

Press remarks by Vice-President Valdis Dombrovskis at the second informal ECOFIN press conference in Vienna

Thank you Minister and thank you for yet another productive day in Vienna.

First of all, I would like to make few points on the proposals linked to the new Multiannual financial framework and the euro area reform.

We discussed InvestEU, which builds on the success of the European Fund for Strategic Investment and aims to leverage EUR 650 billion in investment.

InvestEU is a major simplification – we propose one investment instrument instead of 14, which will lead to more efficiency and less bureaucracy. This effort was recognised by the Member States today.

InvestEU will also be more policy driven: it is designed to target market gaps in sectors relevant to our policy objectives.

Our discussion today focused on how to take public support for investment to a more ambitious level through InvestEU.

Member States confirmed that the EIB should remain the privileged but not exclusive partner for implementing InvestEU. National Promotional Institutions must play an important role in the implementation as well. We are determined to help them to build capacity where need be and we expect the larger and more experienced institutions to support this effort. We believe that such an approach would foster investment flow to smaller projects, support innovation and contribute to the geographical balance.

We also discussed the Reform Support Programme, which has for the main objective to incentivise and support structural reforms at Member State level.

There is a shared understanding that structural reforms are fundamental to improve the performance and resilience of our economies. There is also a common understanding that reforms are not purely a national issue, but a matter of common concern.

Our discussion focused on the main innovation of the Reform Support Programme, which is the Reform Delivery Tool.

The Reform Delivery Tool is carefully designed to incentivise timely reforms while preventing moral hazard and deadweight loss. The financial support would be paid out upon timely and full implementation of the reforms agreed. And the funds can be claimed back if the reforms are reversed.

And it's not about imposing the reforms. The use of this instrument would be voluntary.

Many Member States underlined the necessity to ensure national ownership of reforms. I agree that the ownership is key.

The spirit of our proposal is that reforms under the Reform Delivery Tool will be proposed by Member States, then negotiated and agreed in open partnership with Member States. And we agree that there are good synergies to be found between political objectives pursued under the EU economic convergence, regional development and economic and social challenges that Member States face.

Having said that, we are open to further discussions on the Reform Delivery Tool and looking forward to improving our proposals further.

We also discussed the fiscal stabilisation function for the euro area.

Two points here:

Although buffers built up in national budgets should be the first line of defence, in a single currency union a stabilisation function is certainly needed to face major asymmetric shocks.

The Commission's European Investment Stabilisation Function is a carefully weighted and pragmatic proposal. It is based on the concept of protecting the public investment in times of economic downturns.

So we believe that our proposals can frame future discussions, of course, taking into account proposals and ideas from the Member States to further improve them.

On the taxation of the digital economy, let me thank the Austrian Presidency for keeping this file high on the agenda and for the progress that is being achieved. I would also like to thank Angel Gurría who was also present today for his personal commitment to driving tax agenda at the OECD.

The European Union needs a modern taxation system, which reflects the developments in our economies. One of the main developments is that companies and entrepreneurs are increasingly operating in the digital environment. All speakers today agreed that it is important that digital companies pay their fair share of tax.

While we have to work towards a long-term solution on digital taxation, preferably in the OECD or at G20 level, the Commission fully supports the Austrian Presidency in its efforts to swiftly adopt our proposal for an interim solution – a digital services tax.

We therefore welcome the positive signals from many Member States, here in Vienna, and look forward to turning words into deeds.

Thank you.

MIFID II: ESMA ISSUES LATEST DOUBLE VOLUME CAP DATA

The number of new breaches is 142: 126 equities for the 8% cap, applicable to all trading venues, and 16 equities for the 4% cap, that applies to individual trading venues. Trading under the waivers for all new instruments in breach of the DVC thresholds should be suspended from 12 September 2018 to 11 March 2019. The instruments for which caps already existed from previous periods will continue to be suspended.

In addition, ESMA highlights that some trading venues in the meantime have submitted corrected data that affects past DVC publications. For a total number of 4 instruments, this means that previously identified breaches of the 8% and 4% caps prove to be incorrect. For these instruments, the suspensions of trading under the waivers should be lifted.

As of 7 September, there is a total of 674 instruments suspended.

Please be aware that ESMA does not update DVC files older than 6 months. In other words, suspensions that were expected to be triggered in the past months due to the publication of the DVC results in the files related to the periods 1 January 2017 to 31 December 2017 and 1 February 2017 to 31 January 2018 cannot be lifted anymore.

In addition, the “Expected suspension end date” for suspensions that are active as of 7 September 2018 has been changed whenever the suspension period was equal to 6 months and 1 day. The suspensions are expected to start before 8:00 am CET on the “Suspension start date” and terminate at the close of trading day on the “Suspension end date”.

Last but not least, [as communicated on 9 August](#), the disclaimer of the relevant ISINs were corrected in the DVC Results Files covering the periods 1 January 2017 to 31 December 2017 and 1 February 2017 to 31 January 2018.

Background

MiFID II introduced the DVC to limit the amount of dark trading in equities allowed under the reference price waiver and the negotiated transaction waiver. The DVC is calculated per instrument (ISIN) based on the rolling average of trading in that instrument over the last 12 months.

Remarks by Vice-President Dombrovskis

at the informal ECOFIN press conference in Vienna

First I would like to thank Hartwig Löger and his teams for their warm welcome in the beautiful city of Vienna.

It is a pleasure to be here and we had interesting and productive discussions.

First we discussed the financial stability implications of increasing interest rates.

So far we have been operating in a very low interest rate environment and the monetary policy has been very accommodating.

So the question was how to ensure full smooth adjustment and minimise any negative impact of the policy normalisation on the financial sector and the real economy.

Of course we must see this in the context of a broader macro-economic policy. Also on the fiscal policy side, we think it is time to rebuild fiscal buffers in Member States so that there is more room of manoeuvre in case of next downturn.

On the Commission's side we underlined the necessity to further strengthen the resilience of our financial system by implementing the post-crisis financial regulatory reforms and continuing work on the non-performing loans.

We also had a good exchange of views on crypto-assets. We see that crypto-assets are here to stay. Despite the recent turbulence, this market continues to grow.

In particular initial coin offerings, or ICOs, we see they have the potential to emerge as a viable form of alternative financing. Already last year, ICOs helped raise over 6 billion dollars in funding and this year this figure will be substantially bigger.

At the same time, we also see risks linked to a lack of transparency, so there are risks for investment protection and market integrity, but also in the form of money laundering, potential fraud or hacking.

So we need to continue monitoring the developments in this area, and we need to do so also in cooperation with our international partners at the Financial Stability Board or G20 level.

One challenge with crypto-assets is how to categorise and classify them, and whether and how to apply existing EU financial rules to these assets or if we need new EU rules.

In this context, we are currently working together with European Supervisory

Auhtorities on what we call regulatory mapping of crypto assets to answer exactly these questions. Many Member States today supported the need for such mapping, so we expect to conclude this assessment later this year. This will provide a solid ground to build on and to decide on further steps in this area.

I also note that we have already expanded the scope of the EU anti-money laundering and anti-terrorism finance legislation to crypto-asset exchanges and custodian wallet providers.

Thank you.

Weekly schedule of President Donald Tusk

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Main topics and media events 10 – 23 September 2018

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