervisor and its responsibility for monetary policy;
- a reminder of the Commission's role as guardian of the interests of the 27 Member States and of the integrity and coherence of the single market; to this end the need to propose a mechanism allowing for the closest possible participation of non-euro area Member States; at the same time, the need to recognise that full accession to the single supervisory system was possible only through membership of the euro area, with the rights and obligations which that status entailed; in this context, a reminder that the Governing Council of the ECB must retain ultimate responsibility for the most important decisions relating to supervision, which would necessarily impose certain limits on the flexibility of the proposed mechanism; satisfaction at the balance struck by the proposal in that respect;
- a reminder of the pledge by the June European Council to allow the possibility of the European Stability Mechanism directly recapitalising the banks after the creation of a single supervisory system, and the significance of this pledge for finding solutions to the current crisis;
- on the matter of the coordination between integrated bank supervision and the other steps needed for banking union – the creation of a European bank resolution authority and a single deposit guarantee fund – some question marks about the risks of imbalance if the latter two elements were treated separately

from bank supervision and, moreover, according to a different timetable; similarly, questions about the ECB's power to withdraw a credit institution's authorisation and whether the coordination of funds constituted at national level, as currently proposed by the Commission, was adequate, particularly if the institution no longer satisfied the operative prudential requirements; on the other hand, broad support for the need to proceed with integrated supervision in order to create momentum and to open the way to these two other essential steps, the details of which, however, still needed clarification;

- the importance of all Commission Members taking ownership of these proposals and of effective communication highlighting the essential elements of the plans, such as their broad scope, the timetable for implementing the mechanism, the interplay between euro area members and non-members, and questions relating to the relationship between the supervisors of the country of origin and the host country in the case of cross-border banking institutions.

First Mr BARNIER thanked his colleagues for their support and for the congratulations offered to his departments and to those of the PRESIDENT. In the latter case he also expressed his own congratulations.

In reply to certain questions regarding the timetable for developing the banking union, he pointed out that the proposals tabled that day marked the first step in the process, in response to a specific request by the European Council. It was vital to complete this first stage successfully before considering in detail other initiatives to be introduced at a later point in what was a logical and pragmatic series of proposed steps. He confirmed that the full agenda would be explained in the comments accompanying the public presentation of this first package of measures.

On the question of relations between supervisors from the country of origin and the host country in the case of cross-border banks, he assured the meeting that the best possible balance had been sought, although he hoped that the ECB would do its utmost to improve as far as possible participation by supervisors from the Member States outside the euro area.

More generally, he noted that it would be in everyone's interests to have a European supervisor which, in the course of its work, was more alive to the importance of maintaining the stability of the euro area as a whole. He also confirmed that, as soon as the proposals had been adopted, supervision would be carried out at the level of the ECB, which would be able to intervene vis-à-vis any bank that posed a problem.

He ended by thanking the PRESIDENT in particular for his personal support and cooperation.

Noting the broad consensus on the proposals being tabled that day, the PRESIDENT too congratulated Mr BARNIER's departments for the excellent work that had been accomplished to tight deadlines. He himself would be underlining the importance of these proposals in his State of the Union speech to the European Parliament on Wednesday 12 September.

He felt that these credible proposals ought to be greeted with confidence, as they fulfilled the need for immediate stabilisation in the context of managing the economic and financial crisis. He acknowledged, however, that, since the proposals opened up the possibility of recapitalising the banks through the ESM, a step which some Member States were reluctant to take, conflicting interests would have to be overcome in order to secure their adoption by the Council.

He therefore intended to make a political appeal, stressing that in the current circumstances it was absolutely vital to strengthen economic and monetary union by establishing a banking union and to move towards a closer political union with a stronger emphasis on responsibility and democracy.

Following this discussion, the Commission, acting on a proposal from the PRESIDENT, agreed that the communication and the proposals for Regulations in items 7, 8 and 9 of these minutes, currently set out in COM(2012) 510/3, COM(2012) 511/3 and COM(2012) 512/3, would be formally adopted by finalisation written procedure, the time limit for which was set at 08.00 on Wednesday 12 September (PE/2012/6311, PE/2012/6310 and PE/2012/6309 respectively).

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The Commission's other discussions on certain agenda items are recorded in the special minutes.

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The meeting closed at 15.43.