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2016/0282 (COD)**

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NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee
No. Cion doc.:	12187/16 + ADD 1 + ADD 2 - COM(2016) 605 final + ANNEX 1 and 2
Subject:	Proposal for a Regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council (Omnibus proposal) (first reading) – <i>Analysis of the final compromise text with a view to agreement</i>

OUTCOME OF TRILOGUES^{1,2}

¹ Changes compared to the Commission proposal are highlighted in **bold** and ~~striketrough~~.

² Recitals have not yet been fully reviewed and will be submitted to the Permanent Representatives Committee in the beginning of 2018. Articles 277 and 280 will need to be reviewed by the Council Legal Service at the very end to ensure full coherence of Parts 1 and 2 of the Regulation (see also doc. 15783/17 ADD 2).

**OUTCOME OF TRILOGUES
SUMMARY OF RESULTS**

FINANCIAL REGULATION OMNIBUS - 2016/0282(COD)

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
<p>Proposal for a Regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 1301/2013, (EU) No 1303/2013, EU No 1304/2013, (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, (EU) No 652/2014 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council</p>	<p><u>AMD 59</u></p> <p>Proposal for a Regulation of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union and amending Regulation (EC) No 2012/2002, Regulations (EU) No 1296/2013, (EU) 1301/2013, (EU) No 1303/2013, EU No 1304/2013, (EU) No 1305/2013, (EU) No 1306/2013, (EU) No 1307/2013, (EU) No 1308/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, (EU) No 652/2014 of the European Parliament and of the Council and Decision No 541/2014/EU of the European Parliament and of the Council <u>and repealing Regulation (EU, Euratom) No 966/2012</u></p> <p><i>Justification: Technical correction.</i></p>			X1
THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,		THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,		X2
Having regard to the Treaty on the	Having regard to the Treaty on the	Having regard to the Treaty on the		X3

¹ Text acceptable subject to overall agreement (nothing is agreed until everything is agreed).

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Functioning of the European Union, and in particular Articles 42, 43(2), 46(d), 149, 153(2)(a), 164, 168(4)(b), 172, 175, 177, 178, 189(2), 209(1), 212(2), 322(2) and 349 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Articles 106a thereof,	Functioning of the European Union, and in particular Articles 42, 43(2), 46(d), 149, 153(2)(a), 164, 168(4)(b), 172, 175, 177, 178, 189(2), 209(1) , 212(2), 322(21) and 349 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Articles 106a thereof, See EP Erratum (A8-0211/2017/err01), page 5.	Functioning of the European Union, and in particular Articles 42, 43(2), 46(d), 149, 153(2)(a), 164, 168(4)(b), 172, 175, 177, 178, 189(2), 209(1) , 212(2), 322(21) and 349 thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Articles 106a thereof,		
Having regard to the proposal from the European Commission,		Having regard to the proposal from the European Commission,		X4
After transmission of the draft legislative act to the national parliaments,		After transmission of the draft legislative act to the national parliaments,		X5
Having regard to the opinion of the European Economic and Social Committee ¹ ,		Having regard to the opinion of the European Economic and Social Committee ¹ ,		X6
Having regard to the opinion of the Committee of the Regions ¹ ,		Having regard to the opinion of the Committee of the Regions ² ,		X7
Having regard to the opinion of the Court of Auditors ² ,		Having regard to the opinion of the Court of Auditors ³ ,		X8
Acting in accordance with the ordinary legislative procedure,		Acting in accordance with the ordinary legislative procedure,		X9
Whereas:		Whereas:		X10
(1) Since following three years of implementation further amendments are to be made to the financial rules applicable to the general budget of the Union in order remove	AMD 1: (1) Since following three years of implementation further amendments are to be made to the financial rules applicable to the general budget of the Union in order remove			X11

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

³ OJ C 91, 23.3.2017, p. 1.

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bottlenecks in implementation by increasing flexibility, to simplify delivery for the stakeholders and the services and to focus more on results, Regulation (EU, Euratom) no 966/2012 of the European Parliament and of the Council should be repealed and replaced by this Regulation.	bottlenecks in implementation by increasing flexibility, to simplify delivery for the stakeholders and the services, to focus more on results and to improve accessibility, transparency and accountability , Regulation (EU, Euratom) no 966/2012 ¹⁴ of the European Parliament and of the Council should be repealed and replaced by this Regulation.			
	AMD 2: (1a) In order to ensure an appropriate debate between the European Parliament and the Council, more adequate deadlines should have been allowed for discussion of the Commission's proposal. <i>Justification: The European Parliament regrets that deadlines foreseen for this proposal's debate would not take into account in an appropriate way co legislator's opinions.</i>			X12
(2) In order to reduce the complexity of financial rules applicable to the general budget of the Union ('the budget') and to include the relevant rules in one single regulation ('single rule book'), Commission Delegated Regulation (EU) No 1268/2012 ¹ should be repealed. In the interest of clarity, main rules from Regulation (EU) No 1268/2012 should be included in this Regulation, others should be included in guidance for				X13

¹ Commission Delegated Regulation (EU) No 1268/2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 111).

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services.				
(3) The fundamental budgetary principles should be maintained. Derogations from those fundamental principles for specific areas such as research, external actions and structural funds should be reviewed and simplified as far as possible, taking into account their continuing relevance, their added-value for the budget, and the burden they impose on stakeholders.	AMD 3: (3) The fundamental budgetary principles, as well as the distribution of powers and the central role of the Court of Auditors in carrying out the Union's audit laid down in Articles 285 and 287 of the Treaty on the Functioning of the European Union (TFEU) , should be maintained. Derogations from those fundamental principles for specific areas such as research, external actions and structural funds should be reviewed and simplified as far as possible, taking into account their continuing relevance, their added-value for the budget, and the burden they impose on stakeholders.			X14
(4) Up to 10% of the funds of the Instrument for Pre-accession Assistance (IPA II), the European Neighbourhood Instrument and the financing instrument for development cooperation (DCI) may be kept unallocated at the beginning of the financial year to allow additional funding to respond to major unforeseen needs, new crises situations or significant political shifts in third countries, in addition to the amounts already programmed. These unallocated funds, if not committed during the year, should be carried over by a Decision of the Commission.	AMD 4: (4) Up to 10% of the funds of the Instrument for Pre-accession Assistance (IPA II), the European Neighbourhood Instrument and the financing instrument for development cooperation (DCI) may be kept unallocated at the beginning of the financial year to allow additional funding to respond to major unforeseen needs, new crises situations or significant political shifts in third countries, in addition to the amounts already programmed. These unallocated funds, if not committed during the year, should be carried over by a Decision of the Commission, whilst ensuring that			X15

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	<p><i>they are spent in accordance with the specific objectives of their initial instrument and governed by the rules and bodies relating to that instrument.</i></p> <p><i>Justification: The recital should be in line with Article 12(2)(c) which only concerns carry-over rules. It should be guaranteed that no unallocated funds carried over can be diverted from the specific objectives of the respective instrument.</i></p>			
(5) Carry-over rules should be presented more clearly, making a distinction between the automatic and non-automatic carry-overs.				X16
(6) In order to optimise the implementation of the budget, it is important to allow for the carrying over and use of external assigned revenues for the succeeding programme or action. It should be possible to carry over internal assigned revenue for one year only, except where this Regulation provides otherwise.				X17
(7) The rules governing transfers of appropriations should allow for greater flexibility in order to ensure better budget implementation. To that end, it is important for the Commission to have the possibility of deciding on transfers, of up to 10%, of operational appropriations between Titles when they are covered by the same basic act. Transfers from administrative support lines to the corresponding operational lines should also be done autonomously				X18

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by the Commission.				
(8) In order to improve agility of the implementation of special instruments, simplified mobilisation and transfer procedures are necessary for the European Globalisation Adjustment Fund and the European Union Solidarity Fund.				X19
(9) Concerning internal assigned revenue, derogation from the principle of specification should be introduced to allow optimal use of all types of appropriations available. In this respect, in case there are no identified needs allowing such revenue to be used for the purposes for which it is assigned, its use for a different purpose should be allowed.				X20
(10) Union institutions should be able to accept any donation made to the Union.				X21
(11) An enabling clause should be introduced to allow for in-kind sponsoring by a legal person of an EU event or activity for promotional or corporate social responsibility purposes.				X22
(12) The concept of performance as regards the EU budget should be clarified. Performance should be described as a direct application of the principle of sound financial management. There should be a link between performance, objective-setting, indicators, results and economy, efficiency and	AMD 5: (12) The concept of performance as regards the EU budget should be clarified. Performance should be described on the basis of the achievement of objectives and the direct application of the principle of sound financial management. Without seeking to prejudge the relevance of the programme			X23

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effectiveness in the use of appropriations. To avoid conflicts with existing performance frameworks of the different programmes, references in terms of performance terminology should be limited to objectives and monitoring progress in achieving them.	concerned, there should be a link between objectives set and performance , indicators, results, additionality and economy, efficiency and effectiveness in the use of appropriations. To avoid conflicts with existing performance frameworks of the different programmes, references in terms of performance terminology should be limited to objectives and monitoring progress in achieving them.			
(13) Union legislation should be of high quality, focus on areas where it produces greatest added value for European citizens and is as effective and efficient as possible in delivering the common policy objectives of the Union ¹ . Subjecting existing and new spending programmes and activities entailing significant spending to evaluation can help achieve these objectives.				X24
(14) The principle of transparency, enshrined in Article 15 TFEU which requires the institutions to work as openly as possible, implies, in the area of the implementation of the budget, that citizens are able to know where, and for what purpose, funds are spent by the Union. Such information fosters democratic debate, contributes to the participation of citizens in the Union's decision-making process	AMD 6: (14) The principle of transparency is enshrined in Article 15 TFEU; this requires the institutions to work as openly as possible and , in the area of the implementation of the budget, implies that citizens are able to know where, and for what purpose, funds are spent by the Union. Such information fosters democratic debate, contributes to the participation of citizens in the Union's decision-making process, reinforces			X25

¹ OJ L 123, 12 May 2016, p.1. – Interinstitutional agreement on Better Law-Making.

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<p>and reinforces institutional control and scrutiny over Union expenditure. Such objectives should be achieved by the publication, preferably using modern communication tools, of relevant information concerning all recipients of Union funds which takes into account such all recipients' legitimate interests of confidentiality and security and, as far as natural persons are concerned, their right to privacy and the protection of their personal data. Institutions should therefore adopt a selective approach in the publication of information, in accordance with the principle of proportionality. Decisions to publish should be based on relevant criteria in order to provide meaningful information.</p>	<p>institutional control and scrutiny over Union expenditure and makes an exceptional contribution to boosting its credibility. Communication should be more targeted at recipients, aimed at increasing visibility for citizens, while ensuring through defined-measures that the messages are received by beneficiaries. Such objectives should be achieved by the full publication, preferably using modern communication tools, of relevant information concerning all recipients of Union funds which takes into account those same recipients' legitimate interests of confidentiality and security and, as far as natural persons are concerned, their right to privacy and the protection of their personal data. Institutions should therefore adopt a selective approach in the publication of information, in accordance with the principle of proportionality. Decisions to publish should be based on relevant criteria in order to provide meaningful information.</p>			
<p>(15) The information on the use of Union funds implemented under direct implementation should be published on an internet website of the institutions and should include at least the name, the locality, the amount and the purpose of the funds. That information should take into account relevant criteria such as the periodicity, the type and the</p>	<p>AMD 7: (15) In any case, the utmost transparency regarding data on beneficiaries should be sought, without prejudice to the rules on the protection of personal data. The information on the use of Union funds implemented under direct, indirect and shared implementation should be published in the Financial Transparency System and on an</p>			X26

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importance of the measure.	internet website of the institutions and should include at least the name, the locality, the amount and the purpose of the funds. That information should take into account relevant criteria such as the periodicity, the type and the importance of the measure.			
			New Recital: (16a) The Commission should be able to implement the budget indirectly through Member State organisations. It is therefore appropriate to define Member State organisations, which is either an entity established in a Member State as a public law body or a body governed by private law and entrusted by that Member State with a public service mission and provided with adequate financial guarantees. Financial backing provided in line with existing [Union law] requirements by a Member State to such private law bodies in a form to be decided by that Member State and which does not necessarily require a bank guarantee, should be considered as adequate financial guarantees.	X26a
(16) The name and locality of the recipients of Union funds should be published for prizes, grants and contracts awarded following the opening-up of a public procedure to competition, as it is the case in particular for contests, call for proposals and call for tenders, in the	AMD 8: (16) For prizes, grants and contracts awarded following the opening-up of a public procedure to competition, and in particular for contests, for a call for proposals and/or a call for tenders, to respect the principles of the TFEU and in particular the principles of transparency,			X27

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respect of the principles of the TFEU and in particular the principles of transparency, proportionality, equal treatment and non-discrimination. Moreover such publication should contribute to the control of the public selection procedures by the rejected applicants of the competition.	proportionality, equal treatment and non-discrimination, <i>the name and locality of the recipients of Union funds should be published.</i> Such publication should contribute to the control of the public selection procedures by the <i>unsuccessful</i> applicants <i>in</i> the competition.			
(17) The publication of personal data referring to natural persons should not exceed the duration during which the funds are being used by the recipient and should therefore be removed after two years. The same should apply to personal data referring to legal persons for whom the official title identifies one or more natural persons.				X28
(18) In most of the cases covered by this Regulation, the publication concerns legal persons.				X29
(19) When natural persons are concerned, such publication should only be envisaged respecting the principle of proportionality between the importance of the amount granted and the need to control the best use of the funds. Where natural persons are concerned, the publication of the region on NUTS 2 level is consistent with the objective of publication of recipients, ensures equal treatment between Member States of different sizes while respecting the recipients' right to private life and in particular the protection of their personal data.				X30
(20) Information on scholarships, and				X31

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other direct support paid to natural persons in most need should remain exempt from publication.				
(21) In order to ensure the respect of the principle of equal treatment between recipients, the publication of information related to natural persons should also be ensured in line with the obligation for the Member States to establish a large transparency of the contracts above the amount laid down in Directive 2004/18/EC of the European Parliament and of the Council of 31 March 2004 on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.				X32
(22) The name and the locality of the recipient and the amount and the purpose of the funds should not be published if it risks endangering the integrity of the recipient as protected by the Charter of Fundamental Rights of the European Union or would harm the legitimate commercial interests of the recipient.	AMD 9: (22) The name and the locality of the recipient and the amount and the purpose of the funds should not be published <i>where there is a risk that such publication might compromise</i> the integrity of the recipient as protected, <i>in particular</i> , by the Charter of Fundamental Rights of the European Union or would harm the legitimate commercial interests of the recipient.			X33
(23) In the case of indirect and shared implementation, it should be for the persons, entities or designated bodies implementing Union funds to make available information on recipients and final recipients.	AMD 10: (23) <i>Apart from the elements laid down in Recital 15</i> , in the case of indirect and shared implementation, it should be <i>the responsibility of</i> the persons, entities or designated bodies implementing Union funds to			X34

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Where applicable, the level of detail and criteria should be defined in the relevant sector specific rules and may be further defined in the financial framework partnership agreements. The Commission should make available a reference of the website where the information on recipients and final recipients can be found.	make available information on recipients and final recipients. Where applicable, the level of detail and criteria should be defined in the relevant sector- specific rules and may be further defined in the financial framework partnership agreements. The Commission should make available a reference of the website where the information on recipients and final recipients can be found.			
(24) In the interest of increased readability and transparency of data on financial instruments implemented under direct and indirect implementation, it is appropriate to merge all reporting requirements in one single working document attached to the draft budget.				X35
(25) It is appropriate to provide for a possibility for the Commission to conclude service-level agreements with other institutions in order to facilitate the implementation of administrative appropriations and also for an explicit possibility to conclude such agreements between departments of the institutions, Union bodies, European offices, bodies or persons entrusted with implementation of specific actions in the CFSP pursuant to Title V of the TEU and the Office of the Secretary General of the Board of Governors of the European schools for the provision of services, supply of products, execution of works or the implementation of building contracts.				X36

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(26) It is appropriate to define the European offices and to distinguish between obligatory and non-obligatory tasks of such offices. A possibility for the Union institutions, Union bodies and other European offices to delegate authorising officer powers to the director of the European office should be introduced. European offices should also have the possibility to conclude service-level agreements for the provision of services, supply of products, for execution of works or for implementation of building contracts. It is appropriate to set out specific rules for the provision of accounting records, provisions authorising the Commission's accounting officer to delegate some of his tasks to staff in those offices and operating procedures for the bank accounts which the European offices may be authorised to open in the Commission's name.				X37
(27) In order to further improve the cost-efficiency of executive agencies and in the light of the practical experience gained with other Union bodies, the accounting officer of the Commission should be allowed to be entrusted with all or part of the tasks of the accounting officer of the executive agency.				X38
(28) For reasons of legal certainty, it is necessary to clarify that the directors of executive agencies act as authorising officers by delegation when managing operational				X39

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appropriations of programmes delegated to their agency. To achieve the full effect of efficiency gains resulting from a global centralisation of certain support services the possibility for executive agencies to implement administrative expenditures should be explicitly mentioned.				
(29) It is necessary to establish rules on the powers and responsibilities of financial actors, in particular authorising officers and the accounting officers.				X40
(30) The European Parliament and Council should be informed of the appointment or termination of duties of an authorising officer by delegation, internal auditor and accounting officer within two weeks.				X41
(31) Authorising officers should be fully responsible for all revenue and expenditure operations executed under their authority, including in terms of internal control systems, and should be held accountable for their actions, including, where necessary, through disciplinary proceedings.				X42
(32) Consequently, the tasks, responsibilities and principles of the procedures to be observed should also be laid down. It is also necessary to provide that the authorising officers by delegation shall ensure that the authorising officers by subdelegation and their staff receive information concerning				X43

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<p>the control standards and respective methods and techniques and that measures are taken in order to ensure the functioning of the control system which should replace the obligation to establish specific code of professional standards applicable to financial verifications only. The responsibilities assumed are accounted for in an annual report to the institution and the report shall include the required financial and management information to support the authorising officer by delegation's declaration of assurance on the performance of his or her duties, including the information on the overall performance of the operations carried out. The supporting documents relating to the operations carried out should be kept. Finally, all the various forms of negotiated procedure for the award of public contracts should, since those contracts represent derogations from the usual award procedures, be the subject of a special report to the institution and of a communication to the European Parliament and Council.</p>				
<p>(33) The double role of the Head of Union delegation, and of their deputies in their absence, as authorising officer by subdelegation for the European External Action Service (hereinafter 'EEAS') and, as regards operational appropriations, for the Commission should be taken</p>				X44

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into account.				
(34) The delegation of powers of budget implementation by the Commission concerning the operational appropriations of its own section to the deputy Heads of Delegations is restricted to situations where the performance of these tasks by the deputy Heads of Delegations is strictly necessary in order to ensure business continuity during the absence of the Heads of Delegations. The deputy Heads of Delegations cannot exercise these powers on a systematic basis or for reasons of internal work division.				X45
(35) The accounting officer continues to be responsible for the proper execution of payments, the collection of revenue and the recovery of amounts receivable. He/She manages the treasury, bank accounts and third party files, keeps the accounts and is responsible for drawing up the institution's financial statements. The accounting officer of the Commission is the only person who is entitled to define the accounting rules and harmonised charts of accounts, while accounting officers of all other Union institutions define accounting procedures applicable in their institutions.				X46
(36) The arrangements for the appointment and termination of the accounting officer's duties should also be established.				X47
(37) It is appropriate that the accounting				X48

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officer should set up procedures to ensure that the accounts opened for the requirements of treasury management and imprest accounts are not in debit.				
(38) The conditions for the use of imprest accounts, a system of management which constitutes an exception to normal budgetary procedures, should also be laid down, and the tasks and responsibilities of the imprest administrators, as well as those of the authorising officer and accounting officer in connection with the control of imprest accounts, should be set out. The European Parliament and Council should be informed of any appointment or termination of duties. For reasons of efficiency, imprest accounts should be set up in Union delegations, for appropriations from both the Commission and EEAS sections of the budget. It is also appropriate to allow under specific conditions for the use of imprest accounts in the Union delegation for payments of limited amounts by budgetary procedures. As regards the appointment of imprest administrators, it has proven necessary to choose them also from personnel employed by the Commission in the field of crisis management aid and humanitarian aid operations whenever there is no Commission statutory staff available.				X49
(39) In order to take into account the situation in the field of humanitarian				X50

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aid operations whenever there is no respective Commission statutory staff available and the technical difficulties to have all legal commitments signed by the authorising officer responsible, it should be allowed for the personnel employed by the Commission in that field to sign legal commitments of a very low value up to EUR 2500 which are linked to the payments executed from the imprest accounts, and for the Heads of Union delegations or their deputies to sign legal commitments on the instruction of the authorising officer responsible.				
(40) Once the tasks and responsibilities of each financial actor have been defined, they may be held liable only under the conditions laid down in the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union. The specialised financial irregularities panels have been set up in the Union institutions, however due to limited number of cases submitted to them and for reasons of efficiency, it is appropriate to transfer their functions to the newly established inter-institutional panel which has been set up to assess requests and issue recommendations on the imposition on administrative sanctions (exclusion and financial penalty) referred to it by the	<p>AMD 11:</p> <p>(40) Once the tasks and responsibilities of each financial actor have been defined, they may be held liable only under the conditions laid down in the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union. <i>A specific separate interinstitutional panel should be put in place. Since the matter of financial irregularities is linked to the institution's disciplinary powers and therefore intrinsically connected with the institution's administrative autonomy, the interinstitutional character of the panel should be reinforced via its composition.</i></p> <p><i>Justification: See rapporteur's AMD to Art. 90 par. 5b (new).</i></p>			X51

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<p>Commission or other Union institutions and Union bodies. This transfer also aims at avoiding duplication and mitigating the risks of contradictory recommendations or opinions, in cases where both an economic operator and an EU staff member are involved. The procedure should be maintained by which an authorising officer may seek confirmation of an instruction which that officer considers to be irregular or contrary to the principle of sound financial management, and thus be released from any liability. The composition of this panel should be modified when it fulfils this role.</p>				
<p>(41) As regards revenue, it is necessary to address negative adjustments of own resources covered by Council Regulation on the system of the European Union's own resources. Except for the special case of own resources, it is necessary to keep the tasks and controls falling within the responsibility of the authorising officers at the different stages of the procedure: establishment of the estimate of amounts receivable, recovery order, dispatch of the debit note informing the debtor that the amount receivable has been established, calculation of any default interest due, and the decision, where necessary, to waive an entitlement subject to criteria guaranteeing compliance with sound financial management in order to ensure an efficient collection of</p>				X52

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revenue.				
(42) The authorising officer should be able to waive totally or partially the recovery of an established amount receivable when the debtor has entered into any of the insolvency proceeding as defined by Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings, in particular in cases of judicial arrangements, compositions and analogous proceedings.				X53
(43) Specific provisions on procedures of adjustment or cancellation of an estimate of amount receivable should be applied.				X54
(44) Due to the recent developments on the financial markets and the ECB rate applied to its principal refinancing operations, it is necessary to review the provisions concerning interest rate for fines or other penalties and to provide for rules in cases of negative interest rate.				X55
(45) To reflect the specific nature of receivables consisting in fines or other penalties imposed by the Institutions under the TFEU or Euratom Treaty, it is necessary to introduce specific provisions on the interest rates applicable on amounts due but not yet paid, in the case such amounts are increased by the Court of Justice of the European Union.				X56
(46) The rules on recovery should be				X57

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both clarified and strengthened. In particular, it should be specified that the accounting officer shall recover amounts by offsetting them also against amounts owed to the debtor by an executive agency when it implements the Union budget.				
(47) For the sake of legal security, the rules regarding the delays when a debit note is to be sent should be defined.	AMD 12: (47) <i>In order to guarantee</i> legal security <i>and transparency</i> , the rules regarding the delays when a debit note is to be sent should be defined.			X58
(48) In order to secure the management of assets whilst also yielding financial remuneration, it is necessary to have the amounts provisionally cashed, such as competitions fines which are being contested, invested in financial assets, and to determine the assignment of the return on them. Since the Commission is not the only institution which is entitled to impose fines or other penalties, it is necessary to set provisions concerning such fines or other penalties imposed by other institutions and to set rules for their recovery which should be equivalent to those for the fines or penalties imposed by the Commission.				X59
(49) In order to ensure that the Commission has all the necessary information for the adoption of the financing decisions, it is necessary to lay down the minimum requirements for the contents of financing decisions on grants,				X60

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<p>procurement, trust funds, prizes, financial instruments, blending facilities and budgetary guarantees. At the same time, in order to give a longer-term perspective to the potential recipients, it is necessary to allow that the financing decisions are adopted for more than one year but the implementation being subject to the availability of budget appropriations for the respective year. In order to enable such longer-term perspective it is necessary to reduce the number of the elements required for the financing decision. With the aim of simplification, the financing decision should at the same time constitute an annual or multi-annual programme. Since the contribution to the bodies referred to in Articles 69 and 70 is already established in the annual budget, it should not be required to adopt a specific financing decision in this respect.</p>				
(50) As regards expenditure, the relationship between financing decisions, global commitments and individual commitments as well as concepts of budgetary and legal commitment of expenditure should be clarified in order to establish a clear framework for the different stages of budget implementation.				X61
(51) In order to take into account in particular the number of legal commitments concluded in the Union delegations and representations and the exchange				X62

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rate fluctuations experienced by them, the provisional commitments should be possible also in cases where the final recipients and the amounts are known.				
(52) In order to make better use of the appropriations available for the implementation of external actions, the time limit during which individual legal commitments may be made on the basis of global budgetary commitment should be removed as well as the obligation to conclude a contribution agreement until 31 December of year n+1 in cases where a financing agreement with the third country presents the global budgetary commitment covering also the contribution agreement.				X63
(53) As regards the typology of payments which may be made by authorising officers, clarification of the various types of payments should, in accordance with the principle of sound financial management, be provided. The rules for clearing of pre-financing payments should further be clarified in particular for situations where no interim clearing is possible. To this effect, appropriate provisions should be included in legal commitments signed.				X64
(54) This Regulation should stipulate that the payments must be made within a specified time limit and that in the event of failure to respect this time	AMD 13: (54) This Regulation should stipulate that the payments must be made within a specified time limit and that in the event of failure to respect this time			X65

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limit creditors will be entitled to default interests to be charged to the budget, with the exception of Member States and as newly introduced, also the European Investment Bank and the European Investment Fund.	<p>limit creditors will be entitled to default interests to be charged to the budget, with the exception of Member States.</p> <p><i>Justification: The EIB Group should not be treated differently in this respect from other entities implementing EU budgetary funds or creditors of the Union. In this regard the EIB Group is required by its Statute to ensure its costs are covered and that the inclusion of the EIB/EIF in this provision may provoke negative reactions from the credit rating agencies related to existing instruments such as EFSI, the ELM (External Lending Mandate) and InnovFin.</i></p>			
(55) It is considered appropriate to integrate the provisions concerning validation and authorisation of expenditure in one article and to introduce a definition of de-commitments. Since the transactions are carried out in computerised systems, the concept of "signing a 'passed for payment' voucher" has been replaced by "electronically secured signature" except in a limited number of cases. It is also necessary to clarify that the validation of expenditure applies to all eligible costs, i.e. also such which are not associated with a request for payment, this being the case for the clearing of pre-financing.				X66
(56) In order to reduce complexity, streamline existing rules and improve the readability of this Regulation rules common to more than one budget implementation				X67

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instruments should be established. For those reasons certain provisions should be regrouped, the wording and scope of other provisions should be aligned and unnecessary repetitions and cross referencing should be removed.				
(57) More emphasis should be put on performance and results. It is thus appropriate to define an additional form of financing not linked to costs of the relevant operations in addition to the forms of Union contribution already well established (reimbursement of the eligible costs actually incurred, unit cost, lump sums and flat-rate financing). This form of financing should be either based on the fulfilment of certain conditions ex ante or the achievement of results measured by reference to the previously set milestones or through performance indicators.				X68
(58) Where the Commission carries out assessments of the operational and financial capacity of recipients of EU funds or of their systems and procedures, it should be able to rely on the assessments already conducted by other entities or donors such as international organizations, in order to avoid duplicating assessments of the same recipients. The possibility to cross-rely on assessments conducted by other entities should be used where these assessments were made with regard to conditions				X69

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equivalent to those set out in this Regulation for the applicable method of implementation. Therefore, in order to foster cross reliance on assessments among donors, the Commission should promote the recognition of internationally accepted standards or international best practices.				
(59) It is also important to avoid that recipients of EU funds are audited several times by different entities on the use of these funds. It is therefore necessary to foresee the possibility to rely on audits already carried out by independent auditors provided that they are based on internationally accepted standards, that they provide reasonable assurance, and that they have been conducted on the financial statements and reports setting out the use of the Union contribution. Such audits should then form the basis of the overall assurance on the use of EU funds.				X70
(60) It is important to allow Member States to request that resources allocated to them under shared implementation are transferred at Union level and implemented by the Commission in direct or indirect implementation, where possible for the benefit of the Member State concerned. This would optimise the use of these resources and of the instruments established under this Regulation or under sector specific	AMD 14: Deleted.			X71

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<p>Regulations including the EFSI Regulation, to which the Member States would request these resources to be transferred. In order to guarantee an efficient implementation of these instruments, it is necessary to foresee that where resources are transferred to instruments established under this Regulation or under sector specific Regulations including the EFSI Regulation, the rules of those regulations shall apply.</p>				
<p>(61) In order to provide for a long term cooperation mechanism with recipients of Union funding, the possibility of signing financial framework partnership agreements should be provided for. Financial framework partnerships should be implemented through grants or through cooperation agreements with entities implementing Union funds. For this purpose the minimum content of such agreements should be specified. Financial framework partnerships should not unduly restrict access to Union funding.</p>				X72
<p>(62) The conditions and procedures for suspending, terminating and reducing the Union contribution should be harmonised across the different budget implementation instruments (for example grants, procurement, indirect implementation, prizes, etc.). The grounds for such suspension, termination or reduction should be</p>				X73

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defined.				
(63) This Regulation should establish standard periods for which documents relating to Union contributions should be kept by recipients so as to avoid divergent or disproportionate contractual requirements while still providing the Commission, the European Anti-fraud office and the Court of Auditors with sufficient time to obtain access to such data and documents and perform the ex post checks and audits. In addition, participants and recipients should be obliged to cooperate in the protection of the Union's financial interest.				X74
(64) In order to provide adequate information to participants and recipients and to ensure that they have the possibility to exercise their right of defence this Regulation should allow participants and recipients to submit their observations before adoption of any measure adversely affecting their rights and to be informed on the means of redress they dispose of for challenging such a measure.				X75
(65) In order to protect the Union's financial interests, a single early detection and exclusion system should be set up by the Commission.				X76
(66) The early detection and exclusion sytem should apply to participants, recipients, entities on whose capacity the candidate or tenderer				X77

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intends to rely or to subcontractors of a contractor, any person or entity receiving Union funds where the budget is implemented under indirect implementation, any person or entity receiving Union funds under financial instruments directly implemented and participants or recipients of entities implementing the budget under shared implementation.				
(67) It should be clarified that where a decision to register a person or entity in the early detection and exclusion system database is taken on the basis of the exclusion situations of a natural or legal person who is a member of the administrative, management or supervisory body of that person or entity, or who has powers of representation, decision or control with regard to that person or entity or a natural or legal person that assumes unlimited liability for the debts of that person or entity or a natural person who is essential for the award or for the implementation of the legal commitment, the information registered in the database shall include the information concerning these persons.				X78
(68) The decision to exclude a person or entity from participation in award procedures or the imposition of a financial penalty and the decision to publish the related information should be taken by the authorising				X79

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<p>officer responsible, in light of their autonomy in administrative matters. In the absence of a final judgment or final administrative decision and in cases related to a serious breach of contract, the authorising officers responsible should take their decision having regard to the recommendation of the panel on the basis of a preliminary classification in law.. The panel should also assess the duration of an exclusion in cases where the duration has not been set by the final judgment or the final administrative decision.</p>				
(69) The role of the panel should be to ensure the coherent operation of the exclusion system. The panel should be composed of a standing chair, representatives of the Commission and a representative of the authorising officer responsible.				X80
(70) The preliminary classification in law does not prejudice the final assessment of the conduct of the person or entity concerned by the competent authorities of Member States under national law. The recommendation of the panel, as well as the decision of the authorising officer responsible, should therefore be reviewed following the notification of such a final assessment.				X81
(71) A person or entity should be excluded by the authorising officer responsible when a final judgment or	<p>AMD 15:</p> <p>(71) A person or entity should be excluded by the authorising officer responsible when a final judgment or</p>			X82

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<p>a final administrative decision has been taken in the case of grave professional misconduct, non-compliance, whether intentional or not, with the obligations related to the payment of social security contributions or the payment of taxes, fraud affecting the budget , corruption, participation in a criminal organisation, money laundering, terrorist financing, terrorist related offences, child labour or other forms of trafficking in human beings or irregularity. It should also be excluded in the case of a serious breach of a legal commitment or bankruptcy.</p>	<p>a final administrative decision has been taken in the case of grave professional misconduct, non-compliance, whether intentional or not, with the obligations related to the payment of social security contributions or the payment of taxes, where its registered office is established in a non-cooperative jurisdiction, tax good governance standards, including fair tax competition, fraud affecting the budget, corruption, participation in a criminal organisation, money laundering, terrorist financing, terrorist related offences, child labour or other forms of trafficking in human beings or irregularity. It should also be excluded in the case of a serious breach of a legal commitment or bankruptcy. It should also be excluded where it does not comply with tax transparency nor publicly disclose country by country reporting information as provided for in Directive 2013/34/EU.</p>			
<p>(72) When deciding on the exclusion or the imposition of a financial penalty and on the publication thereof or on the rejection of person or entity, the authorising officer responsible should ensure compliance with the principle of proportionality by taking into particular account the seriousness of the situation, its budgetary impact, the time which has elapsed since the relevant conduct, its duration and its</p>	<p>AMD 16: (72) When deciding on the exclusion of a person or entity, or the imposition of a financial penalty on a person or entity, and on the publication thereof, the authorising officer responsible should ensure compliance with the principle of proportionality by taking into particular account the seriousness of the situation, its budgetary impact, the time which has elapsed since the relevant conduct, its duration and its</p>			X83

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recurrence, the intention or degree of negligence and the degree of collaboration of the person or entity with the relevant competent authority and its contribution to the investigation.	recurrence, the intention or degree of negligence and the degree of collaboration of the person or entity with the relevant competent authority and its contribution to the investigation.			
(73) The authorising officer responsible should also be able to exclude a person or entity where a natural or legal person assuming unlimited liability for the debts of that economic operator is bankrupt or in a similar situation of insolvency or where that natural or legal person fails to comply with its obligations to pay social security contributions or taxes, where such situations impact the financial situation of the economic operator.				X84
(74) A person or entity should not be subject to a decision of exclusion when it has taken remedial measures, thus demonstrating its reliability. That possibility should not apply in case of the most severe criminal activities.				X85
(75) In light of the principle of proportionality, cases where a financial penalty may be imposed as an alternative to the exclusion and cases where the gravity of the conduct of the recipient concerned in respect of attempting to unduly obtain Union funds justifies the imposition of a financial penalty in addition to the exclusion so as to ensure a deterrent effect should be distinguished. The minimum and maximum financial penalty which				X86

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can be imposed by the contracting authority should also be defined.				
(76) A financial penalty should only be imposed on a recipient and not on a participant given that the amount of the financial penalty to be imposed is calculated on the basis of the value of the legal commitment at stake.				X87
(77) The possibility to apply administrative and/or financial penalties on a regulatory basis is independent from the possibility to apply contractual penalties, such as liquidated damages and should be noted.				X88
(78) The duration of exclusion should be limited in time, as is the case in Directive 2014/24/EU ¹ and in accordance with the principle of proportionality.				X89
(79) It is necessary to determine the commencement date and the duration of the limitation period for imposing administrative sanctions.				X90
(80) It is important to be able to reinforce the deterrent effect achieved by the exclusion and the financial penalty. In that regard, the deterrent effect should be reinforced by the possibility to publish the information related to the exclusion and/or to the financial penalty, with full respect for the data protection requirements set	AMD 17: (80) It is important to be able to reinforce the deterrent effect achieved by the exclusion and the financial penalty. In that regard, the deterrent effect should be reinforced by the possibility to publish the information related to the exclusion and/or to the financial penalty, with full respect for the data protection requirements set out in			X91

¹ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC (OJ L 94, 28.3.2014, p.65).

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<p>out in Regulation (EC) No 45/2001 of the European Parliament and of the Council (6) and in Directive 95/46/EC of the European Parliament and of the Council (7). This should contribute to ensuring that the same conduct is not repeated. For reasons of legal certainty and in accordance with the principle of proportionality it should be specified in which situations a publication should not take place. In its assessment, the authorising officer responsible should have regard to any recommendation of the panel. As far as natural persons are concerned, personal data should only be published in exceptional cases justified by the seriousness of the conduct or its impact on the Union's financial interests.</p>	<p>Regulation (EC) No 45/2001 of the European Parliament and of the Council (6) and in Regulation (EU) 2016/679 of the European Parliament and of the Council^{1a}. This should contribute to ensuring that the same conduct is not repeated. For reasons of legal certainty and in accordance with the principle of proportionality it should be specified in which situations a publication should not take place. In its assessment, the authorising officer responsible should have regard to any recommendation of the panel. As far as natural persons are concerned, personal data should only be published in exceptional cases justified by the seriousness of the conduct or its impact on the Union's financial interests.</p> <p>-----</p> <p>^{1a} Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ L 119, 4.5.2016, p. 1).</p>			
(81) The information related to an exclusion or a financial penalty should only be published in the case of grave professional misconduct, fraud, a significant deficiency in complying with the main obligations				X92

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of a contract financed by the budget or an irregularity.				
(82) The criteria for exclusion should be clearly separated from the criteria leading to a possible rejection from a given procedure.				X93
(83) The information on the early detection of risks and on the imposition of administrative sanctions on a person of entity should be centralised. For that purpose, related information should be stored in a database set up and operated by the Commission as the owner of the centralised system. That system should operate in full compliance with the right to privacy and the protection of personal data.				X94
(84) While the setting up and the operation of the early detection and exclusion system should be the responsibility of the Commission, other institutions and bodies, as well as all entities implementing the budget under direct, shared and indirect implementation should participate in that system by transmitting relevant information to the Commission. The authorising officer responsible and the panel should guarantee the right of defence of economic operators. The same right should be given to a person of entity, in the context of an early detection, where an act envisaged by an authorising officer could adversely affect the rights of the person of entity concerned. In cases of fraud, corruption or any				X95

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other illegal activity affecting the Union's financial interests which are not yet subject to a final judgment, the authorising officer responsible and the panel should be given the possibility to defer the opportunity given to the person of entity to submit its observations. Such deferral should only be justified where there are compelling legitimate grounds to preserve the confidentiality of the investigation.				
(85) The Court of Justice of the European Union should be given unlimited jurisdiction with regard to penalties imposed pursuant to this Regulation, in accordance with Article 261 of the Treaty on the Functioning of the European Union (TFEU).				X96
(86) In order to facilitate the protection of the Union's financial interests across all implementation modes, it should be possible for the entities involved in the implementation of the budget in shared and indirect implementation to take into account, as appropriate, exclusions decided upon by the authorising officers at Union level.				X97
(86) In order to facilitate the protection of the Union's financial interests across all implementation modes, it should be possible for the entities involved in the implementation of the budget in shared and indirect implementation to take into account, as appropriate, exclusions decided upon by the authorising officers at				X98

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Union level.				
(87) This Regulation should foster the objective of e-Government, and in particular the use of electronic data in the exchange of information between the institutions and third parties.				X99
(88) Progress towards the electronic exchange of information and electronic submission of documents, which constitute a major simplification measure, should be accompanied by clear conditions for the acceptance of the systems to be used, so as to establish a legally sound environment while preserving flexibility in the management of Union funds for the participants, recipients and the authorising offices as provided for in this Regulation.	AMD 18: (88) Progress towards the electronic exchange of information and electronic submission of documents, including e-procurement, where appropriate , which constitute a major simplification measure, should be accompanied by clear conditions for the acceptance of the systems to be used, so as to establish a legally sound environment while preserving flexibility in the management of Union funds for the participants, recipients and the authorising offices as provided for in this Regulation.			X100
(89) Rules on the composition and tasks of the committee in charge of assessing application documents in procurement, grant award procedures and in contests for prizes should be laid down. The committee may be composed of external experts if provided so in the basic act.				X101
(90) In line with the principle of good administration the authorising officer should request clarifications or missing documents while respecting the principle of equality of treatment and without substantially changing the application documents. The				X102

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authorising officer may decide not to do so only in duly justified cases. In addition, the authorising officer should be able to correct an obvious clerical error or request the participant to correct it.				
(91) Sound financial management should require that the Commission protects itself by requesting guarantees at the time of paying pre-financing. The requirement for contractors and beneficiaries to lodge guarantees should not be automatic, but should be based on a risk analysis. Where during the course of implementation the authorising officer discovers that a guarantor is no longer authorised to issue guarantees in accordance with the applicable national law, the authorising officer should be able to require replacement of the guarantee.				X103
(92) The different sets of rules for direct and indirect implementation, in particular the definition of budget implementation tasks, have created confusion and entailed risk in errors of qualification both for the Commission and for the partners and should thus be simplified and harmonised.				X104
(93) The provisions on the ex-ante pillar assessment should be revised to enable the Commission to rely as much as possible on the systems and procedures of the partners which have deemed equivalent to the ones used by the Commission.				X105

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In addition, it is important to clarify that where the assessment reveals areas where the procedures in place are not sufficient to protect the financial interests of the Union, the Commission may sign contribution agreements while imposing additional supervisory measures. It is also important to clarify where the Commission does not require a pillar assessment in order to sign contribution agreements.				
(94) It is appropriate to indicate that the remuneration of the Organisations implementing the EU budget should, where relevant and possible, have a performance based nature.				X106
(95) The Commission enters into partnerships with third countries by means of financing agreements. It is important to clarify the content of the financing agreement particularly for those parts that are implemented by the third country in indirect implementation.				X107
(96) It is important to recognise the specific nature of blending facilities where the Commission blends its contribution with that of Financial Institutions and to clarify the application of Title X on Financial Instruments.	AMD 19: (96) It is important to <i>improve the nature and the use</i> of blending facilities where the Commission blends its contribution with that of Financial Institutions and to clarify the application of Title X on Financial Instruments.			X108
(97) Procurement rules and principles applicable to public contracts awarded by the Union institutions on their own account should be based on the rules contained in the				X109

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Directive 2014/23/EU of the European Parliament and of the Council ¹ and Directive 2014/24/EU.				
	AMD 20: <i>(97a) The utmost transparency should be ensured with regard to contractors and subcontractors, making the relevant data accessible.</i>			X110
(98) In the case of mixed contracts, the methodology of the contracting authorities for determining the applicable rules should be clarified.				X111
(99) The ex ante and ex post publicity measures necessary to launch a procurement procedure should be clarified in the case of contracts above and below the thresholds set out in Directive 2014/24/EU and for those falling outside the scope of that Directive.				X112
(100) This Regulation should include an exhaustive list of all the procurement procedures available to the Union institutions regardless of the thresholds.				X113
(101) In the interests of administrative simplification and in order to encourage the participation of small and medium-sized enterprises, negotiated procedures for middle-value contracts should be provided for.				X114
(102) As is the case in Directive 2014/24/EU, this Regulation should				X115

¹ Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concessions contracts (OJ L 94, 28.3.2014, p.1)

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allow for market consultation prior to the launch of a procurement procedure. In order to ensure that the innovation partnership is used only when the desired product does not exist on the market, an obligation to carry out such preliminary market consultation before using an innovation partnership should be laid down in this Regulation.				
(103) The contribution of contracting authorities the protection of the environment and the promotion of sustainable development, while ensuring that they can obtain the best value for money for their contracts, in particular through requiring specific labels or through the use of appropriate award methods, should be clarified.				X116
(104) In order to ensure that, when executing contracts, economic operators comply with the applicable environmental, social and labour law obligations established by Union law, national law, collective agreements or the applicable international social and environmental conventions listed in Annex X to Directive 2014/24/EU, such obligations should be part of the minimum requirements defined by the contracting authority and should be integrated in the contracts signed by the contracting authority.				X117
	AMD 21:		New wording:	X118

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(105) It is appropriate that different cases usually referred to as situations of conflict of interest be identified and treated distinctly. The notion of a 'conflict of interest' should be solely used for cases where an entity or person with responsibilities for budget implementation, audit or control or an official or an agent of a Union institution is in such a situation. In cases where an economic operator attempts to unduly influence a procedure or obtain confidential information, this should be treated as grave professional misconduct. In addition, economic operators may be in a situation where they should not be selected to implement a contract because of a professional conflicting interest. For instance, a company should not evaluate a project in which it has participated or an auditor should not be in a position to audit accounts it has previously certified.	(105) It is appropriate that different cases usually referred to as situations of conflict of interest be identified and treated distinctly. The notion of a 'conflict of interest' should be solely used for cases where an entity or person with responsibilities for budget implementation, audit or control or an official or an agent of a Union institution is in such a situation. In cases where an economic operator attempts to unduly influence a procedure or obtain confidential information, this should be treated as grave professional misconduct as a result of which that operator can be excluded from the procedure. In addition, economic operators may be in a situation where they should not be selected to implement a contract because of a professional conflicting interest. For instance, a company should not evaluate a project in which it has participated or an auditor should not be in a position to audit accounts it has previously certified.		(105) It is appropriate that different cases usually referred to as situations of conflict of interest be identified and treated distinctly. The notion of a 'conflict of interest' should be solely used for cases where an entity or person with responsibilities for budget implementation, audit or control or an official or an agent of a Union institution or national authorities at any level is in such a situation. In cases where an economic operator Attempts to unduly influence a procedure or obtain confidential information, this should be treated as grave professional misconduct as a result of which that operator can be excluded can lead to the exclusion from the procedure. In addition, economic operators may be in a situation where they should not be selected to implement a contract because of a professional conflicting interest. For instance, a company should not evaluate a project in which it has participated or an auditor should not be in a position to audit accounts it has previously certified.	
(106)) In accordance with Directive 2014/24/EU, it should be possible to verify whether an economic operator is excluded, to apply selection and award criteria, as well as to verify compliance with the procurement documents in any order. As a result, it should be possible to reject tenders on the basis of award criteria without a prior check on exclusion or				X119

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selection criteria of the corresponding tenderer.				
(107) Contracts should be awarded on the basis of the most economically advantageous tender in line with Article 67 of Directive 2014/24/EU. It should be clarified that selection criteria are strictly linked to the evaluation of candidates or tenderers and award criteria are strictly linked to the evaluation of the tenders.				X120
(108) Union public procurement should ensure that Union funds are used in an effective, transparent, and appropriate way. In that regard, electronic procurement should contribute to the better use of Union funds and enhance access to contracts for all economic operators.	AMD 22: (108) Union public procurement should ensure that Union funds are used in an effective, transparent, and appropriate way, while reducing administrative burden on recipients of Union funding and on managing authorities. In that regard, electronic procurement should contribute to the better use of Union funds and enhance access to contracts for all economic operators. All Union institutions conducting public procurement should publish clear rules on their websites regarding acquisition, expenditure and monitoring, as well as all contracts awarded, including the value thereof.			X121
(109) The existence of an opening phase and an evaluation for any procedure should be clarified. An award decision should always be the outcome of an evaluation.				X122
(110) When notified of the outcome of a procedure, candidates and				X123

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tenderers should be informed of the grounds on which the decision was taken and should receive a detailed statement of reasons based on the content of the evaluation report.				
(111) Given that criteria are applied in no particular order, rejected tenderers who submitted compliant tenders should receive the characteristics and relative advantages of the successful tender if they so request.				X124
(112) For framework contracts with reopening of competition, the obligation to provide the characteristics and relative advantages of the successful tender to an unsuccessful contractor should be waived on the basis that the receipt of such information by parties to the same framework contract each time a competition is reopened might prejudice fair competition between them.				X125
(113) A contracting authority should be able to cancel a procurement procedure before the contract is signed, without the candidates or tenderers being entitled to claim compensation. This should be without prejudice to situations where the contracting authority has acted in such a way that it may be held liable for damages in accordance with the general principles of Union law.				X126
(114) As is the case in Directive				X127

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<p>2014/24/EU, it is necessary to clarify the conditions under which a contract may be modified during its performance without a new procurement procedure. In particular, cases such as administrative changes, universal succession and application of clear and unequivocal revision clauses or options do not alter the minimum requirements of the initial procedure. A new procurement procedure should be required in the case of material modifications to the initial contract, in particular to the scope and content of the mutual rights and obligations of the parties, including the distribution of intellectual property rights. Such modifications demonstrate the parties' intention to renegotiate the essential terms or conditions of that contract, in particular if the modifications would have had an influence on the outcome of the procedure had they been part of the initial procedure.</p>				
<p>(115) It is necessary to provide for the option of a performance guarantee in relation to works, supplies and complex services in order to guarantee compliance with substantial contractual obligations and to ensure proper performance throughout the duration of the contract. It is also necessary to provide for a retention money guarantee to cover the contract liability period, in line with</p>				X128

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customary practice in these sectors.				
(116) In order to determine the applicable thresholds and procedures, it is necessary to clarify whether Union institutions, executive agencies and bodies are deemed to be contracting authorities. They should not be deemed to be contracting authorities in cases where they purchase from a central purchasing body. In addition, Union institutions form a single legal entity and cannot conclude contracts but only service-level agreements between their departments.				X129
(117) It is appropriate to include a reference in this Regulation to the two thresholds set out in Directive 2014/24/EU applicable to works and to supplies and services, respectively. Those thresholds should also be applicable to concession contracts for reasons of simplification as well as sound financial management, considering the specificities of the Union institutions' contracting needs. The revision of those thresholds as provided for in Directive 2014/24/EU should therefore be directly applicable to procurement by Union institutions.				X130
(118) For harmonisation and simplification purposes, the standard procedures applicable for public procurement should also be applied to purchases provided for				X131

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under the light regime in Directive 2014/24/EU. Therefore, the threshold for light regime purchases should be aligned with the threshold for service contracts.				
(119) It is necessary to clarify the conditions of application of the standstill period.				X132
(120) The rules applicable to procurement in the field of external actions should be consistent with the principles laid down in the Directive 2014/23/EU and Directive 2014/24/EU.				X133
(121) In order to reduce complexity, streamline existing rules and improve the readability of the procurement rules, it is necessary to regroup the general provisions on procurement and the specific provisions applicable to procurement in external actions and to remove unnecessary repetitions and cross referencing.				X134
(122) It is necessary to clarify which economic operators have access to procurement by Union institutions depending on their place of establishment and to provide explicitly for the possibility of such access also to international organisations.				X135
(123) In order to achieve a balance between the need for transparency and greater coherence of procurement rules on the one hand, and the need to provide flexibility on certain technical				X136

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aspects of these rules on the other hand, the technical rules on procurement should be aggregated in the Annex to this Regulation and the power to adopt acts in accordance with Article 290 TFEU should be delegated to the Commission in respect of amendments to this Annex.				
(124) It is necessary to clarify the scope of the Title on grants, particularly with regard to the type of action or body eligible for a grant as well as with regard to legal commitments that may be used to cover grants. In particular, grant decisions should be phased out due to their limited use and progressive introduction of e-grants. The structure should be simplified by moving the provisions on instruments which are not grants to other parts of the Regulation. The nature of bodies which may receive operating grants should be clarified since the notion of bodies pursuing an aim of general Union interest is covered by the notion of bodies having an objective forming part of and supporting a Union policy. In addition, the restrictive definition of a body pursuing an aim of general Union interests should be removed.	AMD 23: (124) It is necessary to clarify the scope of the Title on grants, particularly with regard to the type of action or body eligible for a grant as well as with regard to legal commitments that may be used to cover grants. In particular, grant decisions should be phased out due to their limited use and progressive introduction of e-grants. The structure should be simplified by moving the provisions on instruments which are not grants to other parts of the Regulation. The nature of bodies which may receive operating grants should be clarified since the notion of bodies pursuing an aim of general Union interest is covered by the notion of bodies having an objective forming part of and supporting a Union policy.			X137
(125) In order to simplify procedures and improve the readability of this Regulation provisions related to the content of the grant application, of the call for proposals and of the				X138

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grant agreement should be simplified and streamlined.				
(126) In order to facilitate the implementation of actions financed by multiple donors where the overall financing of the action is not known at the time of commitment of the Union contribution, it is necessary to clarify the way the Union contribution is defined and the method of verifying its use.				X139
(127) Experience gained in the use of lump sums, unit costs or flat-rate financing has shown that, such forms of financing significantly simplified administrative procedures and reduced the risk of error substantially. Lump sums, flat rates and unit costs are a suitable form of financing independently of the area of Union intervention and in particular for standardised and recurrent actions, e.g. mobility, institutional twinning, training activities, etc. In this context, the conditions for using lump sums, unit costs and flat rates should be made more flexible. It is necessary to provide explicitly for the establishment of single lump sums covering the entire eligible costs of the action or the work programme. In addition, in order to foster focus on results, priority should be given to output-based funding. Input based lump sums, unit costs and flat rates should remain an option where output based ones are not possible or appropriate.		(127) Experience gained in the use of lump sums, unit costs or flat-rate financing has shown that, such forms of financing significantly simplified administrative procedures and reduced the risk of error substantially. Lump sums, flat rates and unit costs are a suitable form of financing independently of the area of Union intervention and in particular for standardised and recurrent actions, e.g. such as mobility, institutional twinning, training activities, etc. Moreover, as institutional twinning is implemented by Member State institutions, the use of simplified cost options is justified and should foster their engagement. In this context, the conditions for using lump sums, unit costs and flat rates should be made more flexible. It is necessary to provide explicitly for the establishment of single lump sums covering the entire eligible costs of the action or the work programme. In addition, in order to foster focus on results, priority should be given to output-based funding. Input based		X140

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		lump sums, unit costs and flat rates should remain an option where output based ones are not possible or appropriate.		
(128) The administrative procedures for authorising lump sums, unit costs and flat rates should be simplified by vesting the power for such authorisation in the authorising officer. Where appropriate, this authorisation may be given by the Commission in light of the nature of the activities or of the expenditure or in light of the number of authorising officers concerned.				X141
(129) In order to bridge the gap in the availability of data used to establish lump sums, unit costs and flat rates, the use of an expert judgement should be allowed.				X142
		(129a) While the potential of larger use of simplified forms of grants should be unlocked, it needs to be ensured that the principle of sound financial management, and in particular the principles of economy, efficiency and no double funding are complied with. For that purpose simplified forms of financing should remain reasonable proxies of the actual costs and should ensure that the resources employed are adequate to the objectives to be achieved, that same costs are not financed more than once from the EU budget and that overall overcompensation of recipients is avoided. Therefore simplified	(129a) While the potential of larger use of simplified forms of grants should be unlocked, it needs to be ensured that the principle of sound financial management, and in particular the principles of economy, efficiency and no double funding are complied with. For that purpose simplified forms of financing should remain reasonable proxies of the actual costs and ensure that the resources employed are adequate to the objectives to be achieved, that same costs are not financed more than once from the EU budget, <u>that co-financing principle is</u>	X143

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		forms of financing should be based on statistical or accounting data, similar objective means or expert judgement. In addition, suitable checks, controls and periodic assessment should continue to apply.	<u>respected</u> and that overall overcompensation of recipients is avoided. Therefore simplified forms of financing should be based on statistical or accounting data, similar objective means or expert judgement. In addition, suitable checks, controls and periodic assessment should continue to apply.	
(130) The scope of checks and controls as opposed to the periodic assessment of lump sums, unit costs or flat rates should be clarified. Those checks and controls should focus on the fulfilment of the conditions triggering the payment of lump sums, unit costs or flat-rates, including, where required, the achievement of outputs. Those conditions should not require reporting on the costs actually incurred by the beneficiary. Where the amounts of lump sums, unit costs or flat-rate financing have been decided ex ante by the authorising officer responsible or the Commission they should not be challenged by ex post controls. The periodic assessment of lump sums, unit costs or flat rates may require access to the accounts of the beneficiary for statistical and methodological purposes. The periodic assessment may lead to	AMD 24: (130) The scope of checks and controls as opposed to the periodic assessment of lump sums, unit costs or flat rates should be clarified. Those checks and controls should focus on the fulfilment of the conditions triggering the payment of lump sums, unit costs or flat-rates, including, where required, the achievement of outputs. Those conditions should not require reporting on the costs actually incurred by the beneficiary. <i>The frequency and scope of those checks and controls should be dependent, inter alia, on risk related to a beneficiary based on past irregularities.</i> Where the amounts of lump sums, unit costs or flat-rate financing have been decided ex ante by the authorising officer responsible or the Commission they should not be challenged by ex post controls. The periodic assessment of lump sums, unit costs or flat rates may require access to the accounts of the beneficiary for statistical and	(130) The scope of checks and controls as opposed to the periodic assessment of lump sums, unit costs or flat rates should be clarified. Those checks and controls should focus on the fulfilment of the conditions triggering the payment of lump sums, unit costs or flat-rates, including, where required, the achievement of outputs. Those conditions should not require reporting on the costs actually incurred by the beneficiary. Where the amounts of lump sums, unit costs or flat-rate financing have been decided ex ante by the authorising officer responsible or the Commission they should not be challenged by ex post controls. <i>This does not prevent the reduction of the grant in case of poor, partial or late implementation or in case of irregularity, fraud or breach of obligations.</i> The periodic assessment of lump sums, unit costs or flat rates may require access to the accounts of the beneficiary for statistical and methodological purposes. The	(130) The scope of checks and controls as opposed to the periodic assessment of lump sums, unit costs or flat rates should be clarified. Those checks and controls should focus on the fulfilment of the conditions triggering the payment of lump sums, unit costs or flat-rates, including, where required, the achievement of outputs. Those conditions should not require reporting on the costs actually incurred by the beneficiary. Where the amounts of lump sums, unit costs or flat-rate financing have been decided ex ante by the authorising officer responsible or the Commission they should not be challenged by ex post controls. <i>This does not prevent the reduction of the grant in case of poor, partial or late implementation or in case of irregularity, fraud or breach of obligations. In particular, the grant should be reduced where the conditions triggering the payment of lump sums, unit costs or flat rates have not been fulfilled.</i> The	X144

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updates of the lump sums, unit costs or flat rates applicable to future agreements but should not be used for questioning the value of the lump sums, unit costs or flat rates already agreed upon. Access to the beneficiary's accounts is also necessary for fraud-prevention and detection purposes.	<p>methodological purposes. The periodic assessment may lead to updates of the lump sums, unit costs or flat rates applicable to future agreements but should not be used for questioning the value of the lump sums, unit costs or flat rates already agreed upon. Access to the beneficiary's accounts is also necessary for fraud-prevention and detection purposes.</p> <p><i>Justification: Checks and controls should be focused more on beneficiaries posing a higher risk to the Union budget. Risk-based checks and controls would allow the EU to use more of its resources on concrete action instead of administration.</i></p>	periodic assessment may lead to updates of the lump sums, unit costs or flat rates applicable to future agreements but should not be used for questioning the value of the lump sums, unit costs or flat rates already agreed upon. Access to the beneficiary's accounts is also necessary for fraud-prevention and detection purposes.	periodic assessment of lump sums, unit costs or flat rates may require access to the accounts of the beneficiary for statistical and methodological purposes. <u>The frequency and scope of periodic assessments should depend on the evolution and nature of the costs, in particular taking into account substantial changes in market prices and other relevant circumstances.</u> The periodic assessment may lead to updates of the lump sums, unit costs or flat rates applicable to future agreements but should not be used for questioning the value of the lump sums, unit costs or flat rates already agreed upon. Access to the beneficiary's accounts is also necessary for fraud-prevention and detection purposes.	
(131) In order to facilitate the participation of small organisations in the implementation of the EU policies in an environment of limited availability of resources, it is necessary to recognise the value of the work provided by volunteers as eligible costs. As a result, such organisations may rely to a greater extent on volunteers' work for sake of providing co-financing to the action. Without prejudice to the maximum co-financing rate specified in the basic act, in such cases, the Union grant needs to be limited to the estimated eligible costs other than those covering volunteers' work. As volunteers				X145

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work is a work provided by third parties without a remuneration being paid to them by the beneficiary, the limitation avoids reimbursing costs which the beneficiary did not incur.				
	AMD 25: <i>(131 a) In order to protect one of the fundamental principles of public finances, the non-profit rule should be retained in this Regulation. The non-profit rule should be seen as one of the main instruments to avoid misuse of the public money.</i>			X146
			(131b) In principle grants should be awarded following a call for proposals. Where exceptions are allowed, they should be interpreted and applied restrictively in terms of scope and duration. The exceptional possibility to award grants without a call for proposals on the basis of a de facto or de jure monopoly should only be used where the bodies concerned are the only ones capable of implementing the relevant types of activities or have been vested with this function by law or by a public authority.	X146.1
(132) As a valuable type of financial support not related to predictable costs, the use of prizes should be facilitated and the applicable rules should be clarified. Prizes should be seen as complementing, not substituting, other funding				X147

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instruments such as grants.				
(133) In order to allow for the more flexible implementation of prizes, the obligation to announce prizes of value of EUR 1 000 000 or more in the statements accompanying the draft budget should be replaced by prior information of the European Parliament and an explicit announcement of such prizes in the financing decision.				X148
(134) Prizes should be subject to the principles of transparency and equal treatment. In that context, the minimum characteristics of contests should be laid down, notably the conditions for paying the prize to the winners in case of award, and the appropriate publication means. It is also necessary to establish a clearly defined award procedure, from submission of the entries to information of applicants and notification to the winning applicant, which mirrors the procedure for award of grants.				X149
(135) This Regulation should lay down the principles and conditions for financial instruments, budgetary guarantees and financial assistance and the rules on the limitation of the financial liability of the Union, the fight against fraud and money laundering, the winding down of financial instruments and reporting.				X150
	AMD 26:			X151

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(136) In recent years the Union has increasingly used financial instruments that allow a higher leverage of the EU budget to be achieved but, at the same time, they generate a financial risk for that budget. Among those financial instruments are not only the financial instruments already covered by the Financial Regulation, but also other instruments such as budgetary guarantees and financial assistance that previously have been governed only by the rules established in their respective basic acts. It is important to establish a common framework to ensure the homogeneity of the principles applicable to that set of instruments and to regroup them under a new Title, comprising sections on budgetary guarantees and on financial assistance to Member States or third countries in addition to the existing rules applicable to Financial Instruments.	(136) In recent years the Union has increasingly used financial instruments that should allow a higher leverage of the EU budget to be achieved but, at the same time, they generate a financial risk for that budget. Among those financial instruments are not only the financial instruments already covered by the Financial Regulation, but also other instruments such as budgetary guarantees and financial assistance that previously have been governed only by the rules established in their respective basic acts. It is important to establish a common framework to ensure the homogeneity of the principles applicable to that set of instruments and to regroup them under a new Title, comprising sections on budgetary guarantees and on financial assistance to Member States or third countries in addition to the existing rules applicable to Financial Instruments.			
(137) Financial instruments can be valuable in multiplying the effect of Union funds when those funds are pooled with other funds and include a leverage effect. Financial instruments should only be implemented if there is no risk of market distortion or inconsistency with state aid rules.				X152
(138) Within the framework of the annual appropriations authorised by the European Parliament and the				X153

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Council for a given programme, financial instruments should be used on the basis of an ex ante evaluation demonstrating that they are effective for the achievement of the Union's policy objectives.				
(139) Financial instruments, budgetary guarantees and financial assistance should be authorised by means of a basic act. Where financial instruments are established without a basic act in duly justified cases, they should be authorised by the European Parliament and the Council in the budget.	AMD 27: (139) Financial instruments, budgetary guarantees, financial assistance and Trust Funds should be authorised by means of a basic act.			X154
(140) The instruments that potentially fall under Title X, such as loans, guarantees, equity investments, quasi-equity investment and risk-sharing instruments should be defined. The definition of risk-sharing instruments should allow for the inclusion of credit enhancements for project bonds, covering the debt service risk of a project and mitigating the credit risk of bond holders through credit enhancements in the form of a loan or a guarantee.				X155
(141) Any reflow from a financial instrument should be used for the instrument which produced them with a view to enhance the efficiency of the instrument and possibly reduce the allocation of fresh resources from the budget to				X156

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that instrument, unless specified otherwise in the basic act.				
(142) It is appropriate to recognise the alignment of interests in pursuing Union policy objectives and, in particular, that the European Investment Bank and the European Investment Fund have the specific expertise to implement financial instruments.	<p>AMD 28:</p> <p>(142) It is appropriate to recognise the alignment of interests in pursuing Union policy objectives and, in particular, that the European Investment Bank and the European Investment Fund (EIF) have the specific expertise to implement financial instruments and budgetary guarantees.</p> <p><i>Justification: The EIB is the only EU finance institution which is obliged by the TFEU to apply EU objectives, regulations and standards and which has an audit and control system set out in the TFEU.</i></p>			X157
(143) The European Investment Bank and the European Investment Fund, acting as a group, should have the possibility to transfer part of the implementation to each other, where it may benefit the implementation of a given action and as further defined in the relevant agreement with the Commission.				X158
(144) It should be clarified that, where financial instruments are combined with other forms of support from the Union budget, the rules on financial instruments should apply. Such rules should be complemented, where applicable, by specific requirements stemming from the sector specific legislation.				X159
(145) In addition, the implementation of				X160

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<p>financial instruments and budgetary guarantees should comply with Union's tax policy objectives and achievements regarding tax avoidance, in particular aggressive tax planning and tax good governance. In that respect, attention should be given to the Commission Recommendation on aggressive tax planning (C(2012)8806), the Commission Recommendation regarding measures to encourage third countries to apply minimum standards of good tax governance in tax matters (C(2012)8805), the Commission Communication on an Anti-Tax Avoidance Package: Next steps towards delivering effective taxation and greater tax transparency in the EU (COM(2016)23), including in particular the Commission Communication on an External Strategy for Effective Taxation (COM(2016)24), and related developments at Union level.</p>				
<p>(146) Budgetary guarantees and financial assistance to Member States or third countries are off-budget operations that have a significant impact on the balance sheet of the Union. While remaining off-budget operations, their inclusion in the Financial Regulation provides a stronger protection of the financial interests of the Union and a clearer framework for their authorisation,</p>				X161

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management and accounting.				
(147) The Union has recently launched important initiatives based on budgetary guarantees such as the European Fund for Strategic Investments (EFSI) or the European Fund for Sustainable Development (EFSD). The characteristics of those instruments are that they generate a contingent liability for the Union and imply the provisioning of funds to make available of a liquidity cushion that allows the budget to respond in an orderly manner to the payment obligations that may arise from those contingent liabilities. In order to guarantee the credit rating of the Union and, hence, its capacity to deliver effective financing, it is essential that the authorisation, provisioning and monitoring of contingent liabilities follow a robust set of rules that should be applied to all budgetary guarantees.				X162
(148) The contingent liabilities arising from budgetary guarantees may cover a wide range of financing and investment operations. The possibility of the budgetary guarantee being called cannot be scheduled with full certainty on a yearly basis as in the case of loans that have a defined schedule for repayment. It is, therefore, indispensable to set up a framework for the authorisation and monitoring of contingent liabilities ensuring the full respect, at any				X163

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moment, of the annual ceiling for payments established in the Decision (EC, Euratom) 2007/436 on the system of own resources of the Union.				
(149) That framework should also provide for management and control, including reporting regularly on the financial exposure of the Union. The rate of provisioning of financial liabilities should be set on the basis of a proper risk assessment of the financial risks stemming from the related instrument. The sustainability of the contingent liabilities should be assessed annually in the context of the annual budgetary procedure. An early warning mechanism should be established to avoid a shortage of provisions to cover financial liabilities.				X164
(150) The increasing use of financial instruments, budgetary guarantees and financial assistance requires a significant volume of payment appropriations to be mobilised and provisioned. In order to deliver leverage while ensuring an adequate level of protection against financial liabilities, it is important to optimise the amount of provisioning required and to achieve efficiency gains by pooling those provisions into a common provisioning fund. In addition, the more flexible use of those pooled provisions permits an effective global provisioning rate				X165

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that delivers the protection requested with an optimised amount of resources.				
(151) The rules applicable to provisioning and to the common provisioning fund should provide a solid internal control framework. The guidelines for the asset management of the provisions should be established at the level of the Commission after having consulted the accounting officer. The authorising officers should actively monitor the financial liabilities under their responsibility and the authorising officer for the common provisioning fund should manage the cash and the assets in the fund following the rules and procedures set out by the accounting officer.				X166
(152) Budgetary guarantees and financial assistance should follow the same set of principles already established for financial instruments. Budgetary guarantees, in particular, should comply with the following principles: they should be irrevocable, unconditional and on demand; they should be indirectly implemented or, only in exceptional cases, directly; they may only cover financing and investment operations and their counterparts should contribute with their own resources to the operations covered.				X167
(153) Financial assistance to Member States or third countries should				X168

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take the form of a loan, of a credit line or any other instrument deemed appropriate to ensure the effectiveness of the support. The resources to be provided are borrowed by the Commission that should be empowered to that end, on the capital markets or from financial institutions, avoiding the involvement of the Union in any transformation of maturities that would expose it to an interest risk or any other market risk.				
(154) The provisions related to financial instruments should apply as soon as possible and at the latest from 1 January 2018 in order to achieve the simplification and effectiveness sought. The provisions related to the budgetary guarantees and to financial assistance, as well as the common provisioning fund, should apply as from the post 2020 multiannual financial framework. That calendar will allow a thorough preparation of the new tools for managing contingent liabilities. It will also permit an alignment between the principles set out in the Title X and, on the one hand, the proposal for the multiannual financial framework after 2020 and, on the other hand, the specific programmes related to the latter.				X169
(155) On 22 October 2014 the European Parliament and the Council adopted Regulation (EU, Euratom) No 1141/2014 (5) repealing Regulation (EC) No 2004/2003 and				X170

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laying down new rules for, inter alia, the funding of political parties and political foundations at European level, in particular with regard to funding conditions, the award and distribution of funding, donations and contributions, financing of campaigns for elections to the European Parliament, reimbursable expenditure, the prohibition of funding, accounts, reporting and audit, implementation and control, penalties, cooperation between the Authority for European political parties and foundations, the Authorising Officer of the European Parliament and the Member States, and transparency. This Regulation shall apply from 1 January 2017.				
(156) Rules should be included on contributions from the general budget of the Union to European political parties as envisaged by Regulation (EU, Euratom) No 1141/2014. Those rules should allow political parties at European level to have a broader degree of flexibility as regards the time limits for using those contributions, as the nature of their activities so requires.				X171
(157) The financial support given to European political parties should take the form of a specific contribution, to match the specific needs of the European political parties.				X172
(158) Although financial support is awarded without an annual work				X173

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<p>programme being required, European political parties should justify ex post the sound use of Union funding. In particular, the authorising officer responsible should verify if the funding has been used to pay reimbursable expenditure as established in the call for contributions within the time limits laid down in this Regulation. Contributions to European political parties should be spent by the end of the financial year following that of their award, after which, any unspent funding should be recovered by the authorising officer responsible.</p>				
<p>(159) Union funding awarded to finance the operating costs of the European political parties should not be used for other purposes than those established in Regulation (EU, Euratom) No 1141/2014, in particular to directly or indirectly finance other entities such as national political parties. The European political parties should use the contributions to pay a percentage of current and future expenditure and not expenditure or debts incurred before the submission of their applications for contributions.</p>				X174
<p>(160) The award of contributions should also be simplified and adapted to the specificities of the European political parties, in particular by the absence of selection criteria, the establishment of a single full</p>				X175

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prefinancing payment as a general rule, and by the possibility to use lump sums, flat-rate, unit cost financing and financing not linked to costs of the relevant operations.				
(161) The contributions from the general budget of the Union should be suspended, reduced or terminated if the European political parties infringe the obligations laid down in Regulation (EU, Euratom) No 1141/2014.				X176
(162) Penalties that are based both on the Financial Regulation and on Regulation (EU, Euratom) No 1141/2014, should be imposed in a coherent way and should respect the principle of ne bis in idem. In accordance with Regulation (EU, Euratom) No 1141/2014, administrative and/or financial penalties provided for by the Financial Regulation are not to be imposed in one of the cases for which penalties have already been imposed on the basis of Regulation (EU, Euratom) No 1141/2014.				X177
(163) This Regulation should establish a general framework under which budget support may be used as an instrument in external action including the obligation for the third country to provide the Commission adequate and timely information to evaluate the fulfilment of the agreed conditions and provisions ensuring the protection of the financial interests of the Union.				X178

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<p>(164) The Commission should be authorised to create and manage Union trust funds for emergency, post-emergency or thematic actions not only in external actions but also in EU-internal actions. Recent events in the European Union show the need for increased flexibility for funding within the EU. As the boundaries between external and internal policies are increasingly blurred, this would also provide a tool for replying to cross-border challenges. It is necessary to specify the principles applicable to the contributions to Union Trust Funds, to clarify the responsibilities of the financial actors and of the Board of the Trust Fund. It is also necessary to define rules ensuring a fair representation of the participating donors in the Board of the Trust Fund and a mandatory positive vote of the Commission for the use of the funds.</p>	<p>AMD 29:</p> <p>(164) <i>Trust funds may seriously alter budgets adopted by the European Parliament and the Council and carry the risk of using funds from financing instruments for purposes not foreseen in the basic acts establishing those instruments. Trust funds do however add value through the pooling of resources, provided such pooling is not primarily limited to Union resources.</i> The Commission should be authorised to create and manage Union trust funds for emergency, post-emergency or thematic actions for external actions. It is necessary to specify the principles applicable to the contributions to those trust funds, to clarify the responsibilities of the financial actors and of the Board of the Trust Fund. It is also necessary to define rules ensuring a fair representation of the participating donors and, where appropriate, of the European Parliament in the Board of the Trust Fund and a mandatory positive vote of the Commission for the use of the funds.</p> <p><i>Justification: The rapporteurs do not consider extending the scope of Union trust funds to internal actions appropriate at this time. See further justification in amendments to Art. 227.</i></p>			X179
<p>(165) In line with the streamlining of the existing rules and in order to avoid undue repetition, the Part two of the Financial Regulation, dedicated</p>				X180

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to special provisions applicable to the European Agricultural Guarantee Fund, to Research, external action and to specific EU funds, should be removed. The provisions of this Part two should be either introduced in the relevant parts of the Financial Regulation, or, in case the provisions are not used or no longer relevant, simply deleted.				
(166) The provisions on the presentation of accounts and accounting should be simplified and clarified. It is therefore relevant to gather all provisions on annual accounts and other financial reporting under a specific Title.				X181
(167) The manner in which the institutions currently report on building projects to the European Parliament and the Council should be maintained. Institutions should be allowed to finance new building projects with the appropriations received for buildings already sold, therefore a reference to assigned revenue provisions should be introduced. This would allow meeting the changing needs in the building policy of the institutions, while saving costs and introducing more flexibility.	AMD 30: (167) The manner in which the institutions currently report on building projects to the European Parliament and the Council should be improved . Institutions should be allowed to finance new building projects with the appropriations received for buildings already sold, therefore a reference to assigned revenue provisions should be introduced. This would allow meeting the changing needs in the building policy of the institutions, while saving costs and introducing more flexibility.			X182
(168) In order to adapt technical elements and detailed rules on procurement and on the rules applicable to certain Union bodies,				X183

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<p>the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the Annex to this Regulation, the Framework Financial Regulation for bodies set up under the TFEU and the Euratom Treaty and the Model Financial Regulation for public-private partnership bodies. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.</p>				
<p>(169) In order to improve agility of implementation of special instruments, it is appropriate to simplify mobilisation and transfer procedures by using Commission internal transfers for the European Globalisation Adjustment Fund and</p>	<p>AMD 31: Deleted.</p>			X184

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the European Union Solidarity Fund.				
(170) In order to ensure that the European Union Programme for Employment and Social Innovation (EaSI) provides swiftly adequate resources to support changing political priorities, the indicative shares for each of the three axis and the minimum percentages for each of the thematic priorities within the individual axis should allow for a greater flexibility. This should improve the management of the Programme and allow focussing budgetary resources on actions producing better employment and social results.				X185
(178) In view of optimising the use of the financial resources allocated to Member States under Cohesion policy, it is necessary to allow Member States to transfer ESI Funds allocation to instruments established under the Financial Regulation or under sector specific Regulations.	AMD 37: Deleted.			X186
	AMD 38: <i>(178a) The financial resources of the European Maritime and Fisheries Fund should be strictly earmarked to support the Common Fisheries Policy for the conservation of marine biological resources, for the management of fisheries and</i>			X187

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	<i>fleets exploiting those resources, for fresh water biological resources and aquaculture, as well as for the processing and marketing of fishery and aquaculture products.</i>			
[...] Recitals in relation to sectorial legislative acts.				
	AMD 39: <i>(199a) In line with the recommendations set out in Recital 10 of Regulation (EU) No 1296/2013 and Article 176 of this Regulation, Member States should increasingly make use of simplified cost options and of 'single lump sum' financing in order to make the associated administration less burdensome and to simplify the rules governing the allocation of funds.</i>			X188
	AMD 40: <i>(199b) In the interests of increased efficiency, Member States should be able to make more frequent use of simplified cost options and of 'single lump sum' financing in order to make the associated administration less burdensome and to simplify the rules governing the allocation of funds.</i>			X189
(200) In order to facilitate earlier and more targeted application of simplified cost options, the power to adopt acts in accordance with	AMD 41: (200) In order to facilitate earlier and more targeted application of simplified cost options, the power to adopt acts supplementing this			X190

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<p>Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the definition of the standard scales of unit costs or the flat rate financing, the fair, equitable and verifiable method on which they may be established, and the financing based on the fulfilment of conditions related to the realisation of progress in implementation or the achievement of objectives of programmes rather than on costs. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.</p>	<p>Regulation in accordance with Article 290 TFEU should be delegated to the Commission in respect of the definition of the differentiated treatment of investors and the conditions for its application, the definition of the standard scales of unit costs or the flat rate financing, the fair, equitable and verifiable method on which they may be established, and the financing based on the fulfilment of conditions related to the realisation of progress in implementation or the achievement of objectives of programmes rather than on costs. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.</p>			
<p>[...] <i>Recitals in relation to sectorial legislative acts.</i></p>				

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	<p>AMD 56:</p> <p><i>(252a) Before proposing a revision of this Regulation, the Commission should carry out an impact assessment, in accordance with the Interinstitutional Agreement of 13 April 2016 on Better Law-Making^{1a}.</i></p> <hr/> <p>^{1a} <i>OJ L 123, 12.5.2016, p. 1.</i></p> <p><i>Justification: In accordance with the amendment proposed on Art. 278 a (new), the rapporteurs believe that the significant changes proposed in this mid-term revision of the Financial Regulation were not subject to an impact assessment from the Commission, in contravention of the Interinstitutional Agreement on Better Law-Making. The Rapporteurs therefore consider making an impact assessment compulsory for any future revision of this Regulation.</i></p>			X191
[...] <i>Recitals in relation to sectorial legislative acts.</i>				
PART ONE FINANCIAL REGULATION		PART ONE FINANCIAL REGULATION		1
TITLE I SUBJECT MATTER, SCOPE AND DEFINITIONS		TITLE I SUBJECT MATTER, SCOPE AND DEFINITIONS AND GENERAL <u>PRINCIPLES</u>		2
<i>Article 1 Subject matter</i>		<i>Article 1 Subject matter</i>		3
This Regulation lays down the rules for the establishment and the		This Regulation lays down the rules for the establishment and the implementation of the		4

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implementation of the general budget of the European Union and of Euratom and the presentation and auditing of the accounts.		general budget of the European Union and of Euratom the European Atomic Energy Community and the presentation and auditing of the accounts. <i>Explanation: DQL improvement.</i>		
<i>Article 2 Definitions</i>		<i>Article 2 Definitions</i>		7
For the purposes of this Regulation, the following definitions shall apply:		For the purposes of this Regulation, the following definitions shall apply: <i>Explanation: DQL improvement.</i>		8
1. "applicant" means a natural person or an entity with or without a legal personality who has submitted an application in a grant award procedure or in a contest for prizes;		1. "applicant" means a natural person or an entity with or without a legal personality who has submitted an application in a grant award procedure or in a contest for prizes;		9
2. "application documents" means a tender, a request to participate, a grant application or an application in a contest for prizes;		2. "application documents" means a tender, a request to participate, a grant application or an application in a contest for prizes;		10
3. "award procedure" means a procurement procedure, a grant award procedure, a contest for prizes, or a procedure for the selection of experts or entities implementing Union funds pursuant to point (c) of Article 61(1);		3. "award procedure" means a procurement procedure, a grant award procedure, a contest for prizes, or a procedure for the selection of experts or entities implementing Union funds pursuant to point (c) of Article 61(1);		11
4. "basic act" means a legal act which provides a legal basis for an action and for the implementation of the corresponding expenditure entered in the budget or of the budgetary guarantee or financial assistance backed by the budget.		4. "basic act" means a legal act, other than a recommendation or an opinion , which provides a legal basis for an action and for the implementation of the corresponding expenditure entered in the budget or of the budgetary guarantee or financial assistance backed by the budget, —A basic act and which may take any of the following forms:		12

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A basic act may take any of the following forms:				13
(a) in implementation of the Treaty on the Functioning of the European Union (TFEU) and the Treaty establishing the European Atomic Energy Community (the Euratom Treaty), the form of a regulation, a directive or a decision within the meaning of Article 288 TFEU; or		(a) in implementation of the Treaty on the Functioning of the European Union (TFEU) and the Treaty establishing the European Atomic Energy Community (the Euratom Treaty), the form of a regulation, a directive or a decision within the meaning of Article 288 TFEU; or		14
(b) in implementation of Title V of the Treaty on European Union (TEU), one of the forms specified in Articles 28(1), 31(2), 33, 42(4) and 43(1)TEU.		(b) in implementation of Title V of the Treaty on European Union (TEU), one of the forms specified in Articles 28(1), 31(2), 33, 42(4) and 43(4)TEU.		15
Recommendations and opinions shall not constitute basic acts.		Recommendations and opinions shall not constitute basic acts. <i>Explanation: DQL improvement.</i>		16
5. "beneficiary" means a natural person or an entity with or without a legal personality with whom a grant agreement has been signed;		5. "beneficiary" means a natural person or an entity with or without a legal personality with whom a grant agreement has been signed;		17
6. "blending facility" means a facility established as a cooperation framework between the Commission and development or other public finance institutions as well as commercial finance institutions and investors which aims at achieving certain Union priority objectives and policies in using blending operations and other individual actions;	AMD 61: 7. "blending facility" means a facility established as a cooperation framework between the Commission and development or other public finance institutions as well as commercial finance institutions and investors which aims at achieving certain Union priority objectives and policies in using blending operations and other individual actions, notwithstanding the rule contained in Article 201(4) stating that only public law bodies or bodies with a public service mission may be	76. "blending facility" means a facility or platform established as a cooperation framework between the Commission and development or other public finance institutions as well as commercial financial institutions and investors which aims at achieving certain Union priority objectives and policies of the Union in using blending operations and other individual actions; <i>Explanation: Alignment to approach in EFSD file and proposal to correct the order.</i>	New wording: (modifications vs. Cion original proposal are shown): "blending facility" means a facility established as a cooperation framework established between the Commission and development or other public finance institutions with a view to combining non-repayable forms of support and/or financial instruments from the EU budget and financial instruments from development or other public finance institutions as well as from	19

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	<p>entrusted with the implementation of the Union budget;</p> <p><i>Justification:</i> This AMD updates and replaces the original AMD 5. The purpose is to underline that only banks with a public service mission may be entrusted with the management of EU money.</p>		<p>commercial finance institutions and investors. which aims at achieving certain Union priority objectives and policies in using b Blending operations shall be managed either by the Commission or by entities eligible in accordance with Article 61(1)(c). and other individual actions;</p>	
<p>7. "blending operation" means an action carried out within a blending facility which combines non-repayable forms of support and/or financial instruments from the EU budget and financial instruments from development or other public finance institutions as well as from commercial finance institutions and investors. Blending operations may include preparatory action leading to potential investments from finance institutions;</p>	<p>AMD 60:</p> <p>"6. "blending operation" means an action carried out within a blending facility which combines non-repayable forms of support and/or financial instruments from the EU budget and financial instruments from development or other public finance institutions as well as from commercial finance institutions and investors, notwithstanding the rule set out in Article 201(4) that only public law bodies or bodies with a public service mission may be entrusted with the implementation of the Union budget. Blending operations may include preparatory action leading to potential investments from finance institutions;</p> <p><i>Justification:</i> This AMD updates and replaces the original AMD 4. The purpose is to underline that only banks with a public service mission may be entrusted with the management of EU money.</p>	<p>67 "blending operation" means an action carried out within a blending facility or platform which combines non-repayable forms of support and/or financial instruments and/or budgetary guarantees from the EU general budget of the Union and financial instruments from development or other public finance cial institutions as well as from commercial finance cial institutions and investors, including a Blending operations may include preparatory action leading to potential investments from finance cial institutions;</p> <p><i>Explanation:</i> As for Art. 2(6): in line with EFSD, "blending platforms" and "budgetary guarantees" should be included in the blending operations.</p>	<p>New definition for "blending facility" now includes what was before captured in the definition for blending operations. This part can, therefore, be deleted.</p>	18
	<p>AMD 62:</p> <p>7a. "budget implementation" means a process including the stages of management, implementation,</p>		<p>New wording:</p> <p>7a. "budget implementation" means the carrying out of activities relating to the, a process including</p>	18.1

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	control and audit of Union financial resources, which involves the Commission and other actors depending on different methods of implementation;		the stages of management, monitoring, implementation, control and auditing of budget the appropriations in the budget in accordance with the methods provided for in Article 61. of Union financial resources, which involves the Commission and other actors depending on different methods of implementation;	
8. "budgetary commitment" means the operation by which the authorising officer responsible reserves appropriations in the budget for subsequent payments.		8. "budgetary commitment" means the operation by which the authorising officer responsible reserves the appropriations in the budget for necessary to cover subsequent payments to honour legal commitments; <i>Explanation: Re-insert wording from current Art. 85(1) FR.</i>		20
9. "budgetary guarantee" means a legal commitment of the Union to support a programme of actions by taking on the budget of the Union a financial obligation should a specified event materialise during the implementation of the programme;		9. "budgetary guarantee" means a legal commitment of the Union to support a programme of actions by taking on the general budget of the Union a financial obligation that can be called upon should a specified event materialise during the implementation of the programme, and that remains valid for the duration of the maturity of the engagements made under the supported programme; <i>Explanation: wording on maturity added pursuant to ECA opinion point 145.</i>		22
10. "building contracts" means a contract covering the purchase, long lease, usufruct, leasing, rental or hire purchase, with or without option to buy, of land, buildings or other immovable property. It shall cover		10. "building contracts" means a contract covering the purchase, long lease, usufruct, leasing, rental or hire purchase, with or without option to buy, of land, buildings or other immovable property. It shall covers both existing	New wording (related to Article 258, EP AMDs 374-376): 10. "building contracts" means a contract covering the purchase, exchange , long lease, usufruct,	23

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both existing buildings and buildings before completion provided that the candidate has obtained a valid building permit for it, save when the building has been designed in accordance with the specifications of the contracting authority;		buildings and buildings before completion provided that the candidate has obtained a valid building permit for it., save when the It does not cover buildings has been designed in accordance with the specifications of the contracting authority that are covered by works contracts; <i>Explanation: Wording added to clarify what "save when..." should have referred to.</i>	leasing, rental or hire purchase, with or without option to buy, of land, buildings or other immovable property. It shall covers both existing buildings and buildings before completion provided that the candidate has obtained a valid building permit for it., save when the It does not cover buildings has been designed in accordance with the specifications of the contracting authority that are covered by works contracts;	
11. "candidate" means an economic operator that has sought an invitation or has been invited to take part in a restricted procedure, a competitive procedure with negotiation, a competitive dialogue, an innovation partnership, a design contest or a negotiated procedure;		11. "candidate" means an economic operator that has sought an invitation or has been invited to take part in a restricted procedure, a competitive procedure with negotiation, a competitive dialogue, an innovation partnership, a design contest or a negotiated procedure;		24
12. "central purchasing body" means a contracting authority providing centralised purchasing activities and, where applicable, ancillary purchasing activities;		12. "central purchasing body" means a contracting authority providing centralised purchasing activities and, where applicable, ancillary purchasing activities;		25
13. "check" means the verification of a specific aspect of a revenue or expenditure operation;		13. "check" means the verification of a specific aspect of a revenue or expenditure operation;		26
14. "concession contract" means a contract for pecuniary interest concluded in writing between one or more economic operators and one or more contracting authorities within the meaning of Articles 168 and 172, in order to entrust the execution of works or the provision and		14. "concession contract" means a contract for pecuniary interest concluded in writing between one or more economic operators and one or more contracting authorities within the meaning of Articles 168 and 172, in order to entrust the execution of works or the provision and management of services to an economic		27

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management of services to an economic operator (the "concession"). The remuneration shall consist either solely in the right to exploit the works or services or in that right together with payment. The award of a concession contract shall involve the transfer to the concessionaire of an operating risk in exploiting those works or services encompassing demand risk or supply risk, or both. The concessionaire shall be deemed to assume an operating risk where, under normal operating conditions, there is no guarantee of recouping the investments made or the costs incurred in operating the works or the services at stake;		operator (the "concession"). The remuneration shall consist either solely in the right to exploit the works or services or in that right together with payment. The award of a concession contract shall involve the transfer to the concessionaire of an operating risk in exploiting those works or services encompassing demand risk or supply risk, or both. The concessionaire shall be deemed to assume an operating risk where, under normal operating conditions, there is no guarantee of recouping the investments made or the costs incurred in operating the works or the services at stake;		
15. "contingent liability" is a potential financial obligation that may be incurred depending on the outcome of a future event;		15. "contingent liability" is means a potential financial obligation that may be incurred depending on the outcome of a future event;		28
16. "contract" means a public contract or a concession contract;		16. "contract" means a public contract or a concession contract;		29
17. "contractor" means an economic operator with whom a procurement contract has been signed;		17. "contractor" means an economic operator with whom a procurement contract has been signed;		30
18. "control" means any measure taken to provide reasonable assurance regarding the effectiveness, efficiency and economy of operations, the reliability of reporting, the safeguarding of assets and information, the prevention and detection and correction of fraud and irregularities and their follow-up, and the adequate management of the		18. "control" means any measure taken to provide reasonable assurance regarding the effectiveness, efficiency and economy of operations, the reliability of reporting, the safeguarding of assets and information, the prevention and detection and correction of fraud and irregularities and their follow-up, and the adequate management of the risks relating to the legality and regularity of		31

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risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned. Controls may involve various checks, as well as the implementation of any policies and procedures to achieve the objectives described in the first sentence;		the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned. Controls may involve various checks, as well as the implementation of any policies and procedures to achieve the objectives described referred to in the first sentence;		
19. "contribution agreement" means an agreement concluded with entities and persons pursuant to points (ii) to (viii) of Article 61(1)©;		19. "contribution agreement" means an agreement concluded with entities and or persons pursuant to points (ii) to (viii) of Article 61(1)©;		32
20. "counterpart" is the other party that is granted a budgetary guarantee of the Union;		20. "counterpart" is means the other party that is granted a budgetary guarantee of the Union;		33
21. "crisis situations" shall be understood as situation of immediate or imminent danger threatening to escalate into an armed conflict or to destabilise a country. Crisis situations shall also be understood as situations caused by natural disasters, manmade crisis such as wars and other conflicts or extraordinary circumstances having comparable effects related inter alia to climate change, environmental degradation, privation of access to energy and natural resources or extreme poverty.		21. "crisis situations" shall be understood as means:		34
		(a) situations of immediate or imminent danger threatening to escalate into an armed conflict or to destabilise a country or its neighbourhood;		34.1
		(b) Crisis situations shall also be understood as situations caused by natural disasters, manmade crisis		34.2

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		such as wars and other conflicts or extraordinary circumstances having comparable effects related inter alia to climate change, ok degradation, privation of access to energy and natural resources or extreme poverty-; <i>Explanation: DQL improvement.</i>		
	AMD 63: 21a. "de-commitment" means the operation by which the authorising officer responsible cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment; <i>Justification: Moved from Art. 109(5) for reasons of consistency: all definitions should be in Art. 2.</i>		EP AMD 63 covered in row 34.2	34.1
		21a. "de-commitment" means an operation whereby the responsible authorising officer cancels wholly or partly the reservation of appropriations previously made by means of a budgetary commitment; <i>Explanation: moved up from Art. 109(5) - as EP.</i>	Council wording is agreed.	34.2
22. "dynamic purchasing system" means a completely electronic process for making commonly used purchases;		22. "dynamic purchasing system" means a completely electronic process for making commonly used purchases of items generally available on the market; <i>Explanation: clarification requested by delegations to better align to Art. 34(1) of Directive 2014/24/EU.</i>		35
23. "economic operator" means any		23. "economic operator" means any natural		36

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natural or legal person, including a public entity, or a group of such persons, which offers to supply products, execute works or provide services or immovable property;		or legal person, including a public entity, or a group of such persons, which offers to supply products, execute works or provide services or immovable property;		
24. "equity investment" means the provision of capital to a firm, invested directly or indirectly in return for total or partial ownership of that firm and where the equity investor may assume some management control of the firm and may share the firm's profits;		24. "equity investment" means the provision of capital to a firm, invested directly or indirectly in return for total or partial ownership of that firm and where the equity investor may assume some management control of the firm and may share the firm's profits;		37
		24a. "European Offices" means administrative structures set up by the Commission or by the Commission with one or more Union institutions to perform specific cross-cutting tasks; <i>Explanation: Lifted from Art. 63(1).</i>		37.1
25. "final administrative decision" means a decision of an administrative authority having final and binding effect in accordance with the applicable law;		25. "final administrative decision" means a decision of an administrative authority having final and binding effect in accordance with the applicable law;		38
26. "financial asset" is any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity;		26. "financial asset" is means any asset that is cash, an equity instrument of another publicly or privately held entity or a contractual right to receive cash or another financial asset from another publicly or privately held entity; <i>Explanation: As per explanations received by the Commission, an entity could be publicly or privately held, hence proposal to clarify this.</i>		39
27. "financial instruments" means Union	AMD 64: 27. "financial instruments" means Union	27. "financial instruments" means Union	EP drops AMD 64.	40

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measures of financial support provided from the budget in order to address one or more specific policy objectives of the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with other forms of financial support or with funds under shared implementation or EDF funds;	measures of financial support provided from the budget in order to address one or more specific policy objectives of the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, repayable advances or other risk-sharing instruments, and may, where appropriate, be combined with other forms of financial support or with funds under shared implementation or EDF funds;	measures of financial support provided from the budget in order to address one or more specific policy objectives of the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with other forms of financial support or with funds under shared implementation management or EDF funds of the European Development Fund (EDF) ;		
28. "financial liability" is any liability that is a contractual obligation to deliver cash or another financial asset to another entity;		28. "financial liability" is means any liability that is a contractual obligation to deliver cash or another financial asset to another entity;		41
29. "framework contract" means a public contract concluded between one or more economic operators and one or more contracting authorities, the purpose of which is to establish the terms governing specific contracts under it to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged;		29. "framework contract" means a public contract concluded between one or more economic operators and one or more contracting authorities, the purpose of which is to establish the terms governing specific contracts under it to be awarded during a given period, in particular with regard to price and, where appropriate, the quantity envisaged;		42
		29a. "global provisioning" means the total amount of resources deemed necessary over the entire lifetime of a budgetary guarantee as a result of applying the provisioning rate defined in Article 204(1) to the amount of the budgetary guarantee authorised by the basic act referred to in point (b) of Article 203(1); <i>Explanation: Addition needed to clarify the global provisioning foreseen in Art. 204, see</i>		42.1

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		<i>also amendments proposed for Art. 204.</i>		
	AMD 65: 29a. "grant" means direct financial contribution by way of donation from the Union budget under direct implementation, shared implementation and indirect implementation; <i>Justification:</i> Moved from Art. 174(2) for reasons of consistency: all definitions should be in Art. 2.		New wording: "29 a ^b . "grant" means a direct financial contribution by way of donation from the Union budget under direct implementation, shared implementation and indirect implementation. Where such a contribution is provided under direct management, it shall be governed by Title VIII ;	42.2
30. "guarantee" means a written commitment to assume responsibility for all or part of a third party's debt or obligation or for the successful performance by that third party of its obligations if an event occurs which triggers such guarantee, such as a loan default;		30. "guarantee" means a written commitment to assume responsibility for all or part of a third party's debt or obligation or for the successful performance by that third party of its obligations if an event occurs which triggers such guarantee, such as a loan default;		43
31. "guarantee on demand" means a guarantee that must be honoured by the guarantor upon counterpart's demand, notwithstanding any deficiencies in the enforceability of the underlying obligation;		31. "guarantee on demand" means a guarantee that must be honoured by the guarantor upon counterpart's demand, notwithstanding any deficiencies in the enforceability of the underlying obligation;		44
	AMD 66: 31a. "in-kind contributions" means non-financial resources made available free of charge by third parties to a beneficiary, including volunteers' work, use of equipment, supplies, meeting facilities and services; <i>Justification:</i> Reinserted RAP Art. 183(2), which was omitted by Commission.		New wording: 31a. "in-kind contributions" means non-financial resources made available free of charge by third parties to a beneficiary, including volunteers' work, use of equipment, supplies, meeting facilities and services;	44.1
32. "legal commitment" means the act		32. "legal commitment" means the act		45

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whereby the authorising officer responsible enters into or establishes an obligation which results in subsequent payment or payments and the recognition of expenditure a charged to the budget. For the purposes of Title V of Part I, with the exception of Article 134, "legal commitment" encompasses also financial framework partnership agreements and framework contracts;		<p>whereby the authorising officer responsible enters into or establishes an obligation which results in subsequent payment or payments and the recognition of expenditure a charged to the budget, which includes specific agreements and contracts concluded under financial framework partnership agreements and framework contracts. For the purposes of Title V of Part I, with the exception of Article 134, "legal commitment" encompasses also financial framework partnership agreements and framework contracts;</p> <p><i>Explanation: Improvement requested by CLS, as this is a regulatory provision, not a definition. Regularly content as reformulated is now contained in Art. 120a.</i></p>		
33. "leverage effect" means the amount of finance to eligible final recipients divided by the amount of the Union contribution;		<p>33. "leverage effect" means the amount of reimbursable finance being provided to eligible final recipients divided by the amount of the Union contribution;</p> <p><i>Explanation: Clarification suggested to excluded financing that is not granted by EU or MS (inspired by ECA proposals).</i></p>		46
		<p>33a. "Liquidity risk" means the risk that a financial asset held in the common provisioning fund may not be sold during a certain period of time without incurring a significant loss;</p> <p><i>Explanation: Consequential change to amendments proposed to Art. 206(1a) (new), specifying more clearly the effective provisioning rate.</i></p>		46.1
34. "loan" means an agreement which	AMD 67: 34. "loan" means an agreement which	34. "loan" means an agreement which	EP drops AMD 67	47

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
obliges the lender to make available to the borrower an agreed sum of money for an agreed period of time and under which the borrower is obliged to repay that amount within the agreed time;	obliges the lender to make available to the borrower an agreed sum of money for an agreed period of time and under which the borrower is obliged to repay that amount within the agreed time; <i>such loans may take the form of a repayable advance;</i> <i>Justification: In line with AMD 70.</i>	obliges the lender to make available to the borrower an agreed sum of money for an agreed period of time and under which the borrower is obliged to repay that amount within the agreed time;		
35. "low value grant" means a grant lower than or equal to EUR 60 000;		35. "low value grant" means a grant lower than or equal to EUR 60 000;		48
		35a. "Member State organisation" means an entity as referred to in points (v) to (vii) of Article 61(1)(c) established in a Member State and entrusted by that Member State with a public service mission; <i>Explanation: consequential amendment to the newly inserted Art 151a and modifications to Art. 61(1)(c)(v) and (vi).</i>	New wording (changes vs. Council AMD shown): 35a. "Member State organisation" means an entity as referred to in points (v) to (vii) of Article 61(1)(c) established in a Member States as a public law body or as a body governed by private law and entrusted by that Member State with a public service mission and provided with adequate financial guarantees from the Member State;	48.1
36. "method of implementation" means the methods of budget implementation described in Articles 61, 62 or 149, i.e. direct implementation, indirect and shared implementation;		36. "method of implementation" means the methods of budget implementation described in Articles 61, 62 or 149 , i.e. direct implementation management , indirect and shared implementation management ; <i>Explanation: Throughout Council proposed to revert to the previous terminology of "shared, direct, indirect management".</i>		49
37. "multi-donor action" means any action where Union funds are pooled with at least one other donor;		37. "multi-donor action" means any action where Union funds are pooled with at least one other donor;		50
	AMD 68:		EP drops AMD 68 on condition that there will be reporting on private capital	51

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
38. "multiplier effect" means the investment by eligible final recipients divided by the amount of the Union contribution.	38. "multiplier effect" means the amount of private capital attracted divided by the amount of the Union contribution.	38. "multiplier effect" means the investment by eligible final recipients divided by the amount of the Union contribution;	leveraged - see rows 542 and 551 AND 650.1.	
	<p>AMD 69:</p> <p>38a. "output" means the specific measurable and desired outcome of a project, which is established in advance and upon the attainment of which the reimbursement of costs incurred by a beneficiary depends;</p> <p><i>Justification: In its opinion (1/2017) ECA recommends including a definition for "output" in the Financial Rules (paragraph 148 of the opinion). Both the proposed Financial Rules and the sectoral regulations aim at putting a stronger focus on results and outputs. Recent audit results however highlighted that there are significant differences in the use "output" between the Commission's activities (ECA opinion 1/2017, para 147), therefore the definition of the term should be streamlined.</i></p>		<p>New wording:</p> <p>38a. "output" means the deliverables generated by the action determined in accordance with sector-specific rules.</p>	51.1
39. "pari passu" means an equal claim on some right;		<p>39. "pari passu" means an equal claim on some a right;</p> <p><i>Explanation: DQL improvement.</i></p>		52
40. "participant" means a candidate or tenderer in a procurement procedure, an applicant in a grant award procedure, an expert in a procedure for selection of experts, an applicant in a contest for prizes or an entity or person participating in a procedure for implementing Union funds		40. "participant" means a candidate or tenderer in a procurement procedure, an applicant in a grant award procedure, an expert in a procedure for selection of experts, an applicant in a contest for prizes or an entity or person participating in a procedure for implementing Union funds pursuant to		53

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pursuant to point (c) of Article 61(1);		point (c) of Article 61(1);		
41. "procurement document" means any document produced or referred to by the contracting authority to describe or determine elements of the procurement procedure, including:		41. "procurement document" means any document produced or referred to by the contracting authority to describe or determine elements of the procurement procedure, including:		54
(a) the publicity measures set out in Article 157;		(a) the publicity measures set out in Article 157;		55
(b) the invitation to tender;		(b) the invitation to tender;		56
(c) the tender specifications, which shall include the technical specifications and the relevant criteria, or the descriptive documents in case of a competitive dialogue;		(c) the tender specifications, which shall include the technical specifications and the relevant criteria, or the descriptive documents in case of a competitive dialogue; <i>Explanation: DQL improvement.</i>		57 58
(d) the draft contract;		(d) the draft contract;		59
42. "public contract" means a contract for pecuniary interest concluded in writing between one or more economic operators and one or more contracting authorities within the meaning of Articles 168 and 172, in order to obtain, against payment of a price paid in whole or in part from the budget, the supply of movable or immovable assets, the execution of works or the provision of services.		42. "public contracts" means a contracts for pecuniary interest concluded in writing between one or more economic operators and one or more contracting authorities within the meaning of Articles 168 and 172, in order to obtain, against payment of a price paid in whole or in part from the budget, the supply of movable or immovable assets, the execution of works or the provision of services-, comprising: <i>Explanation: DQL improvement.</i>		60
43. Public contracts comprise:		43. Public contracts comprise:		61
(a) building contracts;		(a) building contracts;		62
(b) supply contracts;		(b) supply contracts;		63
(c) works contracts;		(c) works contracts;		64
(d) service contracts;		(d) service contracts;		65
44. "prize" means a financial contribution		44. "prize" means a financial contribution	New wording to address EP concern on	66

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given as a reward following a contest;		given as a reward following a contest;	Article 199 (row 2556.1), aligned to definition for grants: 44. "prize" means a financial contribution given as a reward following a contest. Where such a contribution is provided under direct management, it shall be governed by Title IX;	
45. "procurement" means the acquisition by means of a contract of works, supplies or services and the acquisition or rental of land, buildings or other immovable property, by one or more contracting authorities from economic operators chosen by those contracting authorities;		45. "procurement" means the acquisition by means of a contract of works, supplies or services and the acquisition or rental of land, buildings or other immovable property, by one or more contracting authorities from economic operators chosen by those contracting authorities;		67
46. "quasi-equity investment" means a type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity. Quasi equity investments can be structured as debt, typically unsecured and subordinated and in some cases convertible into equity, or as preferred equity;		46. "quasi-equity investment" means a type of financing that ranks between equity and debt, having a higher risk than senior debt and a lower risk than common equity and that . Quasi-equity investments can be structured as debt, typically unsecured and subordinated and in some cases convertible into equity, or as into preferred equity; <u>Explanation:</u> Clarification.		68
	AMD 70: 46a. "repayable advance" means a loan for a project which is paid in one or more instalments and the conditions for the reimbursement of which depend on the outcome of the project; <u>Justification:</u> Definition taken from Commission communication on "Framework for State aid for research and development and innovation" 2014/C		EP drops AMD 70 on condition that there will be reporting on private capital leveraged - see rows 542 and 551 AND 650.1.	68.1

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	<i>198/01. Repayable advances are not defined in the Financial Regulation which could create a legal vacuum given its definition and use in communications on EU state aid.</i>			
47. "recipient" means a beneficiary, a contractor, a remunerated external expert, any person or entity receiving prizes or funds under a financial instrument or implementing Union funds pursuant to point (c) of Article 61(1);		47. "recipient" means a beneficiary, a contractor, a remunerated external expert, any person or entity receiving prizes or funds under a financial instrument or implementing Union funds pursuant to point (c) of Article 61(1);		69
48. "repurchase agreement" means the sale of securities for cash with an agreement to repurchase them on a specified future date, or on demand;		48. "repurchase agreement" means the sale of securities for cash with an agreement to repurchase them on a specified future date, or on demand;		70
49. "research and technological development appropriations" means the appropriations entered either in one of the titles of the budget relating to the policy areas linked to "Indirect research" and "Direct research" or in a chapter relating to research activities in another title;		49. "research and technological development appropriations" means the appropriations entered either in one of the titles of the budget relating to the policy areas linked to "Indirect research" and "Direct research" or in a chapter relating to research activities in another title;		71
	AMD 71: 49a. "results" mean the achievement of specific performance assessed by reference to the previously set milestones or through performance indicators, upon which the reimbursement of costs incurred by a beneficiary depends; <i>Justification:</i> In its opinion (1/2017) ECA recommends including a definition for "results" in the Financial Rules (para 148). Both the proposed Financial Rules and the sectoral regulations aim at		New wording: 49a. "result" means effects of the implementation of an action determined in accordance with sector-specific rules;	71.1

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	<i>putting a stronger focus on results and outputs. Recent audit results however highlighted that there are significant differences in the use 'results' between the Commission's activities (ECA opinion 1/2017, para 147), therefore the definition of the term should be streamlined.</i>			
50. "risk-sharing instrument" means a financial instrument which allows for the sharing of a defined risk between two or more entities, where appropriate in exchange for an agreed remuneration;		50. "risk-sharing instrument" means a financial instrument which allows for the sharing of a defined risk between two or more entities, where appropriate in exchange for an agreed remuneration;		72
51. "service contracts" means a contract covering all intellectual and non-intellectual services other than those covered by supply contracts, works contracts and building contracts;		51. "service contracts" means a contract covering all intellectual and non-intellectual services other than those covered by supply contracts, works contracts and building contracts;		73
	AMD 72: 51a. "sound financial management" means a principle of implementation of the Union budget in economical and efficient way and respecting legality and regularity;		New wording: "Sound financial management" means a principle of implementation of the Union budget in economical and efficient way and respecting legality and regularity accordance with the principles of effectiveness, efficiency and economy ".	73.1
52. "Staff Regulations" means the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union laid down in Council Regulation (EEC, Euratom, ECSC) No 259/68;		52. "Staff Regulations" means the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union laid down in Council Regulation (EEC, Euratom, ECSC) No 259/68 ¹ ;		74

¹ OJ L 56, 4.3.1968, p. 1.

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53. "subcontractor" means an economic operator that is proposed by a candidate or tenderer or contractor to perform part of a contract or by a beneficiary to perform part of the tasks co-financed by the grant.		53. "subcontractor" means an economic operator that is proposed by a candidate or tenderer or contractor to perform part of a contract or by a beneficiary to perform part of the tasks co-financed by the grant;		75
54. "subscription" means sums paid to bodies of which the Union is member, in accordance with the budgetary decisions and the conditions of payment established by the body concerned;		54. "subscription" means sums paid to bodies of which the Union is member, in accordance with the budgetary decisions and the conditions of payment established by the body concerned;		76
55. "supply contracts" means a contract covering the purchase, leasing, rental or hire purchase, with or without option to buy, of products. A supply contract may include, as an incidental matter, siting and installation operations.		55. "supply contracts" means a contract covering the purchase, leasing, rental or hire purchase, with or without option to buy, of products. A supply contract may include, as an incidental matter, siting and installation operations;		77
56. "technical assistance" means, without prejudice to sector-specific rules, support and capacity-building activities necessary for the implementation of a programme or an action, in particular preparatory, management, monitoring, evaluation, audit and control activities.		56. "technical assistance" means, without prejudice to sector-specific rules, support and capacity-building activities necessary for the implementation of a programme or an action, in particular preparatory, management, monitoring, evaluation, audit and control activities;		78
57. "tenderer" means an economic operator that has submitted a tender;		57. "tenderer" means an economic operator that has submitted a tender;		79
58. "Union" means the European Union, the European Atomic Energy Community, or both, as the context may require.		58. "Union" means the European Union, the European Atomic Energy Community, or both, as the context may require;		80
59. "Union institution" means the European Parliament, the European Council, the Council, the European Commission, the Court of Justice of		59. "Union institution" means the European Parliament, the European Council, the Council, the European Commission, the Court of Justice of the European Union,		81

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the European Union, the Court of Auditors, the European Economic and Social Committee, the Committee of the Regions, the European Ombudsman, the European Data Protection Supervisor and the European External Action Service (the "EEAS"); the European Central Bank shall not be considered as an institution of the Union;		the Court of Auditors, the European Economic and Social Committee, the Committee of the Regions, the European Ombudsman, the European Data Protection Supervisor and the European External Action Service (the "EEAS"); the European Central Bank shall not be considered as an Union institution of the Union;		
60. "vendor" means an economic operator registered in a list of vendors to be invited to submit requests to participate or submit tenders;		60. "vendor" means an economic operator registered in a list of vendors to be invited to submit requests to participate in or submit tenders;		82
	AMD 73: 60a. "volunteer" means a person doing an unpaid non-compulsory activity for a non-profit organisation.		New wording: "60a. "volunteer" means a person working on a doing an unpaid non-compulsory basis activity for an non-profit organisation without being paid. "	82.1
61. "work" shall mean the outcome of building or civil engineering works taken as a whole that is sufficient in itself to fulfil an economic or technical function;		61. "work" shall means the outcome of building or civil engineering works taken as a whole that is sufficient in itself to fulfil an economic or technical function;		83
62 "works contracts" means a contract covering either the execution, or both the execution and design, of work(s) related to one of the activities referred to in Annex II to Directive 2014/24/EU of the European Parliament and of the Council on public procurement ¹ or the		62. "works contracts" means a contract covering either the execution, or both the execution and design, of work(s) related to one of the activities referred to in Annex II to Directive 2014/24/EU of the European Parliament and of the Council on public procurement ² or the realisation, by whatever means, of a		84

¹ OJ L 94, 28.03.2014, p. 65.

² OJ L 94, 28.03.2014, p. 65.

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realisation, by whatever means, of a work corresponding to the requirements specified by the contracting authority exercising a decisive influence on the type or design of the work;		work corresponding to the requirements specified by the contracting authority exercising a decisive influence on the type or design of the work.		
<i>Article 3</i> <i>Compliance of secondary legislation with this Regulation</i>		<i>Article 3</i> <i>Compliance of secondary legislation with this Regulation</i>		85
1. Provisions concerning the implementation of the revenue and expenditure of the budget, and contained in a basic act, shall comply with the budgetary principles set out in Title II.		1. Provisions concerning the implementation of the revenue and expenditure of the budget, and contained in a basic act, shall comply with the budgetary principles set out in Title II.		86
2. Without prejudice to paragraph 1, any proposal or amendment to a proposal submitted to the legislative authority containing derogations from provisions other than those in Title II or from delegated acts adopted pursuant to this Regulation shall clearly indicate such derogations and shall state the specific reasons justifying them in the recitals and in the explanatory memorandum of such proposals.		2. Without prejudice to paragraph 1, any proposal or amendment to a proposal submitted to the legislative authority containing derogations from the provisions of this Regulation other than those in Title II or from delegated acts adopted pursuant to this Regulation shall clearly indicate such derogations and shall state the specific reasons justifying them in the recitals and in the explanatory memorandum of such proposals.		87
<i>Article 4</i> <i>Periods, dates and time limits</i>		<i>Article 4</i> <i>Periods, dates and time limits</i>		88
Unless otherwise provided, Council Regulation (EEC, Euratom) No 1182/71 ⁽¹⁾ shall apply to deadlines set by this Regulation.		Unless otherwise provided, Council Regulation (EEC, Euratom) No 1182/71 ¹ shall apply to deadlines set by this Regulation.		88.1
<i>Article 5</i> <i>Protection of personal data</i>		<i>Article 5</i> <i>Protection of personal data</i>		90

¹ Council Regulation (EEC, Euratom) No 1182/71 of 3 June 1971 determining the rules applicable to periods, dates and time limits (OJ L 124, 8.6.1971, p. 1).

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<p>Personal data collected pursuant to this Regulation shall be processed in accordance with Directive 95/46/EC¹ and Regulation (EC) No 45/2001. A candidate or tenderer in a procurement procedure, an applicant in a grant award procedure, an expert in a procedure for the selection of experts, an applicant in a contest for prizes or an entity or person participating in a procedure for implementing Union funds in accordance with point (c) of Article 61(1) as well as a beneficiary, a contractor, a remunerated external expert or any person or entity that receives prizes or implements Union funds pursuant to point (c) of Article 61(1) shall be informed accordingly.</p>	<p>AMD 74:</p> <p>Personal data collected pursuant to this Regulation shall be processed in accordance with Regulations (EC) No 45/2001 and (EU) 2016/679. A candidate or tenderer in a procurement procedure, an applicant in a grant award procedure, an expert in a procedure for the selection of experts, an applicant in a contest for prizes or an entity or person participating in a procedure for implementing Union funds in accordance with point (c) of Article 61(1) as well as a beneficiary, a contractor, a remunerated external expert or any person or entity that receives prizes or implements Union funds pursuant to point (c) of Article 61(1) shall be informed accordingly.</p>	<p>Personal data collected pursuant to this Regulation shall be processed in accordance with is without prejudice to the requirements of Directive 95/46/EC² and of Regulation (EC) No 45/2001³. A candidate or tenderer in a procurement procedure, an applicant in a grant award procedure, an expert in a procedure for the selection of experts, an applicant in a contest for prizes or an entity or person participating in a procedure for implementing Union funds in accordance with point (c) of Article 61(1) as well as a beneficiary, a contractor, a remunerated external expert or any person or entity that receives prizes or implements Union funds pursuant to point (c) of Article 61(1) shall be informed accordingly.</p> <p><i>Explanation: CLS considered the more detailed provision listing certain persons to bear the potential for omissions and therefore be more limiting than the simple (non-restrictive) reference to the data protection legislation. Therefore, it was proposed to revert to the previous language.</i></p>	<p>Council wording is agreed.</p>	<p>91</p>
<p>TITLE II BUDGET AND BUDGETARY PRINCIPLES</p>		<p>TITLE II BUDGET AND BUDGETARY PRINCIPLES</p>		<p>92</p>
<p><i>Article 6</i> <i>Respect for budgetary principles</i></p>		<p><i>Article 6</i> <i>Respect for budgetary principles</i></p>		<p>93</p>
<p>The budget shall be established and implemented in accordance with the</p>		<p>The budget shall be established and implemented in accordance with the</p>		<p>94</p>

¹ OJ L 281, 23.11.1995, p. 31.

² OJ L 281, 23.11.1995, p. 31.

³ OJ L 8, 12.1.2001, p. 1.

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principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management which requires effective and efficient internal control, and transparency as set out in this Regulation, unless otherwise provided for in this Regulation.		principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management which requires effective and efficient internal control , and transparency as set out in this Regulation, unless otherwise provided for in this Regulation . <i>Explanation: "effective and efficient internal control" is already covered in Art. 34(1) - DQL improvement. The words "unless otherwise..." are considered superfluous, since "as set out in..." also cover the exceptions.</i>		
CHAPTER 1 Principles of unity and of budgetary accuracy		CHAPTER 1 Principles of unity and of budgetary accuracy		95
<i>Article 7</i> <i>Scope of the budget</i>		<i>Article 7</i> <i>Scope of the budget</i>		96
1. For each financial year, the budget shall forecast and authorise all revenue and expenditure considered necessary for the Union. It shall comprise:		1. For each financial year, the budget shall forecast and authorise all revenue and expenditure considered necessary for the Union. It shall comprise:		97
(a) the revenue and expenditure of the Union, including administrative expenditure resulting from the provisions of the TEU relating to the common foreign and security policy, and the operational expenditure occasioned by implementation of those provisions where it is charged to the budget;		(a) the revenue and expenditure of the Union, including administrative expenditure resulting from the implementation of the provisions of the TEU relating to the common foreign and security policy, and the operational expenditure occasioned by implementation of those provisions where it is charged to the budget; <i>Explanation: DQL improvement.</i>		98
(b) the revenue and expenditure of the European Atomic Energy Community.		(b) the revenue and expenditure of the European Atomic Energy Community.		99

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2. The budget shall contain differentiated appropriations, which consist of commitment appropriations and payment appropriations, and non-differentiated appropriations.		2. The budget shall contain differentiated appropriations, which consist of commitment appropriations and payment appropriations, and non-differentiated appropriations.		100
The appropriations authorised for the financial year shall consist of:		The appropriations authorised for the financial year shall consist of:		101
(a) appropriations provided in the budget, including by amending budgets;		(a) appropriations provided in the budget, including by amending budgets;		102
(b) appropriations carried over;		(b) appropriations carried over;		103
(c) appropriations made available again in accordance with Article 14;		(c) appropriations made available again in accordance with Article 14;		104
(d) appropriations arising from pre-financing payments which have been repaid in accordance with point (b) of Article 12(3);		(d) appropriations arising from pre-financing payments which have been repaid in accordance with point (b) of Article 12(3);		105
(e) appropriations provided following the receipt of revenue assigned during the financial year or during previous financial years and not used.		(e) appropriations provided following the receipt of revenue assigned during the financial year or carried over during from previousceding financial years and not used . <i>Explanation: harmonisation of language</i>		106
3. Commitment appropriations shall cover the total cost of the legal commitments entered into during the financial year, subject to Article 112(2).		3. Commitment appropriations shall cover the total cost of the legal commitments entered into during the financial year, subject to Article 112(2).		107
4. Payment appropriations shall cover payments made to honour the legal commitments entered into in the financial year or preceding financial years.		4. Payment appropriations shall cover payments made to honour the legal commitments entered into in the financial year or preceding financial years.		108
5. Paragraphs 2 and 3 of this Article shall not prevent appropriations being		5. Paragraphs 2 and 3 of this Article shall not prevent appropriations being		109

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committed globally or budgetary commitments being made in annual instalments as respectively provided for in point (b) of Article 110(1) and 110(2).		committed globally or budgetary commitments being made in annual instalments as respectively provided for in point (b) of the first subparagraph of Article 110(1) and in Article 110(2). <i>Explanation: DQL improvement.</i>		
<i>Article 8</i> <i>Specific rules on the principles of unity and budgetary accuracy</i>		<i>Article 8</i> <i>Specific rules on the principles of unity and budgetary accuracy</i>		111
1. All revenue and expenditure shall be booked to a line in the budget.		1. All revenue and expenditure shall be booked to a line in the budget.		112
2. No expenditure may be committed or authorised in excess of the authorised appropriations.	AMD 75: 2. No expenditure may be committed or authorised in excess of the authorised appropriations, with the exception of expenditure arising from liability for financial instruments, expenditure from assigned revenue, and buildings expenditure. <i>Justification: The 3-column document provided by Commission mentions these exceptions. The rapporteurs consider that if these exceptions exist in practice, they should be mentioned explicitly in the Regulation for reasons of transparency.</i>	2. No expenditure may be committed or authorised in excess of the authorised appropriations.	New wording - final confirmation from EP is expected: 2. No expenditure may be committed or authorised in excess of the authorised appropriations, without prejudice to authorised expenditure arising from contingent liabilities provided for in Article 203(2).	113
		2a. An appropriation may be entered in the budget only if it is for an item of expenditure considered necessary. <i>Explanation: Re-insertion of deleted Art. 8(3), it was not considered to be the same as the provision in Art. 7(1).</i>	Council wording is agreed.	114
3. Interest generated by pre-financing payments made from the budget shall not be due to the Union except as otherwise provided for in the		3. Interest generated by pre-financing payments made from the budget shall not be due to the Union except as otherwise provided for in the contribution		115

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contribution agreements or financing agreements.		agreements or financing agreements.		
CHAPTER 2 Principle of annuality		CHAPTER 2 Principle of annuality		118
<i>Article 9</i> <i>Financial year</i>		<i>Article 9</i> <i>Financial year Definition</i>		119
The appropriations in the budget shall be authorised for a financial year which shall run from 1 January to 31 December.		The appropriations entered in the budget shall be authorised for a financial year which shall run from 1 January to 31 December. <i>Explanation: Revert to previous wording.</i>		120
<i>Article 10</i> <i>Budgetary accounting for revenue and appropriations</i>		<i>Article 10</i> <i>Budgetary accounting for revenue and appropriations</i>		125
1. The revenue of a financial year shall be entered in the accounts for the financial year on the basis of the amounts collected during that financial year. However, the own resources for the month of January of the following financial year may be made available in advance pursuant to Council Regulation (EU, Euratom) No 609/2014 ¹ .		1. The revenue of a financial year shall be entered in the accounts for the financial year on the basis of the amounts collected during that financial year. However, the own resources for the month of January of the following financial year may be made available in advance pursuant to Council Regulation (EU, Euratom) No 609/2014 .		126
2. The entries in respect of Value Added Tax and Gross National Income-based own resources may be adjusted in accordance with Regulation (EU, Euratom) No 609/2014.		2. The entries in respect of Value Added Tax (VAT) and Gross National Income-based own resources may be adjusted in accordance with Regulation (EU, Euratom) No 609/2014.		127
3. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31		3. Commitments shall be entered in the accounts on the basis of the legal commitments entered into up to 31		130

¹ Council Regulation (EU, Euratom) No 609/2014 of 26 May 2014 on the methods and procedure for making available the traditional, VAT and GNI-based own resources and on the measures to meet cash requirements (OJ L 168, 7.6.2014, p. 39).

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December. By way of exception, the global budgetary commitments referred to in Article 110(4) shall be entered in the accounts on the basis of the budgetary commitments up to 31 December.		December. By way of exception, the global budgetary commitments referred to in Article 110(4) shall be entered in the accounts on the basis of the budgetary commitments up to 31 December.		
4. Payments shall be entered in the accounts for a financial year on the basis of the payments made by the accounting officer by 31 December of that year.		4. Payments shall be entered in the accounts for a financial year on the basis of the payments made by the accounting officer by 31 December of that year.		131
5. By way of derogation from paragraphs 3 and 4:		5. By way of derogation from paragraphs 3 and 4:		132
(a) the expenditure of the European Agricultural Guarantee Fund (EAGF) shall be booked to the accounts for a financial year on the basis of the repayments made by the Commission to the Member States by 31 December of that financial year, provided that the payment order has reached the accounting officer by 31 January of the following financial year;		(a) the expenditure of the European Agricultural Guarantee Fund (EAGF) shall be booked entered into the accounts for a financial year on the basis of the repayments made by the Commission to the Member States by 31 December of that financial year, provided that the payment order has reached the accounting officer by 31 January of the following financial year;		133
(b) expenditure managed under shared implementation with the exception of the EAGF shall be booked to the accounts for a financial year on the basis of reimbursements made by the Commission to the Member States by 31 December of that financial year, including the expenditure charged by 31 January of the following financial year as laid down in Articles 28 and 29.		(b) expenditure managed implemented under shared implementation management with the exception of the EAGF shall be booked to the accounts for a financial year on the basis of reimbursements made by the Commission to the Member States by 31 December of that financial year, including the expenditure charged by 31 January of the following financial year as laid down in Articles 28 and 29. <i>Explanation: Alignment to reversion to</i>		134

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		"management".		
Article 11 Commitment of appropriations		Article 11 Commitment of appropriations		142
1. The appropriations entered in the budget may be committed with effect from 1 January, once the budget has been adopted,		1. The appropriations entered in the budget may be committed with effect from 1 January, once the budget has been definitively adopted. <i>Explanation: harmonisation</i>		143
2. As of 15 October of the financial year, routine administrative expenditure and routine management expenditure for the EAGF may be committed in advance against the appropriations provided for the following financial year.		2. As of 15 October of the financial year, routine administrative expenditure and routine management the following expenditure for the EAGF may be committed in advance against the appropriations provided for the following financial year:		144
Such commitments shall not, however, exceed:		Such commitments shall not, however, exceed: <i>Explanation: Drafting was clarified to resolve the logical problem of the double-condition (it was unclear what "provided that" referred to).</i>		144.1
a) one quarter of the appropriations decided upon by the European Parliament and the Council on the corresponding budget line for the current financial year for routine administrative expenditure provided that this expenditure has been approved in the last budget duly adopted;		(a) one quarter of the appropriations decided upon by the European Parliament and the Council on the corresponding budget line for the current financial year for routine administrative expenditure, provided that this expenditure has been approved in the last budget duly adopted, and only up to a maximum of one quarter of the appropriations decided upon by the European Parliament and the Council on the corresponding budget line for the current financial year;		145

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b) three quarters of the total corresponding appropriations decided upon by the European Parliament and the Council for the current financial year for routine management expenditure for the EAGF provided that the principle of this expenditure is laid down in an existing basic act.		(b) three quarters of the total corresponding appropriations decided upon by the European Parliament and the Council for the current financial year for routine management expenditure for the EAGF, provided that the principle of this expenditure is laid down in an existing basic act, and only up to a maximum of three quarters of the total corresponding appropriations decided upon by the European Parliament and the Council for the current financial year.		146
<i>Article 12 Cancellation and carry-over of appropriations</i>		<i>Article 12 Cancellation and carry-over of appropriations</i>		147
1. Appropriations which have not been used by the end of the financial year for which they were entered shall be cancelled, unless they are carried over in accordance with paragraphs 2 and 3.		1. Appropriations which have not been used by the end of the financial year for which they were entered shall be cancelled, unless they are carried over in accordance with paragraphs 2 and 3 to 5.		148
2. Appropriations may be carried over, but only to the following financial year, by a decision taken by 15 February by the institution concerned in respect of:		2. The following a Appropriations may be carried over by a decision taken pursuant to paragraph 2a , but only to the following financial year by a decision taken by 15 February by the institution concerned in respect of: <i>Explanation: Increased transparency was requested</i>		149
(a) amounts corresponding to commitment appropriations and non-differentiated appropriations, for which most of the preparatory stages of the commitment procedure have been completed		(a) amounts corresponding to commitment appropriations and non-differentiated appropriations, for which most of the preparatory stages of the commitment procedure have been completed by 31 December.		150

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by 31 December. Such amounts may then be committed up to 31 March of the following year, with the exception of the non-differentiated appropriations related to building projects which may be committed up to 31 December of the following financial year;		Such amounts appropriations may then be committed up to 31 March of the following financial year, with the exception of the non-differentiated appropriations related to building projects which may be committed up to 31 December of the following financial year;		
(b) amounts which are necessary when the legislative authority has adopted a basic act in the final quarter of the financial year and the Commission has been unable to commit the appropriations provided for this purpose by 31 December. Such amounts may be committed up to 31 December of the following financial year;		(b) amounts appropriations which are necessary when the legislative authority has adopted a basic act in the final quarter of the financial year and the Commission has been unable to commit the appropriations provided for this purpose by 31 December. Such amounts appropriations may be committed up to 31 December of the following financial year; <i>Explanation: Harmonisation.</i>		151
(c) payment appropriations which are needed to cover existing commitments or commitments linked to commitment appropriations carried over, where the payment appropriations provided for in the relevant budget lines for the following financial year are not sufficient to cover requirements;		(c) payment appropriations which are needed to cover existing commitments or commitments linked to commitment appropriations carried over, where the payment appropriations provided for in the relevant budget lines for the following financial year are not sufficient to cover requirements;		152
		The Union institution concerned shall first use the appropriations authorised for the current financial year and shall not use the appropriations carried over until the former are exhausted. <i>Explanation: Re-insertion of deleted Art.</i>		152.1

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		13(3) 2nd subparagraph.		
(d) non-committed appropriations relating to the actions referred to in Article 4(1) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council.		(d) non-committed appropriations relating to the actions referred to in Article 4(1) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council. <i>Explanation: DQL improvement.</i>		153
Such carryover shall not exceed, within a limit of 2 % of the initial appropriations voted by the Budgetary Authority, the amount of the adjustment of direct payments applied in accordance with Article 26 of Regulation (EU) No 1306/2013 during the preceding financial year. Appropriations which are carried over shall be returned to the budgetary lines which cover the actions referred to in point (b) of Article 4(1) of Regulation (EU) No 1306/2013.		Such Carryovers of non-committed appropriations as referred to in point (d) of the first subparagraph shall not exceed, within a limit of 2 % of the initial appropriations voted by the Budgetary Authority European Parliament and the Council , the amount of the adjustment of direct payments applied in accordance with Article 26 of Regulation (EU) No 1306/2013 during the preceding financial year. Appropriations which are carried over shall be returned to the budgetary lines which cover the actions referred to in point (b) of Article 4(1) of Regulation (EU) No 1306/2013. <i>Explanation: DQL structural improvement.</i>		153.1
(e) appropriations kept unallocated at the beginning of the financial year relating to the funds referred to in Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (ENI)		(e) appropriations kept unallocated at the beginning of the financial year relating to the funds referred to in Regulation (EU) No 231/2014 of the European Parliament and of the Council of 11 March 2014 establishing an Instrument for Pre-accession Assistance (IPA II), Regulation (EU) No 232/2014 of the European Parliament and of the Council of 11 March 2014 establishing a European Neighbourhood Instrument (ENI) and	Council deletion is agreed.	154

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and Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (DCI), within a limit of 10% of the initial appropriations of each instrument.		<p>Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020 (DCI), within a limit of 10% of the initial appropriations of each instrument.</p> <p><i>Explanation: Additional carry-over possibility rejected.</i></p>		
The institution concerned shall inform the European Parliament and the Council by 15 March of the carry-over decision it has taken. It shall also state, for each budget line, how the criteria in points (a), (b) and (c) have been applied to each carry-over.		<p>2a. The Union institution concerned shall take its decision on carry-overs referred to in paragraph 2 by 15 February. It shall inform the European Parliament and the Council by 15 March of the carry-over decision it has taken. It shall also state, for each budget line, how the criteria in points (a), (b) and (c) have been applied to each carry-over.</p> <p><i>Explanation: clarification and structural improvement</i></p>		155
3. Appropriations shall be automatically carried over in respect of:		3. Appropriations shall be automatically carried over in respect of:		156
(a) amounts corresponding to commitment and payment appropriations for the Emergency Aid Reserve and for the European Union Crisis Reserve and to commitment appropriations for the European Union Solidarity Fund;		<p>(a) amounts corresponding to commitment and payment appropriations for the Emergency Aid Reserve and for the European Union Crisis Reserve and to commitment appropriations for the European Union Solidarity Fund.</p> <p>Such appropriations may be carried over only to the following financial year and may be committed up to 31 December;</p> <p><i>Explanation: Harmonisation and additional flexibility through Crisis Reserve is rejected.</i></p>	Council wording agreed.	157

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		<i>Some clarification of structure (duration of possibility for carry-overs now integrated in each point).</i>		
(b) amounts corresponding to internal assigned revenue;		<p>(b) amounts appropriations corresponding to internal assigned revenue; The amounts referred to in points (a) and (b) Such appropriations may be carried over only to the following financial year and may be committed up to 31 December, with the exception for of the internal assigned revenue from lettings and the sale of buildings and land referred to in point (g) of Article 20(3) which may be carried over until it is fully used. Commitment appropriations, referred to in Regulation (EU) No 1303/2013 and in Regulation (EU) No 514/2014¹, available on 31 December arising from repayments of pre-financing payments, which may be carried over until the closure of the programme and used when necessary, provided that other commitment appropriations are no longer available-;</p> <p><i>Explanation: Structural improvements and rejection of additional carry-over of proceeds from sale of land/buildings.</i></p>	<p>New wording:</p> <p>(b) amounts appropriations corresponding to internal assigned revenue; The amounts referred to in points (a) and (b) Such appropriations may be carried over only to the following financial year and may be committed up to 31 December, with the exception of the internal assigned revenue from lettings and the sale of buildings and land referred to in point (g) of Article 20(3) which may be carried over until it is fully used. Commitment appropriations, referred to in Regulation (EU) No 1303/2013 and in Regulation (EU) No 514/2014², available on 31 December arising from repayments of pre-financing payments, which may be carried over until the closure of the programme and used when necessary, provided that other commitment appropriations are no longer available-;</p>	158
The amounts referred to in points (a) and (b) may be carried over		<i>Explanation: These are integrated now in points (a) to (c) for clarification and better</i>		159

¹ Regulation (EU) No 514/2014 of the European Parliament and of the Council of 16 April 2014 laying down general provisions on the Asylum, migration and Integration Fund and on the instrument for financial support for police cooperation, preventing and combating crime and crisis management.

² Regulation (EU) No 514/2014 of the European Parliament and of the Council of 16 April 2014 laying down general provisions on the Asylum, migration and Integration Fund and on the instrument for financial support for police cooperation, preventing and combating crime and crisis management.

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only to the following financial year and may be committed up to 31 December, with the exception of the internal assigned revenue from lettings and the sale of buildings and land referred to in point (g) of Article 20(3) which may be carried over until it is fully used. Commitment appropriations, referred to in Regulation (EU) No 1303/2013 and in Regulation (EU) No 514/2014 ¹ , available on 31 December arising from repayments of pre financing payments may be carried over until the closure of the programme and used when necessary provided that other commitment appropriations are no longer available.		structure.		
(c) amounts corresponding to external assigned revenue.		(c) amounts appropriations corresponding to external assigned revenue. These amounts Such appropriations shall be carried over automatically and shall be fully used by the time all the operations relating to the programme or action to which it is they are assigned have been carried out or they may be carried over and used for the succeeding programme or action. This shall not apply to the revenue referred to in point (iii) of Article 20(2)(g) for which appropriations not committed within five years shall be cancelled-;		161

¹ Regulation (EU) No 514/2014 of the European Parliament and of the Council of 16 April 2014 laying down general provisions on the Asylum, migration and Integration Fund and on the instrument for financial support for police cooperation, preventing and combating crime and crisis management.

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		<i>Explanation: As above: structural improvement.</i>		
These amounts shall be carried over automatically and shall be fully used by the time all the operations relating to the programme or action to which it is assigned have been carried out or may be carried over and used for the succeeding programme or action.				161.1
This shall not apply to the revenue referred to in point (iii) of Article 20(2)(g) for which appropriations not committed within five years shall be cancelled.				162
The treatment of external assigned revenue resulting from the participation from European Free Trade Association (EFTA) States in certain Union programmes as referred to in point (e) of Article 20(2) shall be in line with Protocol 32 annexed to the Agreement on the European Economic Area (EEA Agreement).		<p>The treatment of external assigned revenue resulting from the participation from European Free Trade Association (EFTA) States in certain Union programmes as referred to in point (e) of Article 20(2) shall be in line with Protocol 32 annexed to the Agreement on the European Economic Area (EEA Agreement).</p> <p><i>Explanation: DQL improvement, see also below.</i></p>		163
(d) payment appropriations related to the EAGF resulting from suspensions in accordance with Article 41 of Regulation (EU) No 1306/2013.		(d) payment appropriations related to the EAGF resulting from suspensions in accordance with Article 41 of Regulation (EU) No 1306/2013.		164
		3a. The treatment of external assigned revenue as referred to in point € of paragraph 3 resulting from the		165.1

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		participation from European Free Trade Association (EFTA) States in certain Union programmes as referred to in point € of Article 20(2) shall be in line with Protocol 32 annexed to the Agreement on the European Economic Area (EEA Agreement).		
		3b. Together with the information to the European Parliament and the Council provided for in paragraph 2a, the Union institution concerned shall submit information on the appropriations that were automatically carried over. Such information shall include the amounts involved as well as the provision of this Article, according to which the appropriations were carried over.		165.2
4. Non-differentiated appropriations legally committed at the end of the financial year shall be paid until the end of the following financial year.		4. Non-differentiated appropriations legally committed at the end of the financial year shall be paid until the end of the following financial year.		166
	AMD 76: <i>4a. In respect of non-differentiated appropriations a distinction may be made between planned and unplanned carry-overs. The definition and reporting of those categories shall be established in guidelines by the Commission in cooperation with the European Parliament, the Council and the Court of Auditors.</i>		EP drops AMD for this act, as this should rather be covered in the financial regulations of agencies.	166.1
5. Without prejudice to paragraph 3, appropriations placed in reserve and appropriations for staff expenditure shall not be carried over. For the		5. Without prejudice to paragraph 3, appropriations placed in reserve and appropriations for staff expenditure shall not be carried over. For the purposes of		168

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purposes of this Article, staff expenditure comprises the remuneration and allowances for members and staff of the institutions subject to the Staff Regulations.		this Article, staff expenditure comprises the remuneration and allowances for members and staff of the Union institutions who are subject to the Staff Regulations.		
		Article 12a Detailed provisions on cancellation and carryover of appropriations 1. The commitment appropriations and the non-differentiated appropriations referred to in point (a) of Article 12(2) may be carried over only if the commitments could not be made before 31 December of the financial year for reasons not attributable to the authorising officer and if the preparatory stages are sufficiently advanced to make it reasonable to expect that the commitment will be made by no later than 31 March of the following year, or 31 December of the following year for in relation to building projects.		170 170.1
		2. The preparatory stages referred to in point (a) of Article 12(2), which should be completed by 31 December of the financial year in order to allow a carryover to the following year, are in particular:		171
		(a) for global budgetary commitments within the meaning of point (b) of Article 110(1), the adoption of a financing decision or the closing of the consultation of the departments concerned within each Union institution for the adoption of the decision;		172
		(b) for individual budgetary		173

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		commitments within the meaning of point (a) of Article 110(1), the completion of the selection of potential contractors, beneficiaries, prize winners or delegates.		
		<p>3. Appropriations carried over in accordance with point (a) of Article 12(2) which have not been committed by 31 March of the following financial year or up to 31 December of the following year for amounts relating to building projects shall be automatically cancelled.</p> <p>The Commission shall inform the European Parliament and the Council of the appropriations cancelled in this way within one month following the cancellation in accordance with the first subparagraph.</p> <p><i>Explanation:</i> Art. 4 RAP re-integrated and adapted to Art. 12 numbering.</p>		<p>174</p> <p>174.1</p>
<p>Article 13</p> <p>Decommitment of appropriations</p>	<p>AMD 77:</p> <p>Article 13</p> <p>Cancellation of appropriations following a decommitment</p> <p><i>Justification:</i> This AMD does not change the content, but merely clarifies terminology. In order to render the text as comprehensible as possible, cancellations of appropriations should always be clearly distinguished from de-commitments, the latter denoting the cancellation of reservations of appropriations (= reversal of previous budgetary commitments). This justification also applies to the AMDs to</p>	<p>Article 13</p> <p>De-commitment of appropriations</p>	<p>New wording for Art. 13 and 14 (throughout changes to Commission original proposal are shown):</p> <p>Article 13</p> <p>De-commitments of appropriations</p>	180

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	<i>Art. 13 and 14.</i>			
<p>1. Where appropriations are decommitted in any financial year after that in which the appropriations were committed as a result of total or partial non-implementation of the actions for which they were earmarked, the appropriations concerned shall be cancelled, unless otherwise provided for in paragraph 3 and Article 14.</p>	<p>AMD 78:</p> <p>1. Where budgetary commitments are cancelled in accordance with Article 112 in any financial year after that in which the commitment was made as a result of the total or partial non-implementation of the actions for which they were earmarked, the appropriations corresponding to such decommitments shall also be cancelled, unless otherwise provided for in Article 14.</p> <p><i>Justification:</i> See AMD 77. The reference to par. 3 is redundant because Art. 14 already mentions Reg. 1303/2013. It is therefore deleted for the sake of clarity.</p>	<p>1. Where appropriations are de-committed in any financial year after that in which the appropriations were committed entered in the budget as a result of total or partial non-implementation of the actions for which they were earmarked, the appropriations concerned shall be cancelled, unless otherwise provided for in the Regulations referred to in paragraphs 3 and 4 and without prejudice to Article 14.</p> <p><i>Explanation:</i> The term "entered into the budget" is a technical clarification. Art. 14 is not an exception from decommitment, but making available again - clarification.</p>	<p>1. Where appropriations budgetary commitments are decommitted in any financial year after that the year in which the appropriations that commitment was made were committed as a result of the total or partial non-implementation of the actions for which they were earmarked, the appropriations corresponding to such decommitments concerned shall be cancelled, unless otherwise provided for in the Regulations referred to in paragraphs 3 and 4 and without prejudice to Article 14.</p>	181
<p>2. In the case of amounts which have to be committed up to 31 March in accordance with Article 12(2), where the corresponding appropriations are decommitted after 31 March, they shall be cancelled</p>	<p>AMD 79:</p> <p>2. Where amounts have been committed by 31 March of year n+1 in accordance with Article 12(2)(a), but are decommitted after that deadline, the corresponding appropriations shall be cancelled.</p> <p><i>Justification:</i> See AMD 77.</p>	<p>2. In the case of amounts which have to be committed up to 31 March in accordance with Article 12(2), where the corresponding appropriations are de-committed after 31 March, they shall be cancelled.</p> <p><i>Explanation:</i> This has become superfluous with the introduction of Art. 12a (ex 4 RAP).</p>	Deleted as in Council position - same reason.	182
<p>3. Appropriations referred to in Regulation (EU) No 1303/2013 shall be decommitted automatically in accordance with that Regulation.</p>	<p>AMD 80:</p> <p>3. As regards expenditure operations governed by Regulation (EU) No 1303/2013, decommitments shall be made automatically in accordance with that Regulation.</p> <p><i>Justification:</i> See justification of AMD to title of this Art. This paragraph might be better placed in Art. 112 (Time limits for commitments).</p>	<p>3. Appropriations referred to in Regulation (EU) No 1303/2013 shall be de-committed automatically in accordance with that Regulation.</p>	<p>3. Commitment appropriations referred to in Regulation (EU) No 1303/2013 shall be de-committed automatically in accordance with that Regulation.</p>	183

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4. Appropriations referred to in Regulation (EU) No 514/2014 shall be decommitted automatically in accordance with that Regulation.	AMD 81: 4. As regards expenditure operations governed by Regulation (EU) No 514/2014, decommitments shall be made automatically in accordance with that Regulation. <i>Justification:</i> See AMD 77. This paragraph might be better placed in Art. 112 (Time limits for commitments).	4. Appropriations referred to in Regulation (EU) No 514/2014 shall be de-committed automatically in accordance with that Regulation.	4. Commitment appropriations referred to in Regulation (EU) No 514/2014 shall be de-committed automatically in accordance with that Regulation.	184
5. Paragraphs 1, 2 and 3 of this Article shall not apply to external assigned revenue referred to in Article 20(2).	AMD 82: 5. This Article shall not apply to external assigned revenue referred to in Article 20(2). <i>Justification:</i> Simplification. No change of meaning.	5. Paragraphs 1, 2 and 3 of t This Article shall not apply to external assigned revenue referred to in Article 20(2). <i>Explanation:</i> As EP - simplification.	Council wording.	185
Article 14 Making decommitted appropriations available again	AMD 83: Article 14 Making appropriations corresponding to decommitments available again <i>Justification:</i> See AMD 77.	Article 14 Making de-committed appropriations available again	Article 14 Making de-committed appropriations corresponding to de-commitments available again	186
1. The decommitted appropriations referred to in Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014 ¹ may be made available again in the event of a manifest error attributable solely to the Commission.	AMD 84: 1. The appropriations corresponding to decommitments referred to in Regulation (EU) No 1303/2013 and Regulation (EU) No 223/2014 ³¹ may be made available again in the event of a manifest error attributable solely to the Commission. <i>Justification:</i> See AMD 77.	1. The de-committed appropriations referred to in Regulation (EU) No 1303/2013, and Regulation (EU) No 223/2014 of the European Parliament and of the Council² and Regulation (EU) No 14/2014 may be made available again in the event of a manifest error attributable solely to the Commission.	1. The de-committed appropriations corresponding to de-commitments referred to in Regulation (EU) No 1303/2013, and Regulation (EU) No 223/2014 of the European Parliament and of the Council³ and Regulation (EU) No 14/2014 may be made available again in the event of a manifest error attributable solely to the Commission.	187

¹ Regulation (EU) N° 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived (OJ L 72, 12.3.2014, p.1).

² Regulation (EU) N° 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived (OJ L 72, 12.3.2014, p.1).

³ Regulation (EU) N° 223/2014 of the European Parliament and of the Council of 11 March 2014 on the Fund for European Aid to the Most Deprived (OJ L 72, 12.3.2014, p.1).

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		<i>Explanation: DQL improvement</i>		
To that end, the Commission shall examine decommitments made during the preceding financial year and decide, by 15 February of the current financial year, on the basis of requirements, whether it is necessary to make the corresponding appropriations available again.		To that end, the Commission shall examine de-commitments made during the preceding financial year and decide, by 15 February of the current financial year, on the basis of requirements, whether it is necessary to make the corresponding appropriations available again.	Stays as is.	187.1
2. The decommitted appropriations shall be made available again in the event of:	AMD 85: 2. The appropriations corresponding to decommitments shall be made available again in the event of: <i>Justification: See AMD 77.</i>	2. In addition, t The de-committed appropriations shall be made available again in the event of: <i>Explanation: DQL clarification.</i>	2. In addition, t The de-committed appropriations corresponding to decommitments shall be made available again in the event of:	188
(a) the decommitment of appropriations from a programme under the arrangements for the implementation of the performance reserve established in Article 20 of Regulation (EU) No 1303/2013;	AMD 86: (a) the decommitment from a programme under the arrangements for the implementation of the performance reserve established in Article 20 of Regulation (EU) No 1303/2013; <i>Justification: See AMD 77.</i>	(a) the de-commitment of appropriations from a programme under the arrangements for the implementation of the performance reserve established in Article 20 of Regulation (EU) No 1303/2013;	(a) the de-commitment of appropriations from a programme under the arrangements for the implementation of the performance reserve established in Article 20 of Regulation (EU) No 1303/2013;	189
(b) the decommitment of appropriations from a programme dedicated to a specific financial instrument in favour of SMEs following the discontinuance of the participation of a Member State in the financial instrument, as referred to in the seventh subparagraph of Article 39(2) of Regulation (EU) No 1303/2013.	AMD 87: (b) the decommitment from a programme dedicated to a specific financial instrument in favour of SMEs following the discontinuance of the participation of a Member State in the financial instrument, as referred to in the seventh subparagraph of Article 39(2) of Regulation (EU) No 1303/2013. <i>Justification: See AMD 77.</i>	(b) the de-commitment of appropriations from a programme dedicated to a specific financial instrument in favour of SMEs following the discontinuance of the participation of a Member State in the financial instrument, as referred to in the seventh subparagraph of Article 39(2) of Regulation (EU) No 1303/2013.	(b) the de-commitment of appropriations from a programme dedicated to a specific financial instrument in favour of SMEs following the discontinuance of the participation of a Member State in the financial instrument, as referred to in the seventh subparagraph of Article 39(2) of Regulation (EU) No 1303/2013.	190
3. Without prejudice to paragraphs (1)	AMD 88: 3. Without prejudice to paragraphs (1)	3. Without prejudice to paragraphs 1 and	Council deletion agreed.	191

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<p>and (2), decommitted appropriations made in year n-2 shall be made available again to the European Union Crisis Reserve in the framework of the budgetary procedure for the year n.</p> <p>When the Commission considers that the Reserve needs to be called on, it shall present to the European Parliament and the Council a proposal for a transfer from the Reserve to the corresponding budgetary lines, in line with Article 30(4).</p>	<p>and (2), appropriations from year n-2 corresponding to decommitments made in year n shall be made available again to the European Union Crisis Reserve in the framework of the budgetary procedure for the year n.</p> <p><i>Justification:</i> See AMD 77.</p>	<p>2, decommitted appropriations made in year n-2 shall be made available again to the European Union Crisis Reserve in the framework of the budgetary procedure for the year n.</p> <p>When the Commission considers that the Reserve needs to be called on, it shall present to the European Parliament and the Council a proposal for a transfer from the Reserve to the corresponding budgetary lines, in line with Article 30(4).</p> <p><i>Explanation:</i> in line with position on Art. 12(2)(e) the Crisis Reserve is rejected.</p>	<p>Council deletion agreed.</p>	<p>191.1</p>
<p>4. The commitment appropriations corresponding to the amount of the decommitted appropriations as a result of total or partial non-implementation of the corresponding research projects may also be made available again to the benefit of the research programme the projects belong to or its successor in the context of the annual budgetary procedure.</p>	<p>AMD 89:</p> <p>4. The commitment appropriations corresponding to the amount of the decommitments made as a result of total or partial non-implementation of the corresponding research projects may also be made available again to the benefit of the research programme the projects belong to or its successor in the context of the annual budgetary procedure.</p> <p><i>Justification:</i> See AMD 77.</p>	<p>4. The cCommitment appropriations corresponding to the amount of the de-committed appropriations as a result of total or partial non-implementation of the corresponding research projects may also be made available again to the benefit of the research programme the projects belong to or its successor in the context of the annual budgetary procedure.</p> <p><i>Explanation:</i> DQL improvement</p>	<p>4. The cCommitment appropriations corresponding to the amount of the de-committed appropriations decommitments made as a result of total or partial non-implementation of the corresponding research projects may also be made available again to the benefit of the research programme the projects belong to or its successor in the context of the annual budgetary procedure.</p>	<p>192</p>
<p><i>Article 15</i> <i>Rules applicable in the event of late adoption of the budget</i></p>		<p><i>Article 15</i> <i>Rules applicable in the event of late adoption of the budget</i></p>		<p>193</p>
<p>1. If the budget has not been definitively adopted at the beginning of the financial year, the procedure set out in the first paragraph of Article 315 TFEU (the provisional twelfths</p>		<p>1. If the budget has not been definitively adopted at the beginning of the financial year, the procedure set out in the first paragraph of Article 315 TFEU (the provisional twelfths regime) shall apply.</p>		<p>194</p>

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regime) shall apply. Commitments and payments may be made within the limits laid down in paragraph 2 of this Article.		Commitments and payments may be made within the limits laid down in paragraph 2 of this Article.		
2. Commitments may be made per chapter up to a maximum of one quarter of the total appropriations authorised in the relevant chapter of the previous financial year plus one twelfth for each month which has elapsed. The limit of the appropriations provided for in the draft budget shall not be exceeded.		2. Commitments may be made per chapter up to a maximum of one quarter of the total appropriations authorised in the relevant chapter of the budget for the preceding financial year plus one twelfth for each month which has elapsed. The limit of the appropriations provided for in the draft budget shall not be exceeded.		195 195.1
Payments may be made monthly per chapter up to a maximum of one twelfth of the appropriations authorised in the relevant chapter of the preceding financial year. That sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter of the draft budget.		Payments may be made monthly per chapter up to a maximum of one twelfth of the appropriations authorised in the relevant chapter of the budget for the preceding financial year. That sum shall not, however, exceed one twelfth of the appropriations provided for in the same chapter of the draft budget.		196
3. The appropriations authorised in the relevant chapter of the preceding financial year, as specified in paragraphs 1 and 2, shall be understood as referring to the appropriations voted in the budget, including by amending budgets, and after adjustment for the transfers made during that financial year.		3. The appropriations authorised in the relevant chapter of the budget for the preceding financial year, as specified in paragraphs 1 and 2, shall be understood as referring to the appropriations voted in the budget, including by amending budgets, and after adjustment for the transfers made during that financial year. <i>Explanation: DQL improvement</i>		196.1
4. If the continuity of action by the Union so require, the Council, acting by qualified majority on a proposal of the	AMD 90: 4. If the continuity of action by the Union so require, the Council, acting by qualified majority on a proposal of the	4. If the continuity of action by the Union and management needs so require, the Council, acting by qualified majority	Council wording but 4/12 agreed. 4. If the continuity of action by the Union and management needs so require, the Council, acting by	197

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Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding the total of four provisional twelfths, excluding the one twelfth made automatically available, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. It shall forward the decision on authorisation without delay to the European Parliament.	Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding the total of four provisional twelfths, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. It shall forward the decision on authorisation without delay to the European Parliament. <i>Justification: Revert to the wording of Reg. 966/2012 (allowing for only four provisional twelfths).</i>	on a proposal of from the Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding the a total of four five provisional twelfths, excluding the one twelfth made automatically available, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. #The Council shall forward the its decision on authorisation without delay to the European Parliament. <i>Explanation: Simplification of the rule and DQL improvement.</i>	qualified majority on a proposal of from the Commission, may authorise expenditure in excess of one provisional twelfth but not exceeding the a total of four five four provisional twelfths, excluding the one twelfth made automatically available, except in duly justified cases, both for commitments and for payments over and above those automatically made available in accordance with paragraphs 1 and 2. #The Council shall forward the its decision on authorisation without delay to the European Parliament.	
The decision referred to in the first subparagraph shall enter into force 30 days following its adoption unless the European Parliament takes any of the following actions:		The decision referred to in the first subparagraph shall enter into force 30 days following its adoption unless the European Parliament takes any of the following actions:		198
(a) acting by a majority of its component Members, decides to reduce that expenditure within that time limit, in which case the Commission shall submit a new proposal;		(a) acting by a majority of its component Members, decides to reduce that expenditure within that time limit, in which case the Commission shall submit a new proposal;		199
(b) informs the Council and the Commission that it does not wish to reduce that expenditure, in which case the decision shall enter into force before the expiry of the 30 days.		(b) informs the Council and the Commission that it does not wish to reduce that expenditure, in which case the decision shall enter into force before the expiry of the 30 days.		200
The additional twelfths shall be authorised in full and shall not be divisible.		The additional twelfths shall be authorised in full and shall not be divisible.		201
5. If, for a given chapter, the authorisation of four provisional		5. If, for a given chapter, the authorisation of four five provisional twelfths granted	Council wording but 4/12 agreed (=status quo).	202

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twelfths granted in accordance with paragraph 4 is not sufficient to cover the expenditure necessary to avoid a break in continuity of action by the Union in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations entered in the corresponding chapter of the budget of the preceding financial year. The European Parliament and the Council shall act in accordance with the procedures provided for in paragraph 4. However, the overall total of the appropriations available in the budget of the preceding financial year or in the draft budget, as proposed, may in no circumstances be exceeded.		in accordance with paragraph 4 is not sufficient to cover the expenditure necessary to avoid a break in continuity of action by the Union in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations entered in the corresponding chapter of the budget of of for the preceding financial year. The European Parliament and the Council shall act in accordance with the procedures provided for in paragraph 4. However, the overall total of the appropriations available in the budget of the preceding financial year or in the draft budget, as proposed, may in no circumstances be exceeded.	5. If, for a given chapter, the authorisation of four five four provisional twelfths granted in accordance with paragraph 4 is not sufficient to cover the expenditure necessary to avoid a break in continuity of action by the Union in the area covered by the chapter in question, authorisation may exceptionally be given to exceed the amount of the appropriations entered in the corresponding chapter of the budget of of for the preceding financial year. The European Parliament and the Council shall act in accordance with the procedures provided for in paragraph 4. However, the overall total of the appropriations available in the budget of the preceding financial year or in the draft budget, as proposed, may in no circumstances be exceeded.	
CHAPTER 3 Principle of equilibrium		CHAPTER 3 Principle of equilibrium		203
<i>Article 16</i> <i>Definition and scope</i>		<i>Article 16</i> <i>Definition and scope</i>		204
1. Revenue and payment appropriations shall be in balance.		1. Revenue and payment appropriations shall be in balance.		205
2. The Union and the Union bodies referred to in Articles 69 and 70 may not raise loans within the framework of the budget.		2. The Union and the Union bodies referred to in Articles 69 and 70 may not raise loans within the framework of the budget.		206
<i>Article 17</i> <i>Balance from financial year</i>		<i>Article 17</i> <i>Balance from financial year</i>		207
1. The balance from each financial year shall be entered in the budget for the following financial year as revenue in		1. The balance from each financial year shall be entered in the budget for the following financial year as revenue in the		208

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the case of a surplus or as a payment appropriation in the case of a deficit.		case of a surplus or as a payment appropriation in the case of a deficit.		
2. The estimates of such revenue or payment appropriations shall be entered in the budget during the budgetary procedure and in a letter of amendment presented pursuant to Article 40. The estimates shall be drawn up in accordance with Article 1 of Council Regulation (EU, Euratom) No 608/2014 ¹ .		2. The estimates of such revenue or payment appropriations shall be entered in the budget during the budgetary procedure and in a letter of amendment presented pursuant to Article 40. The estimates shall be drawn up in accordance with Article 1 of Council Regulation (EU, Euratom) No 608/2014 ² .		209
3. After the presentation of the provisional accounts for each financial year, any discrepancy between those accounts and the estimates shall be entered in the budget for the following financial year through an amending budget. In such a case, the Commission shall submit the draft amending budget simultaneously to the European Parliament and the Council within 15 days of submission of the provisional accounts.		3. After the presentation of the provisional accounts for each financial year, any discrepancy between those accounts and the estimates shall be entered in the budget for the following financial year through an amending budget devoted solely to that discrepancy . In such a case, the Commission shall submit the draft amending budget simultaneously to the European Parliament and the Council within 15 days of submission of the provisional accounts. <i>Explanation: Council insists on separate surplus DAB.</i>	Council wording agreed (=status quo).	210
CHAPTER 4 Principle of unit of account		CHAPTER 4 Principle of unit of account		211
<i>Article 18</i> <i>Use of euro</i>		<i>Article 18</i> <i>Use of euro</i>		212
1. The multiannual financial framework and the budget shall be drawn up and implemented in euro and the accounts shall be presented in euro. However, for the cash-flow purposes		1. The multiannual financial framework and the budget shall be drawn up and implemented in euro and the accounts shall be presented in euro. However, for the cash-flow purposes referred to in		213

¹ Council Regulation (EU, Euratom) No 608/2014 of 26 May 2014 laying down implementing measures for the system of own resources of the European Union.

² Council Regulation (EU, Euratom) No 608/2014 of 26 May 2014 laying down implementing measures for the system of own resources of the European Union.

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referred to in Article 76, the accounting officer and, in the case of imprest accounts, the imprest administrators, and, for the needs of the administrative management of the Commission and the European External Action Service (EEAS), the authorising officer responsible, shall be authorised to carry out operations in other currencies.		Article 76, the accounting officer and, in the case of imprest accounts, the imprest administrators, and, for the needs of the administrative management of the Commission and the European External Action Service (EEAS), the authorising officer responsible, shall be authorised to carry out operations in other currencies.		
2. Without prejudice to specific provisions arising from the application of sector-specific regulations, or from specific procurement contracts, grant agreements, contribution agreements and financing agreements, conversion by the responsible authorising officer shall be made using the daily euro exchange rate published in the C series of the Official Journal of the European Union of the day on which the payment order or recovery order is drawn up by the authorising department.		2. Without prejudice to specific provisions arising from the application of laid down in sector-specific regulations, or from in specific procurement contracts, grant agreements, contribution agreements and financing agreements, conversion by the responsible authorising officer shall be made using the daily euro exchange rate published in the C series of the <i>Official Journal of the European Union</i> of the day on which the payment order or recovery order is drawn up by the authorising department.		216
If no such daily rate is published, the responsible authorising officer shall use the one referred to in paragraph 3.		If no such daily rate is published, the responsible authorising officer shall use the one referred to in paragraph 3.		217
3. For the purposes of the accounts provided for in Articles 80 and 81, conversion between the euro and another currency shall be made using the monthly accounting rate of the euro. That accounting exchange rate shall be established by the Commission's accounting officer by means of any source of information regarded as reliable, on the basis of		3. For the purposes of the accounts provided for in Articles 80, 80a and 81, conversion between the euro and another currency shall be made using the monthly accounting rate of the euro. That accounting exchange rate shall be established by the Commission's accounting officer by means of any source of information regarded as reliable, on the basis of the exchange		219

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the exchange rate on the penultimate working day of the month preceding that for which the rate is established.		rate on the penultimate working day of the month preceding that for which the rate is established.		
4. Currency conversion operations shall be carried out in such a way as to avoid having a significant impact on the level of the Union co-financing or a detrimental impact on the Union budget. Where appropriate, the rate of conversion between the euro and other currencies may be calculated using the average of the daily exchange rate in a given period.		4. Currency conversion operations shall be carried out in such a way as to avoid having a significant impact on the level of the Union co-financing or a detrimental impact on the Union budget. Where appropriate, the rate of conversion between the euro and other currencies may be calculated using the average of the daily exchange rate in a given period. <i>Explanation: DQL improvement</i>		220
CHAPTER 5 Principle of universality		CHAPTER 5 Principle of universality		229
<i>Article 19</i> <i>Scope</i>		<i>Article 19</i> <i>Scope</i>		230
Without prejudice to Article 20, total revenue shall cover total payment appropriations. Without prejudice to Article 25, all revenue and expenditure shall be entered in full without any adjustment against each other.		Without prejudice to Article 20, total revenue shall cover total payment appropriations. Without prejudice to Article 25, all revenue and expenditure shall be entered in full without any adjustment against each other.		231
<i>Article 20</i> <i>Assigned revenue</i>		<i>Article 20</i> <i>Assigned revenue</i>		232
1. External assigned revenue and internal assigned revenue shall be earmarked to finance specific items of expenditure.		1. External assigned revenue and internal assigned revenue shall be earmarked used to finance specific items of expenditure.		233
2. The following shall constitute external assigned revenue:		2. The following shall constitute external assigned revenue:		234
(a) financial contributions from Member States, third countries and bodies not set up under the	AMD 91: (a) specific additional financial contributions from Member States, third countries and bodies	(a) specific additional financial contributions from Member States; third countries and bodies not set up	Council wording agreed (=status quo).	235

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TFEU and the Euratom Treaty to certain actions or programmes financed by the Union as well as to supplementary research and technological development programmes, and managed by the Commission on their behalf;	<p>not set up under the TFEU and the Euratom Treaty to certain actions or programmes financed by the Union as well as to supplementary research and technological development programmes, and managed by the Commission on their behalf;</p> <p><i>Justification: Clarification to underline that "normal" financial contributions from MS do not constitute external assigned revenue.</i></p>	<p>under the TFEU and the Euratom Treaty to the following types of projects and programmes:</p> <p>(i) certain actions or programmes financed by the Union as well as to supplementary research and technological development programmes,</p> <p>(ii) certain external aid actions or programmes financed by the Union and managed by the Commission on their behalf;</p> <p><i>Explanation: Revert to previous structure and limitation to external aid and R&D projects - no extension to certain actions or programmes.</i></p>	<p>Council wording agreed.</p> <p>Council wording agreed.</p>	<p>235.1</p> <p>235.2</p>
(b) appropriations relating to the revenue generated by the Research Fund for Coal and Steel established by Protocol No 37 on the financial consequences of the expiry of the European Coal and Steel Community (ECSC) Treaty and on the Research Fund for Coal and Steel annexed to the TEU and the TFEU;		(b) appropriations relating to the revenue generated by the Research Fund for Coal and Steel established by Protocol (No 37) on the financial consequences of the expiry of the European Coal and Steel Community (ECSC) Treaty and on the Research Fund for Coal and Steel annexed to the TEU and the TFEU.		236
(c) interest on deposits and the fines provided for in Council Regulation		(c) interest on deposits and the fines provided for in Council Regulation		237

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(EC) No 1467/97 ¹ ;		(EC) No 1467/97 ¹ ;		
(d) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each institution;		(d) revenue earmarked for a specific purpose, such as income from foundations, subsidies, gifts and bequests, including the earmarked revenue specific to each Union institution;		238
(e) financial contributions to Union activities from third countries or from non-Union bodies not covered by point (b);		(e) financial contributions to Union activities from third countries or from non-Union bodies not covered by point (b) set up under the TFEU and the Euratom Treaty ; <i>Explanation: DQL improvement</i>		239
(f) internal assigned revenue referred to in paragraph 3, to the extent that it is ancillary to the other revenue under this paragraph;		(f) internal assigned revenue referred to in paragraph 3, to the extent that it is ancillary to the other external assigned revenue under referred to in this paragraph; <i>Explanation: DQL improvement.</i>		241
(g) revenue from the activities of a competitive nature conducted by the Joint Research Centre (JRC) which consist of any of the following:		(g) revenue from the activities of a competitive nature conducted by the Joint Research Centre (JRC) which consist of any of the following:		242
(i) grant and procurement procedures in which the JRC participates;		(i) grant and procurement procedures in which the JRC participates;		243
(ii) activities of the JRC on behalf of third parties;		(ii) activities of the JRC on behalf of third parties;		244
(iii) activities undertaken under an administrative agreement with other institutions or other Commission departments, in accordance with Article 57, for		(iii) activities undertaken under an administrative agreement with other Union institutions or other Commission departments, in accordance with Article 57, for		245

¹ Council Regulation (EC) No 1467/97 of 7 July 1997 on speeding up and clarifying the implementation of the excessive deficit procedure (OJ L No 209, 2.8.1997, p. 6).

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the provision of technical-scientific services.		the provision of technical-scientific services.		
	AMD 92: <i>(ga) resources coming from Member States not complying with the corrective allocation mechanism established under Regulation (EU) No 604/2013.</i>		EP drops AMD 92.	245.1
3. The following shall constitute internal assigned revenue:		3. The following shall constitute internal assigned revenue: <i>Explanation: Council proposes to limit categories of internal assigned revenue to the strict minimum.</i>	<i>As a compromise it was agreed to delete letters b, d and h and to maintain the other categories.</i>	246
(a) revenue from third parties in respect of goods, services or work supplied at their request;		(a) revenue from third parties in respect of goods, services or work supplied at their request;	Commission text agreed.	247
(b) proceeds from the sale of, vehicles, equipment, installations, materials, and scientific and technical;		(b) proceeds from the sale of, vehicles, equipment, installations, materials, and scientific and technical apparatus;	Council deletion agreed.	248
(c) revenue arising from the repayment, in accordance with Article 99, of amounts wrongly paid;		(c) revenue arising from the repayment, in accordance with Article 99, of amounts wrongly paid;	Commission text agreed.	249
(d) revenue arising from interest on pre financing payments, subject to Article 8(3);		(d) revenue arising from interest on pre financing payments, subject to Article 8(3);	Council deletion agreed.	250
(e) proceeds from the supply of goods, services and works for other departments within an institution, institutions or bodies, including refunds by other institutions or bodies of mission allowances paid on their behalf;		(e) proceeds from the supply of goods, services and works for other departments within an Union institution, Union institutions or bodies, including refunds by other Union institutions or bodies of mission allowances paid on their behalf;	Council text agreed.	251

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(f) insurance payments received;		(f) insurance payments received;	Commission text agreed.	252
(g) revenue from lettings and from the sale of buildings and land;		(g) revenue from lettings and from the sale of buildings and land;	Commission text agreed.	253
(h) revenue from the sale of publications and films, including those on an electronic medium;		(h) revenue from the sale of publications and films, including those on an electronic medium;	Council deletion agreed.	254
(i) revenue and repayments arising from financial operations other than borrowing and lending and their assets held in the common provisioning fund;		<p>(i) revenue and repayments to financial instruments or budgetary guarantees pursuant to Article 202(2) arising from financial operations, other than borrowing and lending, and their assets held in the common provisioning fund.</p> <p><i>Explanation: back to status quo: only repayments constitute assigned revenue, not revenue.</i></p>	Council text agreed.	255
(j) revenue arising from subsequent reimbursement of taxes pursuant to point (b) of Article 25(3). Assigned revenue shall be carried over and transferred in accordance with the provisions of points (b) and (c) of Article 12(3) and Article 30.		(j) revenue arising from subsequent reimbursement of taxes pursuant to point (b) of Article 25(3).	Commission text agreed.	256
		3a. Assigned revenue referred to in paragraphs 2 and 3 of this Article shall be carried over and transferred in accordance with the provisions of points (b) and (c) of Article 12(3) and Article 30.	Commission text agreed.	256.1
4. A basic act may also assign the revenue for which it provides to specific items of expenditure. Unless specified otherwise in the basic act, such revenue shall constitute internal assigned revenue.		4. A basic act may also assign the revenue for which it provides to specific items of expenditure. In such cases, the basic act shall clearly indicate the items to which the revenue is assigned. Unless otherwise specified otherwise in the basic act, such revenue shall constitute internal assigned revenue. <i>Explanation: Clarification.</i>	Commission text agreed.	257
5. The budget shall include lines to accommodate external assigned		5. The budget shall include lines to accommodate external assigned	Commission text agreed.	258

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revenue and internal assigned revenue and wherever possible shall indicate the amount.		revenue and internal assigned revenue and wherever possible shall indicate the amount. <i>Explanation: More detailed provision foreseen in Art. 39(6b) (row 566.2 etc).</i>		
<i>Article 21 Structure to accommodate assigned revenue and provision of corresponding appropriations</i>		<i>Article 21 Structure to accommodate assigned revenue and provision of corresponding appropriations</i>		258.1
1. Without prejudice to point (c) of paragraph 2 of this Article and to Article 22, the structure to accommodate assigned revenue in the budget shall comprise:		1. Without prejudice to point (c) of paragraph 2 of this Article and to Article 22, the structure to accommodate assigned revenue in the budget shall comprise:		262
(a) in the statement of revenue of each institution's section, a budget line to receive the revenue;		(a) in the statement of revenue of each Union institution's section, a budget line to receive the revenue;		263
(b) in the statement of expenditure, the budget remarks, including general remarks, showing which lines may receive the appropriations corresponding to the assigned revenue which are made available.		(b) in the statement of expenditure, the budget remarks, including general remarks, showing which lines may receive the appropriations corresponding to the assigned revenue which are made available.		264
In the case referred to in point (a) of the first subparagraph, a token entry pro memoria shall be made and the estimated revenue shall be shown for information in the remarks.		In the case referred to in point (a) of the first subparagraph, a token entry pro memoria shall be made and the estimated revenue shall be shown for information in the remarks.		265
2. The appropriations corresponding to assigned revenue shall be made available automatically, both as commitment appropriations and as payment appropriations, when the revenue has been received by the institution, save in any of the		2. The appropriations corresponding to assigned revenue shall be made available automatically, both as commitment appropriations and as payment appropriations, when the revenue has been received by the Union institution, save in any of the		266

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following cases:		following cases:		
(a) in the case provided for in point (a) of Article 20(2) for Member States and where the contribution agreement is expressed in euro, commitment appropriations may be made available upon signature by the Member State of the contribution agreement.		(a) in the case provided for in point (a) of Article 20(2) for financial contributions from Member States and where the contribution agreement is expressed in euro, commitment appropriations may be made available upon signature by the Member State of the contribution agreement; <i>Explanation: DQL improvement.</i>		268
(b) in the case provided for in Article 20(2)(b) and points (i) and (iii) of Article 20(2)(g), the commitment appropriations shall be made available as soon as the amount receivable has been estimated.		(b) in the case provided for in point (b) of Article 20(2)(b) and points (i) and (iii) of Article 20(2)(g), the commitment appropriations shall be made available as soon as the amount receivable has been estimated;		269
(c) in the case provided for in point (c) of Article 20(2), the entry of those amounts in the statement of revenue shall give rise to the provision, in the statement of expenditure, of commitment and payment appropriations.		(c) in the case provided for in point (c) of Article 20(2), the entry of those amounts in the statement of revenue shall give rise to the provision, in the statement of expenditure, of commitment and payment appropriations.		270
Appropriations referred to in point (c) of this paragraph shall be implemented in accordance with Article 19.		Appropriations referred to in point (c) of the first subparagraph of this paragraph shall be implemented in accordance with Article 19.		271
3. The estimates of amounts receivable referred to in point (b) of Article 20(2) and point (h) of Article 20(2) shall be sent to the accounting officer for registration.		3. The estimates of amounts receivable referred to in points (b) of Article 20(2) and point (h) of Article 20(2) shall be sent to the accounting officer for registration.		272
		Article 21a Contributions from Member States to research programmes		273

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		1. The Member States' contributions to the financing of certain supplementary research programmes, provided for in Article 5 of Council Regulation (EU, Euratom) No 609/2014 shall be paid as follows: (a) seven twelfths of the sum entered in the budget shall be paid by no later than 31 January of the current financial year; (b) the remaining five twelfths shall be paid by no later than 15 July of the current financial year.		273.1 273.2 273.3
		2. Where the budget has not been finally adopted before the start of a financial year, the contributions provided for in paragraph 1 shall be based on the sum entered in the budget for the previous financial year.		274
		3. Any contribution or additional payment owed by the Member States to the budget shall be entered in the Commission's account or accounts within thirty calendar days of the call for funds.		275
		4. Payments made shall be entered in the account provided for in Council Regulation (EU, Euratom) No 609/2014 and shall be subject to the conditions laid down by that Regulation. <i>Explanation: Art. 8 RAP re-inserted.</i>		276
Article 22 Assigned revenue resulting from the participation of EFTA States in certain Union programmes		Article 22 Assigned revenue resulting from the participation of EFTA States in certain Union programmes		277

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1. The budget structure to accommodate the revenue provided for in Article 20(2)(e) shall be as follows:		1. The budget structure to accommodate the revenue from the participation of the EFTA States provided for in Article 20(2)(e) shall be as follows: <i>Explanation: Simplification.</i>		278
(a) in the statement of revenue, a line with a token entry pro memoria shall be entered to accommodate the full amount of the EFTA States' contribution for the financial year in question;		(a) in the statement of revenue, a line with a token entry pro memoria shall be entered to accommodate the full amount of each of the EFTA States' contribution for the financial year in question; <i>Explanation: Council suggests more detailed information to be provided.</i>		279
(b) in the statement of expenditure, an annex, forming an integral part of the budget, shall set out all the lines covering the Union activities in which the EFTA States participate.		(b) in the statement of expenditure, an annex, forming an integral part of the budget, shall set out all the lines covering the Union activities in which the EFTA States participate, including information on the estimated amount of the participation of each of the EFTA States. <i>Explanation: As above.</i>		280
2. Under Article 82 of the EEA Agreement the amounts of the annual participation of the EFTA States, as confirmed to the Commission by the Joint Committee of the European Economic Area in accordance with Article 1(5) of Protocol 32 annexed to the EEA Agreement, shall give rise to the provision, at the start of the financial year, of the full amounts of the corresponding commitment appropriations and payment appropriations.		2. Under Article 82 of the EEA Agreement the amounts of the annual participation of the EFTA States, as confirmed to the Commission by the Joint Committee of the European Economic Area in accordance with Article 1(5) of Protocol 32 annexed to the EEA Agreement, shall give rise to the provision, at the start of the financial year, of the full amounts of the corresponding commitment appropriations and payment appropriations.		282
		3. In accordance with point (e) of	New wording (modifications vs. Council	284

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		<p>Article 20(2), the financial contributions of the EFTA States shall constitute external assigned revenue. The accounting officer shall adopt appropriate measures to ensure that use of the revenue arising from those contributions and of the corresponding appropriations is monitored separately.</p> <p><i>Explanation: Art. 9(4) RAP is reinserted for clarification.</i></p>	<p>wording are shown):</p> <p>3. In accordance with point (e) of Article 20(2), the financial contributions of the EFTA States shall constitute external assigned revenue. The accounting officer shall adopt appropriate measures to ensure that The use of the revenue arising from these financial contributions and of the corresponding appropriations of the EFTA States shall be is monitored separately.</p>	
<p><i>Article 23 Donations</i></p>		<p><i>Article 23 Donations</i></p>		289
<p>1. Union institutions may accept any donation made to the Union, such as income from foundations, subsidies, gifts and bequests.</p>		<p>1. Union institutions may accept any donation made to the Union, such as income from foundations, subsidies, gifts and bequests.</p>		290
<p>2. Acceptance of a donation of a value of EUR 50 000 or more which involves a financial charge, including follow-up costs, exceeding 10 % of the value of the donation made, shall be subject to the authorisation of the European Parliament and of the Council. In light of such an authorisation, the European Parliament and the Council, shall act on the matter within two months of receiving the request from the Commission. If no objection is made within that period, Union institutions shall take a final decision regarding the acceptance of the donation. Union institutions shall explain the financial charges entailed by the acceptance of donations made to the Union.</p>		<p>2. Acceptance of a donation of a value of EUR 50 000 or more which involves a financial charge, including follow-up costs, exceeding 10 % of the value of the donation made, shall be subject to the authorisation of the European Parliament and of the Council. In light of such an authorisation, the European Parliament and the Council, shall act on the matter within two months of receiving the request from the Commission Union institutions concerned. If no objection is made within that period, the Union institutions concerned shall take a final decision regarding the acceptance of the donation. The Union institutions concerned shall explain in their request to the European Parliament and the Council the financial charges</p>		291

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		entailed by the acceptance of donations made to the Union. <i>Explanation: Correction and clarification.</i>		
<i>Article 24 Corporate sponsoring</i>		<i>Article 24 Corporate sponsoring</i>		292
1. Corporate sponsoring means an agreement by which a legal person supports in-kind an event or an activity for promotional or corporate social responsibility purposes.		1. Corporate sponsoring means an agreement by which a legal person supports in-kind an event or an activity for promotional or corporate social responsibility purposes.		293
2. On the basis of specific internal rules Union institutions and bodies may exceptionally accept in kind corporate sponsoring provided that:	AMD 93: 2. On the basis of specific internal rules, which shall be published on their respective websites , Union institutions and bodies may exceptionally accept in-kind corporate sponsoring provided that:	2. On the basis of specific internal rules Union institutions and bodies may exceptionally accept in kind corporate sponsoring provided that:	EP wording is agreed.	294
(a) there is due regard to the principles of non-discrimination, proportionality, equal treatment, transparency;		(a) there is due regard to the principles of non-discrimination, proportionality, equal treatment, and transparency at all levels of the procedure for accepting corporate sponsoring ;	Council wording is agreed.	295
	AMD 94: <i>(aa) as regards transparency, all the data concerning the sponsoring and sponsors are published;</i>		EP drops AMD 94 (is redundant, as there is agreement on Council wording in row 297.3 below).	295.1
(b) it contributes to the positive image of the Union and is directly linked to the to the core objective of an event or of an action;		(b) it contributes to the positive image of the Union and is directly linked to the to the core objective of an event or of an action;		296
(c) it does neither generate conflict of interest nor concern exclusively social events.		(c) it does neither generate conflict of interest nor concern exclusively social events;		297
		(ca) the value of the support does not	New wording:	297.1

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		exceed 50 % of the overall value of the event or activity;	(ca) the value of the support does not exceed 50 % of the overall value of the event or activity is not exclusively financed through sponsoring; <i>Preliminary - to be double-checked with the EP.</i>	
		(cb) the service in return of the support is limited to the public visibility of the trademark or name of the sponsor;		297.2
		(cc) the sponsors are, at the time of the award procedure, not in one of the situations referred to in Articles 132(1) and 137 and are not registered as excluded in the early detection and exclusion database referred to in Article 138.		297.2a
		3. Where the value of the support exceeds EUR 5 000, the sponsor shall be listed in a public register, displaying the kind of activity related to the sponsoring. <i>Explanation: Council agrees with the principle, but suggests more detailed rules to govern corporate sponsoring and to introduce some limitations. A reference to the EDES system is considered necessary to avoid circumvention of EDES.</i>	Council wording is agreed, EP AMD 94 drops.	297.3
Article 25 Rules on deductions and exchange rate adjustments		Article 25 Rules on deductions and exchange rate adjustments		300
1. The following deductions may be made from payment requests which		1. The following deductions may be made from payment requests which shall then		301

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shall then be passed for payment of the net amount:		be passed for payment of the net amount:		
(a) penalties imposed on parties to procurement contracts or beneficiaries;		(a) penalties imposed on parties to procurement contracts or beneficiaries;		302
(b) discounts, refunds and rebates on individual invoices and cost statements;		(b) discounts, refunds and rebates on individual invoices and cost statements;		303
(c) interest generated by pre-financing payments;		(c) interest generated by pre-financing payments;		304
(d) adjustments for amounts unduly paid.		(d) adjustments for amounts unduly paid.		305
The adjustments referred to in point (d) of the first subparagraph may be made, by means of direct deduction, against a new interim payment or payment of a balance to the same payee under the chapter, article and financial year in respect of which the excess payment was made. Union accounting rules shall apply to the deductions referred to in points (c) and (d) of the first subparagraph.		The adjustments referred to in point (d) of the first subparagraph may be made, by means of direct deduction, against a new interim payment or payment of a balance to the same payee under the chapter, article and financial year in respect of which the excess payment was made. Union accounting rules shall apply to the deductions referred to in points (c) and (d) of the first subparagraph.		306 306.1
2. The cost of products or services, provided to the Union, incorporating taxes refunded by the Member States pursuant to the Protocol on the Privileges and Immunities of the European Union, shall be charged to the budget for the ex-tax amount.		2. The cost of products or services, provided to the Union, incorporating taxes refunded by the Member States pursuant to the Protocol (No 7) on the P privileges and I mmunities of the European Union, shall be charged to the budget for the ex-tax amount.		307
3. The cost of products or services, provided to the Union, incorporating taxes refunded by third countries on the basis of relevant agreements, may be charged to the budget for any of the following amounts:		3. The cost of products or services, provided to the Union, incorporating taxes refunded by third countries on the basis of relevant agreements, may be charged to the budget for any of the following amounts:		308

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(a) the ex-tax amount;		(a) the ex-tax amount;		309
(b) the tax-inclusive amount. In such a case, subsequently reimbursed taxes shall be treated as internal assigned revenue.		(b) the tax-inclusive amount. In such a case, subsequently reimbursed taxes shall be treated as internal assigned revenue. <i>Explanation: consequential deletion to approach on Art. 20(3).</i>	Commission wording is agreed.	310
4. Adjustments may be made in respect of exchange differences occurring in the implementation of the budget. The final gain or loss shall be included in the balance for the year.		4. Adjustments may be made in respect of exchange differences occurring in the implementation of the budget. The final gain or loss shall be included in the balance for the year.		311
CHAPTER 6 Principle of specification		CHAPTER 6 Principle of specification		315
<i>Article 26</i> <i>General provisions</i>		<i>Article 26</i> <i>General provisions</i>		316
1. Appropriations shall be earmarked for specific purposes by title and chapter. The chapters shall be further subdivided into articles and items.		1. Appropriations shall be earmarked for specific purposes by title and chapter. The chapters shall be further subdivided into articles and items.		317
2. The Commission and the other institutions may transfer appropriations within the budget subject to the specific conditions laid down in Articles 27 to 30.		2. The Commission and the other Union institutions may transfer appropriations within the budget subject to the specific conditions laid down in Articles 27 to 30.		318
Appropriations may only be transferred to budget lines for which the budget has authorised appropriations or which carry a token entry pro memoria.		Appropriations may only be transferred to budget lines for which the budget has authorised appropriations or which carry a token entry pro memoria.		319
The percentages referred to in Articles 27 and 28 shall be calculated at the time the request for transfer is made and with reference to the appropriations provided in the budget, including amending budgets.		The percentages limits referred to in Articles 27, and 28 and 29 shall be calculated at the time the request for transfer is made and with reference to the appropriations provided in the budget, including amending budgets.		320

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The amount to be taken into consideration shall be the sum of the transfers to be made on the line from which transfers are being made, after adjustment for earlier transfers made. The amount corresponding to the transfers which shall be carried out autonomously by the Commission or the institution concerned without a decision of the European Parliament and Council shall not be taken into consideration.		The amount to be taken into consideration for the purposes of calculating the limits referred to in Articles 27, 28 and 29 , shall be the sum of the transfers to be made on the line from which transfers are being made, after adjustment for earlier transfers made. The amount corresponding to the transfers which shall be are carried out autonomously by the Commission or by the other Union institution concerned without a decision of the European Parliament and Council shall not be taken into consideration.		321
Without prejudice to the additional conditions for transfer requests laid down in Article 30, proposals for transfers and all information for the European Parliament and Council concerning transfers made under Articles 27, 28 and 29 shall be accompanied by appropriate and detailed supporting documents showing the most recent information available for the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the lines to which the appropriations are to be transferred and for those from which they are to be taken.		Without prejudice to the additional conditions for transfer requests laid down in Article 30, p Proposals for transfers and all information for the European Parliament and Council concerning transfers made under Articles 27, 28 and 29 shall be accompanied by appropriate and detailed supporting documents showing the most recent information available for the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the lines to which the appropriations are to be transferred and for those from which they are to be taken. <i>Explanation: Clarifications and DQL improvements, no change in substance.</i>		322
<i>Article 27</i> <i>Transfers by institutions other than the Commission</i>		<i>Article 27</i> <i>Transfers by Union institutions other than the Commission</i>		323
1. Any institution other than the Commission may, within its own section of the budget, transfer		1. Any Union institution other than the Commission may, within its own section of the budget, transfer appropriations:		324

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appropriations:				
(a) from one title to another up to a maximum of 10% of the appropriations for the year shown on the line from which the transfer is made;		(a) from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made;		325
(b) from one chapter to another without limit.		(b) from one chapter to another without limit.		326
2. Three weeks before making a transfer, as referred to in paragraph 1, the institution shall inform the European Parliament and the Council of its intention to do so. In the event that duly justified reasons are raised within that period by either the European Parliament or the Council, the procedure laid down in Article 29 shall apply.		2. Subject to paragraph 4 , three weeks before making a transfer, as referred to in paragraph 1, the Union institution shall inform the European Parliament and the Council of its intention to do so. In the event that duly justified reasons are raised within that period by either the European Parliament or the Council, the procedure laid down in Article 29 shall apply.		327
3. Any institution other than the Commission may propose to the European Parliament and the Council, within its own section of the budget, transfers from one title to another exceeding the limit of 10 % of the appropriations for the year shown on the line from which the transfer is to be made. Those transfers shall be subject to the procedure laid down in Article 29.		3. Any Union institution other than the Commission may propose to the European Parliament and the Council, within its own section of the budget, transfers from one title to another exceeding the limit of 10 % of the appropriations for the year shown on the line from which the transfer is to be made as referred to in point (a) of paragraph 1 . Those transfers shall be subject to the procedure laid down in Article 29.		328
4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles and within each chapter without informing the European Parliament and the Council	AMD 95: 4. Any institution other than the Commission may, within its own section of the budget, make transfers within articles without informing the European Parliament and the Council beforehand.	4. Any Union institution other than the Commission may, within its own section of the budget, make transfers within articles and within each chapter without informing the European Parliament and the Council beforehand. It may also	EP AMD 95 is agreed (status quo)	329

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beforehand. It may also make transfers from one chapter to another of the same title up to a maximum of 10% of the appropriations for the year shown on the line from which the transfer is to be made without informing the European Parliament and the Council beforehand.	<i>Justification: The rapporteurs suggest not to dilute further the budgetary authority prerogatives and thus to maintain the provision currently in force (Commission proposed changes reversed).</i>	make transfers from one chapter to another chapter within of the same title up to a maximum of 40 5 % of the appropriations for the year shown on the line from which the transfer is to be made without informing the European Parliament and the Council beforehand. <i>Explanation: Council suggests to limit the additional transfer possibility.</i>		
<i>Article 28 Transfers by the Commission</i>		<i>Article 28 Transfers by the Commission</i>		337
1. The Commission may, within its own section of the budget, autonomously:		1. The Commission may, within its own section of the budget, autonomously:		338
(a) transfer appropriations within each chapter;		(a) transfer appropriations within each chapter;		339
(b) with regard to expenditure on staff and administration which is common to several titles, transfer appropriations from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made, and up to a maximum of 30 % of the appropriations for the year shown on the line to which the transfer is made;		(b) with regard to expenditure on staff and administration which is common to several titles, transfer appropriations from one title to another up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made, and up to a maximum of 30 % of the appropriations for the year shown on the line to which the transfer is made;		340
(c) with regard to operational expenditure, transfer appropriations between chapters within the same title or between different titles covered by the same basic act, including the administrative support chapters, up to a maximum of 10 % of the appropriations for the year shown	AMD 96: (c) with regard to operational expenditure, transfer appropriations between chapters within the same title up to a maximum of 10 % of the appropriations for the year shown on the line from which the transfer is made; <i>Justification: Despite ECA's favourable</i>	(c) with regard to operational expenditure, transfer appropriations between chapters within the same title or between different titles covered by the same basic act, including the administrative support chapters, up to a maximum of 10 % of the appropriations for the year shown on the line from which the	EP AMD 96 is agreed (status quo)	341

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on the line from which the transfer is made;	<i>opinion on this Commission proposed change, the Rapporteurs consider it would be detrimental to transparency and do not see it as a flexibility issue. The rights of the budgetary authority should not be further diluted.</i>	transfer is made;		
(d) with regard to research and technological development appropriations implemented by the JRC, the Commission may, within the title of the budget relating to the "Direct research" policy area, make transfers between chapters of up to 15 % of the appropriation in the line from which the transfer is made;		(d) with regard to research and technological development appropriations implemented by the JRC, the Commission may , within the title of the budget relating to the "Direct research" policy area, make transfers between chapters of up to 15 % of the appropriations in the line from which the transfer is made;		342
			New wording, reinserted Article 181(3) current FR: (e) with regard to research and technological development, transfers of operational appropriations from one title to another, provided that the appropriations are used for the same purpose.	342.1
(e) with regard to the European Union Solidarity Fund (EUSF), transfer appropriations from the reserve to the line upon the adoption by the Parliament and the Council of the decision of mobilisation of the Fund;	<u>AMD 97:</u> Deleted. <i>Justification: The budgetary authority oversight should be maintained.</i>	(e) with regard to the European Union Solidarity Fund (EUSF), transfer appropriations from the a reserve to the line upon the adoption by the Parliament and the Council of the decision of mobilisation of the Fund; <i>Explanation: Council rejects mobilisation via simple transfer.</i>		343
(f) with regard to operational expenditure of the funds managed under shared implementation,		(f) with regard to operational expenditure of the funds managed implemented under shared		344

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with the exception of the EAGF, transfer appropriations from one title to another, provided that the appropriations concerned are for the same objective within the meaning of the Regulation concerned or are technical assistance expenditure;		implementation management , with the exception of the EAGF, transfer appropriations from one title to another, provided that the appropriations concerned are for the same objective within the meaning of the Regulation establishing the fund concerned or are technical assistance expenditure;		
(g) transfer appropriations from the budgetary item of a budgetary guarantee to the budgetary item of another budgetary guarantee when the provisioned resources in the common provisioning fund of the latter are insufficient to pay a guarantee call.		(g) transfer appropriations from the budgetary item of a budgetary guarantee to the budgetary item of another budgetary guarantee in the exceptional cases when the provisioned resources in the common provisioning fund of the latter are insufficient to pay a guarantee call, subject to the subsequent restoring of the amount transferred in accordance with the procedure foreseen in Article 205(4). <i>Explanation: Important safeguard in relation to the shifting of funds between budgetary guarantees.</i>	Related to Title X. Council wording is agreed.	345
For the purposes of point (c) of the first subparagraph autonomous transfers from the administrative support lines to the corresponding operational lines shall be allowed.	AMD 98: Deleted. <i>Justification:</i> See AMD 96.	For the purposes of point (c) of the first subparagraph autonomous transfers from the administrative support lines to the corresponding operational lines shall be allowed. <i>Explanation: Council opposes this additional transfer option.</i>		346
The Commission shall take its decisions by 31 January of the following financial year.		The Commission shall take its decisions by 31 January of the following financial year. <i>Explanation: superfluous, there is no such</i>		347

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		<i>deadline under current Art. 26 and additional month only needed for EAGF.</i>		
The expenditure referred to in point (b) of the first subparagraph of this Article shall cover, for each policy area, the items referred to in Article 45(3).		The expenditure referred to in point (b) of the first subparagraph of this Article shall cover, for each policy area, the items referred to in Article 45(3).		348
Where the Commission transfers EAGF appropriations pursuant to paragraph 1 after the 31 December, it shall take its decision by 31 January of the following financial year. The Commission shall inform the European Parliament and the Council within two weeks after its decision on those transfers.		Where the Commission transfers EAGF appropriations pursuant to the first subparagraph 4 after the 31 December, it shall take its decision by 31 January of the following financial year. The Commission shall inform the European Parliament and the Council within two weeks after its decision on those transfers.		349
Three weeks before making the transfers referred to in point (b) of the first subparagraph of this Article, the Commission shall inform the European Parliament and the Council of its intention to do so. In the event that duly justified reasons are raised within that period by the European Parliament or the Council, the procedure laid down in Article 29 shall apply.		Three weeks before making the transfers referred to in point (b) of the first subparagraph of this Article, the Commission shall inform the European Parliament and the Council of its intention to do so. In the event that duly justified reasons are raised within that period by the European Parliament or the Council, the procedure laid down in Article 29 shall apply.		350
By way of exception from the second subparagraph, the Commission may, during the last two months of the financial year, autonomously transfer appropriations concerning expenditure on staff, external staff and other agents from one title to another within the total limit of 5 % of the appropriations for the year. The Commission shall inform the European Parliament and the Council		By way of exception derogation from the second sixth subparagraph, the Commission may, during the last two months of the financial year, autonomously transfer appropriations concerning expenditure on staff, external staff and other agents from one title to another within the total limit of 5 % of the appropriations for the that year. The Commission shall inform the European Parliament and the Council	Numbering issue - <i>this should read "fourth subparagraph"</i> .	351

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within two weeks after its decision on those transfers.		within two weeks after its decision on those transfers.		
2. The Commission may, within its own section of the budget, decide on the following transfer of appropriations from one title to another, provided it immediately informs the European Parliament and the Council of its decision:		2. The Commission may, within its own section of the budget, decide on the following transfer of appropriations from one title to another, provided it immediately informs the European Parliament and the Council of its decision:		352
(a) transfer of appropriations from the "provisions" title referred to in Article 47 of this Regulation, where the only condition for lifting the reserve is the adoption of a basic act pursuant to Article 294 TFEU;		(a) transfer of appropriations from the "provisions" title referred to in Article 47 of this Regulation, where the only condition for lifting the reserve is the adoption of a basic act pursuant to Article 294 TFEU;		353
(b) in duly justified exceptional cases such as international humanitarian disasters and crises occurring after 1 December of the financial year, transfer unused appropriations for that financial year still available in the budget titles falling under heading 4 of the multiannual financial framework to the budget titles concerning crisis management aid and humanitarian aid operations.		(b) in duly justified exceptional cases such as international humanitarian disasters and crises occurring after 1 December of the financial year, transfer unused appropriations for that financial year still available in the budget titles falling under heading 4 of the multiannual financial framework to the budget titles concerning crisis management aid and humanitarian aid operations.		354
Proposals for transfers and all information for the European Parliament and Council concerning transfers made under Articles 27 and 28 shall be accompanied by appropriate and detailed supporting documents showing the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the		Proposals for transfers and all information for the European Parliament and Council concerning transfers made under Articles 27 and 28 shall be accompanied by appropriate and detailed supporting documents showing the implementation of appropriations and estimates of requirements up to the end of the financial year, both for the lines to which the appropriations are to		362

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lines to which the appropriations are to be transferred and for those from which they are to be taken.		be transferred and for those from which they are to be taken. <i>Explanation: Superfluous, is a duplication of Art. 26(2) - and is a general rules that is better located in Art. 26.</i>		
<i>Article 29</i> <i>Transfer proposals submitted to the European Parliament and the Council by the institutions</i>		<i>Article 29</i> <i>Transfer proposals submitted to the European Parliament and the Council by the Union institutions</i>		363
1. Each institution shall submit its transfer proposals simultaneously to the European Parliament and the Council.		1. Each Union institution shall submit its transfer proposals simultaneously to the European Parliament and the Council.		364
2. The Commission may submit proposals for transfers of payment appropriations to the funds managed under shared implementation with the exception of the EAGF to the European Parliament and the Council by 10 January of the following financial year. The transfer of the payment appropriations may be made from any item of the budget. The six-week period referred to in paragraph 3 shall be reduced to three weeks.	AMD 99: 2. The Commission may submit proposals for transfers of payment appropriations to the funds managed under shared implementation with the exception of the EAGF to the European Parliament and the Council by 10 January of the following financial year. The transfer of the payment appropriations may be made from any item of the budget. <i>Justification: The shortening of the deliberation period proposed by COM is irreconcilable with EP's and BUDG Committee's internal procedures.</i>	2. The Commission may submit proposals for transfers of payment appropriations to the funds managed implemented under shared implementation management with the exception of the EAGF to the European Parliament and the Council by 10 January of the following financial year. The transfer of the payment appropriations may be made from any item of the budget. In the cases referred to in this subparagraph, the six-week period referred to in paragraph 3 4 shall be reduced to three weeks. <i>Explanation: DQL improvement and revert back to "management".</i>	Council text agreed.	365
If the transfer is not approved or only partially approved by the European Parliament and the Council, the corresponding part of the expenditure referred to in point (b) of Article 10(5) shall be charged to the payment appropriations of the following		If the transfer is not approved or only partially approved by the European Parliament and the Council, the corresponding part of the expenditure referred to in point (b) of Article 10(5) shall be charged to the payment appropriations of the following financial		366

[illegible]

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	transfer proposal. <i>Justification: Simplification. No change in substance.</i>			
(a) the European Parliament and the Council approve it;	AMD 102: Deleted. <i>Justification: Simplification. See above.</i>	(a) the European Parliament and the Council approve it;	(a) the European Parliament and the Council approve it;	371
(b) either the European Parliament or the Council approves it and the other institution refrains from acting;	AMD 103: Deleted. <i>Justification: Simplification. See above.</i>	(b) either the European Parliament or the Council approves it and the other institution refrains from acting;	(b) either the European Parliament or the Council approves it and the other institution refrains from acting;	372
(c) the European Parliament and the Council refrain from acting or do not take a decision to amend or refuse the transfer proposal.	AMD 104: Deleted. <i>Justification: Simplification. See above.</i>	(c) the European Parliament and the Council refrain from acting or do not take a decision to amend or refuse the transfer proposal.	(c) neither the European Parliament and nor the Council refrain from acting or do not take a decision to amend or refuse the transfer proposal.	373
7. The six-week period referred to in paragraph 4 shall be reduced to three weeks, unless either the European Parliament or the Council requests otherwise, in the following cases:		7. The six-week period referred to in paragraph 4 shall be reduced to three weeks, unless either the European Parliament or the Council requests otherwise, in the following cases:		374
(a) the transfer represents less than 10% of the appropriations of the line from which the transfer is made or does not exceed EUR 5 000 000;	AMD 105: (a) the transfer represents less than 10% of the appropriations of the line from which the transfer is made and does not exceed EUR 5 000 000; <i>Justification: The Commission proposal has the effect of reducing the current budgetary authority oversight on transfers as it would reduce the scrutiny period available from six to three weeks for some transfers exceeding EUR 5 000 000.</i>	(a) the transfer represents less than 10 % of the appropriations of the line from which the transfer is made or does not exceed EUR 5 000 000;	EP AMD 105 is agreed (= status quo).	375
(b) the transfer concerns only payment appropriations and the overall amount of the transfer		(b) the transfer concerns only payment appropriations and the overall amount of the transfer does not		376

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does not exceed EUR 100 000 000.		exceed EUR 100 000 000.		
8. If either the European Parliament or the Council has amended the amount of the transfer while the other institution has approved it or refrains from acting, or if the European Parliament and the Council have both amended the amount of the transfer, the lesser of the two amounts shall be deemed approved, unless the institution concerned withdraws its transfer proposal.		8. If either the European Parliament or the Council has amended the amount of the transfer while the other institution has approved it or refrains from acting, or if the European Parliament and the Council have both amended the amount of the transfer, the lesser of the two amounts shall be deemed approved, unless the Union institution concerned withdraws its transfer proposal.		377
<i>Article 30</i> <i>Transfers subject to special provisions</i>		<i>Article 30</i> <i>Transfers subject to special provisions</i>		378
1. Appropriations corresponding to assigned revenue may be transferred only if such revenue is used for the purpose for which it is assigned.		1. Appropriations corresponding to assigned revenue may be transferred only if such revenue is used for the purpose for which it is assigned.		380
2. A token entry pro memoria shall be added on an entry without appropriations authorised through a specific request from the Commission. The rules for adoption of the request of the Commission shall be the ones laid down in Article 29.		2. A token entry pro memoria shall be added on an entry without appropriations authorised through a specific request from the Commission. The rules for adoption of the request of the Commission shall be the ones laid down in Article 29. <i>Explanation: Moved to Art. 45(2a) as this concerns the budget nomenclature rather than a transfer provision.</i>		381
3. Paragraph 1 shall not apply to internal assigned revenue in the event that there are no identified needs allowing such revenue to be used for the purpose for which it is assigned.	AMD 106: 3. Paragraph 1 shall not apply to internal assigned revenue in the event that there are no identified needs allowing such revenue to be used for the purpose for which it is assigned. <i>In such cases, the procedure provided for in Article</i>	3. Paragraph 1 shall not apply to internal assigned revenue in the event that there are no identified needs allowing such revenue to be used for the purpose for which it is assigned. <i>Explanation: Council rejects the transfer of int. ass. rev. for other purposes, this would</i>	Council deletion is agreed (= status quo).	382

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	29 shall apply. <i>Justification: The rapporteurs support the additional flexibility as regards internal assigned revenue for which there are no identified needs. However, in these cases the rules for non-autonomous transfers should apply.</i>	<i>render the assignment of revenue moot.</i>		
:4. Decisions on transfers to allow the use of the emergency aid reserve and the European Union Crisis Reserve shall be taken by the European Parliament and the Council on a proposal from the Commission.		4. Decisions on transfers to allow the use of the emergency aid reserve and the European Union Crisis Reserve shall be taken by the European Parliament and the Council on a proposal from the Commission. <i>Explanation: Consequential change to rejection of European Crisis Reserve.</i>	Council wording agreed.	385
For the purposes of this paragraph, the procedure provided for in paragraphs 3 and 4 of Article 29 shall apply. If the European Parliament and the Council do not agree to the Commission proposal and cannot reach a common position on the use of this reserve, they shall refrain from acting on the Commission's transfer proposal.		For the purposes of this paragraph, the procedure provided for in paragraphs 3 and 4 of Article 29 shall apply. If the European Parliament and the Council do not agree to the Commission proposal and cannot reach a common position on the use of this reserve, they shall refrain from acting on the Commission's transfer proposal.		386
Proposals for transfers from the emergency aid reserve and the European Union Crisis Reserve shall be accompanied by appropriate and detailed supporting documents demonstrating:		Proposals for transfers from the emergency aid reserve and the European Union Crisis Reserve shall be accompanied by appropriate and detailed supporting documents demonstrating:	Council wording agreed.	387
a) the most recent information available for the implementation of appropriations and the estimate of requirements up to the end of the financial year for the line to which the transfer is to be made;		(a) the most recent information available for the implementation of appropriations and the estimate of requirements up to the end of the financial year for the line to which the transfer is to be made;		388

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(b) an analysis of the possibilities of reallocating appropriations.		(b) an analysis of the possibilities of reallocating appropriations.		389
5. Transfers from the reserve for the European Globalisation Adjustment Fund shall be deemed approved by the European Parliament and the Council upon the adoption of the decision to mobilise the Fund.	AMD 107: Deleted. <i>Justification:</i> The budgetary authority oversight should be maintained.	5. Proposals for t Transfers from the reserve for the European Globalisation Adjustment Fund shall be deemed approved by the European Parliament and the Council upon the adoption of the decision to mobilise the Ffund. <i>Explanation:</i> safeguard to clarify that the mobilisation decision does not constitute a transfer at the same time, since a proposal for transfer is to be submitted to EP and Council according to point 13 of the IIA. EP and Council would mainly review mobilisation decision and approve transfer alongside with adoption of the mobilisation decision (if they would agree to it).	EP AMD 107 deletion is agreed (=status quo).	390
CHAPTER 7 Principle of sound financial management and performance		CHAPTER 7 Principle of sound financial management and performance		394
1. Article 31 Performance and principles of economy, efficiency and effectiveness		Article 31 Performance and principles of economy, efficiency and effectiveness		395
1. Appropriations shall respect the principle of sound financial management, and thus be implemented in accordance with the following principles:	AMD 108: 1. Appropriations shall be used and the Union budget shall be implemented in accordance with the principle of sound financial management, and thus respecting the following principles:	1. Appropriations shall respect be used in accordance with the principle of sound financial management, and thus be implemented in accordance with the following principles: <i>Explanation:</i> Tightening of language.	New wording (modifications vs. Cion proposal are shown): 1. Appropriations shall respect be used in accordance with the principle of sound financial management, and thus be implemented in accordance with respecting the following principles:	396
(a) the principle of economy which requires that the resources used		(a) the principle of economy which requires that the resources used by		397

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by the institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price		the Union institution in the pursuit of its activities shall be made available in due time, in appropriate quantity and quality and at the best price;		
(b) the principle of efficiency which concerns the best relationship between resources employed and achievement of objectives.		(b) the principle of efficiency which concerns the best relationship between resources employed, the activities undertaken and the achievement of objectives;		398
(c) the principle of effectiveness which concerns the extent to which the intended objectives are achieved.		(c) the principle of effectiveness which concerns the extent to which the intended objectives are achieved through the activities undertaken . <i>Explanation: Tighter requirements to create a better link between objectives, activities and achievements.</i>		399
2. In line with the principle of sound financial management, the use of appropriations shall focus on performance and for this purpose:		2. In line with the principle of sound financial management, the use of appropriations shall focus on performance and for this purpose:		400
(a) objectives for programmes and activities shall be established ex ante;		(a) objectives for programmes and activities shall be established ex-ante;		401
(b) progress in the achievement of objectives shall be monitored with performance indicators;		(b) progress in the achievement of objectives shall be monitored with performance indicators;		402
(c) achievements shall be reported to the European Parliament and the Council in accordance with point (h) of Article 39(3) and with point (ii) of Article 239(1)(b).	AMD 109: (c) progress in, and problems with, the achievement of those objectives shall be reported to the European Parliament and the Council in accordance with point (h) of Article 39(3) and with point (ii) of Article 239(1)(b).	(c) progress in, and problems with, the achievements of those objectives shall be reported to the European Parliament and the Council in accordance with point (h) of Article 39(3) and with point (ii) of Article 239(1)(b). <i>Explanation: As EP.</i>		403

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	<p>AMD 110:</p> <p>2a. The objectives referred to in paragraphs 1 and 2 shall be specific, measurable, achievable, relevant and timed. The performance indicators used to monitor their achievement shall be defined down to activity level and shall cover all sectors.</p> <p><i>Justification:</i> The rapporteurs consider that the "smart objectives" from the current version of the Financial Regulation are still relevant and should be reinserted in the Commission's proposal.</p>		<p>New wording:</p> <p>2a. Specific, measurable, attainable, relevant and time-bound objectives referred to in paragraphs 1 and 2 and relevant, accepted, credible, easy and robust indicators shall be defined where relevant.</p>	403.1
Article 32 Evaluations		Article 32 Evaluations		405
1. Programmes and activities which entail significant spending shall be subject to ex-ante and retrospective evaluation ("evaluation"), which shall be proportionate to the objectives and expenditure.	<p>AMD 111:</p> <p>1. Programmes and activities which entail significant spending with resources mobilized exceeding EUR 5 000 000 shall be subject to impact assessment and ex-post evaluation ("evaluation"), which shall be proportionate to the objectives and expenditure.</p> <p><i>Justification:</i> See AMD 113.</p>	1. Programmes and activities which entail significant spending shall be subject to ex-ante and retrospective evaluation ("evaluation"), which shall be proportionate to the objectives and expenditure.	Commission text is agreed.	406
2. Ex-ante evaluations supporting the preparation of programmes and activities shall be based on evidence on the performance of related programmes or activities and shall identify and analyse the issues to be addressed, EU added value, objectives, expected effects of	<p>AMD 112:</p> <p>2. Impact assessments supporting the preparation of programmes and activities shall be based on evidence on the performance of related programmes or activities and shall identify and analyse the issues to be addressed, EU added value, objectives, the policy options</p>	2. Ex-ante evaluations supporting the preparation of programmes and activities shall be based on evidence, if available , on the performance of related programmes or activities and shall identify and analyse the issues to be addressed, EU the added value of Union involvement , objectives,	<p>New wording:</p> <p>2. Ex-ante evaluations supporting the preparation of programmes and activities shall be based on evidence on the performance of related programmes or activities and shall identify and analyse the</p>	407

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different options and monitoring and evaluation arrangements.	<p><i>available including the risks associated with them, expected effects of different options in particular any economic, social and environmental impact, and monitoring and evaluation arrangements needed to measure them, the most appropriate method of implementation for the preferred option or options, the internal coherence and relations with other relevant instruments, the volume of appropriations, human resources and other administrative expenditure to be allocated with due regard to cost-effectiveness, and the lessons learned from the past.</i></p> <p><i>Justification:</i> See AMD 113.</p>	<p>expected effects of different options and monitoring and evaluation arrangements.</p> <p><i>Explanation:</i> No agreement on the use of "EU added value" as a relevant term. Use of previously agreed language.</p>	<p>issues to be addressed, EU the added value of Union involvement, objectives, expected effects of different options and monitoring and evaluation arrangements.</p> <p>For major programmes or activities that are expected to have significant economic, environmental or social impacts, the ex ante evaluation could take the form of an impact assessment and analyse the various options of methods for implementation in addition to the requirements set out above.</p>	
<p>3. Retrospective evaluations shall assess the performance of the programme or activity, including aspects such as effectiveness, efficiency, coherence, relevance and EU added value. They shall be undertaken periodically and in sufficient time for the findings to be taken into account in ex-ante evaluations which support the preparation of related programmes and activities.</p>	<p>AMD 113:</p> <p>3. Ex-post evaluations shall assess the performance of the programme or activity, including aspects such as effectiveness, efficiency, economy, coherence, relevance and EU added value. In so doing, they shall take into account the outcome of the monitoring exercise with performance indicators, as specified in Article 31(2). They shall be undertaken periodically, and at least every six years for programmes and activities which entail significant spending, and in sufficient time for the findings to be taken into account in impact assessments which support the preparation of related programmes and activities.</p>	<p>3. Retrospective evaluations shall assess the performance of the programme or activity, including aspects such as effectiveness, efficiency, coherence, relevance and EU added value. They shall be undertaken periodically and in sufficient time for the findings to be taken into account in ex-ante evaluations which support the preparation of related programmes and activities.</p>	<p>New wording:</p> <p>3. Retrospective evaluations shall assess the performance of the programme or activity, including aspects such as effectiveness, efficiency, coherence, relevance and EU added value. Retrospective evaluations shall be based on the information generated by the monitoring arrangements and indicators established for the action. They shall be undertaken periodically and at least once every multi-annual financial framework and where possible in sufficient time for the findings to be taken into account in ex-ante evaluations or</p>	408

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	<i>Justification: Additional text to AMD 34. The terminology on "Evaluations" should be aligned with the Interinstitutional Agreement of 13 April 2016 on Better Law-Making and the Better Regulation Guidelines. Moreover, wording from Art. 18 of the current Rules of Application has been reintroduced regarding programmes and activities entailing significant spending.</i>		impact assessments which support the preparation of related programmes and activities.	
<i>Article 33 Compulsory financial statement</i>		<i>Article 33 Compulsory financial statement</i>		413
1. Any proposal or initiative submitted to the legislative authority by the Commission, the High Representative of the Union for Foreign Affairs and Security Policy (the "High Representative") or by a Member State, which may have an impact on the budget, including changes in the number of posts, shall be accompanied by a financial statement and by an ex ante evaluation as provided for in Article 32.	AMD 114: 1. Any proposal or initiative submitted to the legislative authority by the Commission, the High Representative of the Union for Foreign Affairs and Security Policy (the 'High Representative') or by a Member State, which may have an impact on the budget, including changes in the number of posts, shall be accompanied by a financial statement and by an impact assessment as provided for in Article 32. <i>Justification: Consistent terminology in line with AMDs 111, 112 and 113.</i>	1. Any proposal or initiative submitted to the legislative authority by the Commission, the High Representative of the Union for Foreign Affairs and Security Policy (the "High Representative") or by a Member State, which may have an impact on the budget, including changes in the number of posts, shall be accompanied by a financial statement showing payment and commitment appropriations, by an assessment of the different available financing options , and by an ex-ante evaluation as provided for in Article 32. <i>Explanation: Additional information required to enable a better assessment of budgetary impact.</i>	New wording: 1. Any proposal or initiative submitted to the legislative authority by the Commission, the High Representative of the Union for Foreign Affairs and Security Policy (the "High Representative") or by a Member State, which may have an impact on the budget, including changes in the number of posts, shall be accompanied by a financial statement showing payment and commitment appropriations, by an assessment of the different available financing options , and by an ex ante evaluation or impact assessment as provided for in Article 32.	414
Any amendment to a proposal or initiative submitted to the legislative authority which may have appreciable implications for the budget, including changes in the number of posts, shall be accompanied by a financial		Any amendment to a proposal or initiative submitted to the legislative authority which may have appreciable implications for the budget, including changes in the number of posts, shall be accompanied by a financial statement		415

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statement prepared by the institution proposing the amendment.		prepared by the Union institution proposing the amendment.		
The financial statement shall contain the financial and economic data for the assessment by the legislative authority of the need for Union action. It shall provide appropriate information as regards coherence with other activities of the Union and any possible synergy.		The financial statement shall contain the financial and economic data necessary for the assessment by the legislative authority of the need for Union action. It shall provide appropriate information as regard coherence with other activities of the Union and any possible synergy. <i>Explanation: DQL improvement.</i>		417
In the case of multiannual operations, the financial statement shall contain the foreseeable schedule of annual requirements in terms of appropriations and posts, including for external staff, and an evaluation of their medium-term financial impact.	AMD 115: In the case of multiannual operations, the financial statement shall contain the foreseeable schedule of annual requirements in terms of appropriations and posts, including for external staff, and an evaluation of their medium-term and long-term financial impact.	In the case of multiannual operations, the financial statement shall contain the foreseeable schedule of annual requirements in terms of commitment and payment appropriations and posts, including for external staff, and an evaluation of their medium-term and, where possible, long-term financial impact. <i>Explanation: As EP with a caveat where it would be impossible to provide such an evaluation.</i>	Council wording agreed.	418
2. During the budgetary procedure, the Commission shall provide the necessary information for a comparison between changes in the appropriations required and the initial forecasts made in the financial statement in the light of the progress of deliberations on the proposal or initiative submitted to the legislative authority.		2. During the budgetary procedure, the Commission shall provide the necessary information for a comparison between changes in the appropriations required and the initial forecasts made in the financial statement in the light of the progress of deliberations on the proposal or initiative submitted to the legislative authority.		419
3. In order to reduce the risk of fraud, irregularities and non-achievement of objectives, the financial statement referred to in paragraph 1 shall		3. In order to reduce the risk of fraud, irregularities and non-achievement of objectives, the financial statement referred to in paragraph 1 shall provide		420

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provide information on the internal control system set up, an estimate of the costs and benefits of the controls implied by such system and an assessment of the expected level of risk of error, as well as existing and planned fraud prevention and protection measures.		information on the internal control system set up, an estimate of the costs and benefits of the controls implied by such system and an assessment of the expected level of risk of error, as well as existing and planned fraud prevention and protection measures.		
Such analysis shall take into account the likely scale and type of errors, as well as the specific conditions of the policy area concerned and the rules applicable thereto.		Such analysis assessment shall take into account the likely scale and type of errors, as well as the specific conditions of the policy area concerned and the rules applicable thereto. <i>Explanation: DQL improvement.</i>		421
4. When presenting revised or new spending proposals, the Commission shall estimate the costs and benefits of control systems, as well as the level of risk of error as referred to in paragraph 3.		4. When presenting revised or new spending proposals, the Commission shall estimate the costs and benefits of control systems, as well as the level of risk of error as referred to in paragraph 3.		422
<i>Article 34</i> <i>Internal control of budget implementation</i>		<i>Article 34</i> <i>Internal control of budget implementation</i>		425
1. Pursuant to the principle of sound financial management, the budget shall be implemented in compliance with effective and efficient internal control as appropriate in each method of budget implementation, and in accordance with the relevant sector-specific rules.		1. Pursuant to the principle of sound financial management, the budget shall be implemented in compliance with effective and efficient internal control as appropriate in each method of budget implementation, and in accordance with the relevant sector-specific rules.		426
2. For the purposes of the implementation of the budget, internal control is defined as a process applicable at all levels of management and designed to provide reasonable assurance of achieving the following objectives:		2. For the purposes of the implementation of the budget, internal control is defined as a process applicable at all levels of management and designed to provide reasonable assurance of achieving the following objectives:		427

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(a) effectiveness, efficiency and economy of operations;		(a) effectiveness, efficiency and economy of operations;		428
	AMD 116: <i>"(aa) the attainment of performance objectives, as specified in Article 31(2);"</i>		EP AMD 116 dropped.	428.1
(b) reliability of reporting;		(b) reliability of reporting;		429
(c) safeguarding of assets and information;		(c) safeguarding of assets and information;		430
(d) prevention, detection, correction and follow-up of fraud and irregularities;		(d) prevention, detection, correction and follow-up of fraud and irregularities;		431
(e) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.		(e) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.		432
3. Effective internal control shall be based on best international practices and include, in particular, the following:		3. Effective internal control shall be based on best international practices and include, in particular, the following elements :		433
(a) segregation of tasks;		(a) segregation of tasks;		434
(b) an appropriate risk management and control strategy including control at recipient level;		(b) an appropriate risk management and control strategy that including es control at recipient level;		435
(c) avoidance of conflict of interest;		(c) avoidance of conflict of interest;		436
(d) adequate audit trails and data integrity in data systems;		(d) adequate audit trails and data integrity in data systems;		437
(e) procedures for monitoring effectiveness and efficiency and for follow-up of identified internal	AMD 117: (e) procedures for monitoring effectiveness and efficiency; <i><u>Justification:</u> The follow-up of identified</i>	(e) procedures for monitoring effectiveness and efficiency and ; <i><u>Explanation:</u> DQL improvements.</i>		438

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control weaknesses and exceptions;	<i>internal control weaknesses is an important aspect and should consequently be dealt with in a separate point - see the following AMD below.</i>			
	AMD 118: (ea) procedures for follow-up of identified internal control weaknesses and exceptions; <i>Justification:</i> See point (e) above.	(ea) procedures for follow-up of identified internal control weaknesses and exceptions; <i>Explanation:</i> As EP.		438.1
(f) periodic assessment of the sound functioning of the internal control system.		(f) periodic assessment of the sound functioning of the internal control system.		439
4. Efficient internal control shall be based on the following elements:		4. Efficient internal control shall be based on the following elements:		440
(a) the implementation of an appropriate risk management and control strategy coordinated among appropriate actors involved in the control chain;		(a) the implementation of an appropriate risk management and control strategy coordinated among appropriate actors involved in the control chain;		441
(b) the accessibility for all appropriate actors in the control chain of the results of controls carried out;		(b) the accessibility for all appropriate actors in the control chain of the results of controls carried out;		442
(c) reliance, where appropriate, on management declarations of implementation partners and independent audit opinions, provided that the quality of the underlying work is adequate and acceptable and that it was performed in accordance with agreed standards;		(c) reliance, where appropriate, on management declarations of implementation partners and independent audit opinions, provided that the quality of the underlying work is adequate and acceptable and that it was performed in accordance with agreed standards;		443
(d) the timely application of corrective measures including, where appropriate, dissuasive penalties;		(d) the timely application of corrective measures including, where appropriate, dissuasive penalties;		444
(e) clear and unambiguous legislation		(e) clear and unambiguous legislation underlying the policies basic acts	New wording (modification vs Cion	445

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underlying the policies;		on the elements governing internal controls; <i>Explanation: Clarification.</i>	proposal shown): (e) clear and unambiguous legislation underlying the policies, including basic acts on the elements governing internal controls;	
(f) the elimination of multiple controls;		(f) the elimination of multiple controls;		446
(g) improving the cost benefit ratio of controls.		(g) the improvement of the cost benefit ratio of controls. <i>Explanation: DQL improvement.</i>		447
5. If, during implementation, the level of error is persistently high, the Commission shall identify the weaknesses in the control systems, analyse the costs and benefits of possible corrective measures and take or propose appropriate action, such as simplification of the applicable provisions, improvement of the control systems and redesign of the programme or delivery systems.		5. If, during implementation, the level of error is persistently high, the Commission shall identify the weaknesses in the control systems, analyse the costs and benefits of possible corrective measures and take or propose appropriate action, such as simplification of the applicable provisions, improvement of the control systems and redesign of the programme or delivery systems.		448
CHAPTER 8 Principle of transparency		CHAPTER 8 Principle of transparency		451
<i>Article 35</i> <i>Publication of accounts, budgets</i>		<i>Article 35</i> <i>Publication of accounts, budgets</i>		452
1. The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency.		1. The budget shall be established and implemented and the accounts presented in accordance with the principle of transparency.		453
2. The President of the European Parliament shall have the budget and any amending budget, as definitively adopted, published in the Official Journal.	AMD 119:	2. The President of the European Parliament shall have the budget and any amending budget, as definitively adopted, published in the <i>Official Journal of the European Union</i> .	EP drops AMD 119.	454 454.1

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The budgets shall be published within three months of the date on which they are declared definitively adopted.	The budgets shall be published <i>in one of the official languages of the Union</i> within four weeks of the date on which they are declared definitively adopted, <i>whilst the other linguistic versions will be published within two months of the date on which the budgets are declared definitively adopted.</i>	The budgets shall be published within three months of the date on which they are declared definitively adopted.		
Pending official publication in the Official Journal of the European Union, the final detailed budget figures shall be published in all languages on the Internet site of the institutions, on the Commission's initiative, as soon as possible and no later than four weeks after the final adoption of the budget.		Pending official publication in the <i>Official Journal of the European Union</i> , the final detailed budget figures shall be published in all languages on the Internet site of the Union institutions, on the Commission's initiative, as soon as possible and no later than four weeks after the final adoption of the budget.		455
The consolidated annual accounts shall be published in the Official Journal of the European Union.		The consolidated annual accounts shall be published in the <i>Official Journal of the European Union</i> , as well as on the Internet site of the Union institutions. <i>Explanation: Increase transparency and accessibility.</i>		456
<i>Article 36</i> <i>Publication of information on recipients and other information</i>		<i>Article 36</i> <i>Publication of information on recipients and other information</i>		459
1. The Commission shall make available, in an appropriate and timely manner, information on recipients, as well as the nature and purpose of the measure financed from the budget, where the latter is implemented directly in accordance with point (a) of Article 61(1).		1. The Commission shall make available, in an appropriate and timely manner, information on recipients, as well as the nature and purpose of the measure funds financed from the Union budget, shall be made available in a timely and appropriate manner by: <i>Explanation: CLS provided input to drafting to clarify on whom the obligation falls. "Nature and purpose" is already foreseen in</i>	New wording: 1. The Commission shall make available, in an appropriate and timely manner, information on recipients, as well as the nature and purpose of funds the measure financed from the Union budget, where the latter is funds are implemented directly by it in accordance with point (a) of Article	461

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		<i>paragraph 2.</i>	61(1).	
		(a) the Commission where the funds are implemented directly by it in accordance with point (a) of Article 61(1);	Council restructuring rejected, therefore this point drops (integrated above).	461.1
The obligation set out in the first subparagraph shall also apply to other institutions when they implement the Union budget.		(b) The obligation set out in the first subparagraph shall also apply to other Union institutions when they implement the Union budget pursuant to Article 57(1)-;	The obligation set out in the first subparagraph shall also apply to other institutions when they implement the Union budget pursuant to Article 57(1).	462
		(c) persons or entities implementing Union funds under indirect management pursuant to point (c) of Article 61(1); and <i>Explanation: Moved up from paragraph 5.</i>	Council restructuring rejected, therefore this point drops (integrated below in paragraph 4, row 480).	462.1
		(d) bodies designated pursuant to Article 62(3). <i>Explanation: Moved up from paragraph 5.</i>	Council restructuring rejected, therefore this point drops (integrated below in paragraph 4, row 482.1).	462.2
The information on recipients of Union's funds implemented under direct implementation shall be published on an internet site of the Union institutions, no later than 30 June of the year following the financial year in which the funds were legally committed.	AMD 120: The information on recipients of Union's funds implemented under direct implementation shall be published on an internet site of the Union institutions and in the Financial Transparency System , no later than 30 June of the year following the financial year in which the funds were legally committed.	The information on recipients of Union's funds implemented under direct implementation shall be published on an internet site of the Union institutions, no later than 30 June of the year following the financial year in which the funds were legally committed. <i>Explanation: Moved down to paragraph 6.</i>	Council deletion is maintained. The publication obligation is now in paragraph (rows 482.2 etc.)	463
2. The information referred to in paragraph 1 of the first subparagraph shall be made available, having due regard for the requirements of confidentiality and security, in particular the protection of personal data and shall include the following:		2. Subject to paragraphs 3 to 5, t The following information referred to in paragraph 1 of the first subparagraph shall be published made available, having due regard for the requirements of confidentiality and security, in particular the protection of personal data and shall include the following:	2. Save in the cases laid down in paragraphs 3 and 4, t The following information referred to in paragraph 1 of the first subparagraph shall be published made available, having due regard for the requirements of confidentiality and security, in particular the protection of personal data and shall	464

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		<i>Explanation: Simplification and clarification: paragraph 2 specifies what information is to be published (there was some repetition between paragraphs 2 and 3 in the Commission's proposal). Specific conditions on publication) are included in paragraphs 3 to 5.</i>	include the following:	
(a) the name of the recipient;		(a) the name of the recipient;	Council wording agreed.	465
(b) the locality of the recipient;		(b) the locality of the recipient, namely ;	Council wording agreed.	466
		(i) the address of the recipient when the latter is a legal person;	Council wording agreed.	466.1
		(ii) the Region on NUTS 2 level when the recipient is a natural person. <i>Explanation: (i) and (ii) moved up from (2)(d).</i>	Council wording agreed.	466.2
(c) the amount legally committed;		(c) the amount legally committed;	Council wording agreed.	467
(d) the nature and purpose of the measure.		(d) the nature and purpose of the measure.	Council wording agreed.	468
For the purposes of point b) of the first subparagraph the term "locality" shall mean:		For the purposes of point b) of the first subparagraph the term "locality" shall mean:	Council deletion agreed.	469
(i) the address of the recipient when the latter is a legal person;		(i) the address of the recipient when the latter is a legal person;	Council deletion agreed.	470
(ii) the Region on NUTS 2 level when the recipient is a natural person.		(ii) the Region on NUTS 2 level when the recipient is a natural person.	Council deletion agreed.	471
This information shall only be published for prizes, grants and contracts which have been awarded as a result of contests or grant award procedures or public procurement procedures, and for experts which have been selected pursuant to Article 230(2). The information shall		This information referred to in the first subparagraph shall only be published for prizes, grants and contracts which have been awarded as a result of contests or grant award procedures or public procurement procedures, and for experts which have been selected pursuant to Article 230(2).	Council wording agreed.	472

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
not be published for:				
		<p>The information referred to in the first subparagraph shall be made available, having due regard to the requirements of confidentiality and security, in particular the protection of personal data.</p> <p><i>Explanation: From paragraph 2 introductory wording.</i></p>	Council text drops - is reintegrated in the chapeau of paragraph 2.	472.1
		<p>3. The information referred to in paragraph 2 shall not be published for:</p> <p><i>Explanation: Restructuring proposed by CLS for more clarity: paragraph 3 to bring together the specific thresholds and exceptions from publication.</i></p>	Council text is agreed.	472.2
(a) education supports paid to natural persons and other direct support paid to natural persons most in need as referred to in point (b) of Article 185(4);		(a) education supports paid to natural persons and other direct support paid to natural persons most in need as referred to in point (b) of Article 185(4);	Council text is agreed.	473
(b) very low value contracts awarded to experts selected pursuant to Article 230(2) as well as very low value contracts below the amount referred to in point 14.4 of the Annex to this Regulation.		(b) very low value contracts awarded to experts selected pursuant to Article 230(2) as well as very low value contracts below the amount referred to in point 14.4 of the Annex 1 to this Regulation.	Council text is agreed.	474
		<p>(c) grants of a value not exceeding EUR 15 000.</p> <p><i>Explanation: Included to create a balance on the publication of small scale funding (as for very low value contracts and sponsoring) - absence of a threshold would be disproportionate for grants.</i></p>	Council text is dropped.	474.1
The internet site of the Union institutions shall contain at least a reference to the address of the		<p>The internet site of the Union institutions shall contain at least a reference to the address of the website where the</p>	Moved to paragraph 5 - general paragraph on publication..	477

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website where the information can be found if it is not published directly on the dedicated place of the internet site of the Union institutions.		information can be found if it is not published directly on the dedicated place of the internet site of the Union institutions. <i>Explanation:</i> moved to paragraph 6.		
	See AMD 122 - reduction of threshold from EUR 500 000 to EUR 200 000.	Information on final recipients of funds provided through financial instruments, who receive support from the Union budget for an amount lower than EUR 500 000, shall be limited to statistical data, aggregated in accordance with relevant criteria, such as geographical situation, economic typology of recipients, type of support received and the Union policy area under which such support was provided. <i>Explanation:</i> from paragraph 5.	New wording (based on row 481) (c) financial support from the Union budget through financial instruments for an amount lower than EUR 500 000. In such cases the information made available , shall be limited to statistical data, aggregated in accordance with relevant criteria, such as geographical situation, economic typology of recipients, type of support received and the Union policy area under which such support was provided;	477.1
		4. The publication shall be waived Notwithstanding paragraph 2, no publication shall take place if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the recipients. <i>Explanation:</i> Terminology: CLS advised the "waived" is not the appropriate term.	4.— (d) The publication shall be waived cases where if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the recipients;	477.2
3. Where natural persons are concerned, the publication shall be limited to the name and locality of the recipient, the amount legally committed and the purpose of the		3. Where natural persons are concerned, the publication shall be limited to the name and locality of the recipient, the amount legally committed and the purpose of the measure. The disclosure	Council text is agreed.	478

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<p>measure. The disclosure of those data shall be based on relevant criteria such as the periodicity, or the type or importance of the measure. As far as personal data are concerned, the information shall be removed two years after the end of the financial year in which the amount was legally committed. The same shall apply to personal data referring to legal persons for whom the official title identifies one or more natural persons.</p>		<p>of these data the information referred to in paragraph 2 shall be based on relevant criteria such as the periodicity frequency, or the type or importance of the measure and the amounts involved. As far as personal data are concerned, the information shall be removed two years after the end of the financial year in which the amount was legally committed. The same shall apply to personal data referring to legal persons for whom the official title identifies one or more natural persons.</p> <p><i>Explanation: Some duplication avoided and use of "amounts involved", which is more appropriate and in line with other language versions. Last two sentences moved to paragraph 7.</i></p>		
<p>4. The publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the recipients.</p>		<p>4. The publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the recipients.</p> <p><i>Explanation: See 4 above - technical issue with the moving of paragraphs.</i></p>	<p>Council deletion agreed. (moved to 477.2)</p>	<p>479</p>
	<p>AMD 121:</p> <p><i>4a. The Commission, with the help of the Member States, shall make available, in an appropriate and timely manner, information on recipients, as well as the nature and purpose of the measure financed from the budget, where the latter is implemented in accordance with point (b) of Article 61(1).</i></p>		<p>EP AMD 121 drops (this is covered in paragraph 5, row 482.3 and 483).</p>	<p>479.1</p>

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	<i>The obligation set out in the first subparagraph shall also apply to local authorities when they implement the Union budget.</i>			479.2
	<i>The information on recipients of Union's funds implemented under shared implementation shall be published on an internet site of the Union institutions, no later than 30 June of the year following the financial year in which the funds were legally committed.</i>			479.3
	<i>The information referred to in the first subparagraph shall be made available, having due regard for the requirements of confidentiality and security, in particular the protection of personal data and shall include the following:</i>			479.4
	<i>(a) the name of the recipient;</i>			479.5
	<i>(b) the locality of the recipient;</i>			479.6
	<i>(c) the amount legally committed;</i>			479.7
	<i>(d) the nature and purpose of the measure.</i>			479.8
	<i>For the purposes of point b) of the fourth subparagraph the term "locality" shall mean:</i>			479.9
	<i>(i) the address of the recipient when the latter is a legal person</i>			479.10
	<i>(ii) the Region on NUTS 2 level when the recipient is a natural person</i>			479.11
	<i>This information shall only be published for prizes, grants and contracts which have been</i>			479.12

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	<i>awarded as a result of contests or grant award procedures or public procurement procedures, and for experts which have been selected pursuant to Article 230(2). The information shall not be published for:</i>			
	<i>(i) education supports paid to natural persons and other direct support paid to natural persons most in need as referred to in point (b) of Article 185(4);</i>			479.13
	<i>(ii) very low value contracts awarded to experts selected pursuant to Article 230(2) as well as very low value contracts below the amount referred to in point 14.4 of the Annex.</i>			479.14
	<i>The internet site of the Union institutions shall contain at least a reference to the address of the website where the information can be found if it is not published directly on the dedicated place of the internet site of the Union institutions.</i>			479.15
	<i>Where natural persons are concerned, the publication shall be limited to the name and locality of the recipient, the amount legally committed and the purpose of the measure. The disclosure of those data shall be based on relevant criteria such as the periodicity, or the type or importance of the measure. As far as personal data are concerned, the information</i>			479.16

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	<i>shall be removed two years after the end of the financial year in which the amount was legally committed. The same shall apply to personal data referring to legal persons for whom the official title identifies one or more natural persons.</i>			
	<i>The publication shall be waived if such disclosure risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union or harm the commercial interests of the recipients.</i>			479.17
5. Persons or entities implementing Union funds pursuant to point (c) of Article 61 (1) and bodies designated pursuant to paragraph 3 of Article 62 shall make information on their recipients available in an appropriate and timely manner.		<p>5. Persons or entities implementing Union funds pursuant referred to in point (c) of Article 61 (1) and bodies designated pursuant to paragraph 3 of Article 62 shall make information on their recipients available in an appropriate and timely manner paragraph 1 shall publish information on recipients in accordance with their rules and procedures, to the extent that those rules are deemed equivalent following the assessment carried out pursuant to point (e) of Article 149(4), and provided that any publication of personal data is subject to safeguards equivalent to those set out in this Article.</p> <p><i>Explanation: Clarification in relation to bodies indirectly managing the budget, as some sector-specific rules contain their own thresholds.</i></p>	<p>New wording based on Council text:</p> <p>54. Persons or entities implementing Union funds under indirect management pursuant to point (c) of Article 61 (1) and bodies designated pursuant to paragraph 3 of Article 62 shall make publish information on their recipients available in an appropriate and timely manner in accordance with their rules and procedures, to the extent that those rules are deemed equivalent following the assessment carried out pursuant to point (e) of Article 149(4), and provided that any publication of personal data is subject to safeguards equivalent to those set out in this Article.</p>	480

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<p>The information on final recipients of funds provided through financial instruments who receive support from the Union budget for an amount lower than EUR 500 000, shall be limited to statistical data, aggregated in accordance with relevant criteria, such as geographical situation, economic typology of recipients, type of support received and the Union policy area under which such support was provided.</p>	<p>AMD 122:</p> <p>The information on final recipients of funds provided through financial instruments who receive support from the Union budget for an amount lower than EUR 200 000, shall be limited to statistical data, aggregated in accordance with relevant criteria, such as geographical situation, economic typology of recipients, type of support received and the Union policy area under which such support was provided.</p>	<p>The information on final recipients of funds provided through financial instruments who receive support from the Union budget for an amount lower than EUR 500 000, shall be limited to statistical data, aggregated in accordance with relevant criteria, such as geographical situation, economic typology of recipients, type of support received and the Union policy area under which such support was provided.</p> <p><i>Explanation: Moved to paragraph 3 - threshold maintained at 500 000 EUR.</i></p>	<p>Council deletion is maintained (covered in row 477.1)</p>	<p>481</p>
<p>Where applicable, the level of detail and criteria shall be defined in the relevant sector specific rules and may be further refined in the financial framework partnership agreements.</p>		<p>Where applicable, the level of detail and criteria shall be defined in the relevant sector specific rules and may be further refined in the financial framework partnership agreements.</p>	<p>Council deletion is maintained</p>	<p>482</p>
		<p>Bodies referred to in point (d) of paragraph 1 shall publish information in accordance with sector-specific rules. Those sector-specific rules may, in accordance with the relevant legal basis, derogate from paragraphs 2 and 3, notably for the publication of personal data, where justified on the basis of the criteria referred to in the second subparagraph of paragraph 4, and taking into account the specificities of the sector concerned.</p> <p><i>Explanation: Specification of conditions and rules applicable to the publication of data where sector-specific rules apply - to avoid duplication/conflicting rules.</i></p>	<p>New wording, based on Council text:</p> <p>Bodies designated pursuant to paragraph 3 of Article 62(3) shall publish information in accordance with sector-specific rules. Those sector-specific rules may, in accordance with the relevant legal basis, derogate from paragraphs 2 and 3, notably for the publication of personal data, where justified on the basis of the criteria referred to in the second subparagraph of paragraph 3, and taking into account the specificities of the sector concerned.</p>	<p>482.1</p>

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		<p>6. The information on recipients of Union funds referred to in points (a) and (b) of paragraph 1 shall be published on an internet site of the Union institutions, no later than 30 June of the year following the financial year in which the funds were legally committed.</p> <p><i>Explanation:</i> From paragraph 1 last subparagraph. Paragraph 6 brings together all the provisions on the manner in which the publication is to take place.</p>	<p>New wording, based on Council text:</p> <p>65. The information on recipients of Union funds referred to in the first and second subparagraph points (a) and (b) of paragraph 1 shall be published on an internet site of the Union institutions, no later than 30 June of the year following the financial year in which the funds were legally committed.</p>	482.2
		<p>The internet site of the Union institutions shall contain at least a reference to the address of the website where the information referred to in points (a) and (b) of paragraph 1 can be found if it is not published directly on a dedicated internet site of the Union institutions.</p> <p><i>Explanation:</i> From paragraph 2 last subparagraph.</p>	<p>New wording, based on Council text:</p> <p>The internet site of the Union institutions shall contain at least a reference to the address of the website where the information referred to in points (a) and (b) the first and second subparagraph of paragraph 1 can be found if it is not published directly on a dedicated internet site of the Union institutions.</p>	482.3
The Commission shall make information about the website where the information referred to in the first subparagraph can be found available in an appropriate and timely manner.		<p>The Commission shall make available information as provided by the persons, entities or bodies referred to in points (c) and (d) of paragraph 1 about the website where the information referred to in the first points (c) and (d) of subparagraph 1 can be found, available in an appropriate and timely and appropriate manner.</p> <p><i>Explanation:</i> Clarification.</p>	<p>New wording, based on Council text:</p> <p>The Commission shall make available, in an appropriate and timely manner, information about the single website, where the information as provided by the persons, entities or bodies referred to in paragraph 4, can be found. the first points (c) and (d) of subparagraph 1, available in an</p>	483

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			appropriate and timely and appropriate manner.	
		<p>7. Where personal data are published, the information shall be removed two years after the end of the financial year in which the amount was legally committed. This shall also apply to personal data referring to legal persons for whom the official title identifies one or more natural persons.</p> <p><i>Explanation: From paragraph 3 last two sentences.</i></p>	<p>Council text is agreed, needs renumbering.</p> <p>6. Where personal data are published, the information shall be removed two years after the end of the financial year in which the amount was legally committed. This shall also apply to personal data referring to legal persons for whom the official title identifies one or more natural persons.</p>	483.1
		<p>8. Without prejudice to the first subparagraph of paragraph 5, the Union institutions and the persons, entities and bodies referred to in paragraph 1 shall inform the recipients that their data will be published for the purposes of transparency in relation to the use of Union funds and control of public selection procedures. In accordance with the requirements of Regulation No 45/2001 and Directive No 95/46, where personal data is concerned, recipients shall also be informed of their rights under the data protection rules and of the procedures applicable for exercising those rights.</p> <p><i>Explanation: Data protection safeguards as advised by CLS.</i></p>	Council text is dropped, as data protection rules apply anyhow (see Article 6.	483.2
	<p>AMD 123:</p> <p><i>5a. The publications as referred in to this Article shall be available on a single website under the</i></p>		EP AMD 123 drops, as this is covered in paragraph 5.	483.3

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	<i>responsibility of the Commission.</i>			
TITLE III ESTABLISHMENT AND STRUCTURE OF THE BUDGET		TITLE III ESTABLISHMENT AND STRUCTURE OF THE BUDGET		490
CHAPTER 1 Establishment of the budget		CHAPTER 1 Establishment of the budget		491
<i>Article 37 Estimates of revenue and expenditure</i>		<i>Article 37 Estimates of revenue and expenditure</i>		492
1. Each institution other than the Commission shall draw up an estimate of its revenue and expenditure, which it shall send to the Commission, and in parallel, for information, to the European Parliament and the Council, before 1 July each year.		1. Each Union institution other than the Commission shall draw up an estimate of its revenue and expenditure, which it shall send to the Commission, and in parallel, for information, to the European Parliament and the Council, before 1 July each year.		493
2. The High Representative shall hold consultations with the Members of the Commission responsible for development policy, neighbourhood policy and international cooperation, humanitarian aid and crisis response, regarding their respective responsibilities		2. The High Representative shall hold consultations with the Members of the Commission responsible for development policy, neighbourhood policy and international cooperation, humanitarian aid and crisis response, regarding their respective responsibilities.		494
3. The Commission shall draw up its own estimates, which it shall also send, directly after their adoption, to the European Parliament and the Council.		3. The Commission shall draw up its own estimates, which it shall also send, directly after their adoption, to the European Parliament and the Council.		495
In preparing its estimates, the Commission shall use the information referred to in Article 38.		In preparing its estimates, the Commission shall use the information referred to in Article 38.		495.1
<i>Article 38 Estimated budget of the bodies referred to in Article 69</i>		<i>Article 38 Estimated budget of the bodies referred to in Article 69</i>		496
By 31 January each year, each body		By 31 January each year, each body		497

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referred to in Article 69 shall, in accordance with the instrument establishing it, send the Commission, the European Parliament and the Council its draft single programming document.		referred to in Article 69 shall, in accordance with the instrument establishing it, send the Commission, the European Parliament and the Council its draft single programming document containing its annual and multi-annual programming with the corresponding human and financial resources planning. <i>Explanation: Re-inserted details from previous Article 37 and modified to reflect the multiannual nature of the document.</i>		
<i>Article 39 Draft budget</i>		<i>Article 39 Draft budget</i>		498
1. The Commission shall submit a proposal containing the draft budget to the European Parliament and the Council by 1 September of the year preceding that in which the budget is to be implemented. It shall transmit that proposal, for information, also to the national parliaments.		1. The Commission shall submit a proposal containing the draft budget to the European Parliament and the Council by 1 September of the year preceding that in which the budget is to be implemented. It shall transmit that proposal, for information, also to the national parliaments.		499
	AMD 124: <i>Before submitting the draft budget, the Commission shall consult citizens.</i> <i>Justification: The co-rapporteurs welcome the idea of more citizens' engagement, as proposed by the Commission in Art. 54(3), and consider this should also apply to the drawing up of the annual budget.</i>		Related to Art. 54, row 683. EP drops AMD 124 on condition that Article 54(3) is deleted.	499.1
The draft budget shall contain a summary general statement of the revenue and expenditure of the Union and shall consolidate the estimates referred to in Article 37. It may also contain different estimates from those		The draft budget shall contain a summary general statement of the revenue and expenditure of the Union and shall consolidate the estimates referred to in Article 37. It may also contain different estimates from those		500

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drawn up by the institutions.		drawn up by the Union institutions.		
The draft budget shall follow the structure and presentation set out in Articles 45 to 50.		The draft budget shall follow the structure and presentation set out in Articles 45 to 50.		501
Each section of the draft budget shall be preceded by an introduction drawn up by the institution concerned.		Each section of the draft budget shall be preceded by an introduction drawn up by the Union institution concerned.		502
The Commission shall draw up the general introduction to the draft budget. The general introduction shall comprise financial tables covering the main data by titles and justifications for the changes in the appropriations from one financial year to the next by categories of expenditure of the multiannual financial framework.		The Commission shall draw up the general introduction to the draft budget. The general introduction shall comprise financial tables covering the main data by titles and justifications for the changes in the appropriations from one financial year to the next by categories of expenditure of the multiannual financial framework.		503
2. In order to provide more precise and reliable forecasts of the budgetary implications of legislation in force and of pending legislative proposals, the Commission shall attach to the draft budget an indicative financial programming for the following years, structured by category of expenditure, policy area and budget line. The complete financial programming shall cover all categories of expenditure with the exception of agriculture, cohesion policy and administration for which only summary data shall be provided		2. In order to provide more precise and reliable forecasts of the budgetary implications of legislation in force and of pending legislative proposals, the Commission shall attach to the draft budget an indicative financial programming for the following years, structured by category of expenditure, policy area and budget line. The complete financial programming shall cover all the categories of expenditure covered by Point 30 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management¹ ("IIA"). with the		504

¹ **Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, (OJ C 373, 20.12.2013, p. 1).**

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		exception of agriculture, cohesion policy and administration for which only sSummary data shall be provided for the categories of expenditure not covered by Point 30 of the IIA. <i>Explanation: clarification to avoid conflicting obligations between FR and IIA.</i>		
The indicative financial programming shall be updated after the adoption of the budget, to incorporate the results of the budgetary procedure and any other relevant decisions.		The indicative financial programming shall be updated after the adoption of the budget, to incorporate the results of the budgetary procedure and any other relevant decisions.		505
3. The Commission shall attach to the draft budget:		3. The Commission shall attach to the draft budget:		507
(a) the reasons for which the draft budget contains different estimates from those drawn up by other institutions;		(a) where applicable, a document setting out the reasons for which the draft budget contains different estimates different from those drawn up by other Union institutions; <i>Explanation: DQL improvement.</i>	New wording (covers also EP AMD 127 in row 531.2, which is consequently dropped) (modifications to EP AMD 127 and Council wording are shown): (a) a comparative table including the Commission's draft budget for the other institutions and the other institutions' original estimates as sent to the Commission and , where applicable, a document setting out the reasons for which the draft budget contains different estimates different from those drawn up by other Union institutions;	508
(b) any working document it considers useful in connection with the establishment plans of the institutions. Any such working document, showing the latest authorised establishment plan, shall present:		(b) any working document it considers useful in connection with the establishment plans of the Union institutions, Any such working document, showing the latest authorised establishment plan, shall and presenting:		509

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		<i>Explanation: DQL improvement.</i>		
(i) all staff employed by the Union, displayed by type of contract;		(i) all staff employed by the Union, displayed by type of contract;		510
(ii) a statement of the policy on posts and external personnel and on gender balance;		(ii) a statement of the policy on posts and external personnel and on gender balance;		511
(iii) the number of posts actually filled at the beginning of the year in which the draft budget is presented, indicating their distribution by grade and administrative unit;	AMD 125: (iii) the number of posts actually filled at the beginning of the year in which the draft budget is presented, indicating their distribution by grade, by administrative unit and by gender ;	(iii) the number of posts actually filled at the beginning last day of the year preceding the year in which the draft budget is presented and the number of full time equivalents actually filled in annual average for the same preceding year , indicating their distribution by grade and administrative unit; <i>Explanation: Council requests more comparable information on staff.</i>	New wording (merging both proposals): (iii) the number of posts actually filled at the beginning last day of the year preceding the year in which the draft budget is presented and the number of full time equivalents actually filled in annual average for the same preceding year , indicating their distribution by grade, by gender and by administrative unit; <i>Note: see Article 280 point (g) - this would apply as from DB presented in 2021.</i>	512
(iv) a list of posts broken down per policy area;		(iv) a list of posts broken down per policy area;		513
(v) for each category of external staff, the initial estimated number of full-time equivalents on the basis of the authorised appropriations, as well as the number of persons actually in place at the beginning of the year in which the draft budget is presented,		(v) for each category of external staff, the initial estimated number of full-time equivalents on the basis of the authorised appropriations, as well as the number of persons actually in place at the beginning of the year in which the draft budget is presented, indicating their		514

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indicating their distribution by function group and, as appropriate, by grade.		distribution by function group and, as appropriate, by grade.		
(c) for the bodies referred to in Articles 69 and 70, a working document presenting the revenue and expenditure, as well as all information on staff as referred to in points (i) to (v) of subparagraph (b).		(c) for the bodies referred to in Articles 69 and 70, a working document presenting the revenue and expenditure, as well as all information on staff as referred to in points (i) to (v) of subparagraph (b).		515
Where Public Private Partnerships make use of financial instruments, the information relating to those instruments shall be included in the working document referred to in paragraph 4.		Where Public Private Partnerships make use of financial instruments, the information relating to those instruments shall be included in the working document referred to in paragraph 4. <i>Explanation: DQL improvement - moved to bottom of paragraph.</i>		516
(d) a working document on the planned implementation of appropriations for the financial year and on commitments outstanding;		(d) a working document on the planned implementation of appropriations for the financial year and on commitments outstanding;		517
(e) as regards appropriations for administration, a working document presenting administrative expenditure to be implemented by the Commission under its section of the budget;		(e) as regards appropriations for administration, a working document presenting administrative expenditure to be implemented by the Commission under its section of the budget;		518
(f) a working document on pilot projects and preparatory actions which shall also contain an assessment of the results and follow-up envisaged;		(f) a working document on pilot projects and preparatory actions which shall also contain an assessment of the results and follow-up envisaged;		519
(g) as regards funding to international organisations, a working document containing:		(g) as regards funding to international organisations, a working document containing:		520

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(i) a summary of all contributions, with a breakdown per Union programme or fund and per international organisation;		(i) a summary of all contributions, with a breakdown per Union programme or fund and per international organisation;		521
(ii) a statement of reasons explaining why it was more efficient for the Union to fund those international organisations rather than to act directly;		(ii) a statement of reasons explaining why it was more efficient for the Union to fund those international organisations rather than to act directly;		522
(h) programme statements or any other relevant document containing the following:		(h) programme statements or any other relevant document containing the following:		523
(i) an indication of which Union policies and objectives the programme shall contribute to;		(i) an indication of which Union policies and objectives the programme shall contribute to;		524
(ii) a clear rationale for intervention at Union level in accordance, inter alia, with the principle of subsidiarity;		(ii) a clear rationale for intervention at Union level in accordance, inter alia, with the principle of subsidiarity;		525
(iii) updates in achieving programme objectives;	AMD 126: (iii) updates in achieving programme objectives as set out in Article 31 ;	(iii) updates in achieving programme objectives, as specified in Article 31 ;	<i>Wording adjustment to be done by DQL or at technical level.</i>	526
(iv) a full justification, including a cost-benefit analysis for proposed changes in the level of appropriations;		(iv) a full justification, including a cost-benefit analysis for proposed changes in the level of appropriations;		527
(v) information on the implementation rates of the programme for the current and preceding years;		(v) information on the implementation rates of the programme for the current and preceding years;		528
(i) a summary statement of the schedule of payments due in subsequent financial years to meet budgetary commitments		(i) a summary statement of the schedule of payments summarising per programme and per heading payments due in subsequent		531

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entered into in previous financial years.		financial years to meet budgetary commitments proposed in the draft budget entered into in previous ceding financial years. <i>Explanation: DQL improvement and clarification of data to be provided with schedule of payments.</i>		
		Where Public Private Partnerships make use of financial instruments, the information relating to those instruments shall be included in the working document referred to in paragraph 4.		531.1
	AMD 127: 3a. a comparative table including the Commission's draft budget for the other institutions and the other institutions' original estimates as sent to the Commission; <i>Justification: This AMD seeks to oblige the Commission to add to its proposal for the budget the original budget as adopted by the different institutions so that the unilateral changes made by the Commission become visible and transparent.</i>		EP AMD 127 drops - is integrated in paragraph 3(a) (row 508).	531.2
4. Where the Commission makes use of financial instruments, it shall attach to the draft budget a working document presenting for each financial instrument the following		4. Where the Commission makes use of financial instruments, it shall attach to the draft budget a working document presenting for each financial instrument the following:		538
(a) a reference to the financial instrument and its basic act, together with a general description of the instrument, its impact on the budget and the added value of the Union		(a) a reference to the financial instrument and its basic act, together with a general description of the instrument, its impact on the budget, its duration and the added value of the Union contribution;		539

CI ¹ PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
contribution;		<i>Explanation: Harmonisation with paragraph 5.</i>		
(b) the financial institutions involved in implementation, including any issues relating to the application of Article 150(2);		(b) the financial institutions involved in implementation, including any issues relating to the application of Article 150(2);		540
(c) its contribution to the achievement of the objectives of the programme concerned as measured by the established indicators including, where applicable, the geographical diversification;		(c) its the contribution of the financial instrument to the achievement of the objectives of the programme concerned as measured by the established indicators including, where applicable, the geographical diversification; <i>Explanation: DQL improvement.</i>		541
(d) the envisaged operations, including target volumes based on the target leverage or, when unavailable, on the leverage effect arising from the existing financial instruments;		(d) the envisaged operations, including target volumes based on the targeted leverage effect or, when unavailable, on the leverage effect arising from the existing financial instruments;	Related to Title X and row 551. New wording: (d) the envisaged operations, including target volumes based on the target leverage and expected private capital to be mobilised or, when unavailable, on the leverage effect arising from the existing financial instruments; See also row 551 - where actually achieved leverage is covered.	542
(e) budget lines corresponding to the relevant operations and the aggregate budgetary commitments and payments from the budget;		(e) budget lines corresponding to the relevant operations and the aggregate budgetary commitments and payments from the budget;		543
(f) the average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where their duration		(f) the average duration between the budgetary commitment to the financial instruments and the legal commitments for individual projects in the form of equity or debt, where their is duration exceeds three years.		544

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exceeds three years. The Commission shall explain the reasons and provide, where appropriate, an action plan for the reduction of the duration in the framework of the annual discharge procedure;		The Commission shall explain the reasons and provide, where appropriate, an action plan for the reduction of the duration in the framework of the annual discharge procedure; <i>Explanation: DQL improvement - last part moved to separate 3rd subparagraph.</i>		
(g) revenues and repayments under Article 202(2), including an evaluation of their use;		(g) revenues and repayments under Article 202(2), presented separately , including an evaluation of their use; <i>Explanation: To render information more detailed, less aggregate.</i>		545
(h) the value of equity investments, with respect to previous years;		(h) the value of equity investments, with respect to previous preceding years;		546
(i) the total amount of provisions for risks and liabilities, as well as any information on the financial risk exposure of the Union;	AMD 128: (i) the total amount of provisions for risks and liabilities, as well as any information on the financial risk exposure of the Union, including any contingent liability ;	(i) the total amount of provisions for risks and liabilities, as well as any information on the financial risk exposure of the Union;	AMDs 128, 129 and 130 are related. EP AMD 128 is accepted.	547
(j) impairments of assets and called guarantees both for the preceding year and the respective accumulated figures;		(j) impairments of assets and called guarantees both for the preceding year and the respective accumulated figures;		548
(k) the performance of the financial instrument, including the investments realised, the target leverage effect and the achieved leverage effect;	AMD 129: (k) the performance of the financial instrument, including the investments realised, the target leverage effect and the achieved leverage effect and the amount of private capital attracted so far ;	(k) the performance of the financial instrument, including the investments realised, the target leverage effect and the achieved leverage effect;	Linked to multiplier effect. New wording: (k) the performance of the financial instrument, including the investments realised, the target leverage effect and the achieved leverage and multiplier effects, the working document shall also indicate the amount of private capital mobilised ;	551

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(l) the provisioned resources in the common guarantee fund and, when applicable, the balance on the fiduciary account.		(l) the provisioned resources in the common guarantee provisioning fund and, when applicable, the balance on the fiduciary account.		552
This working document shall also include an overview of the administrative expenditure arising from management fees and other financial and operating charges paid for the management of financial instruments in total and per managing party and per financial instrument managed.	AMD 130: This working document shall also include specific information on the ten worst-performing financial instruments, as well as an overview of the administrative expenditure arising from management fees and other financial and operating charges paid for the management of financial instruments in total and per managing party and per financial instrument managed.	This working document shall also include an overview of the administrative expenditure arising from management fees and other financial and operating charges paid for the management of financial instruments in total and per managing party and per financial instrument managed.	EP drops AMD 130	553
		The Commission shall explain the reasons for the duration referred to in point (f) of the first subparagraph and shall, where appropriate, provide an action plan for the reduction of the duration in the framework of the annual discharge procedure. <i>Explanation: DQL improvement - from point (f).</i>		554.1
		This working document shall summarise in a clear and concise table information per financial instrument. <i>Explanation: Council requests one comprehensive document to give an overview. Such a document is de facto provided annually, but is not foreseen in the Financial Regulation.</i>		554
5. Where the Commission has given a budgetary guarantee, it shall attach to the draft budget a working document presenting for each budgetary		5. Where the Commission Union has given a budgetary guarantee, it the Commission shall attach to the draft budget a working document presenting		555

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guarantee and for the common guarantee fund the following:		for each budgetary guarantee and for the common guarantee provisioning fund the following:		
(a) a reference to the budgetary guarantee and its basic act, together with a general description of the guarantee, its impact on the financial liabilities of the budget and the added value of the Union support;		(a) a reference to the budgetary guarantee and its basic act, together with a general description of the guarantee, its impact on the financial liabilities of the budget, its duration and the added value of the Union support; <i>Explanation: Duration to be re-inserted as was the case in Art. 38(5)(e) current FR.</i>		556
(b) the counterparts for the guarantee, including any issues relating to the application of Article 150(2);		(b) the counterparts for the guarantee, including any issues relating to the application of Article 150(2);		557
(c) its contribution to the achievement of the objectives of the budgetary guarantee as measured by the established indicators, including, where applicable, the geographical diversification and the mobilisation of private sector resources;		(c) its the budgetary guarantee's contribution to the achievement of the objectives of the budgetary guarantee as measured by the established indicators, including, where applicable, the geographical diversification and the mobilisation of private sector resources;		558
(d) information on operations covered by the guarantee on an aggregated basis by sectors, countries and instrument, including, where applicable, portfolios and combined support with other Union actions;		(d) information on operations covered by the guarantee on an aggregated basis by sectors, countries and instrument, including, where applicable, portfolios and combined support with other Union actions;		559
(e) the financial amount transferred to beneficiaries as well as an assessment of the leverage effect achieved by the projects supported under the guarantee;		(e) the financial amount transferred to beneficiaries as well as an assessment of the leverage effect achieved by the projects supported under the guarantee;		560
(f) information aggregated on the		(f) information aggregated on the same		561

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same basis than in point (d) on calls on the guarantee, losses, returns, amounts recovered and any other payments received;		basis than as referred to in point (d) on calls on the guarantee, losses, returns, amounts recovered and any other payments received;		
(g) information about the financial management, the performance and the risk of the common guarantee fund at the end of the previous calendar year;		(g) information about the financial management, the performance and the risk of the common guarantee provisioning fund at the end of the previous ceding calendar year;		562
(h) the effective provisioning rate of the common guarantee fund and, where applicable, the subsequent transfers following Article 206(3);		(h) the effective provisioning rate of the common guarantee provisioning fund and, where applicable, the subsequent transfers operations following in accordance with Article 206(3);		563
(i) the financial flows in the common provisioning fund during the previous calendar year as well as the significant transactions and any relevant information on the financial risk exposure of the Union;		(i) the financial flows in the common provisioning fund during the previous ceding calendar year as well as the significant transactions and any relevant information on the financial risk exposure of the Union;		564
(j) pursuant to Article 203(3), an assessment of the sustainability of the contingent liabilities borne by the budget of the Union arising from financial operations.		(j) pursuant to Article 203(3), an assessment of the sustainability of the contingent liabilities borne by the general budget of the Union arising from financial operations.		565
6. Where the Commission makes use of Union Trust Funds, it shall attach to the draft budget a working document on the activities supported by Union Trust Funds, on their implementation and performance.	AMD 131: 6. Where the Commission makes use of Union trust funds for external actions , it shall attach to the draft budget a detailed working document on the activities supported by those trust funds, on their implementation, their performance, their management costs, contributions other than those from the Union,	6. Where the Commission makes use of Union Trust Funds for external actions , it shall attach to the draft budget a working document on the activities supported by Union those Trust Funds, and on their Trust Funds' financing , implementation and performance. <i>Explanation: Alignment to amendments to Art. 227, 228.</i>	New wording based on EP AMD 131: 6. Where the Commission makes use of Union trust funds for external actions , it shall attach to the draft budget a detailed working document on the activities supported by those trust funds, including: a) on their implementation and performance , including on the	566

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	<p><i>and a preliminary assessment on how the conditions of Article 227(3) are fulfilled. The working document shall also set out how those activities have contributed to the objectives laid down in the basic act of the instrument from which the Union contribution to the Trust Funds were provided.</i></p> <p><u>Justification:</u> See AMDs 320 to 326.</p>		<p>monitoring arrangements with the entities implementing funds,</p> <p>b) their management costs</p> <p>c) the contributions other than those from the Union,</p> <p>d) a preliminary assessment on their performance based on the conditions of Article 227(3),</p> <p>e) a description on how the activities of the trust funds have contributed to the objectives laid down in the basic act of the instrument from which the Union contribution to the Trust Funds were provided.</p>	
		6a. The Commission shall attach to the draft budget a list of its decisions imposing fines in the area of competition law and the amount of each fine imposed, together with information on whether the fines have become definitive or whether they are or could still become subject to an appeal before the Court of Justice of the European Union, as well as, where possible, information on when each fine is expected to become definitive.		566.1
		6b The Commission shall attach to the draft budget a working document indicating, for each line receiving internal or external assigned revenue:		566.2
		(i) the estimated amount of such		566.3

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		revenue to be received;		
		(ii) the estimated amount of such revenue carried over from previous years. <i>Explanation: Both new - information on estimated fines and assigned revenue is requested to have better visibility of revenue side.</i>		566.4
7. The Commission shall also attach to the draft budget any further working document it considers useful to support its budget requests.		7. The Commission shall also attach to the draft budget any further working document it considers useful for the European Parliament and the Council to support assess its the budget requests.		567
8. In accordance with Article 8(5) of Council Decision 2010/427/EU ¹ and in order to ensure budgetary transparency in the area of external action of the Union, the Commission shall transmit to the European Parliament and the Council, together with the draft budget, a working document presenting, in a comprehensive way:		8. In accordance with Article 8(5) of Council Decision 2010/427/EU ² and in order to ensure budgetary transparency in the area of external action of the Union , the Commission shall transmit to the European Parliament and the Council, together with the draft budget, a working document presenting, in a comprehensive way: <i>Explanation: DQL improvement - this conditions is already included in the cited Article of Decision 2010/427.</i>		568
(a) all administrative and operational expenditure relating to the external actions of the Union, including common foreign and security policy (CFSP) and common security and defence policy tasks, and financed from the budget;		(a) all administrative and operational expenditure relating to the external actions of the Union, including common foreign and security policy (CFSP) and common security and defence policy tasks, and financed from the budget;		569

¹ OJ L 201, 3.8.2010, p. 30.

² OJ L 201, 3.8.2010, p. 30.

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(b) the EEAS' overall administrative expenditure for the preceding year, broken down into expenditure per Union delegation and expenditure for the EEAS' central administration; together with operational expenditure, broken down by geographic area (regions, countries), thematic areas, Union delegation and mission.		(b) the EEAS' overall administrative expenditure for the preceding year, broken down into expenditure per Union delegation and expenditure for the EEAS' central administration; together with operational expenditure, broken down by geographic area (regions, countries), thematic areas, Union delegations and missions.		570
9. The working document referred to in paragraph 6 shall also:	AMD 132: 9. The working document referred to in paragraph 8 shall also: <i>Justification: Correction.</i>	9. The working document referred to in paragraph 6 8 shall also:		571
(a) show the number of posts for each grade in each category and the number of permanent and temporary posts, including contractual and local staff authorised within the limits of the appropriations in each Union delegation, as well as in the central administration of the EEAS;		(a) show the number of posts for each grade in each category and the number of permanent and temporary posts, including contractual and local staff authorised within the limits of the appropriations in each Union delegation, as well as in the central administration of the EEAS;		572
(b) show any increase or reduction of posts by grade and category in the central administration of the EEAS, and in all Union delegations based on the preceding financial year.		(b) show any increase or reduction, compared to the preceding financial year , of posts by grade and category in the central administration of the EEAS, and in all Union delegations based on the preceding financial year ; <i>Explanation: DQL improvement.</i>		573
		(c) show the number of posts authorised for the financial year, the number of posts authorised for the preceding year, as well as		573.1

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		the number of posts occupied by diplomats seconded from the Member States, and by officials of the Union;		
		(d) provide a detailed picture of all staff in place in Union delegations at the time of presenting the draft budget, including a breakdown by geographic area, gender, individual country and mission, distinguishing establishment plan posts, contract agents, local agents and seconded national experts and appropriations requested in the draft budget for such other types of personnel with corresponding estimates of the equivalent full-time staff that may be employed within the limits of the appropriations requested. <i>Explanation: Correction, both paragraphs were forgotten (Art. 38(8) (c) and (d) current FinReg).</i>		573.2
<i>Article 40 Letter of amendment to the draft budget</i>		<i>Article 40 Letter of amendment to the draft budget</i>		575
On the basis of any new information which was not available at the time the draft budget was established, the Commission may, on its own initiative or if requested by one of the other institutions in respect of its respective section, submit simultaneously to the European Parliament and the Council letters of amendment to the draft budget before the Conciliation Committee referred to in Article 314 TFEU is convened. The letters may include a letter of amendment		On the basis of any new information which was not available at the time the draft budget was established, the Commission may, on its own initiative or if requested by one of the other Union institutions in respect of its respective section, submit simultaneously to the European Parliament and the Council letters of amendment to the draft budget before the Conciliation Committee referred to in Article 314 TFEU is convened. The letters may include a letter of		576

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updating, in particular, expenditure estimates for agriculture.		amendment updating, in particular, expenditure estimates for agriculture.		
<i>Article 41</i> <i>Obligations of the Member States stemming from the adoption of the budget</i>		<i>Article 41</i> <i>Obligations of the Member States stemming from as a result of the adoption of the budget</i> <i>Explanation: DQL improvement</i>		577
1. The President of the European Parliament shall declare the budget definitively adopted in accordance with the procedure provided for in Article 314(9) TFEU and Article 106a of the Euratom Treaty.		1. The President of the European Parliament shall declare the budget definitively adopted in accordance with the procedure provided for in Article 314(9) TFEU and Article 106a of the Euratom Treaty.		578
2. Once the budget has been declared definitively adopted, each Member State shall, from 1 January of the following financial year or from the date of the declaration of definitive adoption of the budget if this occurs after 1 January, be bound to make the payments due to the Union, as specified in Regulation (EU, Euratom) No 609/2014.		2. Once the budget has been declared definitively adopted, each Member State shall, from 1 January of the following financial year or from the date of the declaration of definitive adoption of the budget if this occurs after 1 January, be bound to make the payments due to the Union, as specified in Regulation (EU, Euratom) No 609/2014.		579
<i>Article 42</i> <i>Draft amending budgets</i>		<i>Article 42</i> <i>Draft amending budgets</i>		580
1. The Commission may present draft amending budgets which are primarily revenue-driven in the following circumstances:		1. The Commission may present draft amending budgets which are primarily revenue-driven in the following circumstances:		581
(a) to enter in the budget the balance of the preceding financial year, in accordance with the procedure laid down in Article 17;		(a) to enter in the budget the balance of the preceding financial year, in accordance with the procedure laid down in Article 17;		582
(b) to revise the forecast of own resources on the basis of updated economic forecasts;		(b) to revise the forecast of own resources on the basis of updated economic forecasts;		583

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(c) to update the revised forecast of own resources and other revenue, as well as to review the availability of, and need for, payment appropriations.		(c) to update the revised forecast of own resources and other revenue, as well as to review the availability of, and need for, payment appropriations.		584
As far as possible, and when justified, the Commission may propose expenditure-driven amendments combined with the revenue-driven amendments referred to in the first subparagraph.		As far as possible, and when justified, the Commission may propose expenditure-driven amendments combined with the revenue-driven amendments referred to in the first subparagraph. <i>Explanation: Council insists on separate DABs for revenue.</i>	Council deletion is agreed (=status quo)	585
If there are unavoidable, exceptional and unforeseen circumstances, the Commission may present draft amending budgets which are primarily expenditure-driven.		If there are unavoidable, exceptional and unforeseen circumstances, in particular in view of the mobilisation of the European Union Solidarity Fund , the Commission may present draft amending budgets which are primarily expenditure-driven. <i>Explanation: Consequential amendment to rejection of simplification for mobilisation of EUSF (see current Art. 41(1) last subparagraph).</i>		586
2. Requests for amending budgets, in the same circumstances as referred to in paragraph 1, from institutions other than the Commission shall be sent to the Commission.		2. Requests for amending budgets, in the same circumstances as referred to in paragraph 1, from Union institutions other than the Commission shall be sent to the Commission.		587
Before presenting a draft amending budget, the Commission and the other institutions shall examine the scope for reallocation of the relevant appropriations, with particular reference to any expected under-implementation of appropriations.		Before presenting a draft amending budget, the Commission and the other Union institutions shall examine the scope for reallocation of the relevant appropriations, with particular reference to any expected under-implementation of appropriations.		588
Article 41 shall apply to amending		Article 41 shall apply to amending		589

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budgets. Amending budgets shall be substantiated by reference to the budget the estimates of which they are amending.		budgets. Amending budgets shall be substantiated by reference to the budget the estimates of which they are amending.		
3. The Commission shall, except in duly justified exceptional circumstances submit its draft amending budgets simultaneously to the European Parliament and the Council by 15 October at the latest of each financial year. It may attach an opinion to the requests for amending budgets from the other institutions.	AMD 133: 3. The Commission shall, except in duly justified exceptional circumstances submit its draft amending budgets simultaneously to the European Parliament and the Council by 1 September of each financial year. It may attach an opinion to the requests for amending budgets from the other institutions. <i>Justification: Reinserted previous deadline from Art. 41(3) of Reg. 966/2012.</i>	3. The Commission shall, except in duly justified exceptional circumstances or in the case of the mobilisation of the European Union Solidarity Fund for which a draft amending budget can be presented at any time of the year , submit its draft amending budgets simultaneously to the European Parliament and the Council by 15 October 1 September at the latest of each financial year. It may attach an opinion to the requests for amending budgets from the other Union institutions. <i>Explanation: Consequential amendment to rejection of simplification to mobilise EUSF. Aligned with EP on deadline for DABs.</i>		590
4. Draft amending budgets shall be accompanied by statements of grounds and the information on the implementation of the budget for the preceding and current financial years available at the time of their establishment.		4. Draft amending budgets shall be accompanied by statements of grounds reasons and the information on the implementation of the budget for the preceding and current financial years available at the time of their establishment.		591
<i>Article 43</i> <i>Early transmission of estimates and draft budgets</i>		<i>Article 43</i> <i>Early transmission of estimates and draft budgets</i>		592
The Commission, the European Parliament and the Council may agree to bring forward certain dates for the transmission of the estimates, and for the adoption and transmission of the draft		The Commission, the European Parliament and the Council may agree to bring forward certain dates for the transmission of the estimates, and for the adoption and transmission of the draft budget. Such an		593

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budget. Such an arrangement may not, however, have the effect of shortening or extending the periods for which provision is made for consideration of those texts under Article 314 TFEU and Article 106a of the Euratom Treaty.		arrangement may shall not, however, have the effect of shortening or extending the periods for which provision is made for consideration of those texts under Article 314 TFEU and Article 106a of the Euratom Treaty. <i>Explanation: DQL improvement</i>		
CHAPTER 2 Structure and presentation of the budget		CHAPTER 2 Structure and presentation of the budget		594
<i>Article 44</i> <i>Structure of the budget</i>		<i>Article 44</i> <i>Structure of the budget</i>		595
The budget shall consist of the following:		The budget shall consist of the following:		596
(a) a general statement of revenue and expenditure;		(a) a general statement of revenue and expenditure;		597
(b) separate sections for each institution, with the exception of the European Council and the Council which shall share the same section, subdivided into statements of revenue and expenditure.		(b) separate sections for each Union institution, with the exception of the European Council and the Council which shall share the same section, subdivided into statements of revenue and expenditure.		598
<i>Article 45</i> <i>Budget nomenclature</i>		<i>Article 45</i> <i>Budget nomenclature</i>		599
1. Commission revenue and the revenue and expenditure of the other institutions shall be classified by the European Parliament and the Council according to their type or the use to which they are assigned under titles, chapters, articles and items.		1. Commission revenue and the revenue and expenditure of the other Union institutions shall be classified by the European Parliament and the Council according to their type or the use to which they are assigned under titles, chapters, articles and items.		600
2. The statement of expenditure for the Commission section shall be set out on the basis of a nomenclature adopted by the European Parliament and the Council and classified according to purpose.		2. The statement of expenditure for the Commission section shall be set out on the basis of a nomenclature adopted by the European Parliament and the Council and classified according to the purpose of the expenditure .		601

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		<i>Explanation: DQL improvement.</i>		
Each title shall correspond to a policy area and each chapter shall, as a rule, correspond to a programme or an activity.		Each title shall correspond to a policy area and each chapter shall, as a rule, correspond to a programme or an activity.		602
Each title may include operational appropriations and administrative appropriations. The administrative appropriations for a title shall be grouped in a single chapter.		Each title may include operational appropriations and administrative appropriations. The administrative appropriations for a title shall be grouped in a single chapter.		603
The budget nomenclature shall comply with the principles of specification, transparency and sound financial management. It shall provide the clarity and transparency necessary for the budgetary process, facilitating the identification of the main objectives as reflected in the relevant legal bases, making possible choices on political priorities and enabling efficient and effective implementation.		The budget nomenclature shall comply with the principles of specification, transparency and sound financial management and transparency . It shall provide the clarity and transparency necessary for the budgetary process, facilitating the identification of the main objectives as reflected in the relevant legal bases, making possible choices on political priorities possible and enabling efficient and effective implementation. <i>Explanation: DQL improvement (order or principles).</i>		604
		2a. A token entry <i>pro memoria</i> shall be added on an entry without appropriations authorised through a specific request for such an entry from the Commission. The rules for approval of the request of the Commission shall be the ones laid down in Article 29. <i>Explanation: Moved here from Art. 30(2), row 381.</i>		604.1
3. When presented by purpose, administrative appropriations for individual titles shall be classified as follows:		3. When presented by purpose, administrative appropriations for individual titles shall be classified as follows:		605

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
(a) expenditure on staff authorised in the establishment plan: there shall be an amount of appropriations and a number establishment plan posts corresponding to that expenditure;		(a) expenditure on staff authorised in the establishment plan: there, which shall be include an amount of appropriations and a number of establishment plan posts corresponding to that expenditure;		606
(b) expenditure on external personnel and other expenditure referred to in point (b) of the first subparagraph of Article 28(1) and financed under the "administration" heading of the multiannual financial framework;		(b) expenditure on external personnel and other expenditure referred to in point (b) of the first subparagraph of Article 28(1) and financed under the "administration" heading of the multiannual financial framework;		607
(c) expenditure on buildings and other related expenditure, including cleaning and maintenance, rental and hiring, telecommunications, water, gas and electricity;		(c) expenditure on buildings and other related expenditure, including cleaning and maintenance, rental and hiring, telecommunications, water, gas and electricity;		608
(d) external personnel and technical assistance directly linked to the implementation of programmes.		(d) expenditure on external personnel and technical assistance directly linked to the implementation of programmes.		609
Any administrative expenditure of the Commission of a type which is common to several titles shall be set out in a separate summary statement classified by type.		Any administrative expenditure of the Commission of a type which is common to several titles shall be set out in a separate summary statement classified by type.		610
<i>Article 46</i> <i>Negative revenue</i>		<i>Article 46</i> <i>Negative revenue</i>		614
1. The budget shall not contain negative revenue, except where it results from negative remuneration of deposits.		1. The budget shall not contain negative revenue, except where it results from negative remuneration of deposits in total . <i>Explanation: Clarification.</i>		615

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
2. The own resources paid under the Council Decision on the system of own resources of the European Union shall be net amounts and shall be shown as such in the summary statement of revenue in the budget.		2. The own resources paid under the Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union shall be net amounts and shall be shown as such in the summary statement of revenue in the budget. <i>Explanation: DQL improvement.</i>		616
<i>Article 47 Provisions</i>		<i>Article 47 Provisions</i>		617
1. Each section of the budget may include a "provisions" title. Appropriations shall be entered in that title in any of the following cases:		1. Each section of the budget may include a "provisions" title. Appropriations shall be entered in that title in any of the following cases:		618
(a) no basic act exists for the action concerned when the budget is established;		(a) no basic act exists for the action concerned when the budget is established;		619
(b) there are serious grounds for doubting the adequacy of the appropriations or the possibility of implementing, under conditions in accordance with the principle of sound financial management, the appropriations entered on the lines concerned.		(b) there are serious grounds for doubting the adequacy of the appropriations or the possibility of implementing, under conditions in accordance with the principle of sound financial management, the appropriations entered on the lines concerned.		620
The appropriations in that title may be used only after transfer in accordance with the procedure laid down in point (c) of the first subparagraph of Article 28(1) of this Regulation, where the adoption of the basic act is subject to the procedure laid down in Article 294 TFEU, and in accordance with the procedure laid down in Article 29 of this Regulation, for all other cases.		The appropriations in that title may be used only after transfers in accordance with the procedure laid down in point (c) of the first subparagraph of Article 28(1) of this Regulation, where the adoption of the basic act is subject to the procedure laid down in Article 294 TFEU, and in accordance with the procedure laid down in Article 29 of this Regulation, for all other cases.		621
2. In the event of serious		2. In the event of serious implementation		622

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
implementation difficulties, the Commission may propose, in the course of a financial year, that appropriations be transferred to the "provisions" title. The European Parliament and the Council shall take a decision on such transfers as provided for in Article 29.		difficulties, the Commission may propose, in the course of a financial year, that appropriations be transferred to the "provisions" title. The European Parliament and the Council shall take a decision on such transfers as provided for in Article 29.		
<i>Article 48</i> <i>Negative reserve</i>		<i>Article 48</i> <i>Negative reserve</i>		623
The Commission section of the budget may include a "negative reserve" limited to a maximum amount of EUR 400 000 000. Such a reserve, which shall be entered in a separate title, shall comprise payment appropriations only.	AMD 134: The Commission section of the budget may include a "negative reserve" limited to a maximum amount of EUR 200 000 000 . Such a reserve, which shall be entered in a separate title, shall comprise payment appropriations only. <i>Justification:</i> Reinserted previous amount from Art. 47 of Reg. 966/2012, as has been suggested by the ECA (see par. 53 of Opinion No 1/2017).	The Commission section of the budget may include a "negative reserve" limited to a maximum amount of EUR 4200 000 000 . Such a reserve, which shall be entered in a separate title, shall comprise payment appropriations only. <i>Explanation:</i> As EP, amounts provided so far have proven sufficient.		624
That negative reserve shall be drawn upon before the end of the financial year by means of transfer in accordance with the procedure laid down in Articles 28 and 29.		That negative reserve shall be drawn upon before the end of the financial year by means of transfer in accordance with the procedure laid down in Articles 28 and 29.		625
<i>Article 49</i> <i>Emergency Aid Reserve and European Union Crisis Reserve</i>		<i>Article 49</i> <i>Emergency Aid Reserve and European Union Crisis Reserve</i>	Council deletion is agreed.	626
1. The Commission section of the budget shall include a reserve for emergency aid for third countries and a European Union Crisis Reserve.		1. The Commission section of the budget shall include a reserve for emergency aid for third countries and a European Union Crisis Reserve.	Council deletion is agreed.	627
2. The reserves referred to in paragraph 1 shall be drawn upon before the end of the financial year by means of		2. The reserves referred to in paragraph 1 shall be drawn upon before the end of the financial year by means of transfer in		628

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transfer in accordance with the procedure laid down in Articles 28 and 30.		accordance with the procedure laid down in Articles 28 and 30. <i>Explanation: Consequential changes to rejection of Crisis Reserve.</i>		
<i>Article 50 Presentation of the budget</i>		<i>Article 50 Presentation of the budget</i>		629
1. The budget shall show		1. The budget shall show		630
(a) in the general statement of revenue and expenditure:		(a) in the general statement of revenue and expenditure:		631
(i) the estimated revenue of the Union for the financial year concerned ('year n');		(i) the estimated revenue of the Union for the financial year concerned ("year n");		632
(ii) the estimated revenue for the preceding financial year and the revenue for year n-2;		(ii) the estimated revenue for the preceding financial year and the revenue for year n-2;		633
(iii) the commitment and payment appropriations for year n;		(iii) the commitment and payment appropriations for year n;		634
(iv) the commitment and payment appropriations for the preceding financial year;		(iv) the commitment and payment appropriations for the preceding financial year;		635
(v) the expenditure committed and the expenditure paid in year n-2, the latter also expressed as a percentage of the budget of year n;		(v) the expenditure committed and the expenditure paid in year n-2, the latter also expressed as a percentage of the budget of year n;		636
	AMD 135: <i>(va) all revenue and expenditure under the respective European Development Funds entered under a special budget heading within the Commission section;</i> <i>Justification: Inclusion of the European Development Fund in the EU budget.</i>		EP drops AMD 135.	636.1

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(vi) appropriate remarks on each subdivision, as set out in Article 45(1). The budget remarks shall include the references of the basic act, where one exists as well as all appropriate explanations concerning the nature and purpose of the appropriations;	AMD 136: (vi) appropriate remarks on each subdivision, as set out in Article 45(1), including highlighted additional remarks voted by the European Parliament and the Council. The budget remarks shall include the references of the basic act, where one exists as well as all appropriate explanations concerning the nature and purpose of the appropriations. <i>Justification: AMD intended to prevent situations where the outcome of the budgetary trilogues is not adequately reflected in the remarks in the final budget, as it has been the case in the past.</i>	(vi) appropriate remarks on each subdivision, as set out in Article 45(1), including The budget remarks shall include the references of the basic act, where one exists as well as all appropriate explanations concerning the nature and purpose of the appropriations;	Commission text is agreed (=status quo)	637
(b) in each section, the revenue and expenditure in the same structure as in point (a);		(b) in each section, the revenue and expenditure in following the same structure as set out in point (a);		638
(c) with regard to staff:		(c) with regard to staff:		639
(i) for each section, an establishment plan setting the number of posts for each grade in each category and in each service and the number of permanent and temporary posts authorised within the limits of the appropriations;		(i) for each section, an establishment plan setting the number of posts for each grade in each category and in each service and the number of permanent and temporary posts authorised within the limits of the appropriations;		640
(ii) an establishment plan for staff paid from the research and technological development appropriations for direct action and an establishment plan for staff paid from the same		(ii) an establishment plan for staff paid from the research and technological development appropriations for direct action and an establishment plan for staff paid from the same		641

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appropriations for indirect action; the establishment plans shall be classified by category and grade and shall distinguish between permanent and temporary posts, authorised within the limits of the appropriations;		appropriations for indirect action; the establishment plans shall be classified by category and grade and shall distinguish between permanent and temporary posts, authorised within the limits of the appropriations;		
(iii) an establishment plan setting the number of posts by grade and by category for each body referred to in Article 69 which receives a contribution charged to the budget. The establishment plans shall show, next to the number of posts authorised for the financial year, the number authorised for the preceding year. The staff of the Euratom Supply Agency shall appear separately in the Commission establishment plan.		(iii) an establishment plan setting the number of posts by grade and by category for each body referred to in Article 69 which receives a contribution charged to the budget. The establishment plans shall show, next to the number of posts authorised for the financial year, the number authorised for the preceding year. The staff of the Euratom Supply Agency shall appear separately in the Commission establishment plan.		642
(d) with regard to financial assistance and budgetary guarantees:		(d) with regard to financial assistance and budgetary guarantees:		643
(i) in the general statement of revenue, the budget lines corresponding to the relevant operations and intended to record any reimbursements received from recipients who initially defaulted. Those lines shall carry a token entry pro memoria and be accompanied by appropriate remarks;		(i) in the general statement of revenue, the budget lines corresponding to the relevant operations and intended to record any reimbursements received from recipients who initially defaulted. Those lines shall carry a token entry pro memoria and be accompanied by appropriate remarks;		644
(ii) in the Commission section:		(ii) in the Commission section:		645
– the budget lines containing the Union's guarantees in		– the budget lines containing the Union's guarantees in		646

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respect of the operations concerned. Those lines shall carry a token entry pro memoria, provided that no effective charge which has to be covered by definitive resources has arisen;		respect of the operations concerned. Those lines shall carry a token entry pro memoria, provided that no effective charge which has to be covered by definitive resources has arisen;		
– remarks giving the reference to the basic act and the volume of the operations envisaged, the duration and the financial guarantee given by the Union in respect of such operations;		– remarks giving the reference to the basic act and the volume of the operations envisaged, the duration and the financial guarantee given by the Union in respect of such operations;		647
(iii) in a document annexed to the Commission section, as an indication, also of the corresponding risks:		(iii) in a document annexed to the Commission section, as an indication, also of the corresponding risks:		648
– ongoing capital operations and debt management;		– ongoing capital operations and debt management;		649
– the capital operations and debt management for year n;		– the capital operations and debt management for year n;		650
			<p>New wording (shifted here from row 570.1 in previous version, so be part of final budget, not DB, see row 538 for information on FIs to be provided in DB):</p> <p>With regard to financial instruments to be established without a basic act:</p> <p>(i) budget lines corresponding to the relevant operations;</p> <p>(ii) a general description of the</p>	650.1

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			financial instruments, including their duration and their impact on the budget; (iii) the envisaged operations, including target volumes based on the expected multiplier and leverage effect;	
(e) with regard to the funding implemented by entities pursuant to Article 61(1)(c):		(e) with regard to the funding implemented by entities under indirect management pursuant to point (c) of Article 61(1)(c) :		655
(i) a reference to the basic act of the relevant programme;		(i) a reference to the basic act of the relevant programme;		656
(ii) corresponding budget lines;		(ii) corresponding budget lines;		657
(iii) a general description of the action, including its duration and its impact on the budget;		(iii) a general description of the action, including its duration and its impact on the budget;		658
(f) the total amount of CFSP expenditure entered in a chapter, entitled 'CFSP', with specific articles. Those articles shall cover CFSP expenditure and shall contain specific lines identifying at least the single major missions.		(f) the total amount of CFSP expenditure entered in a chapter, entitled "CFSP", with specific articles. Those articles shall, covering CFSP expenditure and shall containing specific lines identifying at least the single major missions.		659
2. In addition to the documents referred to in paragraph 1, the European Parliament and the Council may attach any other relevant documents to the budget.		2. In addition to the documents referred to in paragraph 1, the European Parliament and the Council may attach any other relevant documents to the budget. <i>Explanation: Throughout DQL improvement.</i>		660
<i>Article 51 Rules on the establishment plans for staff</i>		<i>Article 51 Rules on the establishment plans for staff</i>		665
1. The establishment plans described in point (c) of Article 50(1) shall		1. The establishment plans described referred to in point (c) of Article 50(1)		666

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constitute an absolute limit for each institution or body. No appointment may be made in excess of the limit set.		shall constitute an absolute limit for each Union institution or body. No appointment may be made in excess of the limit set.		
However, save in the case of grades AD 16, AD 15 and AD 14, each institution or body may modify its establishment plans by up to 10 % of posts authorised, subject to the following conditions:		However, save in the case of grades AD 16, AD 15 and AD 14, each Union institution or body may modify its establishment plans by up to 10 % of posts authorised, subject to the following conditions:		667
(a) the volume of staff appropriations corresponding to a full financial year is not affected;		(a) the volume of staff appropriations corresponding to a full financial year is not affected;		668
(b) the limit of the total number of posts authorised by each establishment plan is not exceeded;		(b) the limit of the total number of posts authorised by each establishment plan is not exceeded;		669
(c) the institution or body has taken part in a benchmarking exercise with other institutions and bodies of the Union as initiated by the Commission's staff screening exercise.		(c) the Union institution or body has taken part in a benchmarking exercise with other Union institutions and bodies of the Union as initiated by the Commission's staff screening exercise.		670
Three weeks before making the modifications referred to in the second subparagraph, the institution shall inform the European Parliament and the Council of its intention to do so. In the event that duly justified reasons are raised within this period by either the European Parliament or the Council, the institution shall refrain from making the modifications and the procedure referred to in Article 42 shall apply.		Three weeks before making the modifications referred to in the second subparagraph, the Union institution shall inform the European Parliament and the Council of its intention to do so. In the event that duly justified reasons are raised within this period by either the European Parliament or the Council, the Union institution shall refrain from making the modifications and the procedure referred to in Article 42 shall apply.		671
2. By way of derogation from the first subparagraph of paragraph 1, the		2. By way of derogation from the first subparagraph of paragraph 1, the		672

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effects of part-time work authorised by the appointing authority in accordance with the Staff Regulations may be offset by other appointments.		effects of part-time work authorised by the appointing authority in accordance with the Staff Regulations may be offset by other appointments. <i>Explanation: Throughout DQL improvement.</i>		
CHAPTER 3 Budgetary discipline		CHAPTER 3 Budgetary discipline		673
<i>Article 52</i> <i>Compliance with the multiannual financial framework</i>		<i>Article 52</i> <i>Compliance with the multiannual financial framework and Decision 2014/335/EU, Euratom</i>		674
The budget shall comply with the multiannual financial framework.		The budget shall comply with the multiannual financial framework and Decision 2014/335/EU, Euratom. <i>Explanation: Clarification.</i>		675
<i>Article 53</i> <i>Compliance of Union acts with the budget</i>		<i>Article 53</i> <i>Compliance of Union acts with the budget</i>		676
Where the implementation of a Union act exceeds the appropriations available in the budget, such an act may be implemented in financial terms only after the budget has been amended accordingly.		Where the implementation of a Union act exceeds the appropriations available in the budget, such an act may be implemented in financial terms only after the budget has been amended accordingly.		677
TITLE IV IMPLEMENTATION OF THE BUDGET		TITLE IV IMPLEMENTATION OF THE BUDGET		678
CHAPTER 1 General provisions		CHAPTER 1 General provisions		679
<i>Article 54</i> <i>Budget implementation in accordance with the principle of sound financial management and citizens' opinion</i>		<i>Article 54</i> <i>Budget implementation in accordance with the principle of sound financial management and citizens' opinion</i>	Linked to EP AMD 124 (row 499.1).	680
1. The Commission shall implement the revenue and expenditure of the		1. The Commission shall implement the revenue and expenditure of the budget		681

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budget in accordance with this Regulation, under its own responsibility and within the limits of the appropriations authorised.		in accordance with this Regulation, under its own responsibility and within the limits of the appropriations authorised.		
2. The Member States shall cooperate with the Commission so that the appropriations are used in accordance with the principle of sound financial management.		2. The Member States shall cooperate with the Commission so that the appropriations are used in accordance with the principle of sound financial management.		682
3. Citizens may be consulted on the implementation of the Union budget by the Commission, Member States or any other entity implementing the Union budget.		3. Where appropriate, c Citizens may be consulted on the any projects and actions funded by implementation of the Union budget, by the Commission, Member States or any other entity implementing the Union budget, in particular regarding the impact of those projects or actions on them. <i>Explanation: Some more specification on the gist of citizen consultation is proposed. Additional administrative burden should be avoided.</i>	Paragraph 3 is deleted (EP drops AMD 124 on row 499.1).	683
<i>Article 55 Information on transfers of personal data for audit purposes</i>		<i>Article 55 Information on transfers of personal data for audit purposes</i>		685
In any call made in the context of grants, procurement or prizes implemented in direct implementation, potential beneficiaries, candidates, tenderers and participants shall, in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council ¹ be informed that, for the purposes of safeguarding the financial interests of the Union, their personal data may be transferred to internal audit services, to		In any call made in the context of grants, procurement or prizes implemented in direct implementation, potential beneficiaries, candidates, tenderers and participants shall, in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council ¹ be informed that, for the purposes of safeguarding the financial interests of the Union, their personal data may be transferred to internal audit services, to the European Court of Auditors		686

¹ — OJ L 8, 12.1.2001, p. 1.

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the European Court of Auditors or to the European Anti-Fraud Office and between authorising officers of the Commission, and the executive agencies and the Union bodies referred to in Article 70.		or to the European Anti-Fraud Office and between authorising officers of the Commission, and the executive agencies and the Union bodies referred to in Article 70. <i>Explanation: DQL improvement.</i>		
<i>Article 56</i> <i>Basic act and exceptions</i>		<i>Article 56</i> <i>Basic act and exceptions</i>		687
1. A basic act shall first be adopted before the appropriations entered in the budget for any action by the Union may be used.		1. A basic act shall first be adopted before the appropriations entered in the budget for any action by the Union may be used.		688
2. By way of derogation from paragraph 1 the following may be implemented without a basic act provided the actions which they are intended to finance fall within the competences of the Union		2. By way of derogation from paragraph 1 and subject to the conditions set out in paragraphs 3, 4 and 5 , the following appropriations may be implemented without a basic act provided the actions which they are intended to finance fall within the competences of the Union: <i>Explanation: Throughout structural DQL improvements - text from points is moved to separate paragraphs in accordance with better drafting guidelines.</i>		689
(a) appropriations for pilot projects of an experimental nature designed to test the feasibility of an action and its usefulness. The relevant commitment appropriations may be entered in the budget for not more than two consecutive financial years;		(a) appropriations for pilot projects of an experimental nature designed to test the feasibility of an action and its usefulness. The relevant commitment appropriations may be entered in the budget for not more than two consecutive financial years;		690
The total amount of appropriations for the pilot projects shall not exceed EUR 40 000 000 in any financial	AMD 137: The total amount of appropriations for the pilot projects shall not exceed EUR 40 000 000 in any financial year, not including pilot	The total amount of appropriations for the pilot projects shall not exceed EUR 40 000 000 in any financial year.	EP drops AMD 137 - text is included in row 701.1 below (DQL restructuring).	691

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year.	<p>projects proposed by the Commission and accepted by the European Parliament and the Council.</p> <p><i>Justification: PP and PA proposed by Commission should come over and above the ceiling specified in the Financial Regulation.</i></p>			
(b) appropriations for preparatory actions in the field of application of the TFEU and the Euratom Treaty, designed to prepare proposals with a view to the adoption of future actions. The preparatory actions shall follow a coherent approach and may take various forms. The relevant commitment appropriations may be entered in the budget for not more than three consecutive financial years. The procedure for the adoption of the relevant basic act shall be concluded before the end of the third financial year. In the course of that procedure, the commitment of appropriations shall correspond to the particular features of the preparatory action with regard to the activities envisaged, the aims pursued and the recipients. Consequently, the means implemented shall not correspond in volume to those envisaged for financing the definitive action itself;		(b) appropriations for preparatory actions in the field of application of the TFEU and the Euratom Treaty, designed to prepare proposals with a view to the adoption of future actions. The preparatory actions shall follow a coherent approach and may take various forms. The relevant commitment appropriations may be entered in the budget for not more than three consecutive financial years. The procedure for the adoption of the relevant basic act shall be concluded before the end of the third financial year. In the course of that procedure, the commitment of appropriations shall correspond to the particular features of the preparatory action with regard to the activities envisaged, the aims pursued and the recipients. Consequently, the means implemented shall not correspond in volume to those envisaged for financing the definitive action itself;		692
The total amount of appropriations for new	AMD 138: The total amount of appropriations for new	The total amount of appropriations for new preparatory actions referred	EP drops AMD 138 - text is included in row 701.3 below (DQL restructuring).	693

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<p>preparatory actions referred to under this point shall not exceed EUR 50 000 000 in any financial year, and the total amount of appropriations actually committed for preparatory actions shall not exceed EUR 100 000 000.</p>	<p>preparatory actions referred to under this point shall not exceed EUR 50 000 000 in any financial year, and the total amount of appropriations actually committed for preparatory actions shall not exceed EUR 100 000 000. That amount shall not include preparatory actions proposed by the Commission and accepted by the European Parliament and the Council.</p> <p><i>Justification: PP and PA proposed by Commission should come over and above the ceiling specified in the Financial Regulation.</i></p>	<p>to under this point shall not exceed EUR 50 000 000 in any financial year, and the total amount of appropriations actually committed for preparatory actions shall not exceed EUR 100 000 000.</p>		
(c) appropriations for preparatory measures in the field of Title V of the TEU. Such measures shall be limited to a short period of time and shall be designed to establish the conditions for Union action in fulfilment of the objectives of the CFSP and for the adoption of the necessary legal instruments;		(c) appropriations for preparatory measures in the field of Title V of the TEU. Such measures shall be limited to a short period of time and shall be designed to establish the conditions for Union action in fulfilment of the objectives of the CFSP and for the adoption of the necessary legal instruments;		694
For the purpose of Union crisis management operations, preparatory measures shall be designed, inter alia, to assess the operational requirements, to provide for a rapid initial deployment of resources, or to establish the conditions on the ground for the launching of the operation.		For the purpose of Union crisis management operations, preparatory measures shall be designed, inter alia, to assess the operational requirements, to provide for a rapid initial deployment of resources, or to establish the conditions on the ground for the launching of the operation.		695
Preparatory measures shall be agreed by the Council, on a proposal by the High		Preparatory measures shall be agreed by the Council, on a proposal by the High Representative.		696

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Representative.				
In order to ensure the rapid implementation of preparatory measures, the High Representative shall inform the European Parliament and the Commission as early as possible of the Council's intention to launch a preparatory measure and, in particular, of the estimated resources required for this purpose. The Commission shall take all the measures necessary to ensure a rapid disbursement of the funds.		In order to ensure the rapid implementation of preparatory measures, the High Representative shall inform the European Parliament and the Commission as early as possible of the Council's intention to launch a preparatory measure and, in particular, of the estimated resources required for this purpose. The Commission shall take all the measures necessary to ensure a rapid disbursement of the funds.		697
The financing of measures agreed by the Council for the preparation of Union crisis management operations under Title V of the Treaty on European Union shall cover incremental costs directly arising from a specific field deployment of a mission or team involving inter alia personnel from the Union institutions, including high risk insurance, travel and accommodation costs and per diem payments.		The financing of measures agreed by the Council for the preparation of Union crisis management operations under Title V of the Treaty on European Union shall cover incremental costs directly arising from a specific field deployment of a mission or team involving inter alia personnel from the Union institutions, including high risk insurance, travel and accommodation costs and per diem payments.		699
(d) appropriations for one-off actions, or even actions for an indefinite duration, carried out by the Commission by virtue of tasks resulting from its prerogatives at institutional level pursuant to the TFEU and the Euratom Treaty, other than its right of legislative initiative referred to in point (b), and under specific powers directly conferred on it by those Treaties,		(d) appropriations for one-off actions, or even for actions for an indefinite duration, carried out by the Commission by virtue of tasks resulting from its prerogatives at institutional level pursuant to the TFEU and the Euratom Treaty, other than its right of legislative initiative referred to in point (b), and under specific powers directly conferred on it by those Treaties, a list of which is		700

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a list of which is to be given in the delegated acts adopted pursuant to this Regulation;		to be given in the delegated acts adopted pursuant to this Regulation; <i>Explanation: CLS pointed out that no such delegated act is foreseen - this was an oversight and the sentence to be deleted.</i>		
(e) appropriations for the operation of each institution under its administrative autonomy.		(e) appropriations for the operation of each Union institution under its administrative autonomy.		701
		3. With regard to appropriations referred to in point (a) of paragraph 2, the relevant commitment appropriations may be entered in the budget for not more than two consecutive financial years. The total amount of appropriations for the pilot projects shall not exceed EUR 40 000 000 in any financial year. <i>Explanation: DQL restructuring - no change of substance.</i>		701.1
		4. With regard to appropriations referred to in point (b) of paragraph 2, the preparatory actions shall follow a coherent approach and may take various forms. The relevant commitment appropriations may be entered in the budget for not more than three consecutive financial years. The procedure for the adoption of the relevant basic act shall be concluded before the end of the third financial year. In the course of that procedure, the commitment of appropriations shall correspond to the particular features of the preparatory action with regard to the activities envisaged, the aims pursued and the recipients. Consequently, the means		701.2

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		implemented shall not correspond in volume to those envisaged for financing the definitive action itself.		
		The total amount of appropriations for new preparatory actions referred to in point (b) of paragraph 2 shall not exceed EUR 50 000 000 in any financial year, and the total amount of appropriations actually committed for preparatory actions shall not exceed EUR 100 000 000. <i>Explanation: DQL restructuring - no change of substance.</i>		701.3
		5. With regard to the appropriations referred to in point (c) of paragraph 2, the preparatory measures shall be limited to a short period of time and shall be designed to establish the conditions for Union action in fulfilment of the objectives of the CFSP and for the adoption of the necessary legal instruments.		701.4
		For the purpose of Union crisis management operations, preparatory measures shall be designed, inter alia, to assess the operational requirements, to provide for a rapid initial deployment of resources, or to establish the conditions on the ground for the launching of the operation.		701.5
		Preparatory measures shall be agreed by the Council, on a proposal by the High Representative.		701.6
		In order to ensure the rapid implementation of preparatory measures, the High Representative		701.7

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		shall inform the European Parliament and the Commission as early as possible of the Council's intention to launch a preparatory measure and, in particular, of the estimated resources required for that purpose. The Commission shall take all the measures necessary to ensure a rapid disbursement of the funds.		
		The financing of measures agreed by the Council for the preparation of Union crisis management operations under Title V of the Treaty on European Union shall cover incremental costs directly arising from a specific field deployment of a mission or team involving inter alia personnel from the Union institutions, including high risk insurance, travel and accommodation costs and per diem payments. <i>Explanation: DQL restructuring - no change of substance.</i>		701.8
		5a. With regard to point (d) of paragraph 2, the relevant Articles of the TFEU, which directly confer specific powers on the Commission are the following: <i>Explanation: List of Commission competences lifted up from Art. 31 RAP.</i>		702
		(a) Article 154 (social dialogue);		703
		(b) Article 156 (studies, opinions and consultations on social matters);		703.1
		(c) Articles 159 and 160 (special reports on social matters);		703.2
		(d) Article 168(2) (initiatives to promote coordination on health		703.3

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		protection matters);		
		(e) Article 171(2) (initiatives to promote coordination on trans-European networks);		703.4
		(f) Article 173(2) (initiatives to promote coordination on matters relating to industry);		703.5
		(g) Article 175, second subparagraph (report on progress made towards achieving economic, social and territorial cohesion);		703.6
		(h) Article 181(2) (initiatives to promote coordination on research and technological development);		703.7
		(i) Article 190 (report on research and technological development);		703.8
		(j) Article 210(2) (initiatives to promote coordination of development cooperation policies);		703.9
		(k) Article 214(6) (initiatives to promote coordination on humanitarian aid measures).		703.10
		5b. With regard to point (d) of paragraph 2, the relevant Articles of the Euratom Treaty, which directly confer specific powers on the Commission are the following:		703.11
		(a) Article 70 (financial support, within the limits set by the budget, for prospecting programmes in the territories of Member States);		703.12
		(b) Articles 77 to 85. <i>Explanation: Lifted up from Art. 31 RAP.</i>		703.13
Article 57		Article 57		710

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<i>Implementation of the budget by institutions other than the Commission</i>		<i>Implementation of the budget by Union institutions other than the Commission</i>		
1. The Commission shall confer on the other institutions the requisite powers for the implementation of the sections of the budget relating to them.	AMD 139: 1. The other institutions <i>shall be responsible</i> for the implementation of the sections of the budget relating to them. <i>Justification: Clarification - there is no actual Commission decision conferring such powers.</i>	1. The Commission shall confer on the other Union institutions the requisite powers for the implementation of the sections of the budget relating to them.	Council wording is agreed.	711
2. The Commission may conclude agreements with the other Union institutions in order to facilitate the implementation of appropriations, in particular administrative ones governing the provision of services, supply of products, execution of works or the implementation of building contracts.	AMD 140: 2. The Union institutions may conclude agreements with each other in order to facilitate the implementation of appropriations, in particular administrative ones governing the provision of services, supply of products, execution of works or the implementation of building contracts.	2. The Commission Union institutions may conclude agreements with the other Union institutions with each other in order to facilitate the implementation of their appropriations, in particular laying down the conditions administrative ones governing the provision of services, supply of products, execution of works or the implementation of building contracts. <i>Explanation: Clarification.</i>	New wording: 2. <u>In order to facilitate the implementation of their appropriations, the Commission Union institutions</u> may conclude agreements with the other Union institutions <u>with each other</u> in order to facilitate the implementation of appropriations, in particular <u>laying down the conditions</u> administrative ones governing the provision of services, supply of products, execution of works or the implementation of building contracts.	712
		Those agreements shall enable the transfer of appropriations or the recovery of costs, which result from their implementation. <i>Explanation: Lifted up from paragraph 3 to clarify that charge back applies to all SLAs.</i>		712.1
3. Such service-level agreements may also be agreed upon between departments of the Union institutions,	AMD 141: 3. Such service-level agreements may also be agreed upon between Union institutions, Union bodies, European	3. Such service-level agreements may also be agreed upon between departments of the Union institutions, Union bodies,	New wording: 3. Such service-level agreements may also be agreed upon between departments of the Union institutions,	713

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Union bodies, European offices, bodies or persons entrusted with implementation of specific actions in the CFSP pursuant to Title V of the TEU and the Office of the Secretary General of the Board of Governors of the European schools. Those agreements shall enable the recovery of costs incurred as a result of their implementation.	offices, bodies or persons entrusted with implementation of specific actions in the CFSP pursuant to Title V of the TEU and the Office of the Secretary General of the Board of Governors of the European schools. Those agreements shall enable the recovery of costs incurred as a result of their implementation. The annual activity report referred to in Article 73(9) of this Regulation shall contain information about any such agreement. <i>Justification: AMD limits the scope of the empowerment and adds a provision on reporting.</i>	European offices, bodies or persons entrusted with implementation of specific actions in the CFSP pursuant to Title V of the TEU and the Office of the Secretary General of the Board of Governors of the European schools. Those agreements shall enable the recovery of costs incurred as a result of their implementation.	Union bodies, European offices, bodies or persons entrusted with implementation of specific actions in the CFSP pursuant to Title V of the TEU and the Office of the Secretary General of the Board of Governors of the European schools. Those agreements shall enable the recovery of costs incurred as a result of their implementation. <u>The Commission and the other institutions shall report regularly to the European Parliament and to the Council on the service-level agreements they conclude with other institutions.</u>	
<i>Article 58 Delegation of budget implementation powers</i>		<i>Article 58 Delegation of budget implementation powers</i>		714
1. The Commission and each of the other institutions may, within their departments, delegate their powers of budget implementation in accordance with the conditions laid down in this Regulation and by their internal rules and within the limits which they lay down in the instrument of delegation. Those so empowered shall act within the limits of the powers expressly conferred upon them.		1. The Commission and each of the other Union institutions may, within their departments, delegate their powers of budget implementation in accordance with the conditions laid down in this Regulation and by their internal rules and within the limits which they lay down in the instrument of delegation. Those so empowered shall act within the limits of the powers expressly conferred upon them.		715
2. However, the Commission may delegate its powers of budget implementation concerning the operational appropriations of its own section to the Heads of Union delegations and, in order to ensure	AMD 142: 2. However, the Commission may delegate its powers of budget implementation concerning the operational appropriations of its own section to the Heads of Union delegations and, in order to ensure	2. However In addition , the Commission may delegate its powers of budget implementation concerning the operational appropriations of its own section to the Heads of Union delegations and, in order to ensure	New wording: 2. However In addition , the Commission may delegate its powers of budget implementation concerning the operational appropriations of its own section to the Heads of Union delegations and, in order to ensure	716

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business continuity during their absence, to the deputy Heads of Delegations. When Heads of Union delegations act as subdelegated authorising officers of the Commission and their deputies in the absence of the latter, they shall apply the Commission rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other subdelegated authorising officer of the Commission.	business continuity during their absence from the country where their Delegation is based , to the deputy Heads of Delegations. When Heads of Union delegations act as subdelegated authorising officers of the Commission and their deputies in the absence of the latter, they shall apply the Commission rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other subdelegated authorising officer of the Commission. <u>Justification:</u> Clarification.	business continuity during their absence, to the deputy Heads of Delegations. When Heads of Union delegations, and their deputies in the absence of the former , act as subdelegated authorising officers of the Commission and their deputies in the absence of the latter , they shall apply the Commission rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other subdelegated authorising officer of the Commission. <u>Explanation:</u> Clarification.	business continuity during their absence, to the deputy Heads of Delegations. <u>This delegation shall be without prejudice to the responsibility of the Heads of Union delegations for the budget implementation. Where the absence of the Heads of Union delegations exceeds four weeks, the Commission shall revise its decision to delegate powers of budget implementation.</u> When Heads of Union delegations, and their deputies in the absence of the former , act as subdelegated authorising officers of the Commission and their deputies in the absence of the latter , they shall apply the Commission rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other subdelegated authorising officer of the Commission.	
The Commission may withdraw the delegation in accordance with its own rules.		The Commission may withdraw the delegation of powers referred to in the first subparagraph in accordance with its own rules. <u>Explanation:</u> Clarification.		717
For the purposes of the first subparagraph, the High Representative shall take the measures necessary to facilitate cooperation between Union delegations and Commission departments.		For the purposes of the first subparagraph, the High Representative shall take the measures necessary to facilitate cooperation between Union delegations and Commission departments.		718
3. The EEAS may exceptionally	AMD 143: 3. The EEAS may exceptionally	3. The EEAS may exceptionally delegate	EP AMD 143 accepted.	719

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delegate its powers of budget implementation concerning the administrative appropriations of its own section to Commission staff of the delegation where this is necessary in order to ensure the continuity in the administration of Delegations in the absence of the EEAS competent authorising officer. In the exceptional cases where Commission staff of Union Delegations act as sub-delegated authorising officers of the EEAS, they shall apply the EEAS internal rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other sub-delegated authorising officer of the EEAS.	delegate its powers of budget implementation concerning the administrative appropriations of its own section to Commission staff of the delegation where this is necessary in order to ensure the continuity in the administration of Delegations in the absence of the EEAS competent authorising officer from the country where his/her Delegation is based. In the exceptional cases where Commission staff of Union Delegations act as sub-delegated authorising officers of the EEAS, they shall apply the EEAS internal rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other sub-delegated authorising officer of the EEAS. <i>Justification: Clarification.</i>	its powers of budget implementation concerning the administrative appropriations of its own section to Commission staff of the Union delegations where this is necessary in order to ensure the continuity in the administration of such delegations in the absence of the EEAS competent authorising officer. In the exceptional cases where Commission staff of Union Delegations act as sub-delegated authorising officers of the EEAS, they shall apply the EEAS internal rules for the implementation of the budget and shall be subject to the same duties, obligations and accountability as any other sub-delegated authorising officer of the EEAS. <i>Explanation: DQL improvement.</i>		
The EEAS may withdraw the delegation in accordance with its own rules.		The EEAS may withdraw the delegation of powers referred to in the first subparagraph in accordance with its own rules. <i>Explanation: Clarification.</i>		720
<i>Article 59 Conflict of interest</i>		<i>Article 59 Conflict of interest</i>		721
1. Financial actors as defined in Chapter 4 of Title IV and other persons involved under direct, indirect and shared implementation in budget implementation and management, including acts preparatory thereto, audit or control shall not take any action which may bring their own interests into conflict		1. Financial actors as defined within the meaning of in Chapter 4 of this this Title IV and other persons involved under direct, indirect and shared implementation in budget implementation and management, including acts preparatory thereto, audit or control, shall not take any action which may bring their own interests into conflict with those of the	New wording (See row X118 for the Recital): 1. Financial actors as defined within the meaning of in Chapter 4 of this this Title IV and other persons, including national authorities at any level, involved under direct, indirect and shared implementation in budget	722

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with those of the Union. They shall also take appropriate measures to prevent conflict of interest from arising in the functions under their responsibility and to address situations which may objectively be perceived as a conflict of interest.		<p>Union. They shall also take appropriate measures to prevent a conflict of interest from arising in the functions under their responsibility and to address situations which may objectively be perceived as a conflict of interest.</p> <p><i>Explanation: DQL improvement.</i></p>	<p>implementation and management, including acts preparatory thereto, audit or control, shall not take any action which may bring their own interests into conflict with those of the Union. They shall also take appropriate measures to prevent a conflict of interest from arising in the functions under their responsibility and to address situations which may objectively be perceived as a conflict of interest.</p>	
		<p>1a. Where there is a risk of a conflict of interest, the member of national staff in question shall refer the matter to his or her hierarchical superior. In the case of staff covered by the Staff Regulations, he or she shall refer the matter to the relevant authorising officer by delegation. The relevant hierarchical superior or the authorising officer by delegation shall confirm in writing, whether a conflict of interest is found to exist. In that case, the Appointing Authority or the relevant national authority shall ensure that the official concerned ceases all activity in this matter. The relevant authorising officer by delegation or national authority concerned shall ensure that any further appropriate action is taken in accordance with the applicable law.</p> <p><i>Explanation: Re-inserted wording from current Art. 57(1) on cessation of activities and some additional clarifications. Art. 60 becomes superfluous with this modification.</i></p>		722.1
2. For the purposes of paragraph 1, a conflict of interest exists where the		2. For the purposes of paragraph 1, a conflict of interest exists where the		723

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impartial and objective exercise of the functions of a financial actor or other person, as referred to in paragraph 1, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest.		impartial and objective exercise of the functions of a financial actor or other person, as referred to in paragraph 1, is compromised for reasons involving family, emotional life, political or national affinity, economic interest or any other direct or indirect personal interest.		
<i>Article 60</i> <i>Conflict of interest of members of the staff</i>		<i>Article 60</i> <i>Conflict of interest of members of the staff</i>		725
Where the risk of conflict of interest referred to in Article 59 involves a member of the staff covered by the Staff Regulations, he or she shall refer the matter to the authorising officer by delegation who shall confirm in writing whether a conflict of interest exists. The member of the staff in question shall also inform his or her hierarchical superior. Where a conflict of interest is found to exist, the Appointing Authority shall relieve the official from responsibility in this matter. The authorising officer by delegation shall personally ensure that any further appropriate action is taken.		Where the risk of conflict of interest referred to in Article 59 involves a member of the staff covered by the Staff Regulations, he or she shall refer the matter to the authorising officer by delegation who shall confirm in writing whether a conflict of interest exists. The member of the staff in question shall also inform his or her hierarchical superior. Where a conflict of interest is found to exist, the Appointing Authority shall relieve the official from responsibility in this matter. The authorising officer by delegation shall personally ensure that any further appropriate action is taken. <i>Explanation: See explanation to Art. 59.</i>		726
CHAPTER 2 Methods of implementation		CHAPTER 2 Methods of implementation		728
<i>Article 61</i> <i>Methods of implementation of the budget</i>		<i>Article 61</i> <i>Methods of implementation of the budget</i>		729
1. The Commission shall implement the budget in any of the following ways:		1. The Commission shall implement the budget in any of the following ways:		730
(a) directly ("direct implementation"), by its departments, including its staff in the Union delegations under the authority of their respective Head of delegation, in		(a) directly ("direct implementation management ") as set out in Articles 121 to 148, by its departments, including its staff in the Union delegations under the		721

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accordance with Article 58(2), or through executive agencies as referred to in Article 68;		authority of their respective Head of delegation, in accordance with Article 58(2), or through executive agencies as referred to in Article 68; <i>Explanation: Strong opposition in Council to modify the established terminology on "management". In addition, some clarifications on the structure of the act are proposed (reference Articles) throughout.</i>		
(b) under shared implementation with Member States ("shared implementation");		(b) under shared implementation management with Member States ("shared implementation management ") as set out in Articles 62 and 121 to 124;		732
(c) indirectly ("indirect implementation"), where this is provided for in the basic act or in the cases referred to in points (a) to (d) of the first subparagraph of Article 56(2), with:	AMD 144: (c) indirectly ('indirect implementation'), where this is provided for in the basic act or in the cases referred to in points (a) to (d) of the first subparagraph of Article 56(2), by entrusting budget implementation tasks to: <i>Justification: Reinserted from Art. 58(1)(c), Reg. 966/2012. If the modification from "indirect management" to "indirect implementation" is only linguistic, according to the Commission, the existing definition of indirect method of implementation of the budget should be kept.</i>	(c) indirectly ("indirect implementation management ") as set out in Articles 121 to 144 and 149 to 153 , where this is provided for in the basic act or in the cases referred to in points (a) to (d) of the first subparagraph of Article 56(2), with by entrusting budget implementation tasks to: <i>Explanation: As EP.</i>		733
(i) third countries or the bodies they have designated;		(i) third countries or the bodies they have designated;		734
(ii) international organisations or their agencies, as defined in Article 151;		(ii) international organisations or their agencies, as defined in within the meaning of Article 151;		735

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		<i>Explanation: DQL improvement.</i>		
(iii) the European Investment Bank or the European Investment Fund ("the EIB group");	AMD 145: (iii) the European Investment Bank ('EIB') or the EIF ; <i>Justification: Since the composition of the "EIB group" might change in the future, it is better to refer to the EIB and the EIF separately.</i>	(iii) the European Investment Bank or the European Investment Fund ("the EIB group");	New wording: (iii) the European Investment Bank or the European Investment Fund or both of them acting as a group ("the EIB group");	736
(iv) bodies referred to in Articles 69 and 70;		(iv) bodies referred to in Articles 69 and 70;		737
(v) public law bodies;		(v) public law bodies, including Member State organisations ; <i>Explanation: Council proposed to treat MS organisations on par with NGOs (concerns in particular development policy), see also new Art. 151a.</i>		738
(vi) bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;		(vi) bodies governed by private law with a public service mission, including Member State organisations , to the extent that they provide adequate financial guarantees; <i>Explanation: As above.</i>		739
(vii) bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;		(vii) bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;		740
(viii) bodies or persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V TEU, and identified in the relevant basic		(viii) bodies or persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant		741

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act.		basic act.		
		<p>With regard to point (vi) of the first subparagraph, the amount of the financial guarantees may be set out in the relevant basic act and may be limited to the maximum amount of the Union contribution to the body or organisation concerned. In case of multiple guarantors, the repartition of the amount of the total liability to be covered by the guarantees shall be specified in the contribution agreement, which may provide for the liability of each guarantor to be proportionate to the share of their respective contribution to the body or organisation.</p> <p><i>Explanation: Clarification of scope of guarantee to be provided - to avoid that one body has to guarantee excessive amounts.</i></p>		741.1
		1a. For the purposes of direct management, the Commission may use the instruments referred to in Titles VII, VIII, IX, X and XII.		741.2
		For the purposes of shared management, the instruments for budget implementation are provided for in sector-specific legislation.		741.3
		For the purposes of indirect management, the Commission shall apply Title VI and, in the case of financial instruments and budgetary guarantees, Titles VI and X. The implementing entities shall apply the instruments for budget implementation set out in the contribution agreement.		741.4

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		<i>Explanation: This paragraphs intends to clarify the applicable budget instruments that are available for each implementation mode.</i>		
2. The Commission is responsible for the implementation of the budget in accordance with Article 317 TFEU and shall not delegate implementation of the budget to third parties, where such tasks involve a large measure of discretion implying political choices.	AMD 146: 2. The Commission is responsible for the implementation of the budget in accordance with Article 317 TFEU and shall not delegate implementation of the budget to third parties, where such tasks involve any discretion implying political choices. <i>Justification: Tasks involving discretion implying political choices should always be carried out by an official or other servant of the Union.</i>	2. The Commission is responsible for the implementation of the budget in accordance with Article 317 TFEU and shall not delegate implementation of the budget to third parties, where such tasks involve a large measure of discretion implying political choices.	EP drops AMD 146 - text stays as in Cion and Council wording.	742
The Commission shall not, through contracts in accordance with Title VII, outsource tasks involving the exercise of public authority and discretionary powers of judgement.		The Commission shall not, through contracts in accordance with Title VII, outsource tasks involving the exercise of public authority and discretionary powers of judgement.		743
<i>Article 62</i> <i>Shared implementation with Member States</i>		<i>Article 62</i> <i>Shared implementation management with Member States</i>		759
1. Where the budget is implemented under shared implementation the Commission and the Member States shall respect the principles of sound financial management, transparency and non-discrimination and shall ensure the visibility of Union action. To this end, the Commission and the Member States shall fulfil their respective control and audit obligations and assume the resulting responsibilities laid down in this	AMD 147: 1. Where the Commission implements the budget under shared implementation, implementation tasks shall be delegated to Member States. The Commission and the Member States shall respect the principles of sound financial management, transparency and non-discrimination and shall ensure the visibility of Union action when they implement Union funds. To this end, the Commission and the	1. Where the Commission implements the budget is implemented under shared implementation management, implementation tasks shall be delegated to Member States. ‡ The Commission and the Member States shall respect the principles of sound financial management, transparency and non-discrimination and shall ensure the visibility of the Union action. To this at end, the Commission and the Member States shall fulfil their	New wording: 1. Where the Commission implements the budget is implemented under shared implementation management, implementation tasks shall be delegated to Member States. ‡ The Commission and the Member States shall respect the principles of sound financial management, transparency and non-discrimination and shall	760

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
Regulation. Complementary provisions shall be laid down in sector-specific rules.	Member States shall fulfil their respective control and audit obligations and assume the resulting responsibilities laid down in this Regulation. Complementary provisions shall be laid down in sector-specific rules.	respective control and audit obligations and assume the resulting responsibilities laid down in this Regulation. Complementary provisions shall be laid down in sector-specific rules. <i>Explanation: Back to previous wording - Council opposes modification of terminology to "implementation".</i>	ensure the visibility of the Union action when they manage Union funds . To this end, the Commission and the Member States shall fulfil their respective control and audit obligations and assume the resulting responsibilities laid down in this Regulation. Complementary provisions shall be laid down in sector-specific rules.	
2. Member States shall take all the necessary measures, including legislative, regulatory and administrative measures, to protect the Union's financial interests, namely by:		2. When executing tasks relating to the implementation of the budget , Member States shall take all the necessary measures, including legislative, regulatory and administrative measures, to protect the Union's financial interests, namely by: <i>Explanation: As above.</i>		761
(a) ensuring that actions financed from the budget are implemented correctly and effectively and in accordance with the applicable sector-specific rules and, for that purpose, designating in accordance with paragraph 3, and supervising bodies responsible for the management and control of Union funds;		(a) ensuring that actions financed from the budget are implemented correctly and effectively and in accordance with the applicable sector-specific rules;		762
		(aa) and, for that purpose, designating bodies responsible for the management and control of Union funds in accordance with paragraph 3, and supervising such bodies responsible for the management and control of Union funds ; <i>Explanation: DQL improvement.</i>		762.1
(b) preventing, detecting and		(b) preventing, detecting and correcting		763

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correcting irregularities and fraud.		irregularities and fraud.		
	AMD 148: <i>(ba) cooperating with the Commission, OLAF, the European Public Prosecutor's Office (EPPO) and the European Court of Auditors (ECA).</i>		New wording: "(ba) cooperating, <u>in accordance with this Regulation and sector-specific rules</u> , with the Commission, OLAF, the European Court of Auditors (ECA) and <u>for those participating Member States also the European Public Prosecutor's Office (EPPO) after its establishment.</u> See also Art. 132(2) 4th subpara. - EPPO added - row 1692	763.1
In order to protect the Union's financial interests, Member States shall, respecting the principle of proportionality, and in compliance with this Article, and the relevant sector-specific rules, carry out ex ante and ex post controls including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions. They shall also recover funds unduly paid and bring legal proceedings where necessary in this regard.		In order to protect the Union's financial interests, Member States shall, while respecting the principle of proportionality, and in compliance with this Article, and the relevant sector-specific rules, carry out ex-ante and ex-post controls including, where appropriate, on-the-spot checks on representative and/or risk-based samples of transactions. They shall also recover funds unduly paid and bring legal proceedings where necessary in this regard. <i>Explanation: DQL improvement.</i>		764
Member States shall impose effective, dissuasive and proportionate penalties on recipients where provided for in sector-specific rules and in specific provisions in national legislation.		Member States shall impose effective, dissuasive and proportionate penalties on recipients where provided for in sector-specific rules and or in specific provisions in national legislation law . <i>Explanation: DQL improvement.</i>		765
As part of its risk assessment and in		As part of its risk assessment and in		766

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
accordance with sector- specific rules, the Commission shall monitor the management and control systems established in the Member States. The Commission shall, in its audit work, respect the principle of proportionality and shall take into account the level of assessed risk in accordance with the sector-specific rules.		accordance with sector-specific rules, the Commission shall monitor the management and control systems established in the Member States. The Commission shall, in its audit work, respect the principle of proportionality and shall take into account the level of assessed risk assessed in accordance with the sector-specific rules. <i>Explanation: DQL improvement.</i>		
3. In accordance with the criteria and procedures laid down in sector-specific rules, Member States shall, at the appropriate level, designate bodies to be responsible for the management and control of Union funds. Such bodies may also carry out tasks not related to the management of Union funds and may entrust certain of their tasks to other bodies, including the bodies indicated in Article 61(1)(c)(ii) and (iii).	AMD 149: 3. In accordance with the criteria and procedures laid down in sector-specific rules, Member States shall, at the appropriate level, designate bodies to be responsible for the management and control of Union funds. Such bodies may also carry out tasks not related to the management of Union funds and may entrust certain of their tasks to other bodies. <i>Justification: Entrusting tasks to international organisations and their agencies, as well as to the EIB Group would reduce the possibilities of Member States to control the implementation of Funds under shared implementation especially with regard grants.</i>	3. In accordance with the criteria and procedures laid down in sector-specific rules, Member States shall, at the appropriate level, designate bodies to be responsible for the management and control of Union funds. Such bodies may also carry out tasks not related to the management of Union funds and may entrust certain of their tasks to other bodies, including the bodies indicated referred to in points (ii) and (iii) of Article 61(1)(c)(ii) and (iii). <i>Explanation: DQL improvement.</i>	EP wording is provisionally agreed.	767
When deciding on the designation of bodies, Member States may base their decision on whether the management and control systems are essentially the same as those already in place for the previous period and whether they have functioned effectively.		When deciding on the designation of bodies, Member States may base their decision on whether the management and control systems are essentially the same as those already in place for the previous period and whether they have functioned effectively.		768

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If audit and control results show that the designated bodies no longer comply with the criteria set out in the sector-specific rules, Member States shall take the measures necessary to ensure that deficiencies in the implementation of the tasks of these bodies are remedied, including by ending the designation in accordance with the sector-specific rules.		If audit and control results show that the designated bodies no longer comply with the criteria set out in the sector-specific rules, Member States shall take the measures necessary to ensure that deficiencies in the implementation of the tasks of these bodies are remedied, including by ending the designation in accordance with the sector-specific rules.		769
The sector-specific rules shall define the role of the Commission in the process set out in this paragraph.		The sector-specific rules shall define the role of the Commission in the process set out in this paragraph.		770
4. Bodies designated pursuant to paragraph 3 shall:		4. Bodies designated pursuant to paragraph 3 shall:		771
(a) set up and ensure the functioning of an effective and efficient internal control system;		(a) set up and ensure the functioning of an effective and efficient internal control system;		772
(b) use an accounting system that provides accurate, complete and reliable information in a timely manner;		(b) use an accounting system that provides accurate, complete and reliable information in a timely manner;		773
(c) provide the information required under paragraph 5;		(c) provide the information required under paragraphs 5, 5a and 5b ; <i>Explanation: DQL structural improvements.</i>		774
(d) ensure ex post publication in accordance with Article 36(2). Any processing of personal data shall comply with national provisions implementing Directive 95/46/EC.		(d) ensure ex-post publication in accordance with Article 36(2) to (8) . Any processing of personal data shall comply with national provisions implementing Directive 95/46/EC.		775
		<i>Explanation: DQL restructuring.</i> Any processing of personal data shall comply with national provisions implementing Directive 95/46/EC.		775.1

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5. Bodies designated pursuant to paragraph 3 shall, by 15 February of the following financial year, provide the Commission with:		5. Bodies designated pursuant to paragraph 3 shall, by 15 February of the following financial year, provide the Commission with:		776
(a) their accounts on the expenditure that was incurred, during the relevant reference period as defined in the sector-specific rules, in the execution of their tasks and that was presented to the Commission for reimbursement. Those accounts shall include pre-financing and sums for which recovery procedures are underway or have been completed. They shall be accompanied by a management declaration confirming that, in the opinion of those in charge of the management of the funds:		(a) their accounts on the expenditure that was incurred, during the relevant reference period as defined in the sector-specific rules, in the execution of their tasks and that was presented to the Commission for reimbursement. Those accounts shall include pre-financing and sums for which recovery procedures are underway or have been completed. They shall be accompanied by a management declaration confirming that, in the opinion of those in charge of the management of the funds: <i>Explanation: DQL restructuring.</i>		777
(i) the information is properly presented, complete and accurate,		(i) the information is properly presented, complete and accurate,		778
(ii) the expenditure was used for its intended purpose, as defined in the sector-specific rules		(ii) the expenditure was used for its intended purpose, as defined in the sector-specific rules,		779
(iii) the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;		(iii) the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;		780
(b) an annual summary of the final audit reports and of controls carried out, including an analysis of the nature and extent of errors and weaknesses identified in systems, as well as corrective		(b) an annual summary of the final audit reports and of controls carried out, including an analysis of the nature and extent of errors and weaknesses identified in systems, as well as		781

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action taken or planned		corrective action taken or planned.		
		<i>Explanation: DQL restructuring from (5).</i> 5a. The accounts referred to in point (a) of paragraph 5 shall include pre-financing and sums for which recovery procedures are underway or have been completed. They shall be accompanied by a management declaration confirming that, in the opinion of those in charge of the management of the funds:		781.1
		(a) the information is properly presented, complete and accurate;		781.2
		(b) the expenditure was used for its intended purpose, as defined in the sector-specific rules;		781.3
		(c) the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.		781.4
The accounts referred to in point (a) of the first subparagraph and the summary referred to in point (b) of the first subparagraph shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards. That opinion shall establish whether the accounts give a true and fair view, whether expenditure for which reimbursement has been requested from the Commission is legal and regular, and whether the control systems put in place function		5b. The accounts referred to in point (a) of the first subparagraph 5 and the summary referred to in point (b) of the first subparagraph shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards. That opinion shall establish whether the accounts give a true and fair view, whether expenditure for which reimbursement has been requested from the Commission is legal and regular, and whether the control systems put in place function properly. The opinion shall also state whether the		782

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properly. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration referred to in point (a) of the first subparagraph.		audit work puts in doubt the assertions made in the management declaration referred to in point (a) of the first subparagraph 5.		
The deadline of 15 February may exceptionally be extended by the Commission to 1 March, upon communication by the Member State concerned.		The deadline of 15 February set out in paragraph 5 may exceptionally be extended by the Commission to 1 March, upon communication by the Member State concerned.		783
Member States may, at the appropriate level, publish the information referred to in this paragraph.		Member States may, at the appropriate level, publish the information referred to in paragraph 5 and 5a and in this paragraph.		784
In addition, Member States may provide declarations signed at the appropriate level based on the information referred to in this paragraph.	AMD 150: In addition, Member States shall provide to the European Parliament and the Commission declarations signed at the appropriate level based on the information referred to in this paragraph.	In addition, Member States may provide declarations signed at the appropriate level based on that information referred to in this paragraph .	New wording: In addition, Member States may provide to the European Parliament, the Council and the Commission declarations signed at the appropriate level based on the information referred to in this paragraph.	785
6. In order to ensure that Union funds are used in accordance with the applicable rules, the Commission shall:		6. In order to ensure that Union funds are used in accordance with the applicable rules, the Commission shall:		786
(a) apply procedures for the examination and acceptance of the accounts of the designated bodies, ensuring that the accounts are complete, accurate and true;		(a) apply procedures for the examination and acceptance of the accounts of the designated bodies, ensuring that the accounts are complete, accurate and true;		787
(b) exclude from Union financing expenditure for which disbursements have been made in breach of applicable law;		(b) exclude from Union financing expenditure for which disbursements have been made in breach of applicable law;		788

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(c) interrupt payment deadlines or suspend payments where provided for in the sector-specific rules.		(c) interrupt payment deadlines or suspend payments where provided for in the sector-specific rules.		789
The Commission shall end all or part of the interruption of payment deadlines or suspension of payments after a Member State has presented its observations and as soon as it has taken any necessary measures. The annual activity report referred to in Article 73(9) shall cover all the obligations under this subparagraph.		The Commission shall end all or part of the interruption of payment deadlines or suspension of payments after a Member State has presented its observations and as soon as it has taken any necessary measures. The annual activity report referred to in Article 73(9) shall cover all the obligations under this subparagraph.		790
7. Sector-specific rules shall take account of the needs of European Territorial Cooperation programmes as regards, in particular, the content of the management declaration, the process set out in paragraph 3 and the audit function.		7. Sector-specific rules shall take account of the needs of European Territorial Cooperation programmes as regards, in particular, the content of the management declaration, the process set out in paragraph 3 and the audit function.		791
8. The Commission shall compile a register of bodies responsible for management, certification and audit activities under the sector-specific regulations.		8. The Commission shall compile a register of bodies responsible for management, certification and audit activities under the sector-specific regulations.		792
In order to promote best practices in the implementation of the Structural Funds, the Cohesion Fund, the European Agricultural Fund for Rural Development, the EAGF and the European Fisheries Fund, the Commission may, for information purposes, make available a methodological guide setting out its own control strategy and approach, including checklists, and best practice examples to bodies responsible for	AMD 151: In order to promote best practices in the implementation of the Structural Funds, the Cohesion Fund, the European Agricultural Fund for Rural Development, the EAGF and the European Maritime and Fisheries Fund, the Commission may, for information purposes, make available a methodological guide setting out its own control strategy and approach, including checklists, and best practice examples to bodies responsible for	In order to promote best practices in the implementation of the Structural Funds, the Cohesion Fund, the European Agricultural Fund for Rural Development, the EAGF and the European Fisheries Fund, the Commission may, for information purposes, make available a methodological guide setting out its own control strategy and approach, including checklists, and best practice examples to bodies responsible for management	Council version (deletion) agreed in exchange for a recital: Draft recital: In order to promote best practices in the implementation of the Structural Funds, European Regional Development Fund, the European Social Fund , the Cohesion Fund, the European Agricultural Fund for Rural Development, the EAGF and the European Maritime and Fisheries Fund, the Commission may, for	793

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management and control activities. That guide shall be updated whenever necessary.	management and control activities. That guide shall be updated whenever necessary.	and control activities. That guide shall be updated whenever necessary. <i>Explanation:</i> Council considers it sufficient to provide the methodological guide on control strategy in Commission guidelines.	information purposes, make available a non-binding methodological guide setting out its own control strategy and approach, including checklists, and best practice examples to bodies responsible for management and control activities. That guide shall should be updated whenever necessary.	
	AMD 152: <i>With regard to maritime affairs and fisheries, the delivery of the national and sub-national programmes requires a comprehensive national and sub-national Management and Control System (MCS) of all financial commitments, based on a close collaboration between the national and any sub-national management authority and the Commission. The Commission shall report annually and publish interim evaluations.</i>		EP drops AMD 152.	793.1
	AMD 153: <i>8a. In order for the specific and appropriate policy and measures to be determined, the Commission shall promote the preparation of regional operational programmes in accordance with the principles of proportionality and subsidiarity and taking into account regional competences.</i> <i>Justification:</i> Regions should be able to exercise their right to take part in the decision making process on matters within their competences. Accordingly, regions with competences in the fisheries		EP drops AMD 153.	793.2

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	<i>sector should be able to prepare and manage their regional operational programmes.</i>			
9. Resources allocated to Member States under shared implementation may also be used in combination with operations and instruments carried out under Regulation 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013.	AMD 154: 9. Resources allocated to Member States under shared implementation may <i>in accordance with sector-specific rules</i> also be used in combination with operations and instruments carried out under Regulation 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013. <i>In so doing, the applicable maximum co-financing rate shall always be respected.</i>	9. Member States may use r Resources allocated to Member States them under shared implementation management may also be used in combination with operations and instruments carried out under Regulation 2015/1017 in accordance with the conditions set out in the relevant sector-specific rules of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013. <i>Explanation: Some DQL improvements (Title of EFSI is already in Recital 184) and clarification of applicability of sector-specific rules.</i>	Council drafting was agreed	794
	AMD 155: <i>Article 62 a</i> <i>Single set of rules under shared implementation</i> <i>Where an ESI fund is combined with one or more other ESI funds or with another type of Union funding within a single measure, a Member State may provide for general rules on the application of the legal framework of one of the ESI funds or types of Union funding to the whole measure. The Member State shall submit these general rules to the Commission for</i>		EP AMD 155 is dropped.	794.1
				794.2

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	approval. <i>Justification: The AMD aims to implement the "single set of rules" principle to shared management, in order to relieve the beneficiaries and the Member States' administrations of administrative burden, such as conflicting interpretations of rules by different Commission DGs. A bottom-up approach seems to be the best way of doing this.</i>			
CHAPTER 3 European offices and Union bodies		CHAPTER 3 European offices and Union bodies		800
SECTION 1 EUROPEAN OFFICES		SECTION 1 EUROPEAN OFFICES		801
<i>Article 63</i> <i>Definition and scope</i>		<i>Article 63</i> <i>Definition and scope</i> of competences of European offices <i>Explanation: Title adapted as consequence of shifting definition to Art. 2.</i>		802
1. "European offices" are administrative structures set up by the Commission or by the Commission with one or more institutions to perform specific cross-cutting tasks, provided that that can be justified by a cost-benefit study and an assessment of the associated risks.	AMD 156: 1. "European offices" are administrative structures set up by the Commission or by the Commission with one or more institutions to perform specific cross-cutting tasks, provided that that can be justified by a cost-benefit study and an assessment of the associated risks and subject to approval by the European Parliament and the Council.	1. "European offices" are administrative structures set up by the Commission or by the Commission with one or more institutions to perform specific cross-cutting tasks, shall only be set up provided that that their setting up can be justified by a cost-benefit study and an assessment of the associated risks. Before setting up a new European office, the Commission shall inform the European Parliament and the Council of the results of the cost-benefit study. <i>Explanation: Definition moved to Art. 2. Clarification of text and obligation to inform EP and Council of c-b-s. Setting-up of an office should be within Commission's</i>	New wording: 1. "European offices" are administrative structures set up by the Commission or by the Commission with one or more institutions to perform specific cross-cutting tasks, shall only be set up provided that that their setting up can be justified by a cost-benefit study and an assessment of the associated risks. Before setting up a new European office, the Commission shall inform the European Parliament and the Council of the results of the cost-benefit study and the assessment of the associated risks and propose to enter the necessary appropriations in an annex to the	803

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		<i>autonomy.</i>	<u>Commission section of the budget.</u>	
2. Within their scope of their competences, European offices:		2. Within their scope of their competences, European offices:		804
(a) shall perform obligatory tasks provided for in their act of establishment or in other Union legislation;		(a) shall perform obligatory tasks provided for in their act of establishment or in other legal acts of the Union legislation ; <i>Explanation: DQL improvement.</i>		805
(b) may perform non-obligatory tasks authorised by their Management Committees having considered the costs-benefits and associated risks for the parties involved. For the performance of these tasks the office may receive delegation of authorising officer powers, or may conclude ad hoc service-level agreements with the Union institutions, Union bodies, other European offices or third parties.	AMD 157: (b) may perform non-obligatory tasks authorised by the European Parliament and the Council after their Management Committees have considered the costs-benefits and associated risks for the parties involved. For the performance of these tasks the office may receive delegation of authorising officer powers, or may conclude ad hoc service-level agreements with the Union institutions, Union bodies, other European offices or third parties.	(b) may, in accordance with Article 65 , perform non-obligatory tasks authorised by their Management Committees having considered the costs-benefits and associated risks for the parties involved. For the performance of these tasks the office may receive delegation of authorising officer powers, or may conclude ad hoc service-level agreements with the Union institutions, Union bodies, other European offices or third parties. <i>Explanation: DQL restructuring: move deleted part to Art. 65 point (b) in shortened form, where this is already mostly covered.</i>	Council text is agreed.	806
3. This Section shall apply to the operation of European Anti-Fraud Office, with the exception of paragraph 4 of this Article, Article 65 and paragraphs 1, 2 and 3 of Article 66.		3. This Section shall apply to the operation of the European Anti-Fraud Office, with the exception of paragraph 4 of this Article, Article 65 and paragraphs 1, 2 and 3 of Article 66.		807
4. The internal auditor of the Commission shall exercise all responsibilities laid down in Chapter 8 of this Title.		4. The internal auditor of the Commission shall exercise all responsibilities laid down in Chapter 8 of this Title.		809

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<i>Article 64 Appropriations regarding the European Offices</i>		<i>Article 64 Appropriations regarding the European offices</i>		813
1. The appropriations authorised to implement obligatory tasks of each European office shall be entered in a specific budget line within the section of the budget relating to the Commission and shall be set out in detail in an Annex to that section.		1. The appropriations authorised to implement obligatory tasks of each European office shall be entered in a specific budget line within the section of the budget relating to the Commission and shall be set out in detail in an Annex to that section.		814
The Annex referred to in the first subparagraph shall take the form of a statement of revenue and expenditure, subdivided in the same way as the sections of the budget.		The Annex referred to in the first subparagraph shall take the form of a statement of revenue and expenditure, subdivided in the same way as the sections of the budget.		815
The appropriations entered in that Annex:		The appropriations entered in that Annex:		816
(a) shall cover all the financial requirements of each European office in the performance of the obligatory tasks provided for in its act of establishment or in other Union legislation;		(a) shall cover all the financial requirements of each European office in the performance of the obligatory tasks provided for in its act of establishment or in other legal acts of the Union legislation ;		817
(b) may cover financial requirements of a European office in the performance of tasks requested by the Union institutions, Union bodies, European offices and agencies established by or under the Treaties and authorised in accordance with the act of establishment of the office;		(b) may cover financial requirements of a European office in the performance of tasks requested by the Union institutions, Union bodies, other European offices and agencies established by or under the Treaties and authorised in accordance with the act of establishment of the office;		818
2. The Commission shall, in respect of the appropriations entered in the Annex for each European office delegate the powers of authorising officer to the Director of the European		2. The Commission shall, in respect of the appropriations entered in the Annex for each European office delegate the powers of authorising officer to the Director of the European office		819

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office concerned, in accordance with Article 72.		concerned, in accordance with Article 72.		
3. Each European office's establishment plan shall be annexed to that of the Commission.		3. Each European office's establishment plan shall be annexed to that of the Commission.		820
4. The Director of each European office shall take decisions on transfers within the Annex referred to in paragraph 1. The Commission shall inform the European Parliament and the Council of such transfers.		4. The Director of each European office shall take decisions on transfers within the Annex referred to in paragraph 1. The Commission shall inform the European Parliament and the Council of such transfers. <i>Explanation: DQL improvements throughout.</i>		821
<i>Article 65 Non-obligatory tasks</i>		<i>Article 65 Non-obligatory tasks</i>		825
For the non-obligatory tasks referred to in point (b) of Article 63(2), a European office may:		1. For the non-obligatory tasks referred to in point (b) of Article 63(2), a European office may:		827
(a) receive delegation to its Director from Union institutions, Union bodies and other European offices, together with a delegation of the authorising officer powers concerning appropriations entered in the section of the budget of the Union institution, Union body or other European office. The Union institutions, Union bodies and other European offices concerned shall set the limits and conditions for this delegation of powers. Such delegation shall be agreed in accordance with the act of establishment of the European office, notably on the conditions and modalities of this delegation;		(a) receive delegation to its Director from Union institutions, Union bodies and other European offices, together with a delegation of the authorising officer powers concerning appropriations entered in the section of the budget of the Union institution, Union body or other European office. The Union institutions, Union bodies and other European offices concerned shall set the limits and conditions for this delegation of powers. Such delegation shall be agreed in accordance with the act of establishment of the European office, notably on the conditions and modalities of this delegation; <i>Explanation: DQL restructuring - moved to paragraph 2.</i>		828

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(b) conclude ad hoc service-level agreements. In such cases, the Director of the European office shall adopt, in accordance with its act of establishment, the specific provisions governing the implementation of those tasks, the recovery of costs incurred, and the keeping of the corresponding accounts. The office shall report to the institutions, Union bodies or other European offices concerned of the results of such accounts.		(b) conclude ad hoc service-level agreements with In such cases, the Director of the European office shall adopt, in accordance with its act of establishment, the specific provisions governing the implementation of those tasks, the recovery of costs incurred, and the keeping of the corresponding accounts. The office shall report to the Union institutions, Union bodies, or other European offices or third parties concerned of the results of such accounts. <i>Explanation: DQL restructuring - moved to paragraph 3.</i>		829
		2. In the case referred to in point (a) of paragraph 1, the Union institutions, Union bodies and other European offices concerned shall set the limits and conditions for the delegation of powers. Such delegation shall be agreed in accordance with the act of establishment of the European office, in particular as regards the conditions and modalities of the delegation.		829.1
		3. In the cases referred to in point (b) of paragraph 1, the Director of the European office shall, in accordance with its act of establishment, adopt the specific provisions governing the implementation of the tasks, the recovery of costs incurred, and the <u>keeping of the corresponding accounts</u>. The European office shall report the result of such accounting records to the Union institutions,	New wording: " keeping of the corresponding accounts" should be replaced with "....keeping of the corresponding accounting records."	829.2

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		Union bodies or other European offices concerned.		
<i>Article 66</i> <i>Accounts of the European offices</i>		<i>Article 66</i> <i>Accountsing records of the European offices</i> <i><u>Explanation:</u> Correction of terminology (accounts to be used only for the Commission after consolidation) as advised by Commission - throughout.</i>		830
1. Each European office shall draw up accounting records of its expenditure, enabling the proportion of its services supplied to each of the institutions, Union bodies or other European offices to be determined. The Director of the European office concerned shall adopt, after approval by its Management Committee, the criteria upon which the accounting records shall be based.		1. Each European office shall draw up accounting records of its expenditure, enabling the proportion of its services supplied to each of the Union institutions, Union bodies or other European offices to be determined. The Director of the European office concerned shall adopt , after approval by its Management Committee, adopt the criteria upon which the accounting records shall be based.		831
2. The remarks concerning the specific budget line in which the total appropriations for each European office to which authorising officer powers have been delegated in accordance with point (a) of Article 65 are entered shall show an estimate of the costs of services supplied by that office to each of the Union institutions, Union bodies and other European offices concerned. This shall be based on the accounting records provided for in paragraph 1 of this Article.		2. The remarks concerning the specific budget line, in which the total appropriations for each European office to which authorising officer powers have been delegated in accordance with point (a) of Article 65 (1) are entered, shall show an estimate of the costs of services supplied by that office to each of the Union institutions, Union bodies and other European offices concerned. This shall be based on the accounting records provided for in paragraph 1 of this Article.		832
3. Each European office to which authorising officer powers have been delegated in accordance with point (a) of Article 65 shall notify the Union		3. Each European office to which authorising officer powers have been delegated in accordance with point (a) of Article 65 (1) shall notify the Union		833

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institutions, Union bodies and other European offices concerned of the results of the accounting records provided for in paragraph 1 of this Article.		institutions, Union bodies and other European offices concerned of the results of the accounting records provided for in paragraph 1 of this Article.		
4. Each European office's accounts shall form an integral part of the Union's accounts in accordance with Article 234.		4. Each European office's account ing records shall form an integral part of the Union's accounts in accordance with Article 234.		834
5. The Commission accounting officer, acting on a proposal from the Management Committee of the European office in question, may delegate to a member of the staff of the office some of his tasks relating to the collection of revenue and the payment of expenditure made directly by the European office in question.		5. The Commission accounting officer, acting on a proposal from the Management Committee of the European office in question concerned , may delegate to a member of the staff of the European office some of his the officer's tasks relating to the collection of revenue and the payment of expenditure made directly by the European office in question concerned .		835
6. To meet the cash requirements of the European office, bank accounts or post office giro accounts may be opened in its name by the Commission, acting on a proposal from the Management Committee. The final cash position for each year shall be reconciled and adjusted between the European office in question and the Commission at the end of the financial year.		6. To meet the cash requirements of the European office, bank accounts or post office giro accounts may be opened in its name by the Commission, acting on a proposal from the Management Committee. The final cash position for each year shall be reconciled and adjusted between the European office in question concerned and the Commission at the end of the financial year. <i>Explanation: DQL improvements throughout.</i>		836
SECTION 2 UNION BODIES		SECTION 2 UNION BODIES		846
<i>Article 67 Applicability to the Euratom Supply Agency</i>		<i>Article 67 Applicability to the Euratom Supply Agency</i>		847

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This Regulation shall apply to the implementation of the budget for the Euratom Supply Agency.		Regulation shall apply to the implementation of the budget for the Euratom Supply Agency.		848
<i>Article 68 Executive agencies</i>		<i>Article 68 Executive agencies</i>		849
1. The Commission may delegate powers to the executive agencies to implement all or part of a Union programme or project, including pilot projects and preparatory actions and the implementation of administrative expenditures, on its behalf and under its responsibility, in accordance with Council Regulation (EC) No 58/2003 ¹ . The executive agencies shall be created by means of a Commission Decision and shall be legal persons under Union law. They shall receive an annual contribution.		1. The Commission may delegate powers to the executive agencies to implement all or part of a Union programme or project, including pilot projects and preparatory actions and the implementation of administrative expenditures, on its behalf and under its responsibility, in accordance with Council Regulation (EC) No 58/2003 ¹ . The executive agencies shall be created by means of a Commission Decision and shall be legal persons under Union law. They shall receive an annual contribution.		850
2. The directors of the executive agencies shall act as authorising officers by delegation as regards the implementation of the operational appropriations relating to the Union programmes which they manage in whole or in part.		2. The directors of the executive agencies shall act as authorising officers by delegation as regards the implementation of the operational appropriations relating to the Union programmes which they manage in whole or in part.		852
3. The steering committee of the executive agencies may agree with the Commission that the accounting officer of the Commission shall also act as accounting officer of the executive agency. The steering committee may also entrust the accounting officer of the Commission with part of the tasks of the		3. The steering committee of the executive agencies may agree with the Commission that the accounting officer of the Commission shall also act as accounting officer of the executive agency concerned . The steering committee may also entrust the accounting officer of the Commission with part of the tasks of the accounting		853

¹ Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 16.1.2003, p. 1).

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accounting officer of the executive agency taking into account cost-benefit considerations. In both cases, necessary arrangements shall be made in order to avoid any conflict of interest.		officer of the executive agency concerned taking into account cost-benefit considerations. In both cases, necessary the arrangements necessary to avoid any conflict of interest shall be made in order to avoid any conflict of interest . <i>Explanation: DQL improvements.</i>		
	AMD 158: 3a. All members of steering committees and boards of executive or decentralised Union agencies shall publish annually a declaration of interests on the website of their agency. To ensure clarity with regard to such declarations, the Commission shall provide a template for such declarations of interests, which may be adapted to the specificities of each agency. <i>Justification: The "declaration of conflict of interests" should be made compulsory in the revised financial regulation for all the members of management boards and steering committees of decentralised and executive agencies. Declarations of interest should be standardised but still be adapted to the specificities of each agency.</i>		EP drops AMD 158, but the issue should be addressed in the Framework Financial Regulation for decentralised agencies (delegated act) that will be revised after adoption of the revised FinReg.	853.1
<i>Article 69 Bodies set up under the TFEU and the Euratom Treaty</i>		<i>Article 69 Bodies set up under the TFEU and the Euratom Treaty</i>		854
1. The Commission is empowered to adopt delegated acts in accordance with Article 261 to supplement the Financial Regulation with a		1. The Commission is empowered to adopt delegated acts in accordance with Article 261 to supplement the Financial Regulation with a framework financial		855

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
framework financial regulation for bodies which are set up under the TFEU and the Euratom Treaty and which have legal personality and receive contributions charged to the budget.		regulation for bodies which are set up under the TFEU and the Euratom Treaty and which have legal personality and receive contributions charged to the budget.		
2. The framework financial regulation shall be based on the principles and rules set out in this Regulation.	AMD 159: 2. The framework financial regulation shall be based on the principles and rules set out in this Regulation, taking into account the specificities of the bodies referred to in paragraph 1.	2. The framework financial regulation shall be based on the principles and rules set out in this Regulation.	EP AMD is accepted .	856
3. The financial rules of those bodies shall not depart from the framework financial regulation except where their specific needs so require and with the Commission's prior consent.		3. The financial rules of these bodies referred to in paragraph 1 shall not depart from the framework financial regulation except where their specific needs so require and with subject to the Commission's prior consent.		857
4. Discharge for the implementation of the budgets of the bodies referred to in paragraph 1, shall be given by the European Parliament on the recommendation of the Council. The bodies referred to in paragraph 1 shall fully cooperate with the institutions involved in the discharge procedure and provide, as appropriate, any additional necessary information, including through attendance at meetings of the relevant bodies.		4. Discharge for the implementation of the budgets of the bodies referred to in paragraph 1, shall be given by the European Parliament on the recommendation of the Council. The bodies referred to in paragraph 1 shall fully cooperate with the Union institutions involved in the discharge procedure and provide, as appropriate, any additional necessary information, including through attendance at meetings of the relevant bodies.		858
5. The Commission's internal auditor shall exercise the same powers over the bodies referred to in paragraph 1 as those exercised in respect of the Commission.		5. The Commission's internal auditor shall exercise the same powers over the bodies referred to in paragraph 1 as those exercised in respect of the Commission.		859

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<p>6. An independent external auditor shall verify that the annual accounts of each of the bodies referred to in paragraph 1 of this Article properly present the income, expenditure and financial position of the relevant body prior to the consolidation in the Commission's final accounts. Unless otherwise provided in the basic act referred to in paragraph 1 of this Article, the Court of Auditors shall prepare a Specific Annual Report on each body in line with the requirements of Article 287(1) TFEU. In preparing this report, the Court shall consider the audit work performed by the independent external auditor and the action taken in response to the auditor's findings.</p>	<p>AMD 160:</p> <p>6. An independent external auditor shall verify that the annual accounts of each of the bodies referred to in paragraph 1 of this Article properly present the income, expenditure and financial position of the relevant body prior to the consolidation in the Commission's final accounts. <i>The fees for the auditor shall be borne by the ECAs. The auditor may also verify that all income has been received and all expenditure incurred in a lawful and regular manner.</i> Unless otherwise provided in the basic act referred to in paragraph 1 of this Article, the <i>ECA</i> shall <i>report annually on the audit results and issue a specific declaration of assurance for each body falling within the scope of this Article</i> in line with the requirements of Article 287(1) TFEU <i>in a single consolidated audit report.</i> In preparing this report, the <i>ECA</i> shall consider the audit work performed by the independent external auditor and the action taken in response to the auditor's findings.</p> <p><i>Justification:</i> AMD 161.</p>	<p>6. An independent external auditor shall verify that the annual accounts of each of the bodies referred to in paragraph 1 of this Article properly present the income, expenditure and financial position of the relevant body prior to the consolidation in the Commission's final accounts. Unless otherwise provided in the relevant basic act referred to in paragraph 1 of this Article, the Court of Auditors shall prepare a Specific Annual Report on each body in line with the requirements of Article 287(1) TFEU. In preparing this at report, the Court of Auditors shall consider the audit work performed by the independent external auditor and the action taken in response to the auditor's findings.</p> <p><i>Explanation:</i> DQL improvements throughout.</p>	<p>EP drops AMD 160, Council text is agreed (see row below).</p>	<p>860</p>
	<p>AMD 161:</p> <p><i>6a. All aspects of the independent external audits, including the auditor's reported findings, shall remain under the full responsibility of the ECA. All administrative and procurement procedures required shall be managed by the ECA and</i></p>	<p><i>6a. All aspects of the independent external audits, including the auditor's reported findings, shall remain under the full responsibility of the Court of Auditors.</i></p> <p><i>Explanation:</i> As EP.</p>	<p>EP drops AM 161, Council text is agreed.</p>	<p>860.1</p>

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	<p>those procedures, as well as any other associated costs, from its own budget.</p> <p><i>Justification:</i> The proposed amendments to par. 6 of Art. 69 would replace the specific annual reports produced by the ECA on each of the bodies set up under the TFEU and Euratom Treaty, with a single consolidated audit report which would include a specific declaration of assurance for each body. The ECA assessment on the legality and regularity of expenditure may be prepared by the independent external auditor referred to in par. 6, under the guidance of the Court where necessary.</p>			
Article 70 Public-private partnership bodies		Article 70 Public-private partnership bodies		861
The bodies having legal personality set up by a basic act and entrusted with the implementation of a public-private partnership shall adopt their financial rules.		The bodies having legal personality that are set up by a basic act and entrusted with the implementation of a public-private partnership shall adopt their own financial rules.		862
Those rules shall include a set of principles necessary to ensure sound financial management of Union funds.		Those rules shall include a set of principles necessary to ensure sound financial management of Union funds.		863
The Commission is empowered to adopt delegated acts in accordance with Article 261 to supplement the Financial Regulation with a model financial regulation laying down the principles necessary to ensure sound financial management of Union funds and which shall be based on Article 149.		The Commission is empowered to adopt delegated acts in accordance with Article 261 to supplement theis Financial Regulation with a model financial regulation laying down the principles necessary to ensure sound financial management of Union funds and which shall be based on Article 149.		864
The financial rules of those bodies shall not depart from the model financial regulation except where their specific		The financial rules of these public-private partnership bodies shall not depart from the model financial regulation except where		865

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needs so require and with the Commission's prior consent.		their specific needs so require and with the Commission's prior consent.		
Paragraphs 2, 3 and 4 of Article 69 shall apply to public-private partnership bodies.	AMD 162: Paragraphs 2 to 6 of Article 69 shall apply to public-private partnership bodies. <i>Justification: The same rules applying to bodies set up under the TFEU and Euratom Treaty in Art. 69 should also apply to public-private partnerships.</i>	Paragraphs 2, 3 and 4 to 6a of Article 69 shall apply to public-private partnership bodies. <i>Explanation: As EP with necessary modifications.</i>	Council text is agreed.	866
CHAPTER 4 Financial actors		CHAPTER 4 Financial actors		867
SECTION 1 PRINCIPLE OF SEGREGATION OF DUTIES		SECTION 1 PRINCIPLE OF SEGREGATION OF DUTIES		868
<i>Article 71</i> <i>Segregation of duties</i>		<i>Article 71</i> <i>Segregation of duties</i>		869
1. The duties of authorising officer and accounting officer shall be segregated and mutually exclusive.		1. The duties of authorising officer and accounting officer shall be segregated and mutually exclusive.		870
2. Each institution shall provide each financial actor with the resources required to perform his duties and a charter describing in detail his tasks, rights and obligations.		2. Each Union institution shall provide each financial actor with the resources required to perform his or her duties and a charter describing in detail his or her tasks, rights and obligations. <i>Explanation: DQL improvements.</i>		871
SECTION 2 AUTHORISING OFFICER		SECTION 2 AUTHORISING OFFICER		875
<i>Article 72</i> <i>Authorising officer</i>		<i>Article 72</i> <i>Authorising officer</i>		876
1. Each institution shall perform the duties of authorising officer.		1. Each Union institution shall perform the duties of authorising officer.		877
2. For the purposes of this Title, the term "staff" refers to persons covered		2. For the purposes of this Title, the term "staff" refers to means persons covered		878

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by the Staff Regulations.		by the Staff Regulations.		
3. Each institution shall delegate, in compliance with the conditions in its rules of procedure, the duties of authorising officer to staff of an appropriate level. It shall indicate, in its internal administrative rules, the staff to whom it delegates those duties, the scope of the powers delegated and whether the persons to whom those powers are delegated may subdelegate them.		3. Each Union institution shall delegate , in compliance with the conditions in its rules of procedure, delegate the duties of authorising officer to staff of at an appropriate level. It shall indicate , in its internal administrative rules, indicate the staff to whom it delegates those duties, the scope of the powers delegated and whether the persons to whom those powers are delegated may sub-delegate them.		879
4. The powers of authorising officer shall be delegated or subdelegated only to staff.		4. The powers of authorising officer shall be delegated or sub-delegated only to staff.		880
5. Authorising officers responsible shall act within the limits set by the instrument of delegation or subdelegation. The authorising officer responsible may be assisted by one or more members of staff entrusted, under his or her responsibility, with the carrying out of certain operations necessary for the implementation of the budget and the production of the financial and management information.		5. The a Authorising officers responsible shall act within the limits set by the instrument of delegation or sub-delegation. The authorising officer responsible may be assisted by one or more members of staff entrusted, under his or her responsibility, with the carrying out of certain operations necessary for the implementation of the budget and the production of the financial and management information.		881
6. Each institution or each body referred to in Article 69 shall inform the Court of Auditors, the European Parliament, the Council and the accounting officer of the Commission within two weeks of the appointment and release of authorising officers by delegation, internal auditors and accounting officers, and of any internal rules it adopts in respect of financial matters.		6. Each Union institution or each body referred to in Article 69 shall inform the Court of Auditors, the European Parliament, the Council and the accounting officer of the Commission within two weeks of the appointment and release of authorising officers by delegation, internal auditors and accounting officers, and of any internal rules it adopts in respect of financial matters.		884

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7. Each institution shall inform the Court of Auditors of the appointment of imprest administrators and of delegation decisions under Article 78 and Article 85.		7. Each Union institution shall inform the Court of Auditors of the appointment of imprest administrators and of delegation decisions under Articles 78 and Article 85. <i>Explanation: throughout DQL improvements</i>		885
<i>Article 73 Powers and duties of the authorising officer</i>		<i>Article 73 Powers and duties of the authorising officer</i>		889
1. The authorising officer shall be responsible in each institution for implementing revenue and expenditure in accordance with the principle of sound financial management and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients of a programme.	AMD 163: 1. The authorising officer shall be responsible in each institution for implementing revenue and expenditure in accordance with the principle of sound financial management, for ensuring the reliability, completeness and correctness of the reported information on performance , and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients of a programme. <i>Justification: The rapporteurs consider that Art. 73 of the Commission proposal does not sufficiently take into account performance, and should therefore extend the responsibility of the authorising officer to cover the reliability, completeness and correctness of the information on performance given to him or her. Moreover, the text proposed in Art. 73(5) could be understood as allowing more limited performance reporting than is currently foreseen.</i>	1. The authorising officer shall be responsible in each the Union institution concerned for implementing revenue and expenditure in accordance with the principle of sound financial management and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients of a programme. <i>Explanation: DQL clarifications and improvements throughout.</i>	New wording: 1. The authorising officer shall be responsible in each the Union institution concerned for implementing revenue and expenditure in accordance with the principle of sound financial management, including through ensuring reporting on performance and for ensuring compliance with the requirements of legality and regularity and equal treatment of recipients of a programme.	890
2. For the purposes of paragraph 1 of this Article, the authorising officer by		2. For the purposes of paragraph 1 of this Article, the authorising officer by	New wording:	891

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delegation shall, in accordance with Article 34 and the minimum standards adopted by each institution and having due regard to the risks associated with the management environment and the nature of the actions financed, put in place the organisational structure and the internal control systems suited to the performance of his or her duties. The establishment of such structure and systems shall be supported by a comprehensive risk analysis, which takes into account their cost effectiveness.		delegation shall, in accordance with Article 34 and the minimum standards adopted by each Union institution and having due regard to the risks associated with the management environment and the nature of the actions financed, put in place the organisational structure and the internal control systems suited to the performance of his or her duties. The establishment of such structure and systems shall be supported by a comprehensive risk analysis, which takes into account their cost effectiveness.	2. For the purposes of paragraph 1 of this Article, the authorising officer by delegation shall, in accordance with Article 34 and the minimum standards adopted by each Union institution and having due regard to the risks associated with the management environment and the nature of the actions financed, put in place the organisational structure and the internal control systems suited to the performance of his or her duties. The establishment of such structure and systems shall be supported by a comprehensive risk analysis, which takes into account their cost effectiveness and performance considerations .	
3. To implement expenditure, the authorising officer responsible shall make budgetary and legal commitments, shall validate expenditure and authorise payments and shall undertake the preliminary steps for the implementation of appropriations.		3. To implement expenditure, the authorising officer responsible shall make budgetary and legal commitments, shall validate expenditure and authorise payments and shall undertake the preliminary steps for the implementation of appropriations.		892
4. Implementation of revenue shall comprise drawing up estimates of amounts receivable, establishing entitlements to be recovered and issuing recovery orders. It shall involve waiving established entitlements, where appropriate.		4. To implement the authorising officer responsible shall comprise drawing up estimates of amounts receivable, establishing entitlements to be recovered and issuing recovery orders. It Where appropriate the authorising officer responsible shall involve waiving established entitlements, where appropriate.		893
5. Each operation shall be subject at least to an ex ante control relating to	AMD 164: 5. Each operation shall be subject at least to an ex ante control relating to	5. In order to prevent errors and irregularities before the authorisation	New wording: 5. In order to prevent errors and	894

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the operational and financial aspects of the operation, on the basis of a multiannual control strategy which takes risk into account. The purpose of the ex ante controls is to prevent errors and irregularities before the authorisation of operations.	the operational and financial aspects of the operation, <i>in order to prevent errors and irregularities before the authorisation of operations and to ensure the attainment of the objectives of the operation.</i>	of operations, e Each operation shall be subject at least to an ex-ante control relating to the operational and financial aspects of the operation, on the basis of a multiannual control strategy which takes risk into account. The purpose of the ex-ante controls is to prevent errors and irregularities before the authorisation of operations.	<u>irregularities before the authorisation of operations and to mitigate risks of non-achievement of objectives,</u> e Each operation shall be subject at least to an ex-ante control relating to the operational and financial aspects of the operation, on the basis of a multiannual control strategy which takes risk into account. The purpose of the ex-ante controls is to prevent errors and irregularities before the authorisation of operations.	
The extent in terms of frequency and intensity of the ex ante controls shall be determined by the authorising officer responsible taking into account the results of prior controls as well as risk-based and cost-effectiveness considerations. In case of doubt, the authorising officer responsible for validating the relevant operations shall request complementary information or perform an on-the-spot control in order to obtain reasonable assurance as part of the ex ante control.	AMD 165: The extent in terms of frequency and intensity of the ex ante controls shall be determined by the authorising officer responsible taking into account the results of prior controls as well as risk-based, <i>cost-effectiveness and performance</i> considerations. <i>On the basis of his/her own risk analysis,</i> the authorising officer responsible for validating the relevant operations shall request complementary information or perform an on-the-spot control in order to obtain reasonable assurance as part of the ex ante control.	The extent in terms of frequency and intensity of the <i>ex-ante</i> controls shall be determined by the authorising officer responsible taking into account the results of prior controls as well as risk-based and cost-effectiveness considerations. In case of doubt, the authorising officer responsible for validating the relevant operations shall, <i>as part of the ex-ante control,</i> request complementary information or perform an on-the-spot control in order to obtain reasonable assurance as part of the ex-ante control.	New wording: The extent in terms of frequency and intensity of the <i>ex-ante</i> controls shall be determined by the authorising officer responsible taking into account the results of prior controls as well as risk-based and cost-effectiveness considerations, <u>on the basis of his/her own risk analysis,</u> In case of doubt, the authorising officer responsible for validating the relevant operations shall, <i>as part of the ex-ante control,</i> request complementary information or perform an on-the-spot control in order to obtain reasonable assurance as part of the ex-ante control.	895
For a given operation, the verification shall be carried out by staff other than those who initiated the operation. The staff who carry out the verification shall not be subordinate to the members of staff who initiated the operation.		For a given operation, the verification shall be carried out by staff other than those who initiated the operation. The staff who carry out the verification shall not be subordinate to the members of staff who initiated the operation.		896

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6. The authorising officer by delegation may put in place ex post controls to detect and correct errors and irregularities or operations after they have been authorised. Such controls may be organised on a sample basis according to risk and shall take account of the results of prior controls and cost-effectiveness considerations.	AMD 166: 6. The authorising officer by delegation may put in place ex post controls to detect and correct errors and irregularities of operations after they have been authorised. Such controls may be organised on a sample basis according to risk and shall take account of the results of prior controls as well as cost-effectiveness and performance considerations.	6. The authorising officer by delegation may put in place ex-post controls to detect and correct errors and irregularities of operations after they have been authorised. Such controls may be organised on a sample basis according to risk and shall take account of the results of prior controls and cost-effectiveness considerations.	EP AMD 166 is agreed.	897
The ex post controls shall be carried out by staff other than those responsible for the ex ante controls. The staff responsible for the ex post controls shall not be subordinate to the members of staff responsible for the ex ante controls.		The ex-post controls shall be carried out by staff other than those responsible for the ex-ante controls. The staff responsible for the ex-post controls shall not be subordinate to the members of staff responsible for the ex-ante controls.		898
Where the authorising officer by delegation implements financial audits of beneficiaries as ex-post controls, the related audit rules shall be clear, consistent and transparent, and shall respect the rights of both the Commission and the auditees.	AMD 167: Where the authorising officer by delegation implements financial audits of beneficiaries as ex-post controls, the related audit rules shall be clear, consistent and transparent, include timeframes and shall be made available to beneficiaries when signing the grant agreement. Audit rules shall respect the rights of both the Commission and the auditees and allow for appeal. <i>Justification: Civil society organisations experience inconsistency in the application of financial rules not only from one DG to the other, but also within the same DG. Common guidelines and centralised trainings should be available to staff involved. Also transparency on the different steps, duration and</i>	Where the authorising officer by delegation implements financial audits of beneficiaries as ex-post controls, the related audit rules shall be clear, consistent and transparent, and shall respect the rights of both the Commission and the auditees.	New wording: Where the authorising officer by delegation implements financial audits of beneficiaries as ex-post controls, the related audit rules shall be clear, consistent and transparent, and shall respect the rights of both the Commission and the auditees. <u>The rules and modalities, including timeframes, for carrying out audits of the beneficiaries shall be clear, consistent and transparent, and shall be made available to beneficiaries when signing the grant agreement.</u>	899

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	<i>timeframe of audit procedures should be improved and should be communicated at the signature of the contract</i>			
7. Authorising officers responsible and staff responsible for budget implementation shall have the necessary professional skills.		7. Authorising officers responsible and staff responsible for budget implementation shall have the necessary professional skills.		900
In each institution, the authorising officer by delegation shall ensure the following:		In each Union institution, the authorising officer by delegation shall ensure the following:		901
(a) that the authorising officers by sub-delegation and their staff receive regularly updated and appropriate information concerning the control standards and the methods and techniques available for that purpose;	AMD 168: (a) that the authorising officers by sub-delegation and their staff receive regularly updated and appropriate information and training concerning the control standards and the methods and techniques available for that purpose on the basis of common guidelines ; <i>Justification: Civil society organisations experience inconsistency in the application of financial rules not only from one DG to the other, but also within the same DG. Common guidelines and centralised trainings should be available to staff involved. Also transparency on the different steps, duration and timeframe of audit procedures should be improved and should be communicated at the signature of the contract.</i>	(a) that the authorising officers by sub-delegation and their staff receive regularly updated and appropriate information concerning the control standards and the methods and techniques available for that purpose;	New wording on basis of EP AMD 168: (a) that the authorising officers by sub-delegation and their staff receive regularly updated and appropriate information and training concerning the control standards and the methods and techniques available for that purpose on the basis of common guidelines ;	902
(b) that measures are taken, where needed, to ensure the effective and efficient functioning of the control systems in accordance with paragraph 2.		(b) that measures are taken, where needed, to ensure the effective and efficient functioning of the control systems in accordance with paragraph 2.		903
	AMD 169:		EP drops AMD 169	904

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<p>8. If a member of staff, involved in the financial management and control of transactions, considers that a decision he or she is required by his or her superior to apply or to agree to is irregular or contrary to the principle of sound financial management or the professional rules which that member of staff is required to observe, he or she shall inform his or her hierarchical superior accordingly. If the member of staff does so in writing, the hierarchical superior shall reply in writing. If the hierarchical superior fails to take action or confirms the initial decision or instruction and the member of staff believes that such confirmation does not constitute a reasonable response to his or her concern, the member of staff shall inform the authorising officer by delegation in writing. If that officer does not reply within a reasonable time given the circumstances of the case and, in any event, within a month at most, the member of staff shall inform the relevant panel referred to in Article 139.</p>	<p>8. If a member of staff, involved in the financial management and control of transactions, considers that a decision he or she is required by his or her superior to apply or to agree to is irregular or contrary to the principle of sound financial management or the professional rules which that member of staff is required to observe, he or she shall inform his or her hierarchical superior accordingly. If the member of staff does so in writing, the hierarchical superior shall reply in writing. If the hierarchical superior fails to take action or confirms the initial decision or instruction and the member of staff believes that such confirmation does not constitute a reasonable response to his or her concern, the member of staff shall inform the authorising officer by delegation in writing. If that officer does not reply within a reasonable time given the circumstances of the case and, in any event, within a month at most, the member of staff shall inform the relevant panel referred to in Article 90.</p> <p><i>Justification: See rapporteur's AMD to Art. 90 par. 5b (new).</i></p>	<p>8. If a member of staff, involved in the financial management and control of transactions, considers that a decision he or she is required by his or her superior to apply or to agree to is irregular or contrary to the principle of sound financial management or the professional rules which that member of staff is required to observe, he or she shall inform his or her hierarchical superior accordingly. If the member of staff does so in writing, the hierarchical superior shall reply in writing. If the hierarchical superior fails to take action or confirms the initial decision or instruction and the member of staff believes that such confirmation does not constitute a reasonable response to his or her concern, the member of staff shall inform the authorising officer by delegation in writing. If that officer does not reply within a reasonable time given the circumstances of the case and, in any event, within a month at most, the member of staff shall inform the relevant panel referred to in Article 139.</p>		
<p>In the event of any illegal activity, fraud or corruption which may harm the interests of the Union, the member of staff shall inform the authorities and bodies designated in the Staff Regulations and the decisions of the Union institutions concerning the terms and conditions</p>		<p>In the event of any illegal activity, fraud or corruption which may harm the interests of the Union, the member of staff shall inform the authorities and bodies designated in the Staff Regulations and in the decisions of the Union institutions concerning the terms and conditions for internal investigations</p>		905

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for internal investigations in relation to the prevention of fraud, corruption and any other illegal activity detrimental to the Union's interests. Contracts with external auditors carrying out audits of the financial management of the Union shall provide for an obligation of the external auditor to inform the authorising officer by delegation of any suspected illegal activity, fraud or corruption which may harm the interests of the Union.		in relation to the prevention of fraud, corruption and any other illegal activity detrimental to the Union's interests. Contracts with external auditors carrying out audits of the financial management of the Union shall provide for an obligation of the external auditor to inform the authorising officer by delegation of any suspected illegal activity, fraud or corruption which may harm the interests of the Union.		
9. The authorising officer by delegation shall report to his or her institution on the performance of his or her duties in the form of an annual activity report containing financial and management information, including the results of controls, declaring that, except as otherwise specified in any reservations related to defined areas of revenue and expenditure, he or she has reasonable assurance that:		9. The authorising officer by delegation shall report to his or her Union institution on the performance of his or her duties in the form of an annual activity report containing financial and management information, including the results of controls, declaring that, except as otherwise specified in any reservations related to defined areas of revenue and expenditure, he or she has reasonable assurance that:		906
the information contained in the report presents a true and fair view;	AMD 170: (a) the information contained in the report presents a true and fair view, and in particular the information on performance is reliable, complete and correct; <i>Justification: See justification for the amendment to par. 1 of this article.</i>	(a) the information contained in the report presents a true and fair view;	EP drops AMD 170.	907
the resources assigned to the activities described in the report have been used for their intended purpose and in accordance with the principle of sound financial management;		(b) the resources assigned to the activities described in the report have been used for their intended purpose and in accordance with the principle of sound financial management; and		908

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the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.		(c) the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.		909
<p>The annual activity report shall include information on the operations carried out, by reference to the objectives set in the strategic plans, the risks associated with those operations, the use made of the resources provided and the efficiency and effectiveness of internal control systems. This includes an overall assessment of the costs and benefits of controls and information on the extent to which the operational expenditure authorised contributes to the achievement of EU strategic objectives and generates EU added value. The Commission shall prepare a summary of the annual activity reports for the preceding year.</p>	<p>AMD 171:</p> <p>The annual activity report shall include information on the operations carried out, by reference to the objectives set in the strategic plans and information on the overall performance of those operations, the risks associated with those operations, the use made of the resources provided and the efficiency and effectiveness of internal control systems. This includes an overall assessment of the costs and benefits of controls and information on the extent to which the operational expenditure authorised contributes to the achievement of EU strategic objectives and generates EU added value. The Commission shall prepare a summary of the annual activity reports for the preceding year.</p> <p><i>Justification: See justification for the amendment to par. 1 of this article.</i></p>	<p>The annual activity report shall include information on the operations carried out, by reference to the objectives set in the strategic plans, the risks associated with those operations, the use made of the resources provided and the efficiency and effectiveness of internal control systems. This report shall includes an overall assessment of the costs and benefits of controls and information on the extent to which the operational expenditure authorised contributes to the achievement of EU strategic objectives and generates EU added value. The Commission shall prepare a summary of the annual activity reports for the preceding year.</p>	<p>New wording.</p> <p>The annual activity report shall include information on the operations carried out, by reference to the objectives and performance considerations set in the strategic plans, the risks associated with those operations, the use made of the resources provided and the efficiency and effectiveness of internal control systems. This includes an overall assessment of the costs and benefits of controls and information on the extent to which the operational expenditure authorised contributes to the achievement of EU strategic objectives and generates EU added value. The Commission shall prepare a summary of the annual activity reports for the preceding year.</p>	910
	<p>AMD 172:</p> <p><i>The annual activity reports of the authorising officers and, where applicable, authorising officers by delegation of the institutions, offices, bodies and agencies shall be published on the website of the respective institution, office, body or agency in an easily accessible way by 1 July each year for the</i></p>	<p>The annual activity reports of the authorising officers and, where applicable, authorising officers by delegation of the Union institutions, Union offices, Union bodies and agencies shall be published on the website of the respective Union institution, Union office, Union body or agency in an easily accessible way</p>	<p>Versions are identical apart from DQL changes - Council text therefore agreed.</p>	910.1

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	<p><i>preceding year, subject to duly justified confidentiality and security considerations.</i></p> <p><i>Justification:</i> Reinserted fourth subparagraph from Art. 66(9) of Reg. 966/2012, which was deleted by the Commission.</p>	<p>no later than 1 July each year for the preceding year, subject to duly justified confidentiality and security considerations.</p> <p><i>Explanation:</i> As EP.</p>		
10. The authorising officer by delegation shall record, for each financial year, contracts concluded by the negotiated procedures referred to in points (a) to (f) of point 11.1 and point 39 of the Annex to this Regulation. If the proportion of negotiated procedures in relation to the number of contracts awarded by the same authorising officer by delegation increases significantly in relation to earlier years or if that proportion is distinctly higher than the average recorded for the institution, the authorising officer responsible shall report to the institution setting out any measures taken to reverse that trend. Each institution shall send a report on negotiated procedures to the European Parliament and Council. In the case of the Commission, that report shall be annexed to the summary of the annual activity reports referred to in paragraph 9 of this Article.		10. The authorising officer by delegation shall record, for each financial year, contracts concluded by the negotiated procedures referred to in points (a) to (f) of point 11.1 and point 39 of the Annex to this Regulation . If the proportion of negotiated procedures in relation to the number of contracts awarded by the same authorising officer by delegation increases significantly in relation to earlier years or if that proportion is distinctly higher than the average recorded for the Union institution, the authorising officer responsible shall report to the Union institution setting out any measures taken to reverse that trend. Each Union institution shall send a report on negotiated procedures to the European Parliament and Council. In the case of the Commission, that report shall be annexed to the summary of the annual activity reports referred to in paragraph 9 of this Article.		912
<p><i>Article 74</i></p> <p><i>Keeping of supporting documents by authorizing officers</i></p>		<p><i>Article 74</i></p> <p><i>Keeping of supporting documents by authorizing officers</i></p>		913
The authorising officer shall set up paper-based or electronic systems for the keeping of original supporting		The authorising officer shall set up paper-based or electronic systems for the keeping of original supporting documents relating to		914

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documents relating to and subsequent to budget implementation and budget implementation measures. Such documents shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the documents relate.		and subsequent to budget implementation and budget implementation measures. Such documents shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary financial year to which the documents relate. <i>Explanation: DQL - aligned throughout to "financial year".</i>		
Documents relating to operations not definitively closed shall be kept until the end of the year following that in which the operations are closed.		Documents relating to operations not definitively closed shall be kept for longer than provided for in the first subparagraph, namely until the end of the year following that in which the operations are closed. <i>Explanation: DQL clarification.</i>		920
Personal data contained in supporting documents shall be deleted where possible when those data are not necessary for budgetary discharge, control and audit purposes. Article 37(2) of Regulation (EC) No 45/2001 shall apply to the conservation of traffic data.		Personal data contained in supporting documents shall, be deleted where possible, be deleted when those data are not necessary for budgetary discharge, control and audit purposes. Article 37(2) of Regulation (EC) No 45/2001 shall apply to the conservation of traffic data.		921
<i>Article 75 Powers and duties of Heads of Union Delegations</i>		<i>Article 75 Powers and duties of Heads of Union Delegations</i>		938
1. Where Heads of Union delegations act as authorising officers by subdelegation in accordance with Article 58(2), they shall be subject to the Commission as the institution responsible for the definition, exercise, monitoring and appraisal of their duties and responsibilities as authorising officers by subdelegation and shall cooperate closely with the Commission with regard to the proper		1. Where Heads of Union delegations act as authorising officers by sub-delegation in accordance with Article 58(2), they shall be subject to the Commission as the Union institution responsible for the definition, exercise, monitoring and appraisal of their duties and responsibilities as authorising officers by sub-delegation and shall cooperate closely with the Commission with regard to the proper implementation of the		939

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implementation of the funds, in order to ensure, in particular, the legality and regularity of financial transactions, respect for the principle of sound financial management in the management of the funds and the effective protection of the financial interests of the Union. They shall be subject to the Internal Rules of the Commission and to the Commission Charter for the implementation of the financial management tasks subdelegated to them. They may be assisted in their duties by staff of the Commission.		funds, in order to ensure, in particular, the legality and regularity of financial transactions, respect for the principle of sound financial management in the management of the funds and the effective protection of the financial interests of the Union. They shall be subject to the Internal Rules of the Commission and to the Commission Charter for the implementation of the financial management tasks sub-delegated to them. They may be assisted in their duties by staff of the Commission.		
To this effect, they shall take the measures necessary to prevent any situation susceptible to put at stake the responsibility of the Commission for the implementation of the budget subdelegated to them, as well as any conflict of priorities which is likely to have an impact on the implementation of the financial management tasks subdelegated to them.		To this effect, they shall take the measures necessary to prevent any situation susceptible to put at stake the responsibility of the Commission for the implementation of the budget sub-delegated to them, as well as any conflict of priorities which is likely to have an impact on the implementation of the financial management tasks sub-delegated to them.		940
Where a situation or conflict referred to in the second subparagraph arises, the Heads of Union delegations shall inform the Directors-General responsible of the Commission and of the EEAS thereof without delay. Those Directors-General shall take appropriate steps to remedy the situation.		Where a situation or conflict referred to in the second subparagraph arises, the Heads of Union delegations shall inform the Directors-General responsible of the Commission and of the EEAS thereof without delay. Those Directors-General shall take appropriate steps to remedy the situation.		941
2. If Heads of Union delegations find themselves in a situation as referred	AMD 173: 2. If Heads of Union delegations find themselves in a situation as referred	2. If Heads of Union delegations find themselves in a situation as referred to	EP AMD 173 drops.	942

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to in Article 73(8), they shall refer the matter to the panel referred to in Article 139. In the event of any illegal activity, fraud or corruption which may harm the interests of the Union, they shall inform the authorities and bodies designated by the applicable legislation.	to in Article 73(8), they shall refer the matter to the panel referred to in Article 90 . In the event of any illegal activity, fraud or corruption which may harm the interests of the Union, they shall inform the authorities and bodies designated by the applicable legislation. <i>Justification: See AMD 193.</i>	in Article 73(8), they shall refer the matter to the panel referred to in Article 139. In the event of any illegal activity, fraud or corruption which may harm the interests of the Union, they shall inform the authorities and bodies designated by the applicable legislation.		
3. Heads of Union delegations acting as authorising officers by subdelegation in accordance with Article 58(2) shall report to their authorising officer by delegation so that the latter can integrate their reports in his or her annual activity report referred to in Article 73(9). The reports of the Heads of Union delegations shall include information on the efficiency and effectiveness of internal control systems put in place in their delegation, as well as on the management of operations subdelegated to them, and provide the assurance referred to in the third subparagraph of Article 89(5). Those reports shall be annexed to the annual activity report of the authorising officer by delegation, and shall be made available to the European Parliament and the Council having due regard, where appropriate, to their confidentiality.		3. Heads of Union delegations acting as authorising officers by sub-delegation in accordance with Article 58(2) shall report to their authorising officer by delegation so that the latter can integrate their reports in his or her annual activity report referred to in Article 73(9). The reports of the Heads of Union delegations shall include information on the efficiency and effectiveness of internal control systems put in place in their delegation, as well as on the management of operations sub-delegated to them, and provide the assurance referred to in the third subparagraph of Article 89(5). Those reports shall be annexed to the annual activity report of the authorising officer by delegation, and shall be made available to the European Parliament and the Council having due regard, where appropriate, to their confidentiality.		943
The Heads of Union delegations shall fully cooperate with institutions involved in the discharge procedure and provide, as appropriate, any necessary additional information. In this context, they may be requested		The Heads of Union delegations shall fully cooperate with Union institutions involved in the discharge procedure and provide, as appropriate, any necessary additional information. In this context, they may be requested to attend		944

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to attend meetings of the relevant bodies and assist the authorising officer by delegation responsible.		meetings of the relevant bodies and assist the authorising officer by delegation responsible.		
Heads of Union delegations acting as authorising officers by subdelegation in accordance with Article 58 shall reply to any request by the Commission's authorising officer by delegation at the Commission's own request or, in the context of discharge, at the request of the European Parliament.		Heads of Union delegations acting as authorising officers by sub-delegation in accordance with Article 58(2) shall reply to any request by the Commission's authorising officer by delegation at the Commission's own request or, in the context of discharge, at the request of the European Parliament.		945
The Commission shall ensure that subdelegating powers are not detrimental to the discharge procedure under Article 319 TFEU.		The Commission shall ensure that the sub-delegating of powers to Heads of Union delegations are not detrimental to the discharge procedure under Article 319 TFEU.		946
4. Paragraphs 1, 2 and 3 shall also apply to the deputy Heads of Union delegations when they act as authorising officers by subdelegation in the absence of the Heads of Union delegations.		4. Paragraphs 1, 2 and 3 shall also apply to the deputy Heads of Union delegations when they act as authorising officers by sub-delegation in the absence of the Heads of Union delegations. <i>Explanation: DQL improvements throughout.</i>		947
SECTION 3 ACCOUNTING OFFICER		SECTION 3 ACCOUNTING OFFICER		948
<i>Article 76</i> <i>Powers and duties of the accounting officer</i>		<i>Article 76</i> <i>Powers and duties of the accounting officer</i>		949
Each institution shall appoint an accounting officer who shall be responsible in each institution for the following:		1. Each Union institution shall appoint an accounting officer who shall be responsible in each that Union institution for the following:		950
(a) properly implementing payments, collecting revenue and recovering		(a) properly implementing payments, collecting revenue and recovering		951

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amounts established as being receivable;		amounts established as being receivable;		
(b) preparing and presenting the accounts in accordance with Title XIII;		(b) preparing and presenting the accounts in accordance with Title XIII;		952
(c) keeping the accounts in accordance with Articles 80 and 81;		(c) keeping the accounts in accordance with Articles 80 and 81;		953
(d) laying down the accounting rules, procedures and the chart of accounts, in accordance with Articles 79 to 81;		(d) laying down the accounting rules, procedures and the chart of accounts, in accordance with Articles 79 to 81;		954
(e) laying down and validating the accounting systems and where appropriate validating systems laid down by the authorising officer to supply or justify accounting information; in this respect, the accounting officer shall be empowered to verify at any time compliance with validation criteria;		(e) laying down and validating the accounting systems and where appropriate validating systems laid down by the authorising officer to supply or justify accounting information; in this respect, the accounting officer shall be empowered to verify at any time compliance with validation criteria; <i>Explanation: DQL restructuring - integrated in separate subparagraph.</i>		955
(f) treasury management.		(f) treasury management.		956
		With respect to the tasks referred to in point (e) of the first subparagraph, the accounting officer shall be empowered to verify at any time compliance with the validation criteria.		956.1
The responsibilities of the accounting officer of the EEAS shall concern only the EEAS section of the budget as implemented by the EEAS. The accounting officer of the Commission shall remain responsible for the entire Commission section of the budget,		2. The responsibilities of the accounting officer of the EEAS shall concern only the EEAS section of the budget as implemented by the EEAS. The accounting officer of the Commission shall remain responsible for the entire Commission section of the budget,		957

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including accounting operations relating to appropriations subdelegated to Heads of Union delegations.		including accounting operations relating to appropriations sub-delegated to Heads of Union delegations.		
The accounting officer of the Commission shall also act as the accounting officer of the EEAS in respect of the implementation of the EEAS section of the budget.		The accounting officer of the Commission shall also act as the accounting officer of the EEAS in respect of the implementation of the EEAS section of the budget.		958
<i>Article 77</i> <i>Appointment and termination of duties of the accounting officer</i>		<i>Article 77</i> <i>Appointment and termination of duties of the accounting officer</i>		980
1. Each institution shall appoint an accounting officer from officials subject to the Staff Regulations of Officials of the European Union.		1. Each Union institution shall appoint an accounting officer from officials subject to the Staff Regulations of Officials of the European Union.		981
The accounting officer shall be chosen by the institution on the grounds of his particular competence as evidenced by diplomas or by equivalent professional experience.		The accounting officer shall be chosen by the Union institution on the grounds of his particular competence as evidenced by diplomas or by equivalent professional experience.		982
2. Two or more institutions or bodies may appoint the same accounting officer.		2. Two or more Union institutions or bodies may appoint the same accounting officer.		983
In such case, they shall make the necessary arrangements in order to avoid any conflict of interest.		In such case, they shall make the necessary arrangements in order to avoid any conflict of interest.		984
3. A trial balance shall be drawn up without delay in the event of termination of the duties of the accounting officer.		3. A trial balance shall be drawn up without delay in the event of termination of the duties of the accounting officer.		985
4. The trial balance accompanied by a hand-over report shall be transmitted by the accounting officer who is terminating his duties or, if it is not possible, by an official in his department to the new accounting		4. The trial balance accompanied by a hand-over report shall be transmitted by the accounting officer who is terminating his duties or, if it is not possible, by an official in his department to the new accounting officer.		986

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officer.				
The new accounting officer shall sign the trial balance in acceptance within one month from the date of transmission and he may make reservations.		The new accounting officer shall sign the trial balance in acceptance within one month from the date of transmission and he may make reservations.		987
The hand-over report shall also contain the result of the trial balance and any reservations made.		The hand-over report shall also contain the result of the trial balance and any reservations made. <i>Explanation: DQL improvements.</i>		988
<i>Article 78 Powers which may be delegated by the accounting officer</i>		<i>Article 78 Powers which may be delegated by the accounting officer</i>		1006
The accounting officer may, in the performance of his or her duties, delegate certain tasks to subordinate staff and to imprest administrators appointed in accordance with Article 86(1).		The accounting officer may, in the performance of his or her duties, delegate certain tasks to subordinate staff and to imprest administrators appointed in accordance with Article 86(1).		1007
The instrument of delegation shall set out those tasks		The instrument of delegation shall set out those tasks.		1008
<i>Article 79 Accounting rules</i>		<i>Article 79 Accounting rules</i>		1011
1. The accounting rules to be applied by all the Union institutions, the European offices referred to in Section 1 of Chapter 3 of this Title and the Union bodies referred to in Article 234 shall be based on internationally accepted accounting standards for the public sector. Those rules shall be adopted by the accounting officer of the Commission following consultation with the accounting officers of other Union institutions, European offices and		1. The accounting rules to be applied by all the Union institutions, the European offices referred to in Section 1 of Chapter 3 of this Title and the Union bodies referred to in Article 234 Section 2 of Chapter 3 of this Title shall be based on internationally accepted accounting standards for the public sector. Those rules shall be adopted by the accounting officer of the Commission following consultation with the accounting officers of other Union institutions, European offices and Union		1012

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Union bodies.		bodies. <i>Explanation: Clarification as proposed by the Commission.</i>		
2. The accounting officer may diverge from those standards if he or she considers this necessary in order to give a fair presentation of the assets and liabilities, charges, income and cash flow. Where an accounting rule diverges materially from those standards, the notes to the financial statements shall disclose this fact and the reasons for it.	AMD 174: 2. The accounting officer may diverge from those standards if he or she considers this necessary in order to give a true and fair view of the assets and liabilities, charges, income and cash flow. Where an accounting rule diverges materially from those standards, the notes to the financial statements shall disclose this fact and the reasons for it. <i>Justification: "True and fair view" is the commonly accepted terminology.</i>	2. The accounting officer may diverge from those standards if he or she considers this necessary in order to give a fair presentation of the assets and liabilities, charges, income and cash flow. Where an accounting rule diverges materially from those standards, the notes to the financial statements shall disclose this fact and the reasons for it.	EP drops AMD 174.	1013
3. The accounting rules referred to in paragraph 1 shall lay down the structure and content of the financial statements, as well as the accounting principles underlying the accounts.		3. The accounting rules referred to in paragraph 1 shall lay down the structure and content of the financial statements, as well as the accounting principles underlying the accounts.		1014
4. The budget accounts referred to in Article 234 shall respect the budgetary principles laid down in this Regulation. They shall provide a detailed record of the implementation of the budget. They shall record all budgetary revenue and expenditure operations provided for in this Title and give a fair presentation thereon.		4. The budget accounts referred to in Article 234 shall respect the budgetary principles laid down in this Regulation. They shall provide a detailed record of the implementation of the budget. They shall record all budgetary revenue and expenditure operations provided for in this Title and give a fair presentation thereon.		1015
		Article 79a Organisation of the accounts <i>Explanation: Art.235 RAP lifted up</i>		1015.1
		1. The accounting officer of each Union institution and body shall draw up		1015.2

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		and keep updated documents describing the organisation of the accounts and accounting procedures of his Union institution and body.		
		2. Budget revenue and expenditure shall be recorded in a computerised system according to the economic nature of the operation, as current revenue or expenditure or as capital.		1015.3
Article 80 Keeping the accounts		Article 80 Keeping the accounts		1016
1. The accounting officer of the Commission shall be responsible for laying down the harmonised charts of accounts to be applied by all the Union institutions, the European offices referred to in Section 1 of Chapter 3 of this Title and the Union bodies referred to in Article 234.		1. The accounting officer of the Commission shall be responsible for laying down the harmonised charts of accounts to be applied by all the Union institutions, the European offices referred to in Section 1 of Chapter 3 of this Title and the Union bodies referred to in Article 234 Section 2 of Chapter 3 of this Title. <i>Explanation: As proposed by the Commission.</i>		1017
2. The accounting officers shall obtain from authorising officers all the information necessary for the production of accounts which give a fair presentation of the institutions' financial situation and of budgetary implementation. The authorising officers shall guarantee the reliability of that information.	AMD 175: 2. The accounting officers shall obtain from authorising officers all the information necessary for the production of accounts which give a true and fair view of the institutions' financial situation and of budgetary implementation. The authorising officers shall guarantee the reliability of that information. <i>Justification: "True and fair view" is the commonly accepted terminology.</i>	2. The accounting officers shall obtain from authorising officers all the information necessary for the production of accounts which give a fair presentation of the Union institutions' financial situation and of budgetary implementation. The authorising officers shall guarantee the reliability of that information.	EP drops AMD 175.	1018
3. Before the adoption of the accounts	AMD 176: 3. Before the adoption of the accounts	3. Before the adoption of the accounts by	EP drops AMD 176.	1019

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by the institution, or body referred to in Article 69, the accounting officer shall sign them off, thereby certifying that he or she has reasonable assurance that the accounts give a fair presentation of the financial situation of the institution or body referred to in Article 69.	by the institution, or body referred to in Article 69, the accounting officer shall sign them off, thereby certifying that he or she has reasonable assurance that the accounts give a true and fair view of the financial situation of the institution or body referred to in Article 69. <i>Justification: "True and fair view" is the commonly accepted terminology.</i>	the Union institution, or body referred to in Article 69, the accounting officer shall sign them off, thereby certifying that he or she has reasonable assurance that the accounts give a fair presentation of the financial situation of the Union institution or body referred to in Article 69.		
For that purpose, the accounting officer shall verify that the accounts have been prepared in accordance with the accounting rules, referred to in Article 79, and the accounting procedures, referred to in point (d) of the first subparagraph of Article 76, and that all revenue and expenditure is entered in the accounts.		For that purpose, the accounting officer shall verify that the accounts have been prepared in accordance with the accounting rules, referred to in Article 79, and the accounting procedures, referred to in point (d) of the first subparagraph of Article 76(1), and that all revenue and expenditure is entered in the accounts.		1020
4. The authorising officer by delegation shall send the accounting officer, in accordance with the rules adopted by the latter, any financial and management information required for the performance of the accounting officer's duties.		4. The authorising officer by delegation shall send to the accounting officer, in accordance with the rules adopted by the latter accounting officer , any financial and management information required for the performance of the accounting officer's duties.		1021
The accounting officer shall be informed, regularly and at least for the closure of the accounts, by the authorising officer of the relevant financial data of the fiduciary bank accounts in order to allow the use of Union funds to be reflected in the accounts of the Union.		The accounting officer shall be informed, regularly and at least for the closure of the accounts, by the authorising officer of the relevant financial data of the fiduciary bank accounts in order to allow the use of Union funds to be reflected in the accounts of the Union.		1022
The authorising officers shall remain fully responsible for the proper use of the funds they manage, the legality and regularity of the expenditure		The authorising officers shall remain fully responsible for the proper use of the funds they manage, the legality and regularity of the expenditure under their		1023

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under their control and the completeness and accuracy of the information forwarded to the accounting officer.		control and the completeness and accuracy of the information forwarded to the accounting officer.		
5. The responsible authorising officer shall notify the accounting officer of all developments or significant modifications of a financial management system, an inventory system or a system for the valuation of assets and liabilities, if it provides data for the accounts of the institution or is used to substantiate data thereof, so that the accounting officer can verify compliance with the validation criteria		5. The responsible authorising officer shall notify the accounting officer of all developments or significant modifications of a financial management system, an inventory system or a system for the valuation of assets and liabilities, if it provides data for the accounts of the Union institution or is used to substantiate data thereof, so that the accounting officer can verify compliance with the validation criteria.		1024
At any time, the accounting officer may reexamine a financial management system already validated and may request that the responsible authorising officer establishes an action plan in order to correct, in due time, possible weaknesses.		At any time, the accounting officer may re-examine a financial management system already validated and may request that the responsible authorising officer establishes an action plan in order to correct, in due time, possible weaknesses.		1025
The responsible authorising officer shall be responsible for the completeness of information transmitted to the accounting officer.		The responsible authorising officer shall be responsible for ensure the completeness of information transmitted to the accounting officer.	New wording: "The responsible authorising officer shall be responsible for ensure the completeness of information transmitted to the accounting officer.	1026
6. The accounting officer shall be empowered to check the information received as well as to carry out any further checks he or she deems necessary in order to sign off the accounts.		6. The accounting officer shall be empowered to check the information received as well as to carry out any further checks he or she deems necessary in order to sign off the accounts.		1027
The accounting officer shall make		The accounting officer shall make		1028

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reservations, if necessary, explaining exactly the nature and scope of such reservations.		reservations, if necessary, explaining exactly the nature and scope of such reservations.		
7. An institution's accounting system shall serve to organise the budgetary and financial information in such a way that figures can be entered, filed and registered.		7. An Union institution's accounting system shall serve to organise the budgetary and financial information in such a way that figures can be entered, filed and registered.		1029
8. The accounting system shall consist of general accounts and budget accounts. The accounts shall be kept in euro and on the basis of the calendar year.		8. The accounting system shall consist of general accounts and budget accounts. The accounts shall be kept in euro and on the basis of the calendar year.		1030
9. The authorising officer by delegation may also keep detailed management accounts.		9. The authorising officer by delegation may also keep detailed management accounts.		1031
10. Supporting documents for the accounting system and for the preparation of the accounts referred to in Article 234 shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary year to which the documents relate.		10. Supporting documents for the accounting system and for the preparation of the accounts referred to in Article 234 shall be kept for at least five years from the date on which the European Parliament grants discharge for the budgetary financial year to which the documents relate.		1032
However, documents relating to operations not definitively closed shall be kept until the end of the year following that in which the operations are closed. Article 37(2) of Regulation (EC) No 45/2001 shall apply to the conservation of traffic data.		However, documents relating to operations not definitively closed shall be kept until the end of the year following that in which the operations are closed. Article 37(2) of Regulation (EC) No 45/2001 shall apply to the conservation of traffic data. <i>Explanation: Throughout DQL improvements.</i>		1033
	AMD 177: <i>Each institution shall decide in which department the supporting</i>		AMD 177 accepted.	1033.1

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	documents are to be kept. <i>Justification: Reinserted last paragraph from RAP Art. 64. Sentence was omitted by Commission.</i>			
		Article 80a Content and keeping of budget accounts <i>Explanation: Art. 245 RAP reinserted.</i>		1033.2
		1. The budget accounts shall show, for each subdivision of the budget:		1033.3
		(a) in the case of expenditure:		1033.4
		(i) the appropriations authorised in the initial budget, the appropriations entered in amending budgets, the appropriations carried over, the appropriations available following collection of assigned revenue, transfers of appropriations and the total appropriations thus available;		1033.5
		(ii) the commitments and payments in respect of the financial year;		1033.6
		(b) in the case of revenue:		1033.7
		(i) the estimates entered in the initial budget, the estimates entered in amending budgets, assigned revenue and the total amount of estimates thus determined;		1033.8
		(ii) the entitlements established and the amounts recovered in respect of the financial year in question;		1033.9
		(c) the commitments still to be paid		1033.10

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		and revenue still to be recovered carried forward from previous financial years.		
		The commitment appropriations and payment appropriations referred to in point (a) of the first subparagraph shall be entered and shown separately.		1033.11
		2. The budget accounts shall show separately:		1033.12
		(a) the use of appropriations carried over and the appropriations for the year;		1033.13
		(b) the clearance of outstanding commitments.		1033.14
		On the revenue side, amounts still to be recovered from previous financial years shall be shown separately.		1033.15
Article 81 General accounts		Article 81 General accounts		1034
1. The general accounts shall record, in chronological order using the double-entry method, all events and operations which affect the economic and financial situation and the assets and liabilities of the institutions and of the bodies referred to in Article 234.		1. The general accounts shall record, in chronological order using the double-entry method, all events and operations which affect the economic and financial situation and the assets and liabilities of the Union institutions and of the bodies referred to in Article 234 Section 2 of Chapter 3 of this Title . <i>Explanation: Technical correction as requested by Commission.</i>		1035
2. Balances and movements in the general accounts shall be entered in the accounting ledgers.		2. Balances and movements in the general accounts shall be entered in the accounting ledgers.		1036
3. All accounting entries, including adjustments to the accounts, shall be based on supporting documents, to		3. All accounting entries, including adjustments to the accounts, shall be based on supporting documents, to		1037

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which the entries shall refer.		which the entries shall refer.		
4. The accounting system shall be such as to leave a clear audit trail for all accounting entries.		4. The accounting system shall be such as to leave a clear audit trail for all accounting entries.		1038
<i>Article 82</i> <i>Bank accounts</i>		<i>Article 82</i> <i>Bank accounts</i>		1039
1. For the requirements of treasury management, the accounting officer may open accounts in the name of the institution with financial institutions or national central banks or cause such accounts to be opened. The accounting officer shall also be responsible for closing those accounts or for ensuring that they are closed.		1. For the requirements of treasury management, the accounting officer may open accounts in the name of the Union institution with financial institutions or national central banks or cause such accounts to be opened. The accounting officer shall also be responsible for closing those accounts or for ensuring that they are closed.		1040
2. The terms governing the opening, operation and use of bank accounts shall provide, depending on internal control requirements, that cheques, bank credit transfer orders or any other banking operations must be signed by one or more duly authorised members of staff. Manual instructions shall be signed by at least two duly authorised members of staff, or by the accounting officer in person.		2. The terms governing the opening, operation and use of bank accounts shall provide, depending on internal control requirements, that cheques, bank credit transfer orders or any other banking operations must be signed by one or more duly authorised members of staff. Manual instructions shall be signed by at least two duly authorised members of staff, or by the accounting officer in person.		1041
3. Within the implementation of a programme or an action, fiduciary accounts may be opened on behalf of the Commission in order to allow for their management by an entity pursuant to points (ii), (iii), (v) or (vi) of Article 61(1)(c).		3. Within the implementation of a programme or an action, fiduciary accounts may be opened on behalf of the Commission in order to allow for their management by an entity pursuant to points (ii), (iii), (v) or (vi) of Article 61(1)(c).		1042
Such accounts shall be opened under the responsibility of the authorising		Such accounts shall be opened under the responsibility of the authorising		1043

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officer in charge of the implementation of the programme or action in agreement with the accounting officer of the Commission.		officer in charge of the implementation of the programme or action in agreement with the accounting officer of the Commission.		
Such accounts shall be managed under the responsibility of the authorising officer.		Such accounts shall be managed under the responsibility of the authorising officer.		1044
4. The accounting officer of the Commission shall lay down rules for the opening, management and closure of fiduciary accounts and their use.		4. The accounting officer of the Commission shall lay down rules for the opening, management and closure of fiduciary accounts and their use.		1045
<i>Article 83 Treasury management</i>		<i>Article 83 Treasury management</i>		1046
1. Unless otherwise provided for in this Regulation, only the accounting officer shall be empowered to manage cash and cash equivalents. The accounting officer shall be responsible for their safekeeping.		1. Unless otherwise provided for in this Regulation, only the accounting officer shall be empowered to manage cash and cash equivalents. The accounting officer shall be responsible for their safekeeping.		1047
2. The accounting officer shall ensure that his institution has at its disposal sufficient funds to cover the cash requirements arising from budgetary implementation within the provisions of the applicable regulatory framework and shall set up procedures to ensure that none of the accounts opened in accordance with Article 82(1) and Article 86(2) is in debit.		2. The accounting officer shall ensure that his Union institution has at its disposal sufficient funds to cover the cash requirements arising from budgetary implementation within the provisions of the applicable regulatory framework and shall set up procedures to ensure that none of the accounts opened in accordance with Article 82(1) and Article 86(2) is in debit.		1048
3. Payments shall be made by bank credit transfer, by cheque or, from imprest accounts, or if specifically authorised by the Accounting Officer, by debit card, direct debit or other means of payment, in accordance		3. Payments shall be made by bank credit transfer, by cheque or, from imprest accounts, or if specifically authorised by the Accounting Officer, by debit card, direct debit or other means of payment, in accordance with the rules laid down		1049

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with the rules laid down by the accounting officer.		by the accounting officer.		
4. The accounting officer may only make payments if the payee's legal entity and payment details have first been entered in a common file by institution for which he/she is responsible.	AMD 178: Deleted. <i>Justification: For logical reasons the first subparagraph should be moved after the second: the payment is made after the commitment has been entered into.</i>	4. The accounting officer may only make payments if the payee's legal entity and payment details have first been entered in a common file by Union institution for which he/she is responsible.	AMD 178 accepted.	1050
Before entering into a commitment towards a third party, the authorising officer shall establish the legal entity and payment details of payees and enter them in the common file by institution for which the accounting officer is responsible in order to ensure transparency, accountability and proper payment implementation.	AMD 179: Before entering into a commitment towards a third party, the authorising officer shall confirm the payee's identity , establish the legal entity and payment details of payees and enter them in the common file by institution for which the accounting officer is responsible in order to ensure transparency, accountability and proper payment implementation. <i>Justification: Reinserted from RAP Art. 63.</i>	Before entering into a commitment towards a third party, the authorising officer shall establish the legal entity and payment details of payees and enter them in the common file by Union institution for which the accounting officer is responsible in order to ensure transparency, accountability and proper payment implementation.	AMD 179 accepted.	1051
	AMD 180: <i>The accounting officer may only make payments if the payee's legal entity and payment details have first been entered in a common file by the institution for which he/she is responsible.</i> <i>Justification: For logical reasons the first subparagraph has been moved after the second: the payment is made after the commitment has been entered into.</i>		AMD 180 accepted.	1051.1
Authorising officers shall inform the accounting officer of any change in the legal and payment details		Authorising officers shall inform the accounting officer of any change in the legal and payment details communicated		1052

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communicated to them by the payee and shall check that these details are valid before they authorise any payment.		to them by the payee and shall check that these details are valid before they authorise any payment.		
<i>Article 84</i> <i>The inventory of assets</i>		<i>Article 84</i> <i>The inventory of assets</i>		1053
1. Each Union institution and body referred to in Article 234 shall keep inventories showing the quantity and value of all the Union's tangible, intangible and financial assets in accordance with a model drawn up by the accounting officer of the Commission.		1. Each Union institution and body referred to in Article 234 Section 2 of Chapter 3 of this Title shall keep inventories showing the quantity and value of all the Union's tangible, intangible and financial assets in accordance with a model drawn up by the accounting officer of the Commission.		1054
Each Union institution and body referred to in Article 234 shall check that entries in the inventory correspond to the actual situation.		Each Union institution and body referred to in Article 234 Section 2 of Chapter 3 of this Title shall check that entries in the inventory correspond to the actual situation.		1055
All items acquired with a period of use greater than one year, which are not consumables, and whose purchase price or production cost is higher than that indicated by the accounting procedures referred to in Article 76 shall be entered in the inventory and recorded in the fixed assets accounts.		All items acquired with a period of use greater than one year, which are not consumables, and whose purchase price or production cost is higher than that indicated by the accounting procedures referred to in Article 76 shall be entered in the inventory and recorded in the fixed assets accounts.		1056
2. The sale of the Union's tangible assets shall be suitably advertised.		2. The sale of the Union's tangible assets shall be suitably advertised.		1057
3. Each of the Union institutions and bodies referred to in Article 234 shall adopt provisions on safeguarding the assets included in their respective balance sheets and decide which administrative departments are responsible for the inventory system.		3. Each of the Union institutions and bodies referred to in Article 234 Section 2 of Chapter 3 of this Title shall adopt provisions on safeguarding the assets included in their respective balance sheets and decide which administrative departments are responsible for the		1058

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		inventory system. <i>Explanation: Technical correction as requested by Commission.</i>		
SECTION 4 IMPREST ADMINISTRATOR		SECTION 4 IMPREST ADMINISTRATOR		1059
<i>Article 85 Imprest accounts</i>		<i>Article 85 Imprest accounts</i>		1060
1. Imprest accounts may be set up for the collection of revenue other than own resources and for the payment of expenditure, where owing to the limited amounts involved, it is materially impossible or inefficient to carry out payment operations by budgetary procedures.		1. Imprest accounts may be set up for the collection of revenue other than own resources and for the payment of expenditure, where owing to the limited amounts involved, it is materially impossible or inefficient to carry out payment operations by budgetary procedures. Imprest accounts may also be set up for the collection of revenue other than own resources. <i>Explanation: Restructuring.</i>		1061
		In Union delegations, imprest accounts may also be used to execute payments, of limited amounts, by budgetary procedures, if such use is efficient and effective due to local requirements. <i>Explanation: From up from last subparagraph.</i>	Council wording is agreed.	1061.1
		The maximum amount which may be paid by the imprest administrator where it is materially impossible or inefficient to carry out payment operations by budgetary procedures shall not exceed EUR 60 000 for each item of expenditure. <i>Explanation: Art. 67(2) last subparagraph RAP re-inserted.</i>	New wording: "The maximum amount which may be paid by the imprest administrator where it is materially impossible or inefficient to carry out payment operations by budgetary procedures shall be established by the accounting officer and shall in any case not exceed EUR 60 000 for each item of expenditure."	1061.2

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However, in the field of crisis management aid and humanitarian aid operations, imprest accounts may be used without any limitation on the amount, while respecting the level of appropriations decided by the European Parliament and the Council on the corresponding budget line for the current financial year and in accordance with the Commission's internal rules.		However, in the field of crisis management aid and humanitarian aid operations, imprest accounts may be used without any limitation on the amount, while respecting the level of appropriations decided by the European Parliament and the Council on the corresponding budget line for the current financial year and in accordance with the Commission's internal rules.		1062
In Union delegations, imprest accounts may also be used to execute payments, of limited amounts, by budgetary procedures, if such use is efficient and effective due to local requirement.		In Union delegations, imprest accounts may also be used to execute payments, of limited amounts, by budgetary procedures, if such use is efficient and effective due to local requirement.		1063
2. In Union delegations, imprest accounts shall be set up for the payment of expenditure from both the Commission section of the budget and the EEAS section of the budget, ensuring full traceability of expenditure.		2. In Union delegations, imprest accounts shall be set up for the payment of expenditure from both the Commission section of the budget and the EEAS section of the budget, ensuring full traceability of expenditure.		1066
<i>Article 86</i> <i>Creation and administration of imprest accounts</i>		<i>Article 86</i> <i>Creation and administration of imprest accounts</i>		1067
1. The creation of an imprest account and the appointment of an imprest administrator shall be the subject of a decision by the accounting officer of the institution, on a duly substantiated proposal from the authorising officer responsible. That decision shall set out the respective responsibilities and obligations of the imprest administrator and the authorising		1. The creation of an imprest account and the appointment of an imprest administrator shall be the subject of a decision by the accounting officer of the Union institution, on a duly substantiated proposal from the authorising officer responsible. That decision shall set out the respective responsibilities and obligations of the imprest administrator and the		1068

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officer.		authorising officer.		
Imprest administrators shall be chosen from officials or, should the need arise and only in duly substantiated cases, from other members of staff or subject to the limits established in the Commission's internal rules from personnel employed by the Commission in the field of crisis management aid and humanitarian aid operations provided that their employment contracts guarantee equivalent level of protection in terms of liability as applicable to the staff pursuant to Article 93. Imprest administrators shall be chosen on the grounds of their knowledge, skills and particular qualifications as evidenced by diplomas or by appropriate professional experience, or after an appropriate training programme.		Imprest administrators shall be chosen from officials or, should the need arise and only in duly substantiated cases, from other members of staff or subject to in accordance with the limits conditions established in the Commission's internal rules from personnel employed by the Commission in the field of crisis management aid and humanitarian aid operations provided that their employment contracts guarantee equivalent level of protection in terms of liability as applicable to the staff pursuant to Article 93. Imprest administrators shall be chosen on the grounds of their knowledge, skills and particular qualifications as evidenced by diplomas or by appropriate professional experience, or after an appropriate training programme. <i>Explanation: Correction.</i>		1069
		1a. In proposals for decisions setting up imprest accounts, the authorising officer responsible shall ensure that:		1069.1
		(a) priority is given to the use of budgetary procedures where there is access to the central computerised accounting system;		1069.2
		(b) imprest accounts are used only in substantiated cases. <i>Explanation: Art. 67(2) RAP first subparagraph reinserted.</i>		1069.3
In deciding to create an imprest account, the accounting officer shall specify the operating terms and the conditions for use of the imprest		In decisions conditions to create an imprest account, the accounting officer shall specify the operating terms and the conditions for use of the imprest		1070

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account.		account.		
The amendment of the operating terms for an imprest account shall also be the subject of a decision by the accounting officer on a duly substantiated proposal from the authorising officer responsible.		The amendment of the operating terms for an imprest account shall also be the subject of a decision by the accounting officer on a duly substantiated proposal from the authorising officer responsible.		1071
2. Bank accounts for the imprest shall be opened by the accounting officer, who shall also authorise delegated signatures on them on the basis of a justified proposal from the authorising officer.	AMD 181: 2. Bank accounts for the imprest shall be opened and monitored by the accounting officer, who shall also authorise delegated signatures on them on the basis of a justified proposal from the authorising officer. <i>Justification: Reinserted provision from RAP Art. 69(1).</i>	2. Bank accounts for the imprest shall be opened and monitored by the accounting officer, who shall also authorise delegated signatures on them on the basis of a justified duly substantiated proposal from the authorising officer. <i>Explanation: As EP and DQL improvement to harmonise language with paragraph 1.</i>	Council wording is agreed.	1072
3. Imprest accounts shall be endowed by the institution's accounting officer and shall be placed under the responsibility of imprest administrators.		3. Imprest accounts shall be endowed by the Union institution's accounting officer and shall be placed under the responsibility of imprest administrators.		1073
4. Payments made shall be followed by formal final validation decisions or payment orders signed by the authorising officer responsible.		4. Payments made shall be followed by formal final validation decisions or payment orders signed by the authorising officer responsible.		1074
The imprest transactions shall be settled by the authorising officer by no later than the end of the following month, so that the accounting balance and the bank balance can be reconciled.		The imprest transactions shall be settled by the authorising officer by no later than the end of the following month, so that the accounting balance and the bank balance can be reconciled.		1075
5. The accounting officer shall carry out, or have carried out by a staff member in his own department or in the	AMD 182: 5. The accounting officer shall carry out, or have carried out by a staff member in his own department or in the	5. The accounting officer shall carry out checks , or have them carried out by a staff member in his own department or in	New wording: "5. The accounting officer shall carry out checks , or have them carried out by a staff member in his own department	1076

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authorising department specially empowered for that purpose, checks, which must as a general rule be effected on the spot and, where appropriate, without warning, to verify the existence of the funds allocated to the imprest administrators and the bookkeeping and to check that imprest transactions are settled within the time-limit set. The accounting officer shall communicate the findings of those checks to the authorising officer responsible.	authorising department specially empowered for that purpose, checks, which must as a general rule be effected on the spot and, when necessary , without warning, to verify the existence of the funds allocated to the imprest administrators and the bookkeeping and to check that imprest transactions are settled within the time-limit set. The accounting officer shall communicate the findings of those checks to the authorising officer responsible.	the authorising department specifically empowered for that purpose. Those , checks, which must shall as a general rule be effected on the spot and, where appropriate, without warning, to verify the existence of the funds allocated to the imprest administrators and the bookkeeping and to check that imprest transactions are settled within the time-limit set. The accounting officer shall communicate the findings of those checks to the authorising officer responsible. <i>Explanation: DQL improvements.</i>	or in the authorising department specifically empowered for that purpose. Those , checks which , which must shall as a general rule be effected on the spot and, where appropriate necessary , without warning, to verify the existence of the funds allocated to the imprest administrators and the bookkeeping and to check that imprest transactions are settled within the time-limit set. The accounting officer shall communicate the findings of those checks to the authorising officer responsible."	
CHAPTER 5 Liability of financial actors		CHAPTER 5 Liability of financial actors		1095
SECTION 1 GENERAL RULES		SECTION 1 GENERAL RULES		1096
<i>Article 87</i> <i>Withdrawal of delegation and suspension of duties given to financial actors</i>		<i>Article 87</i> <i>Withdrawal of delegation and suspension of duties given to financial actors</i>		1097
1. Authorising officers responsible may at any time have their delegation or subdelegation withdrawn temporarily or definitively by the authority which appointed them.		1. Authorising officers responsible may at any time have their delegation or sub-delegation withdrawn temporarily or definitively by the authority which appointed them.		1098
2. The accounting officer or imprest administrators, or both, may at any time be suspended temporarily or definitively from their duties by the authority which appointed them.		2. The accounting officer or imprest administrators, or both, may at any time be suspended temporarily or definitively from their duties by the authority which appointed them.		1099
3. Paragraphs 1 and 2 shall be without prejudice to any disciplinary action taken in respect of the financial		3. Paragraphs 1 and 2 shall be without prejudice to any disciplinary action taken in respect of the financial actors referred		1100

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actors referred to in those paragraphs.		to in those paragraphs.		
<i>Article 88 Liability of financial actors for illegal activity, fraud or corruption</i>		<i>Article 88 Liability of financial actors for illegal activity, fraud or corruption</i>		1101
1. This Chapter is without prejudice to any liability under criminal law which the financial actors referred to in Article 87 may incur as provided for in applicable national law and in the provisions in force concerning the protection of the Union's financial interests and the fight against corruption involving Union officials or officials of Member States.		1. This Chapter is without prejudice to any liability under criminal law which the financial actors referred to in Article 87 may incur as provided for in applicable national law and in the provisions in force concerning the protection of the Union's financial interests and the fight against corruption involving Union officials or officials of Member States.		1102
2. Without prejudice to Articles 89, 92 and 93 of this Regulation, each authorising officer responsible, accounting officer or imprest administrator shall be liable to disciplinary action and payment of compensation as laid down in the Staff Regulations or for the personnel referred to in Article 86 in their employment contracts. In the event of illegal activity, fraud or corruption which may harm the interests of the Union, the matter shall be submitted to the authorities and bodies designated by the applicable legislation, in particular to the European Anti-Fraud Office.		2. Without prejudice to Articles 89, 92 and 93 of this Regulation, each authorising officer responsible, accounting officer or imprest administrator shall be liable to disciplinary action and payment of compensation as laid down in the Staff Regulations or for the personnel referred to in Article 86 in their employment contracts. In the event of illegal activity, fraud or corruption which may harm the interests of the Union, the matter shall be submitted to the authorities and bodies designated by the applicable legislation, in particular to the European Anti-Fraud Office.		1103
SECTION 2 RULES APPLICABLE TO AUTHORISING OFFICERS RESPONSIBLE		SECTION 2 RULES APPLICABLE TO AUTHORISING OFFICERS RESPONSIBLE		1107
<i>Article 89 Rules applicable to authorising officers</i>		<i>Article 89 Rules applicable to authorising officers</i>		1108

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1. The authorising officer responsible shall be liable for payment of compensation as laid down in the Staff Regulations.		1. The authorising officer responsible shall be liable for payment of compensation as laid down in the Staff Regulations.		1109
2. The obligation to pay compensation shall apply in particular if the authorising officer responsible, whether intentionally or through gross negligence on his or her part		2. The obligation to pay compensation shall apply in particular if the authorising officer responsible, whether intentionally or through gross negligence on his or her part:		1110
(a) determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a payment order without complying with this Regulation;		(a) determines entitlements to be recovered or issues recovery orders, commits expenditure or signs a payment order without complying with this Regulation;		1111
(b) omits to draw up a document establishing an amount receivable, neglects to issue a recovery order or is late in issuing it or is late in issuing a payment order, thereby rendering the institution liable to civil action by third parties.		(b) omits to draw up a document establishing an amount receivable, neglects to issue a recovery order or is late in issuing it or is late in issuing a payment order, thereby rendering the Union institution liable to civil action by third parties.		1112
3. An authorising officer by delegation or subdelegation who considers that a decision, which is his or her responsibility to take, is irregular or contrary to the principle of sound financial management shall inform the delegating authority in writing. If the delegating authority then gives a reasoned instruction in writing to the authorising officer by delegation or subdelegation to take that decision, that authorising officer shall not be held liable.		3. An authorising officer by delegation or sub-delegation who considers that a decision, which is his or her responsibility to take, is irregular or contrary to the principle of sound financial management shall inform the delegating authority in writing. If the delegating authority then gives a reasoned instruction in writing to the authorising officer by delegation or sub-delegation to take that decision, that authorising officer shall not be held liable.	New wording, which also covers what was in Article 91, hence that Article 91 is deleted (see rows 1135, 1136): 3. An authorising officer by delegation or sub-delegation who considers receives a binding instruction which he considers to be that a decision, which is his or her responsibility to take, is irregular or contrary to the principle of sound financial management, in particular because the instruction cannot be carried out with the resources allocated to him, shall so inform the	1113

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
			<p>delegating authority in writing from which he received the delegation or sub-delegation about that fact in writing. If the delegating authority then gives a reasoned instruction is confirmed in writing and that confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which to the authorising officer by delegation or sub-delegation has challenged, the authorising officer by delegation or sub-delegation to take that decision, that authorising officer shall not be held liable. He shall carry out the instruction, unless it is manifestly illegal or constitutes a breach of the relevant safety standards.</p> <p>The same procedure shall apply Paragraph 1 shall also apply in cases where an authorising officer considers that a decision, which is his or her responsibility to take, is irregular or contrary to the principle of sound financial management or where an authorising officer learns, in the course of acting on a binding instruction, that the circumstances of the case may give rise to an irregular such a situation.</p> <p>Any instructions confirmed in the circumstances described in Article 89(3) this paragraph shall be recorded by the authorising officer by delegation responsible and mentioned in his annual activity report.</p>	

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
4. In the event of subdelegation within his or her service, the authorising officer by delegation shall continue to be responsible for the efficiency and effectiveness of the internal management and control systems put in place and for the choice of the authorising officer by subdelegation.		4. In the event of sub-delegation within his or her service, the authorising officer by delegation shall continue to be responsible for the efficiency and effectiveness of the internal management and control systems put in place and for the choice of the authorising officer by sub-delegation.		1114
5. In the event of subdelegation to the Heads of Union delegations and their deputies, the authorising officer by delegation shall be responsible for the definition of the internal management and control systems put in place, as well as their efficiency and effectiveness. The Heads of Union delegations shall be responsible for the adequate setting up and functioning of those systems, in accordance with the instructions of the authorising officer by delegation, and for the management of the funds and the operations they carry out within the Union delegation under their responsibility. Before taking up their duties, they shall complete specific training courses on the tasks and responsibilities of authorising officers and the implementation of the budget.		5. In the event of sub-delegation to the Heads of Union delegations and their deputies, the authorising officer by delegation shall be responsible for the definition of the internal management and control systems put in place, as well as their efficiency and effectiveness. The Heads of Union delegations shall be responsible for the adequate setting up and functioning of those systems, in accordance with the instructions of the authorising officer by delegation, and for the management of the funds and the operations they carry out within the Union delegation under their responsibility. Before taking up their duties, they shall complete specific training courses on the tasks and responsibilities of authorising officers and the implementation of the budget.		1115
Heads of Union delegations shall report on their responsibilities pursuant to the first subparagraph of this paragraph in accordance with Article 75(3).		Heads of Union delegations shall report on their responsibilities pursuant to the first subparagraph of this paragraph in accordance with Article 75(3).		1116
Each year, Heads of Union delegations shall provide to the Commission's authorising officer by		Each year, Heads of Union delegations shall provide to the Commission's authorising officer by delegation		1117

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
delegation assurance on the internal management and control systems put in place in their delegation, as well as on the management of operations subdelegated to them, and the results thereof, in order to allow the authorising officer to make the statement of assurance provided for in Article 73(9).		assurance on the internal management and control systems put in place in their delegation, as well as on the management of operations sub-delegated to them, and the results thereof, in order to allow the authorising officer to make the statement of assurance provided for in Article 73(9).		
This paragraph shall also apply to the deputy Heads of Union delegations when they act as authorising officers by subdelegation in the absence of the Heads of Union delegations.		This paragraph shall also apply to the deputy Heads of Union delegations when they act as authorising officers by sub-delegation in the absence of the Heads of Union delegations.		1118
<i>Article 90</i> <i>Treatment of financial irregularities on the part of a member of staff</i>		<i>Article 90</i> <i>Treatment of financial irregularities on the part of a member of staff</i>	Agreement on Council text for Article 90 with the modifications shown below.	1122
1. Without prejudice to the powers of the European Anti-Fraud Office, any infringement of a provision of the Financial Regulation or of a provision relating to financial management or the checking of operations resulting from an act or omission of a member of staff shall be referred to the panel referred to in Article 139 of this Regulation for an opinion by any of the following:	AMD 183: 1. Without prejudice to the powers of the European Anti-Fraud Office, any infringement of a provision of the Financial Regulation or of a provision relating to financial management or the checking of operations resulting from an act or omission of a member of staff shall be referred to a joint specialised financial irregularities panel for an opinion by any of the following: <i>Justification:</i> See AMD 193.	1. Without prejudice to the powers of the European Anti-Fraud Office and to the administrative autonomy of the Union institutions and bodies in respect of members of their staff and with due regard to the protection of whistle-blowers , any infringement of a provision of the Financial Regulation or of a provision relating to financial management or the checking of operations resulting from an act or omission of a member of staff shall be referred to the panel referred to in Article 139 of this Regulation for an opinion, by any of the following: <i>Explanation:</i> Legal concern that institutions have to remain free to decide whether they wish to submit to a joint panel. With the modifications made, Council accepts to	Council text.	1123

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
		<i>merge the disciplinary panel into the EDES panel.</i>		
(a) the appointing authority in charge of disciplinary matters;		(a) the appointing authority in charge of disciplinary matters;	Council text.	1124
(b) a member of staff in accordance with Article 73(8). In such case, the panel shall transmit the file to the appointing authority and shall inform the member of staff accordingly. The appointing authority may request the panel's opinion on the case;		(b) a member of staff in accordance with Article 73(8). In such case, the panel shall transmit the file to the appointing authority and shall inform the member of staff accordingly. The appointing authority may request the panel's opinion on the case; <i>Explanation: Included as a separate subparagraph below - no obligation to report on staff members.</i>	Council deletion agreed.	1125
(c) the responsible authorising officer, including Heads of Union delegations and their deputies in their absence acting as authorising officers by subdelegation in accordance with Article 58(2) of this Regulation.		(b) the responsible authorising officer, including Heads of Union delegations and their deputies in their absence acting as authorising officers by sub-delegation in accordance with Article 58(2) of this Regulation.	Council text.	1126
	AMD 184: <i>If the information is brought to the panel's attention by a whistle-blower, the information shall be handled by the panel in accordance with the rules of procedure for providing information in the event of serious irregularities ("whistleblowing") in force at the Commission and/or at the institution, body or office to which the whistle-blower belongs.</i> <i>Justification:</i> See AMD 193.		EP AMD dropped.	1126.1
	AMD 185: <i>1a. The panel referred to in paragraph</i>		EP AMD dropped.	1126.2

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<p>1 shall be composed of:</p> <p>(a) a standing high-level independent Chair appointed by the Commission;</p> <p>(b) a representative from six different Union institutions, European offices or Union bodies referred to in Article 69.</p> <p>The composition of the panel shall ensure the appropriate legal and technical expertise. The appointment of the members of the panel shall take into account the need for avoiding any conflict of interests. The panel shall be assisted by a permanent secretariat, provided by the Commission, which shall ensure the continuous administration of the panel.</p> <p><u>Justification:</u> See AMD 193.</p>		<p>EP AMD dropped.</p> <p>EP AMD dropped.</p> <p>EP AMD dropped.</p>	<p>1126.2a</p> <p>1126.2b</p> <p>1126.2c</p>
	<p>AMD 186:</p> <p>1b. The term of office of the members of the panel referred to in paragraph 1a(b) shall be three years and shall be renewable.</p> <p><u>Justification:</u> See AMD 193.</p>		<p>EP AMD dropped.</p>	<p>1126.3</p>
	<p>AMD 187:</p> <p>1c. The Chair of the panel shall be chosen from among former members of the ECA, the Court of Justice of the European Union or former officials who have had at least the rank of Director-General in a Union institution other than the Commission. The Chair shall</p>		<p>EP AMD dropped.</p>	<p>1126.4</p>

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	<p><i>be selected on the basis of his or her personal and professional qualities, extensive experience in legal and financial matters and proven competence, independence and integrity. His or her term of office shall be five years and shall not be renewable. The Chair shall be appointed as special adviser within the meaning of Article 5 of the Conditions of Employment of Other Servants of the European Union. The Chair shall preside at all sessions of the panel and shall be independent in the performance of his or her duties. The Chair shall not have a conflict of interests between his or her duties as Chair and any other official duties.</i></p> <p><u>Justification:</u> See AMD 193.</p>			
	<p>AMD 188:</p> <p>1d. The rules of procedure of the panel shall be adopted by the Commission.</p> <p><u>Justification:</u> See AMD 193.</p>		EP AMD dropped.	1126.5
		<p>Where the panel is directly informed of a matter by a member of staff,-it shall transmit the file to the appointing authority or the Union institution or body concerned and shall inform the member of staff accordingly. The appointing authority may request the panel's opinion on the case.</p> <p><u>Explanation:</u> From paragraph 1 above.</p>	Council text.	1126.6
		1a. The request for an opinion of the panel pursuant to the first	Council text.	1126.6a

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		<p>subparagraph of paragraph 1 shall be accompanied by a description of the facts and the act or omission which the panel is asked to assess, as well as by relevant supporting documents, including reports of any investigation which has taken place. Wherever possible, the information shall be produced in an anonymised form.</p> <p><i>Explanation:</i> Included upon advice from CLS.</p>		
		<p>Before submitting a request to the panel, the appointing authority or the authorising officer, as the case may be, shall give the member of staff involved the opportunity to submit its observations, after having notified to him or her the supporting documents referred to in the first subparagraph, insofar as this notification does not seriously undermine the pursuit of further investigations. This shall also apply before any additional information is submitted to the panel.</p> <p><i>Explanation:</i> From paragraph 3 below and substantiated pursuant to advice from CLS / procedural safeguards.</p>	Council text.	1126.7
<p>2. In the cases referred in paragraph 1, the panel referred to in Article 139 of this Regulation shall be competent to determine whether a financial irregularity has occurred. On the basis of the opinion of the panel referred to in Article 139 for cases referred to in paragraph 1, the institution concerned shall decide whether to initiate proceedings for</p>	<p>AMD 189:</p> <p>2. The panel shall be competent to determine whether a financial irregularity has occurred.</p> <p><i>Justification:</i> See AMD 193.</p>	<p>2. In the cases referred in paragraph 1 of this Article, the panel referred to in Article 139 of this Regulation shall be competent to determine assess whether, on the basis of the elements submitted to it pursuant to paragraph 1a and any additional elements received, a financial irregularity has occurred. On the basis of the opinion of the panel, referred to in Article 139 for</p>	Council text.	1127

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disciplinary action or payment of compensation. If the panel detects systemic problems, it shall make a recommendation to the authorising officer and to the authorising officer by delegation, unless the latter is the member of staff involved, as well as to the internal auditor.		<p>cases referred to in paragraph 1, the Union institution or body concerned shall decide on the appropriate follow-up actions in accordance with the Staff Regulations whether to initiate proceedings for disciplinary action or payment of compensation. If the panel detects systemic problems, it shall make a recommendation to the authorising officer and to the authorising officer by delegation, unless the latter is the member of staff involved, as well as to the internal auditor.</p> <p><i>Explanation: Adapted to new structure.</i></p>		
3. Before adopting any opinion in cases of irregularities referred to in paragraph 1 of this Article, the panel shall give the member of staff involved the opportunity to submit its observations.		<p>3. Before adopting any opinion in cases of irregularities referred to in paragraph 1 of this Article, the panel shall give the member of staff involved the opportunity to submit its observations.</p> <p><i>Explanation: Moved up to paragraph 1a.</i></p>	Council deletion.	1128
4. Where the panel gives the opinion referred to in paragraph 1, it shall have the composition laid down in Article 139(2) and two additional members:	<p>AMD 190: Deleted.</p> <p><i>Justification:</i> See AMD 193.</p>	<p>4. Where the panel gives the opinion referred to in paragraph 1 of this Article, it shall have the composition laid down be composed of the members referred to in Article 139(2) and as well as the following two additional members, which shall be appointed taking into account the need for avoiding any conflicts of interests:</p> <p><i>Explanation: Redrafted pursuant to advice from CLS - part of point (b) included here.</i></p>	<p>New wording:</p> <p>4. Where the panel gives the opinion referred to in paragraph 1 of this Article, it shall have the composition laid down be composed of the members referred to in Article 139(2) and as well as the following two three additional members, which shall be appointed taking into account the need for avoiding any conflicts of interests:</p>	1129
(a) a representative of the appointing authority in charge of disciplinary matters of the institution or body		(a) a representative of the appointing authority in charge of disciplinary matters of the Union institution or	Council text.	1130

CIION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
concerned, and		body concerned, and		
(b) another member appointed by the staff committee of the institution or body concerned. The appointment of those additional members shall take into account the need for avoiding any conflict of interests.		(b) another member appointed by the staff committee of the Union institution or body concerned. The appointment of those additional members shall take into account the need for avoiding any conflict of interests. <i>Explanation: Moved to paragraph 4 intro.</i>	Council text.	1131
			New wording: (c) a member of the Legal Service of the Union institution to whom the staff member concerned belongs.	1131.1
5. Where the panel gives the opinion referred to in Article paragraph 1, it shall be addressed to the disciplinary Board established by each institution or body in accordance to its internal rules.	AMD 191: 5. <i>The panel's</i> opinion shall be addressed to the <i>appointing authority in charge of disciplinary matters of the institution, office or body concerned.</i> <i>Justification: See AMD 193.</i>	5.—Where the panel gives the opinion referred to in Article paragraph 1, it shall be addressed to the appointing authority of the disciplinary Board established by each Union institution or body concerned in accordance to its internal rules. <i>Explanation: Clarification and correction as advised by CLS.</i>	Council text.	1132
		4a. The panel shall have no investigative powers. The Union institutions and bodies shall cooperate with the panel with a view to ensuring that it has all the information necessary for giving its opinion. <i>Explanation: New text as advised by CLS.</i>	Council text.	1132.1
			4b. As referred to in paragraph 1, where the panel's analysis suggests that the case referred to is a matter for OLAF, it shall	1132.1a

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			transmit the file to the relevant appointing authority without delay and shall inform OLAF at once.	
	<p>AMD 192:</p> <p><i>5a. On the basis of the panel's opinion, the institution concerned shall decide whether to initiate proceedings for disciplinary action or payment of compensation. If the panel detects systemic problems, it shall make a recommendation to the authorising officer and to the authorising officer by delegation, unless the latter is the member of staff involved, as well as to the internal auditor.</i></p> <p><u>Justification:</u> See AMD 193.</p>		EP AMD drops.	1132.2
	<p>AMD 193:</p> <p><i>5b. If, on examining a case, the panel deems that the matter comes under the remit of OLAF, it shall immediately forward the case to the Director of OLAF and inform the appointing authority of the institution, office or body concerned accordingly. As from the day of transmittal, the case is withdrawn from the panel's consideration.</i></p> <p><u>Justification:</u> Commission's proposal to merge the panel dedicated to the early detection and exclusion system with the panel dealing with financial irregularities is not justified given the differing objectives of the panels. A specific joint panel should be put in place with a reinforced interinstitutional character.</p>		EP AMD drops.	1132.3

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	<i>Furthermore, the text proposed by the Commission is not compliant with the provisions on disciplinary proceedings laid down in Annex IX of the Staff Regulations. No disciplinary proceedings can be launched without either an OLAF report or an administrative inquiry having taken place.</i>			
6. The Member States shall fully support the Union in the enforcement of any liability, under Article 22 of the Staff Regulations of Officials of the European Union, of temporary staff to whom point (e) of Article 2 of the Conditions of Employment of Other Servants of the European Union applies.		65. The Member States shall fully support the Union in the enforcement of any liability, under Article 22 of the Staff Regulations of Officials of the European Union, of temporary staff to whom point (e) of Article 2 of the Conditions of Employment of Other Servants of the European Union applies.	Council renumbering.	1133
<i>Article 91 Confirmation of instructions</i>		<i>Article 91 Confirmation of instructions</i>		1134
1. An authorising officer by delegation or subdelegation who receives a binding instruction which he considers to be irregular or contrary to the principle of sound financial management, in particular because the instruction cannot be carried out with the resources allocated to him, shall, in writing, so inform the authority from which he received the delegation or subdelegation. If the instruction is confirmed in writing and that confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which the authorising officer by delegation or subdelegation has challenged, the authorising officer by delegation or	AMD 194: 1. An authorising officer by delegation or subdelegation who receives a binding instruction which he considers to be irregular or contrary to the principle of sound financial management, in particular because the instruction cannot be carried out with the resources allocated to him, shall, in writing, so inform the authority from which he received the delegation or subdelegation. If the instruction is confirmed in writing and that confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which the authorising officer by delegation or subdelegation has challenged, the authorising officer by delegation or	1. An authorising officer by delegation or sub-delegation who receives a binding instruction which he considers to be irregular or contrary to the principle of sound financial management, in particular because the instruction cannot be carried out with the resources allocated to him, shall, in writing , so inform the authority from which he received the delegation or sub-delegation about that fact in writing . If the instruction is confirmed in writing and that confirmation is received in good time and is sufficiently clear, in that it refers explicitly to the points which the authorising officer by delegation or sub-delegation has challenged, the authorising officer by delegation or sub-	Linked to row 1113. Article 91 is deleted, as it is now fully integrated in Article 89(3).	1135

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subdelegation may not be held liable. He shall carry out the instruction, unless it is manifestly illegal or constitutes a breach of the relevant safety standards.	subdelegation may not be held liable. He shall carry out the instruction, unless it is manifestly illegal or constitutes a breach of the relevant safety standards. <i>The authorising officer by delegation shall report on each such case under the heading "Confirmation of instructions pursuant to Article 91 of the Financial Regulation" in the annual activity report referred to in Article 73(9) of this Regulation.</i>	delegation may shall not be held liable. He shall carry out the instruction, unless it is manifestly illegal or constitutes a breach of the relevant safety standards.		
2. Paragraph 1 shall also apply in cases where an authorising officer learns, in the course of acting on a binding instruction, that the circumstances of the case may give rise to an irregular situation.		2. Paragraph 1 shall also apply in cases where an authorising officer learns, in the course of acting on a binding instruction, that the circumstances of the case may give rise to an irregular situation as referred to in paragraph 1.	Deleted	1136
Any instructions confirmed in the circumstances described in Article 89(3) shall be recorded by the authorising officer by delegation responsible and mentioned in his annual activity report.		Any instructions confirmed in the circumstances described in Article 89(3) shall be recorded by the authorising officer by delegation responsible and mentioned in his annual activity report. <i>Explanation: DQL improvements.</i>	Deleted	1137
SECTION 3 RULES APPLICABLE TO ACCOUNTING OFFICERS AND IMPREST ADMINISTRATORS		SECTION 3 RULES APPLICABLE TO ACCOUNTING OFFICERS AND IMPREST ADMINISTRATORS		1147
<i>Article 92 Rules applicable to accounting officers</i>		<i>Article 92 Rules applicable to accounting officers</i>		1148
An accounting officer shall be liable to disciplinary action and payment of compensation, as laid down in, and in accordance with, the procedures in the Staff Regulations. An accounting officer may, in particular, become liable as a result of any of the following forms of		An accounting officer shall be liable to disciplinary action and payment of compensation, as laid down in, and in accordance with, the procedures in the Staff Regulations. An accounting officer may, in particular, become liable as a result of any of the following forms of misconduct on his		1149

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misconduct on his or her part:		or her part:		
(a) losing or damaging funds, assets or documents in his or her keeping;		(a) losing or damaging funds, assets or documents in his or her keeping;		1150
(b) wrongly altering bank accounts or postal giro accounts;		(b) wrongly altering bank accounts or postal giro accounts;		1151
(c) recovering or paying amounts which are not in conformity with the corresponding recovery or payment orders;		(c) recovering or paying amounts which are not in conformity with the corresponding recovery or payment orders;		1152
(d) failing to collect revenue due.		(d) failing to collect revenue due.		1153
<i>Article 93</i> <i>Rules applicable to imprest administrators</i>		<i>Article 93</i> <i>Rules applicable to imprest administrators</i>		1155
Without prejudice to Article 88(2), an imprest administrator may in particular become liable as a result of any of the following forms of misconduct on his or her part:		Without prejudice to Article 88(2), an An imprest administrator may in particular become liable as a result of any of the following forms of misconduct on his or her part: <i>Explanation: Circular reference removed.</i>		1156
(a) losing or damaging funds, assets or documents in his or her keeping;		(a) losing or damaging funds, assets or documents in his or her keeping;		1157
(b) not providing proper supporting documents for the payments he or she has made;		(b) not providing proper supporting documents for the payments he or she has made;		1158
(c) making payments to persons other than those entitled to such payments;		(c) making payments to persons other than those entitled to such payments;		1159
(d) failing to collect revenue due.		(d) failing to collect revenue due.		1160
CHAPTER 6 Revenue operations		CHAPTER 6 Revenue operations		1162
SECTION 1 MAKING OWN RESOURCES AVAILABLE		SECTION 1 MAKING OWN RESOURCES AVAILABLE		1163
<i>Article 94</i> <i>Own resources</i>		<i>Article 94</i> <i>Own resources</i>		1164

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1. An estimate of revenue constituted by own resources, as referred to in the Council Decision on the system of own resources of the European Union shall be entered in the budget in euros. It shall be made available in accordance with Regulation (EC, Euratom) No 609/2014.		1. An estimate of revenue constituted by own resources, as referred to in the Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union shall be entered in the budget in euros. It The corresponding own resources shall be made available in accordance with Regulation (EC, Euratom) No 609/2014.		1165
2. The authorising officer shall draw up a schedule indicating when the own resources defined in the Decision on the system of the own resources of the European Union will be made available to the Commission.		2. The authorising officer shall draw up a schedule indicating when the own resources defined in the Decision 2014/335/EU, Euratom on the system of the own resources of the European Union will be made available to the Commission.		1166
Own resources shall be established and recovered in accordance with the rules adopted pursuant to the Decision referred to in the first paragraph.		Own resources shall be established and recovered in accordance with the rules adopted pursuant to the Decision referred to in the first paragraph.		1167
For accounting purposes, the authorizing officer shall issue a recovery order for credits and debits to the account for own resources referred to in Regulation (EU, Euratom) No 609/2014.		For accounting purposes, the authorizing officer shall issue a recovery order for credits and debits to the account for own resources referred to in Regulation (EU, Euratom) No 609/2014. <i>Explanation: DQL correction.</i>		1168
SECTION 2 ESTIMATE OF AMOUNTS RECEIVABLE		SECTION 2 ESTIMATE OF AMOUNTS RECEIVABLE		1172
<i>Article 95 Estimate of amounts receivable</i>		<i>Article 95 Estimate of amounts receivable</i>		1173
1. When the authorising officer responsible has sufficient and reliable information in respect of any measure or situation which may give rise to an amount owing to the Union, the		1. When the authorising officer responsible has sufficient and reliable information in respect of any measure or situation which may give rise to an amount being owed to the Union, the authorising		1174

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authorising officer responsible shall make an estimate of the amount receivable.		officer responsible shall make an estimate of the amount receivable.		
2. The estimate of the amount receivable shall be adjusted by the authorising officer responsible as soon as he or she is aware of an event modifying the measure or the situation which gave rise to the estimate being made.		2. The estimate of the amount receivable shall be adjusted by the authorising officer responsible as soon as he or she is aware of an event modifying the measure or the situation which gave rise to the estimate being made.		1175
When establishing the recovery order on a measure or situation that had previously given rise to an estimate of amounts receivable, that estimate shall be adjusted accordingly by the authorising officer responsible.		When establishing the recovery order on a measure or situation that had previously given rise to an estimate of amounts receivable, that estimate shall be adjusted accordingly by the authorising officer responsible.		1176
If the recovery order is drawn up for the same amount as the original estimate of amounts receivable, that estimate shall be reduced to zero.		If the recovery order is drawn up for the same amount as the original estimate of amounts receivable, that estimate shall be reduced to zero.		1177
3. By way of derogation from paragraph 1, no estimate of the amount receivable shall be made before Member States make available to the Commission the amounts of own resources defined in the Council Decision on the system of own resources of the European Union, which are paid at fixed intervals by the Member States. The authorising officer responsible shall issue a recovery order in respect of those amounts.		3. By way of derogation from paragraph 1, no estimate of the amount receivable shall be made before Member States make available to the Commission the amounts of own resources defined in the Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union, which are paid at fixed intervals by the Member States. The authorising officer responsible shall issue a recovery order in respect of those amounts. <i>Explanation: DQL improvements.</i>		1178
SECTION 3 ESTABLISHMENT OF AMOUNTS RECEIVABLE		SECTION 3 ESTABLISHMENT OF AMOUNTS RECEIVABLE		1182
<i>Article 96</i>		<i>Article 96</i>		1183

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<i>Establishment of amounts receivable</i>		<i>Establishment of amounts receivable</i>		
1. The establishment of an amount receivable is the act by which the authorising officer responsible:		1. The In order to establishment of an amount receivable, is the act by which the authorising officer responsible shall :		1184
(a) verifies that the debt exists;		(a) verifies y that the debt exists;		1185
(b) determines or verifies the reality and the amount of the debt;		(b) determines or verifies y the reality and the amount of the debt; and		1186
(c) verifies the conditions according to which the debt is due.		(c) verifies y the conditions according to which the debt is due.		1187
It shall constitute recognition of the right of the Union in respect of a debtor and establishment of entitlement to demand that the debtor pay the debt.		¶ The establishment of an amount receivable shall constitute recognition of the right of the Union in respect of a debtor and establishment of entitlement to demand that the debtor pay the debt. <i>Explanation: DQL improvements - to avoid that the wording resembles a definition.</i>		1188
2. Any amount receivable that is identified as being certain, of a fixed amount and due shall be established by a recovery order to the accounting officer. It shall be followed by a debit note sent to the debtor, except for the cases where a waiver procedure is immediately carried out. The recovery order and the debit note shall be both drawn up by the authorising officer responsible.		2. Any amount receivable that is identified as being certain, of a fixed amount and due shall be established by a recovery order to by which the authorising officer responsible instructs the accounting officer to recover the amount . It shall be followed by a debit note sent to the debtor, except for the cases where a waiver procedure is immediately carried out immediately in accordance with the second subparagraph of paragraph 4 . The recovery order and the debit note shall be both drawn up by the authorising officer responsible. <i>Explanation: DQL clarifications.</i>		1189
The authorising officer shall send the debit note immediately after establishing the amount receivable and at the latest within a period of		The authorising officer shall send the debit note immediately after establishing the amount receivable and at the latest within a period of five years from the		1190

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five years from the point at which the institution was, in normal circumstances, in a position to claim its debt. Such period shall not apply where the authorising officer responsible establishes that, despite the efforts which the institution has made, the delay in acting was caused by the debtor's conduct, particularly time-wasting manoeuvres or bad faith.		point at which the Union institution was, in normal circumstances, in a position to claim its debt. Such period shall not apply where the authorising officer responsible establishes that, despite the efforts which the Union institution has made, the delay in acting was caused by the debtor's conduct, particularly time-wasting manoeuvres or bad faith. <i>Explanation: Deleted as terms are too detailed and might limit the application of this option.</i>		
The recovery order shall be the operation by which the authorising officer responsible instructs the accounting officer to recover the amount established.		The recovery order shall be the operation by which the authorising officer responsible instructs the accounting officer to recover the amount established. <i>Explanation: DQL improvements - integrated in paragraph 1.</i>		1191
3. To establish an amount receivable the authorising officer responsible shall ensure that:		3. To establish an amount receivable the authorising officer responsible shall ensure that:		1192
(a) the receivable is certain, meaning that it is not subject to any condition;		(a) the receivable is certain, meaning that it is not subject to any condition;		1193
(b) the receivable is of fixed amount, expressed precisely in cash terms;		(b) the receivable is of fixed amount, expressed precisely in cash terms;		1194
(c) the receivable is due and is not subject to any payment time;		(c) the receivable is due and is not subject to any payment time;		1195
(d) the particulars of the debtor are correct;		(d) the particulars of the debtor are correct;		1196
(e) the amount to be recovered is booked to the correct budget item;		(e) the amount to be recovered is booked to the correct budget item;		1197
(f) the supporting documents are in		(f) the supporting documents are in		1198

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order; and		order; and		
(g) the principle of sound financial management is complied with, in particular with regard to the criteria referred to in point (a) or (b) of second subparagraph of Article 99(2).		(g) the principle of sound financial management is complied with, in particular with regard to the criteria referred to in point (a) or (b) of second subparagraph of Article 99(2).		1199
4. The debit note shall be to inform the debtor that:		4. The debit note shall be to inform the debtor that:		1200
(a) the Union has established the amount receivable;		(a) the Union has established the amount receivable;		1201
(b) if payment of the debt is made before the deadline, as specified in the debit note, no default interest will be due;		(b) if payment of the debt is made before within the deadline, as specified in the debit note, no default interest will be due; <i>Explanation: DQL improvements.</i>		1202
(c) failing reimbursement by the deadline referred to in point (b) the debt shall bear interest at the rate referred to in Article 97, without any prejudice to any specific regulations applicable;		(c) failing reimbursement payment of the debt by the deadline referred to in point (b) the debt shall bear interest at the rate referred to in Article 97, without any prejudice to any specific regulations applicable;		1203
(d) failing reimbursement by the deadline referred to in point (b) the institution shall effect recovery either by offsetting or by enforcement of any guarantee lodged in advance;		(d) failing reimbursement payment of the debt by the deadline referred to in point (b) the Union institution shall effect recovery either by offsetting or by enforcement of any guarantee lodged in advance; <i>Explanation: DQL harmonisation of language.</i>		1204
(e) the accounting officer may in exceptional circumstances effect recovery by offsetting before the deadline referred to in point (b), where it is necessary to protect the Union's financial interests		(e) the accounting officer may in exceptional circumstances effect recovery by offsetting before the deadline referred to in point (b), where it is necessary to protect the Union's financial interests when he		1205

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when he has justified grounds to believe that the amount due to the Commission would be lost, after the debtor has been informed of the reasons and date of the recovery by offsetting;		has justified grounds to believe that the amount due to the Commission Union would be lost, after the debtor has been informed of the reasons and date of the recovery by offsetting; <i>Explanation: Correction.</i>		
(f) if, after taking all the steps set out in points (a) to (e) of this subparagraph, the amount has not been recovered in full, the institution shall effect recovery by enforcement of a decision secured either in accordance with Article 98(2) or by legal action.		(f) if, after taking all the steps set out in points (a) to (e) of this subparagraph, the amount has not been recovered in full, the Union institution shall effect recovery by enforcement of a decision secured either in accordance with Article 98(2) or by legal action.		1206
Where following the verification of the particulars of the debtor or on the basis of other relevant information available at the time, it is clear that the debt falls under cases referred to in points (a) or (b) of the second subparagraph of Article 99(2), or that the debit note has not been sent according to paragraph 2 of this Article, the authorising officer may, after establishing the amount receivable, decide to proceed directly to the waiver according to the provisions laid down in Article 99 without sending a debit note, in agreement with the accounting officer.		Where following the verification of the particulars of the debtor or on the basis of other relevant information available at the time, it is clear that the debt falls under cases referred to in points (a) or (b) of the second subparagraph of Article 99(2), or that the debit note has not been sent in accordance with in accordance to with paragraph 2 of this Article, the authorising officer may shall , after having established the amount receivable, decide to proceed directly to the waiver according to the provisions laid down in Article 99 without sending a debit note, in agreement with the accounting officer. <i>Explanation: To render it obligatory to proceed to a waiver, if conditions are fulfilled.</i>		1207
In all other cases, the authorising officer shall print out the debit note and send it to the debtor. The accounting officer shall be informed		In all other cases, the authorising officer shall print out the debit note and send it to the debtor. The accounting officer shall be informed of that dispatch		1208

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of that dispatch through the financial information system.		through the financial information system.		
5. Amounts wrongly paid shall be recovered.		5. Amounts wrongly paid shall be recovered.		1209
<i>Article 97 Default interest</i>		<i>Article 97 Default interest</i>		1211
1. Without prejudice to any specific provisions deriving from the application of specific regulations, any amount receivable not repaid on the deadline referred to in point (b) of the first subparagraph of Article 96(4) shall bear interest in accordance with paragraphs 2 and 3 of this Article.		1. Without prejudice to any specific provisions deriving from the application of specific regulations, any amount receivable not repaid on the deadline referred to in point (b) of the first subparagraph of Article 96(4) shall bear interest in accordance with paragraphs 2 and 3 of this Article.		1212
2. Except in the case referred to in paragraph 4 of this Article, the interest rate for amounts receivable not repaid on the deadline referred to in point (b) of the first subparagraph of Article 96(4) shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union, in force on the first calendar day of the month in which the deadline falls, increased by:		2. Except in the case referred to in paragraph 4 of this Article, the interest rate for amounts receivable not repaid on the deadline referred to in point (b) of the first subparagraph of Article 96(4) shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the <i>Official Journal of the European Union</i> , in force on the first calendar day of the month in which the deadline falls, increased by:		1213
(a) eight percentage points where the obligating event is a public supply and service contract referred to in Title V;		(a) eight percentage points where the obligating event is a public supply contract or a public and service contract referred to as defined in Title V Article 2 ; <i>Explanation: DQL harmonisation.</i>		1214
(b) three and a half percentage points in all other cases.		(b) three and a half percentage points in all other cases.		1215
3. Interest shall be calculated from the		3. Interest shall be calculated from the		1216

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calendar day following the deadline referred to in point (b) of the first subparagraph of Article 96(4) and specified in the debit note up to the calendar day on which the debt is repaid in full.		calendar day following the deadline referred to in point (b) of the first subparagraph of Article 96(4) and specified in the debit note up to the calendar day on which the debt is repaid in full.		
The recovery order corresponding to the amount of the default interest shall be issued when this interest is actually received.		The recovery order corresponding to the amount of the default interest shall be issued when this interest is actually received.		1217
4. In the case of fines or other penalties, the interest rate for amounts receivable not paid by the deadline referred to in point (b) of the first subparagraph of Article 96(4) shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union, in force on the first calendar day of the month in which the decision imposing a fine or other penalty has been adopted, increased by:		4. In the case of fines or other penalties, the interest rate for amounts receivable not paid by the deadline referred to in point (b) of the first subparagraph of Article 96(4) shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the <i>Official Journal of the European Union</i> , in force on the first calendar day of the month in which the decision imposing a fine or other penalty has been adopted, increased by:		1218
(a) one and a half percentage points where the debtor provides a financial guarantee which is accepted by the accounting officer instead of payment;		(a) one and a half percentage points where the debtor provides a financial guarantee which is accepted by the accounting officer instead of payment;		1219
(b) three and a half percentage points in all other cases.		(b) three and a half percentage points in all other cases.		1220
Where the Court of Justice of the European Union, in the exercise of its competence under Article 261 TFEU, increases the amount of a fine or other penalty, interest on the amount of the increase shall run from the date of the judgment of the Court.		Where the Court of Justice of the European Union, in the exercise of its competence under Article 261 TFEU, increases the amount of a fine or other penalty, interest on the amount of the increase shall run from the date of the judgment of the Court.		1221

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In cases where the overall interest rate would be negative it will be set at zero percentage points.		5. In cases where the overall interest rate would be negative it will be set at zero percentage points. <i>Explanation: Correction, as the zero interest rate should apply to fines and other receivables.</i>		1222
SECTION 4 AUTHORISATION OF RECOVERY		SECTION 4 AUTHORISATION OF RECOVERY		1234
<i>Article 98 Authorisation of recovery</i>		<i>Article 98 Authorisation of recovery</i>		1235
1. The authorisation of recovery is the act by which the authorising officer responsible instructs the accounting officer, by issuing a recovery order, to recover an amount receivable which that authorising officer responsible has established.		1. The authorisation of recovery is the act by which the authorising officer responsible instructs the accounting officer, by issuing a recovery order, to recover an amount receivable which that authorising officer responsible has established.		1236
2. The institution may formally establish an amount as being receivable from persons other than Member States by means of a decision which shall be enforceable within the meaning of Article 299 TFEU.		2. The Union institution may formally establish an amount as being receivable from persons other than Member States by means of a decision which shall be enforceable within the meaning of Article 299 TFEU.		1237
If the efficient and timely protection of the Union's financial interests so requires, the Commission may also, in exceptional circumstances, adopt such an enforceable decision for the benefit of other institutions at their request with respect to claims arising in relation to staff to whom the Staff Regulations apply or in relation to Members or former Members of an Union institution.		If the efficient and timely protection of the Union's financial interests so requires, the Commission may also, in exceptional circumstances, adopt such an enforceable decision for the benefit of other Union institutions at their request with respect to claims arising in relation to staff to whom the Staff Regulations apply or in relation to Members or former Members of an Union institution.	New wording: If the efficient and timely protection of the Union's financial interests so requires, the Commission other Union institutions may request also , in exceptional circumstances, the Commission to adopt such an enforceable decision for their benefit of other Union institutions at their request with respect to claims arising in relation to staff to whom the Staff Regulations apply or in relation to	1238

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			Members or former Members of an Union institution, <u>provided that these institutions have agreed with the Commission on the practical modalities for the application of this Article.</u>	
The exceptional circumstances are met when the possibility to have a voluntary payment and to recover the debt by offsetting as provided for in Article 99(1) of this Regulation have been exhausted by the institution concerned and the debt represents a significant amount. In such case, the institutions concerned other than those mentioned under Article 299 TFEU may request the Commission to adopt an enforceable decision.		The exceptional circumstances are met shall be deemed to exist when the possibility to have a voluntary payment and to recover the debt by offsetting as provided for in Article 99(1) of this Regulation have been exhausted by the Union institution concerned and the debt represents a significant amount. In such case, the Union institutions concerned other than those mentioned under Article 299 TFEU may request the Commission to adopt an enforceable decision.	New wording: The exceptional circumstances are met shall be deemed to exist when the possibility to have a voluntary payment and to recover the debt by offsetting as provided for in Article 99(1) of this Regulation <u>provided no prospect of recovery have been exhausted by the Union institution concerned and the conditions for waiving the debt under Article 99(2) and (3) are not met.</u> represents a significant amount. In such case, the Union institutions concerned other than those mentioned under Article 299 TFEU may request the Commission to adopt an enforceable decision.	1240
In all cases, the enforceable decision shall specify that the amounts claimed shall be entered in the section of the budget corresponding to the institution concerned, which shall act as authorising officer. The revenue shall be entered as general revenue except if it falls within the specified cases of assigned revenues as provided for in Article 20(3).		In all cases, the enforceable decision shall specify that the amounts claimed shall be entered in the section of the budget corresponding to the Union institution concerned, which shall act as authorising officer. The revenue shall be entered as general revenue except if it falls within the specified cases of constitutes assigned revenues as provided for in Article 20(3).		1241
The requesting institution shall inform the Commission of any event likely to alter the recovery and shall intervene		The requesting Union institution shall inform the Commission of any event likely to alter the recovery and shall		1242

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in support of the Commission in case of appeal against the enforceable decision.		intervene in support of the Commission in case of appeal against the enforceable decision.		
The Commission and the institution concerned shall agree on the practical modalities for the implementation of this Article.		The Commission and the Union institution concerned shall agree on the practical modalities for the implementation application of this Article. <i>Explanation: DQL improvements throughout.</i>	Deleted, is integrated in 2nd subparagraph.	1243
SECTION 5 RECOVERY		SECTION 5 RECOVERY		1255
<i>Article 99 Rules on recovery</i>		<i>Article 99 Rules on recovery</i>		1256
1. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer responsible. The accounting officer shall exercise due diligence to ensure that the Union receives its revenue and shall ensure that the Union's rights are safeguarded.		1. The accounting officer shall act on recovery orders for amounts receivable duly established by the authorising officer responsible. The accounting officer shall exercise due diligence to ensure that the Union receives its revenue and shall ensure that the Union's rights are safeguarded.		1257
Partial reimbursement by a debtor subject to several recovery orders shall first be posted on the oldest entitlement unless otherwise specified by the debtor. Any partial payments shall first cover the interest.		Partial reimbursement by a debtor subject to several recovery orders shall first be posted on the oldest entitlement unless otherwise specified by the debtor. Any partial payments shall first cover the interest.		1258
The accounting officer shall recover amounts due to the Union budget by offsetting them against amounts owed to the debtor by the Union or an executive agency executing the Union budget. The claims related to those amounts shall be certain, of a		The accounting officer shall recover amounts due to the Union budget by offsetting them against amounts owed to the debtor by the Union or an executive agency executing the Union budget. The claims related to those amounts shall be certain, of a fixed amount and due in		1259

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fixed amount and due.		accordance with Article 100. <i>Explanation: Correction as advised by CLS and consulted with Cion to avoid repetitive obligation.</i>		
2. Where the authorising officer responsible plans to waive or partially waive recovery of an established amount receivable, he or she shall ensure that the waiver is in order and is in accordance with the principles of sound financial management and proportionality. The waiver decision shall be substantiated. The authorising officer may delegate the waiver decision.		2. Where the authorising officer responsible plans to waive or partially waive recovery of an established amount receivable, he or she shall ensure that the waiver is in order and is in accordance with the principles of sound financial management and proportionality. The waiver decision shall be substantiated. The authorising officer may delegate the waiver decision.		1260
The authorising officer responsible may waive recovery of all or part of an established amount receivable only in the following cases:		The authorising officer responsible may waive recovery of all or part of an established amount receivable only in the following cases:		1261
(a) where the foreseeable cost of recovery would exceed the amount to be recovered and the waiver would not harm the image of the Union;		(a) where the foreseeable cost of recovery would exceed the amount to be recovered and the waiver would not harm the image of the Union;		1262
(b) where the amount receivable cannot be recovered in view of its age, delay in the dispatch of the debit note in the terms defined in Article 96(2), or the insolvency of the debtor, or as a result of any other insolvency proceedings;		(b) where the amount receivable cannot be recovered in view of its age, delay in the dispatch of the debit note in the terms defined in Article 96(2), or the insolvency of the debtor, or as a result of any other insolvency proceedings;		1263
(c) where recovery is inconsistent with the principle of proportionality.		(c) where recovery is inconsistent with the principle of proportionality.		1264
3. In the case referred to in point (c) of paragraph 2, the authorising officer responsible shall act in accordance		3. In the case referred to in point (c) of paragraph 2, the authorising officer responsible shall act in accordance with		1265

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with predetermined procedures established within each institution and shall apply the following criteria which are compulsory and applicable in all circumstances:		predetermined procedures established within each Union institution and shall apply the following criteria which are compulsory and applicable in all circumstances:		
(a) the facts, having regard to the gravity of the irregularity giving rise to the establishment of the amount receivable (fraud, repeated offence, intent, diligence, good faith, manifest error);		(a) the facts, having regard to the gravity of the irregularity giving rise to the establishment of the amount receivable (fraud, repeated offence, intent, diligence, good faith, manifest error);		1266
(b) the impact that waiving recovery would have on the operation of the Union and its financial interests (amount involved, risk of setting a precedent, undermining of the authority of the law).		(b) the impact that waiving recovery would have on the operation of the Union and its financial interests (amount involved, risk of setting a precedent, undermining of the authority of the law).		1267
4. Depending on the circumstances of the case, the authorising officer responsible may also have to take the following additional criteria into account:		4. Depending on the circumstances of the case, the authorising officer responsible may also have to take the following additional criteria into account:		1268
(a) any distortion of competition that would be caused by the waiving of recovery;		(a) any distortion of competition that would be caused by the waiving of recovery;		1269
(b) the economic and social damage that would be caused were the debt to be recovered in full.		(b) the economic and social damage that would be caused were the debt to be recovered in full.		1270
5. Each institution shall send to the European Parliament and Council each year a report on the waivers referred to in this paragraph involving EUR 100 000 or more. In the case of the Commission, that report shall be annexed to the summary of the	AMD 195: 5. Each institution shall send to the European Parliament and Council each year a report on the waivers referred to in this paragraph. In the case of the Commission, that report shall be annexed to the summary of the annual activity reports referred to	5. Each Union institution shall send to the European Parliament and Council each year a report on the waivers granted by the Union institution concerned referred to in this pursuant to paragraphs 2 to 4 of this Article involving EUR 100 000 or more. In the	New wording: 5. Each Union institution shall send to the European Parliament and Council each year a report on the waivers granted by the Union institution concerned referred to in this pursuant to paragraphs 2 to 4	1271

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annual activity reports referred to in Article 73(9).	in Article 73(9).	case of the Commission, that report shall be annexed to the summary of the annual activity reports referred to in Article 73(9). <i>Explanation: Correction of reference.</i>	of this Article. The information on the waivers below EUR 60 000 shall be provided as a global amount, involving EUR 100 000 or more. In the case of the Commission, that report shall be annexed to the summary of the annual activity reports referred to in Article 73(9).	
6. The authorising officer responsible may cancel an established amount receivable in full or in part. The partial cancellation of an established amount receivable does not imply the waiver of the remaining established Union entitlement.		6. The authorising officer responsible may cancel an established amount receivable in full or in part. The partial cancellation of an established amount receivable does not imply the waiver of the remaining established Union entitlement.		1272
In the event of a mistake, the authorising officer responsible shall cancel totally or partially the established amount receivable and include adequate reasons.		In the event of a mistake, the authorising officer responsible shall cancel totally or partially the established amount receivable and include adequate reasons.		1273
Each institution shall lay down in its internal rules the conditions and procedure for delegating the power to cancel an established amount receivable.		Each Union institution shall lay down in its internal rules the conditions and procedure for delegating the power to cancel an established amount receivable.		1274
7. The Member States shall in the first instance be responsible for carrying out controls and audits and for recovering amounts unduly spent, as provided for in the sector-specific rules. To the extent that Member States detect and correct irregularities on their own account, they shall be exempt from financial corrections by the Commission concerning those irregularities.		7. The Member States shall in the first instance be responsible for carrying out controls and audits and for recovering amounts unduly spent, as provided for in the sector-specific rules. To the extent that Member States detect and correct irregularities on their own account, they shall be exempt from financial corrections by the Commission concerning those irregularities.		1276
8. The Commission shall make financial corrections on Member States in		8. The Commission shall make financial corrections on Member States in order to		1277

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order to exclude from Union financing expenditure incurred in breach of applicable law. The Commission shall base its financial corrections on the identification of amounts unduly spent, and the financial implications for the budget. Where such amounts cannot be identified precisely, the Commission may apply extrapolated or flat-rate corrections in accordance with the sector-specific rules.		exclude from Union financing expenditure incurred in breach of applicable law. The Commission shall base its financial corrections on the identification of amounts unduly spent, and the financial implications for the budget. Where such amounts cannot be identified precisely, the Commission may apply extrapolated or flat-rate corrections in accordance with the sector-specific rules.		
The Commission shall, when deciding on the amount of a financial correction, take account of the nature and gravity of the breach of applicable law and the financial implications for the budget, including the case of deficiencies in management and control systems.		The Commission shall, when deciding on the amount of a financial correction, take account of the nature and gravity of the breach of applicable law and the financial implications for the budget, including the case of deficiencies in management and control systems.		1278
The criteria for establishing financial corrections and the procedure to be applied may be laid down in the sector-specific rules.		The criteria for establishing financial corrections and the procedure to be applied may be laid down in the sector-specific rules.		1279
9. The methodology for applying extrapolated or flat-rate corrections shall be laid down in accordance with the sector specific rules with a view to enabling the Commission to protect the financial interests of the Union.		9. The methodology for applying extrapolated or flat-rate corrections shall be laid down in accordance with the sector-specific rules with a view to enabling the Commission to protect the financial interests of the Union.		1280
<i>Article 100 Recovery by offsetting</i>		<i>Article 100 Recovery by offsetting</i>		1281
1. Where the debtor has a claim on the Union or on the executive agency when it implements the Union budget that is certain as defined in point (a) of Article 96(3), of a fixed amount and due relating to a sum established by a payment order, the accounting		1. Where the debtor has a claim on the Union or on the executive agency when it implements the Union budget that is certain as defined in point (a) of Article 96(3), of a fixed amount and due relating to a sum established by a payment order, the accounting officer shall,		1282

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officer shall, following the deadline referred to in point (b) of first subparagraph of Article 96(4) recover established amounts receivable by offsetting.		following the deadline referred to in point (b) of first subparagraph of Article 96(4) recover established amounts receivable by offsetting.		
In exceptional circumstances, where it is necessary to safeguard the financial interests of the Union and where the accounting officer has justified grounds to believe that the amount due to the Union would be lost, the accounting officer may recover by offsetting before the deadline referred to in point (b) of the first subparagraph of Article 96(4).		In exceptional circumstances, where it is necessary to safeguard the financial interests of the Union and where the accounting officer has justified grounds to believe that the amount due to the Union would be lost, the accounting officer may recover by offsetting before the deadline referred to in point (b) of the first subparagraph of Article 96(4).		1283
The accounting officer shall also recover by offsetting before the deadline referred to in point (b) of first subparagraph of Article 96(4) when the debtor agrees.		The accounting officer shall may also recover by offsetting before the deadline referred to in point (b) of first subparagraph of Article 96(4) when the debtor agrees. <i>Explanation: Correction as this is an option not an obligation.</i>		1284
2. Before proceeding with any recovery in accordance with paragraph 1, the accounting officer shall consult the authorising officer responsible and inform the debtors concerned, including the means of redress in accordance with Article 129.		2. Before proceeding with any recovery in accordance with paragraph 1, the accounting officer shall consult the authorising officer responsible and inform the debtors concerned, including the means of redress in accordance with Article 129.		1285
Where the debtor is a national authority or one of its administrative entities, the accounting officer shall also inform the Member State concerned at least 10 working days in advance of his intention to resort to recovery by offsetting. However, in agreement with the Member State or administrative entity concerned, the		Where the debtor is a national authority or one of its administrative entities, the accounting officer shall also inform the Member State concerned at least 10 working days in advance of his intention to resort to recovery by offsetting. However, in agreement with the Member State or administrative entity concerned, the accounting officer may proceed with		1286

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accounting officer may proceed with the recovery by offsetting before the deadline has passed.		the recovery by offsetting before the deadline has passed.		
3. The offsetting referred to in paragraph 1 shall have the same effect as a payment and discharge the Union for the amount of the debt and, where appropriate of the interest due.		3. The offsetting referred to in paragraph 1 shall have the same effect as a payment and discharge the Union for the amount of the debt and, where appropriate of the interest due.		1287
<i>Article 101</i> <i>Recovery procedure failing voluntary payment</i>		<i>Article 101</i> <i>Recovery procedure failing voluntary payment</i>		1288
1. Without prejudice to Article 100, if the full amount has not been recovered by the deadline referred to in point (b) of the first subparagraph of Article 96(4) and specified in the debit note, the accounting officer shall inform the authorising officer responsible and shall without delay launch the procedure for effecting recovery by any means offered by the law, including, where appropriate, by enforcement of any guarantee lodged in advance.		1. Without prejudice to Article 100, if the full amount has not been recovered by the deadline referred to in point (b) of the first subparagraph of Article 96(4) and specified in the debit note, the accounting officer shall inform the authorising officer responsible and shall without delay launch the procedure for effecting recovery by any means offered by the law, including, where appropriate, by enforcement of any guarantee lodged in advance.		1289
2. Without prejudice to Article 100, where the recovery method referred to in paragraph 1 of this Article cannot be used and the debtor has failed to pay in response to the letter of formal notice sent by the accounting officer, the accounting officer shall enforce a recovery decision secured either in accordance with Article 98(2) or by legal action.		2. Without prejudice to Article 100, where the recovery method referred to in paragraph 1 of this Article cannot be used and the debtor has failed to pay in response to the letter of formal notice sent by the accounting officer, the accounting officer shall enforce a recovery decision secured either in accordance with Article 98(2) or by legal action.		1290
<i>Article 102</i> <i>Additional time for payment</i>		<i>Article 102</i> <i>Additional time for payment</i>		1291

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The accounting officer, in collaboration with the authorising officer responsible, may allow additional time for payment only at the written request of the debtor, with due indication of the reasons, and provided that the following two conditions are fulfilled:		The accounting officer, in collaboration with the authorising officer responsible, may allow additional time for payment only at the written request of the debtor, with due indication of the reasons, and provided that the following two conditions are fulfilled:		1292
(a) the debtor undertakes to pay interest at the rate specified in Article 97 for the entire additional period allowed, starting from the deadline referred to in point (b) of the first subparagraph of Article 96(4);		(a) the debtor undertakes to pay interest at the rate specified in Article 97 for the entire additional period allowed, starting from the deadline referred to in point (b) of the first subparagraph of Article 96(4);		1293
(b) in order to safeguard the rights of the Union, the debtor lodges a financial guarantee covering the debt outstanding in both the principal sum and the interest, which is accepted by the institution's accounting officer.		(b) in order to safeguard the rights of the Union, the debtor lodges a financial guarantee covering the debt outstanding in both the principal sum and the interest, which is accepted by the Union institution's accounting officer.		1294
The guarantee referred to in point (b) of the first subparagraph may be replaced by a joint and several guarantee by a third party approved by the institution's accounting officer.		The guarantee referred to in point (b) of the first subparagraph may be replaced by a joint and several guarantee by a third party approved by the Union institution's accounting officer.		1295
In exceptional circumstances, following a request by the debtor, the accounting officer may waive the requirement of a guarantee referred to in point (b) of the first subparagraph when, on the basis of his assessment, the debtor is willing and able to make the payment in the additional time period but is not able to lodge such guarantee and is in a distressed situation.		In exceptional circumstances, following a request by the debtor, the accounting officer may waive the requirement of a guarantee referred to in point (b) of the first subparagraph when, on the basis of his assessment, the debtor is willing and able to make the payment in the additional time period but is not able to lodge such guarantee and is in a distressed situation of financial distress . <i>Explanation: DQL improvement.</i>		1296
<i>Article 103 Limitation period</i>		<i>Article 103 Limitation period</i>		1317

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1. Without prejudice to the provisions of specific regulations and the application of Council Decision on the system of own resources of the European Union , entitlements of the Union in respect of third parties and entitlements of third parties in respect of the Union shall be subject to a limitation period of five years.		1. Without prejudice to the provisions of specific regulations and the application of Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union, entitlements of the Union in respect of third parties and entitlements of third parties in respect of the Union shall be subject to a limitation period of five years.		1318
2. The limitation period for entitlements of the Union in respect of third parties shall begin to run on the expiry of the deadline communicated to the debtor in the debit note as specified in point (b) of the first subparagraph of Article 96(4).		2. The limitation period for entitlements of the Union in respect of third parties shall begin to run on the expiry of the deadline communicated to the debtor in the debit note as specified in point (b) of the first subparagraph of Article 96(4).		1320
The limitation period for entitlements of third parties in respect of the Union shall begin to run on the date on which the payment of the third party's entitlement is due according to the corresponding legal commitment.		The limitation period for entitlements of third parties in respect of the Union shall begin to run on the date on which the payment of the third party's entitlement is due according to the corresponding legal commitment.		1321
3. The limitation period for entitlements of the Union in respect of third parties shall be interrupted by any act of an institution or Member State acting at the request of an institution, notified to the third party and aiming at recovering the debt.		3. The limitation period for entitlements of the Union in respect of third parties shall be interrupted by any act of an Union institution or Member State acting at the request of an Union institution, notified to the third party and aiming at recovering the debt.		1322
The limitation period for entitlements of third parties in respect of the Union shall be interrupted by any act notified to the Union by its creditors or on behalf of its creditors aiming at recovering the debt.		The limitation period for entitlements of third parties in respect of the Union shall be interrupted by any act notified to the Union by its creditors or on behalf of its creditors aiming at recovering the debt.		1323
4. A new limitation period of five years shall begin to run on the day following		4. A new limitation period of five years shall begin to run on the day following		1324

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the interruptions referred to in paragraph 3.		the interruptions referred to in paragraph 3.		
5. Any legal action relating to an amount receivable as referred to in paragraph 2, including actions brought before a court which later declares itself not to have jurisdiction, shall interrupt the limitation period. The new limitation period of five years shall not begin until a judgment having the force of res judicata is given or there is an extrajudicial settlement between the same parties on the same action.		5. Any legal action relating to an amount receivable entitlement as referred to in paragraph 2, including actions brought before a court which later declares itself not to have jurisdiction, shall interrupt the limitation period. The new limitation period of five years shall not begin until a judgment having the force of res judicata is given or there is an extrajudicial settlement between the same parties on the same action.		1325
6. Where the accounting officer allows the debtor additional time for payment in accordance with Article 102, this shall be considered as an interruption of the limitation period. The new limitation period of five years shall begin to run on the day following the expiry of the extended time for payment.		6. Where the accounting officer allows the debtor additional time for payment in accordance with Article 102, this shall be considered as an interruption of the limitation period. The new limitation period of five years shall begin to run on the day following the expiry of the extended time for payment.		1326
7. Entitlements of the Union shall not be recovered after the expiry of the limitation period, as established in paragraphs 2 to 6.		7. Entitlements of the Union shall not be recovered after the expiry of the limitation period, as established in paragraphs 2 to 6. <i>Explanation: Throughout DQL improvements.</i>		1327
<i>Article 104</i> <i>National treatment for Union entitlements</i>		<i>Article 104</i> <i>National treatment for Union entitlements</i>		1334
In the event of insolvency proceedings, Union entitlements shall be given the same preferential treatment as entitlements of the same nature due to public bodies in the Member States where the recovery proceedings are being conducted.		In the event of insolvency proceedings, Union entitlements shall be given the same preferential treatment as entitlements of the same nature due to public bodies in the Member States where the recovery proceedings are being conducted.		1335

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		budget.		
3. Paragraph 1 shall not apply to decisions on clearance of accounts or financial corrections.		3. Paragraph 1 shall not apply to decisions on clearance of accounts or financial corrections.		1339
<i>Article 106</i> <i>Recovery of fines, other penalties or sanctions imposed by the institutions</i>		<i>Article 106</i> <i>Recovery of fines, other penalties or sanctions imposed by the Union institutions</i>		1341
1. Where an action is brought before the Court of Justice of the European Union against a decision of an institution imposing a fine or other penalty under the TFEU or Euratom Treaty and until such time as all legal remedies have been exhausted, the debtor shall either provisionally pay the amounts concerned on the bank account designated by the accounting officer of the Commission or provide a financial guarantee acceptable to the accounting officer of the Commission. The guarantee shall be independent of the obligation to pay the fine or penalty payment or other penalties and shall be enforceable upon first demand. It shall cover the claim as to principal and the interest due as specified in Article 97(4).		1. Where an action is brought before the Court of Justice of the European Union against a decision of an Union institution imposing a fine, or other penalty or sanction under the TFEU or Euratom Treaty and until such time as all legal remedies have been exhausted, the debtor shall either provisionally pay the amounts concerned on the bank account designated by the accounting officer of the Commission or provide a financial guarantee acceptable to the accounting officer of the Commission. The guarantee shall be independent of the obligation to pay the fine, or penalty payment or other penalties or sanction and shall be enforceable upon first demand. It shall cover the claim as to principal and the interest due as specified in Article 97(4). <i>Explanation: Harmonisation of terminology and completion of listed items of revenue that is covered by this Article (was an oversight in Cion proposal, see title).</i>		1342
2. The Commission shall secure the provisionally cashed amounts by having them invested in financial assets thus ensuring the security and liquidity of the monies whilst also aiming at yielding a positive return.		2. The Commission shall secure the provisionally cashed amounts by having them invested in financial assets thus ensuring the security and liquidity of the monies whilst also aiming at yielding a positive return.		1343

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3. After the exhaustion of all legal remedies and where the fine or penalty has been confirmed any of the following measures shall be taken:		3. After the exhaustion of all legal remedies and where the fine, or penalty or sanction has been confirmed by the Court of Justice of the European Union or where the decision imposing such a fine, penalty or sanction may no longer be overruled by the Court, any of the following measures shall be taken: <i>Explanation: Clarification.</i>		1344
(a) the provisionally collected amounts and the return on them shall be entered into the budget in accordance with Article 105 at the latest during the financial year following the year in which all legal remedies have been exhausted;		(a) the provisionally collected amounts and the return on them shall be entered into the budget in accordance with Article 105(2) at the latest during the financial year following the year in which all legal remedies have been exhausted; <i>Explanation: moved to Art. 105. There was a duplication of what Art. 105 and 106 regulated - this duplication should be removed.</i>		1345
(b) where a financial guarantee has been lodged, the latter shall be enforced and the corresponding amounts entered in the budget.		(b) where a financial guarantee has been lodged, the latter shall be enforced and the corresponding amounts entered in the budget.		1346
Where the amount of the fine or of the penalty has been increased by the Court of Justice of the European Union, points (a) and (b) of the first subparagraph of this paragraph shall apply up to the amounts of the original decision of the institution or, if applicable, to the amount defined in a former judgment by the Court of Justice of the European Union in the same proceedings. The accounting officer of the Commission shall collect the amount corresponding to the		Where the amount of the fine, or of the penalty or sanction has been increased by the Court of Justice of the European Union, points (a) and (b) of the first subparagraph of this paragraph shall apply up to the amounts of the original decision of the Union institution or, if applicable, to the amount defined in a former judgment by the Court of Justice of the European Union in the same proceedings. The accounting officer of the Commission shall collect the amount corresponding to the increase and the		1347

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increase and the interest due as specified in Article 97(4), which will be entered into the budget.		interest due as specified in Article 97(4), which will shall be entered into the budget. <i>Explanation: DQL improvement/regulatory wording.</i>		
4. After all legal remedies have been exhausted and where the fine or penalty has been cancelled or reduced any of the following measures shall be taken:		4. After all legal remedies have been exhausted and where the fine, or penalty or sanction has been cancelled or their amount has been reduced, any of the following measures shall be taken: <i>Explanation: Clarification.</i>		1348
(a) the amounts provisionally cashed, or part thereof, taking into account any return shall be repaid to the third party concerned;		(a) the amounts provisionally cashed or in case of a reduction, the relevant part thereof, taking into account including any return shall be repaid to the third party concerned; <i>Explanation: Clarification.</i>		1349
(b) where a financial guarantee has been lodged, it shall be released accordingly.		(b) where a financial guarantee has been lodged, it shall be released accordingly.		1350
		In the case of point (a) of the first subparagraph, where the overall return on the provisionally cashed amount has been negative, the loss incurred shall be deducted from the amount to be repaid. <i>Explanation: In order to protect the EU budget the negative interest rate would affect the person on whom the fine was imposed. This does not affect compensatory interest (for reimbursement of wrongly paid amounts) acc. to Art. 107.</i>		1350.1
Article 107 Compensatory interests		Article 107 Compensatory interests		1351
Without prejudice to Article 97(2) and for		Without prejudice to Articles 97(2) and		1352

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cases other than those referred to in Article 105, when an amount has to be reimbursed following a Court of Justice of the European Union judgment or within an amicable settlement, the interest rate shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the Official Journal of the European Union, in force on the first calendar day of the month, from the date of payment of this amount until the date at which the reimbursement is due increased by zero percentage points.		114(4) and for cases other than these fines, penalties and sanctions as referred to in Articles 105 and 106 , when an amount has to be reimbursed following a Court of Justice of the European Union judgment or within as a result of an amicable settlement, the interest rate shall be the rate applied by the European Central Bank to its principal refinancing operations, as published in the C series of the <i>Official Journal of the European Union</i> , in force on the first calendar day of the each month, but shall not be negative. The interest shall run from the date of payment of this amount to be reimbursed until the date at which the reimbursement is due increased by zero percentage points. <i>Explanation: correction of references relevant for interest rates, DQL improvements of language and clarification of the words "increased by zero percentage points" (which were perceived as superfluous), which according to explanations received from the Commission is intended to establish that the interest rate should not be lower than zero.</i>		
In cases where the overall interest rate would be negative it will be set at zero percentage points.		In cases where the overall interest rate would be negative it will be set at zero percentage points. <i>Explanation: correction.</i>		1353
CHAPTER 7 Expenditure operations		CHAPTER 7 Expenditure operations		1358
<i>Article 108</i> <i>Financing decisions</i>		<i>Article 108</i> <i>Financing decisions</i>		1359
1. The budgetary commitment shall be preceded by a financing decision adopted by the institution or the		1. The A budgetary commitment shall be preceded by a financing decision adopted by the Union institution or the		1361

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<p>authorities to which powers have been delegated by the institution. This shall not apply in the case of appropriations for the operations of each institution under its administrative autonomy that can be implemented without a basic act in accordance with point (e) of the first subparagraph of Article 56(2), of administrative support expenditure and of contributions to the bodies referred to in Articles 69 and 70. The financing decisions shall be annual or multiannual.</p>		<p>authorities to which powers have been delegated by the Union institution. The financing decisions shall be annual or multiannual.</p> <p><i>Explanation: DQL moved from second subparagraph.</i></p> <p>Thise first subparagraph of this paragraph shall not apply in the case of appropriations for the operations of each Union institution under its administrative autonomy that can be implemented without a basic act in accordance with point (e) of the first subparagraph of Article 56(2), of administrative support expenditure and of contributions to the bodies referred to in Articles 69 and 70. The financing decisions shall be annual or multiannual.</p> <p><i>Explanation: DQL improvement.</i></p>		1361.1
<p>2. The financing decision shall also constitute at the same time the annual or multiannual work programme and shall be adopted as soon as possible after the adoption of the draft budget and in principle no later than 31 March of the year of implementation. The part which contains the work programme shall be published on the internet site of the institution concerned immediately after its adoption and prior to its</p>		<p>2. The financing decision shall also constitute at the same time the annual or multiannual work programme and shall be adopted, as appropriate, as soon as possible after the adoption of the draft budget and in principle no later than 31 March of the year of implementation. Where the relevant basic act provides for specific modalities for the adoption of a financing decision or a work programme or both, notably as</p>	<p>New wording:</p> <p>2. The financing decision shall also constitute at the same time the annual or multiannual work programme and shall be adopted, as appropriate, as soon as possible after the adoption of the draft budget and in principle no later than 31 March of the year of implementation. Where the relevant basic act provides for specific modalities for</p>	1362

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implementation. The financing decision shall indicate the total amount covered by the financing decision and contain a description of the actions to be financed. It shall specify:		<p>regards the control by Member States as referred to in Article 291 TFEU, those modalities shall be applied to the respective part or parts of the financing decision constituting the work programme, in full compliance with the requirements of the basic act in question. The part which contains the work programme shall be published on the internet site of the Union institution concerned immediately after its adoption and prior to its implementation. The financing decision shall indicate the total amount it covered by the financing decision and shall contain a description of the actions to be financed. It shall specify:</p> <p><i>Explanation: Clarification required for legal reasons (CLS) in order to ensure that comitology procedure only applies to what is foreseen in the basic act (i.e. the work programme) and DQL improvements.</i></p>	<p>the adoption of a financing decision or a work programme or both, notably as regards the control by Member States as referred to in Article 291 TFEU, those modalities shall be applied to the respective part or parts of the financing decision constituting the work programme, in full compliance with the requirements of the basic act in question. The part which contains the work programme shall be published on the internet site of the Union institution concerned immediately after its adoption and prior to its implementation. The financing decision shall indicate the total amount it covered by the financing decision and shall contain a description of the actions to be financed. It shall specify:</p>	
(a) the basic act and the budgetary line;		(a) the basic act and the budgetary line;		1363
(b) the objectives pursued and, the expected results;		(b) the objectives pursued and, the expected results;		1364
	AMD 196: <i>(ba) performance assessment parameters;</i>		EP drops AMD 196.	1364.1
(c) the methods of implementation;		(c) the methods of implementation;		1365
(d) any additional information required by the basic act for the work programme.		(d) any additional information required by the basic act for the work programme.		1368
In addition, it shall set out the following:		<p>2a. In addition, the financing decision shall set out the following:</p> <p><i>Explanation: DQL numbering/structural</i></p>		1369

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		<i>improvement</i>		
(a) for grants: type of applicants targeted by the call for proposals or direct award; global budgetary envelope reserved for grants;		(a) for grants: type of applicants targeted by the call for proposals or direct award; global budgetary envelope reserved for grants;		1370
(b) for procurement: the global budgetary envelope reserved for the procurements;		(b) for procurement: the global budgetary envelope reserved for the procurements;		1371
(c) for contributions to trust funds referred to in Article 227 the appropriations reserved for the trust fund for the year together with the amounts planned over its duration;	<p>AMD 197:</p> <p>(c) for contributions to trust funds referred to in Article 227: the appropriations reserved for the trust fund for the year together with the amounts planned over its duration, as well as the share of funding from sources other than the Union budget, whose ratio shall remain fixed over the entire duration of the trust fund as specified in Article 227(1);</p> <p><i>Justification: The ratio of funding from the EU budget and other sources should be fixed, in order to avoid a situation where the EU needs to cover for other donors who do not fulfil their initial pledges.</i></p>	(c) for contributions to trust funds referred to in Article 227 the appropriations reserved for the trust fund for the year together with the amounts planned over its duration;	<p>Related to Article 39 (WD on Trust Funds, row 566).</p> <p>New wording (see also row 2832 on Art. 227 conditions for contributions from other sources):</p> <p>(c) for contributions to trust funds referred to in Article 227 the appropriations reserved for the trust fund for the year together with the amounts planned over its duration from the Union budget as well as from other donors;</p>	1372
(d) for prizes: the type of participants targeted by the contest, the global budgetary envelope reserved for the contest and specific reference to prizes with a unit value of EUR 1 000 000 or more;		(d) for prizes: the type of participants targeted by the contest, the global budgetary envelope reserved for the contest and specific reference to prizes with a unit value of EUR 1 000 000 or more;		1373
(e) for financial instruments: the amount allocated to the financial instrument;	<p>AMD 198:</p> <p>(e) for financial instruments: the amount allocated to the financial instrument and the targeted share of private capital to be</p>	(e) for financial instruments: the amount allocated to the financial instrument;	EP drops AMD 198 (but would like to reflect private capital attracted elsewhere).	1374

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	<i>attracted;</i>			
(f) in the case of indirect implementation: the entity or person pursuant to point (c) of Article 61(1) or, the criteria to be used to select the entity or person;		(f) in the case of indirect implementation: the entity or person pursuant to point (c) of Article 61(1) or, the criteria to be used to select the entity or person;		1375
(g) for contributions to blending facilities: the amount allocated to the blending facility and the list of entities participating in the blending facility;	AMD 199: (g) for contributions to blending facilities: the amount allocated to the blending facility, the list of entities participating in the blending facility and their respective financial contribution;	(g) for contributions to blending facilities: the amount allocated to the blending facility and the list of entities participating in the blending facility;	EP drops AMD 199.	1376
(h) for budgetary guarantees: the amount of annual provisioning and, when applicable, the amount of the budgetary guarantee to be released.		(h) for budgetary guarantees: the amount of annual provisioning and, when applicable, the amount of the budgetary guarantee to be released.		1377
The authorising officer by delegation may add any additional information considered appropriate either in the respective financing decision constituting the work programme or in any other document published on the internet site of the institution.		2b. The authorising officer by delegation may add any additional information considered appropriate either in the respective financing decision constituting the work programme or in any other document published on the internet site of the Union institution.		1378
A multiannual financing decision shall be consistent with the financial programming referred to in Article 39(2) and shall specify that the implementation of the decision is subject to the availability of budget appropriations for the respective financial years after the adoption of the annual budget or as provided for in the system of provisional twelfths,		A multiannual financing decision shall be consistent with the financial programming referred to in Article 39(2) and shall specify that the implementation of the decision is subject to the availability of budget appropriations for the respective financial years after the adoption of the annual budget or as provided for in the system of provisional twelfths, unless it		1379

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unless it is the basis for budgetary commitments broken down into annual instalments as referred to in Article 110(2).		is the basis for budgetary commitments broken down into annual instalments as referred to in Article 110(2). <i>Explanation: This sentence created confusion in relation to the Art. 110(2), mainly whether the (multiannual) financing decision was indicative or binding. As the sentence is not necessary, Council proposes to delete it.</i>		
3. Without prejudice to any specific provision of a basic act, any substantial change in a financing decision already adopted shall follow the same procedure as the initial decision.		3. Without prejudice to any specific provision of a basic act, any substantial change in a financing decision already adopted shall follow the same procedure as the initial decision.		1380
<i>Article 109 Expenditure operations</i>		<i>Article 109 Expenditure operations</i>		1386
1. Every item of expenditure shall be committed, validated, authorised and paid.		1. Every item of expenditure shall be committed, validated, authorised and paid.		1387
At the end of the periods referred to in Article 112, the unused balance of budgetary commitments shall be subject of a de-commitment.		At the end of the periods referred to in Article 112, the unused balance of budgetary commitments shall be subject of a de-commitment decommitted . <i>Explanation: Simplification.</i>		1388
When executing operations, the authorising officer responsible shall ensure that the expenditure is in compliance with the Treaties, the budget, this Regulation, and other acts and regulations adopted pursuant to the Treaties as well as with the principle of sound financial management.		When executing operations, the authorising officer responsible shall ensure that the expenditure is in compliance with the Treaties, the budget, this Regulation, and other acts and regulations adopted pursuant to the Treaties as well as with the principle of sound financial management.		1389
2. Budgetary commitments and legal commitments shall be adopted by the same authorising officer, except in		2. Budgetary commitments and legal commitments shall be adopted by the same authorising officer, except in duly		1392

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duly justified cases. In particular, in the field of crisis management aid and humanitarian aid operations, legal commitments may be signed by the Heads of Union delegations, or in their absence by their deputies, on the instruction of the Commission's authorising officer responsible who remains fully responsible, however, for the underlying transaction. The personnel employed by the Commission in the field of crisis management aid and humanitarian aid operations may sign legal commitments linked to the payment executed from the imprest accounts of a value not exceeding EUR 2 500.		justified cases. In particular, in the field of crisis management aid and humanitarian aid operations, legal commitments may be signed by the Heads of Union delegations, or in their absence by their deputies, on the instruction of the Commission's authorising officer responsible who remains fully responsible, however, for the underlying transaction. The personnel employed by the Commission in the field of crisis management aid and humanitarian aid operations may sign legal commitments linked to the payment executed from the imprest accounts of a value not exceeding EUR 2 500.		
The authorising officer responsible shall make a budgetary commitment before entering into a legal commitment with third parties or transferring funds to a trust fund referred to in Article 227.		The authorising officer responsible shall make a budgetary commitment before entering into a legal commitment with third parties or transferring funds to a trust fund referred to in Article 227.		1393
This obligation shall not be applicable to:		This obligation shall not be applicable to:		1394
(a) legal commitments concluded following a declaration of a crisis situation in the framework of a business continuity plan, in accordance with the procedures adopted by the Commission or by any other institution under its administrative autonomy;		(a) legal commitments concluded following a declaration of a crisis situation in the framework of a business continuity plan, in accordance with the procedures adopted by the Commission or by any other Union institution under its administrative autonomy;		1395
(b) in the case of humanitarian aid operations, civil protection operations and crisis management aid, if efficient delivery of the Union's		(b) in the case of humanitarian aid operations, civil protection operations and crisis management aid, if efficient delivery of the Union's intervention requires that the Union		1396

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intervention requires that the Union enter into a legal commitment with third parties immediately and prior booking of the individual budgetary commitment is not possible. The booking of the budgetary commitment shall be done without delay after entering into a legal commitment with third parties.		enter into a legal commitment with third parties immediately and prior booking of the individual budgetary commitment is not possible. The booking of the budgetary commitment shall be done without delay after entering into a legal commitment with third parties.		
3. The validation of expenditure is the act whereby the authorising officer responsible accepts charging an item of expenditure, after checking the supporting documents attesting the creditor's entitlement as per the conditions set in the legal commitment when there is a legal commitment. For this purpose, the authorising officer responsible shall:		3. The validation of expenditure is the act whereby the authorising officer responsible shall validate expenditure by accepting that charging an item of expenditure is charged to the budget , after having checked the supporting documents attesting the creditor's entitlement as per the conditions set in the legal commitment when there is a legal commitment. For this purpose, the authorising officer responsible shall: <i>Explanation: DQL improvement - render language more regulatory.</i>		1397
(a) verify the existence of the creditor's entitlement;		(a) verify the existence of the creditor's entitlement;		1398
(b) determine or verify the reality and the amount of the claim through the endorsement "certified correct";		(b) determine or verify the reality and the amount of the claim through the endorsement "certified correct";		1399
(c) verify the conditions according to which payment is due.	AMD 200: (c) verify the conditions according to which payment is due. Cost estimates cannot imply the fulfilment of such conditions.	(c) verify the conditions according to which payment is due.	EP drops AMD 200, text is included in row 1405 below.	1400
Notwithstanding the above, the validation of expenditure shall not be limited to expenditure that is charged		Notwithstanding the above first subparagraph , the validation of expenditure shall not be limited to		1401

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to the budget. It shall also apply to interim or final reports not associated with a request for payment in which case the impact on the accounting system will be limited to the general accounts. The validation decision shall be expressed through electronically secured signature as referred to in Article 141 by the authorising officer or by technically competent member of staff, duly empowered by a formal decision of the authorising officer or, exceptionally, for paper workflow, take the form of a stamp incorporating that signature.		expenditure that is charged to the budget. It shall also apply to interim or final reports not associated with a request for payment in which case the impact on the accounting system will be limited to the general accounts. <i>Explanation: Clarification, as this could have been interpreted to allow the charging of additional expenditure.</i>		
		3a. The validation decision shall be expressed through electronically secured signature as referred to in in accordance with Article 141 by the authorising officer or by technically competent member of staff, duly empowered by a formal decision of the authorising officer or, exceptionally, for paper workflow, take the form of a stamp incorporating that signature.		1401.1
With the endorsement "certified correct" the authorising officer responsible or a technically competent member of staff, duly empowered by the authorising officer responsible shall certify that:		With the endorsement "certified correct" the authorising officer responsible or a technically competent member of staff, duly empowered by the authorising officer responsible shall certify that:		1402
(a) for the pre-financing the conditions required in the legal commitment for the payment of the pre-financing are met;		(a) for the pre-financing the conditions required in the legal commitment for the payment of the pre-financing are met;		1403
(b) for interim and balance payments in contracts the services provided		(b) for interim and balance payments in contracts the services provided for in		1404

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for in the contract have been properly provided, the supplies properly delivered or that the work has been properly carried out;		the contract have been properly provided, the supplies properly delivered or that the work has been properly carried out;		
(c) for interim and balance payments in grants the action or work programme carried out by the beneficiary is in all respects in compliance with the grant agreement, including, where applicable that the costs declared by the beneficiary are eligible. The same principle is valid also for interim and final reports not associated to a payment request.		(c) for interim and balance payments in grants the action or work programme carried out by the beneficiary is in all respects in compliance with the grant agreement, including, where applicable that the costs declared by the beneficiary are eligible. The same principle is valid also for interim and final reports not associated to a payment request.	New wording (covers EP AMD 200): c) for interim and balance payments in grants the action or work programme carried out by the beneficiary is in all respects in compliance with the grant agreement, including, where applicable that the costs declared by the beneficiary are eligible. <u>Cost estimates shall not be deemed to comply with the eligibility conditions foreseen in Article 180(3).</u> The same principle is valid also for interim and final reports not associated to a payment request.	1405
4. The authorisation of expenditure is the act whereby the authorising officer responsible, having verified that the appropriations are available, instructs the accounting officer, by issuing a payment order, to pay an amount of expenditure which has been previously validated.		4. The In order to authorisation of the expenditure is the act whereby the the authorising officer responsible shall, after having verified that the appropriations are available instructs the accounting officer, by issuing a payment order to instruct the accounting officer to pay an amount of expenditure which has been previously validated. <i>Explanation: DQL improvement - render language more regulatory.</i>		1406
Where periodic payments are made with regard to services rendered, including rental services, or goods delivered, and subject to the authorising officer's risk analysis, the		Where periodic payments are made with regard to services rendered, including rental services, or goods delivered, and subject to the authorising officer's risk analysis, the authorising officer may		1407

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authorising officer may order the application of a direct debit system from an imprest account, or if specifically authorised by the accounting officer in accordance with Article 83(3).		order the application of a direct debit system from an imprest account, or if specifically authorised by the accounting officer in accordance with Article 83(3).		
5. The de-commitment is the operation whereby the responsible authorising officer cancels wholly or partly the reservation of appropriations previously made with a budgetary commitment.	AMD 201: Deleted. <i>Justification:</i> For reasons of consistency, this paragraph is moved to Art. 2 (definitions).	5. The de-commitment is the operation whereby the responsible authorising officer cancels wholly or partly the reservation of appropriations previously made with a budgetary commitment. <i>Explanation:</i> Moved to Art. 2	Deletion is agreed (definition moved to Art. 2).	1408
<i>Article 110</i> <i>Types of budgetary commitments</i>		<i>Article 110</i> <i>Types of budgetary commitments</i>		1410
1. Budgetary commitments shall fall into one of the following categories:		1. Budgetary commitments shall fall into one of the following categories:		1411
(a) individual: when the recipient and the amount of the expenditure are known;		(a) individual: when the recipient and the amount of the expenditure are known;		1412
(b) global: when at least one of the elements necessary to identify the individual commitment is still not known;		(b) global: when at least one of the elements necessary to identify the individual commitment is still not known;		1413
(c) provisional: to cover routine management expenditure for the EAGF as referred to in Article 11(2) and routine administrative expenditure where either the amount or the final payees are not definitively known.		(c) provisional: to cover routine management expenditure for the EAGF as referred to in Article 11(2) and routine administrative expenditure where either the amount or the final payees are not definitively known.		1414
Routine administrative expenditure relating to Union delegations and Union Representations may however be covered by provisional commitments also when the amount		Routine administrative expenditure relating to Union delegations and Union Representations may however be covered by provisional commitments also when the amount and final payee		1415

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and final payee are known.		are known.		
2. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments only where the basic act so provides or where they relate to administrative expenditure.		2. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments only where the basic act so provides or where they relate to administrative expenditure.		1416
3. A global budgetary commitment shall be made on the basis of a financing decision.		3. A global budgetary commitment shall be made on the basis of a financing decision.		1417
The global budgetary commitment shall be made at the latest before the decision on the recipients and amounts is taken and, where implementation of the appropriations concerned involves the adoption of a work programme, at the earliest after that programme has been adopted.		The global budgetary commitment shall be made at the latest before the decision on the recipients and amounts is taken and, where implementation of the appropriations concerned involves the adoption of a work programme, at the earliest after that programme has been adopted.		1418
4. The global budgetary commitment shall be implemented either by the conclusion of a financing agreement, itself providing for the subsequent conclusion of one or more legal commitments, or by the conclusion of one or more legal commitments.		4. The global budgetary commitment shall be implemented either by the conclusion of a financing agreement, itself providing for the subsequent conclusion of one or more legal commitments, or by the conclusion of one or more legal commitments.		1419
Financing agreements in the field of direct financial assistance to third countries, including budget support, which constitute legal commitments may give rise to payments without the conclusion of other legal commitments.		Financing agreements in the field of direct financial assistance to third countries, including budget support, which constitute legal commitments may give rise to payments without the conclusion of other legal commitments.		1420
Where the global commitment is implemented by the conclusion of a financing agreement, the second subparagraph of paragraph 3 shall		Where the global budgetary commitment is implemented by the conclusion of a financing agreement, the second subparagraph of paragraph 3 shall not		1421

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not apply.		apply. <i>Explanation: Harmonisation of terminology.</i>		
5. Each individual legal commitment adopted following a global budgetary commitment shall, prior to signature, be registered by the authorising officer responsible in the central budgetary accounts and booked to the global budgetary commitment.		5. Each individual legal commitment adopted following a global budgetary commitment shall, prior to signature, be registered by the authorising officer responsible in the central budgetary accounts and booked to the global budgetary commitment.		1422
6. Provisional budgetary commitments shall be implemented by the conclusion of one or more legal commitments giving rise to an entitlement to subsequent payments. However, in cases relating to expenditure on staff management or relating to communication expenditures engaged in by the institutions for the coverage of Union events or in cases referred to in point 14.5 of the Annex to this Regulation, they may be implemented directly by payments.	AMD 202: 6. Provisional budgetary commitments shall be implemented by the conclusion of one or more legal commitments giving rise to an entitlement to subsequent payments. However, in cases relating to expenditure on staff management, Members or former Members of a Union institution or relating to communication expenditures engaged in by the institutions for the coverage of Union events or in cases referred to in point 14.5 of the Annex to this Regulation, they may be implemented directly by payments. <i>Justification: Allowances to Members are paid the same way as allowances to staff and should thus also be mentioned in the exceptions where a provisional commitment can be directly followed by payments.</i>	6. Provisional budgetary commitments shall be implemented by the conclusion of one or more legal commitments giving rise to an entitlement to subsequent payments. However, in cases relating to expenditure on staff management or relating to communication expenditures engaged in by the Union institutions for the coverage of Union events or in cases referred to in point 14.5 of the Annex 1 to this Regulation, they may be implemented directly by payments.	EP AMD is agreed.	1423
<i>Article 111 Commitments for EAGF appropriations</i>		<i>Article 111 Commitments for EAGF appropriations</i>		1424
1. For each financial year, the EAGF appropriations shall include non-differentiated appropriations, with the exception of the expenditure related		1. For each financial year, the EAGF appropriations shall include non-differentiated appropriations for measures according to Article 4(1) of		1425

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to the measures referred to in Article 4(2) and Article 6 of Regulation (EC) No 1306/2013, with the exception of measures financed under non-operational technical assistance and contributions to executive agencies, which shall be covered by differentiated appropriations.		<p>Regulation (EU) No 1306/2013, with the exception of the Expenditure related to the measures referred to in Article 4(2) and Article 6 of Regulation (EU) No 1306/2013, with the exception of measures financed under non-operational technical assistance and contributions to executive agencies, which shall be covered by differentiated appropriations.</p> <p><i>Explanation: Clarification was needed due to the double exception.</i></p>		
2. The Commission decisions fixing the amount of reimbursement of such expenditure shall constitute global provisional commitments, which may not exceed the total appropriations entered for the EAGF.		<p>2. The Commission decisions fixing the amount of reimbursement of such expenditure related to the EAGF incurred by Member States shall constitute global provisional commitments, which may shall not exceed the total appropriations entered for the EAGF.</p> <p><i>Explanation: DQL improvements.</i></p>		1426
3. Global provisional commitments for the EAGF which have been made for a financial year and which have not given rise to a commitment on specific lines in the budget nomenclature by 1 February of the following financial year shall be cancelled in respect of the financial year concerned.		<p>3. Global provisional commitments for the EAGF which have been made for a financial year and which have not given rise to a commitment on specific lines in the budget nomenclature by 1 February of the following financial year shall be cancelled in respect of the financial year concerned.</p>		1427
4. Expenditure effected by the authorities and bodies referred to in the rules relating to the EAGF shall, within two months of receipt of the statements sent in by Member States, be the subject of a commitment by chapter, article and item. Such commitments may be		<p>4. Expenditure effected by the authorities and bodies referred to in the rules relating to the EAGF shall, within two months of receipt of the statements sent in by Member States, be the subject of a commitment by chapter, article and item. Such to commitments may be made after the lapse of that two-month period</p>		1428

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made after the lapse of that two-month period where a procedure for a transfer of appropriations concerning the relevant budget lines is necessary. Except where payment has not yet been made by the Member States or where eligibility is in doubt, the amounts shall be charged as payments within the same two-month period.		where a procedure for a transfer of appropriations concerning the relevant budget lines is necessary. Except where payment has not yet been made by the Member States or where eligibility is in doubt, the amounts shall be charged as payments within the same two-month period.		
	AMD 203: <i>The commitments referred to in the first subparagraph shall be deducted from the global provisional commitment referred to paragraph 2.</i> <i>Justification: Technical correction (moved from paragraph 5).</i>			1428.1
The commitments referred to in the first sub-subparagraph shall be deducted from the global provisional commitment referred to paragraph 1.	AMD 204: Deleted. <i>Justification: Technical correction (moved to paragraph 4).</i>	The commitments referred to in the first sub-subparagraph shall be deducted from the global provisional commitment referred to in paragraph 1.		1429
5. Paragraphs 2 and 3 shall apply subject to the examination and acceptance of accounts.		65. Paragraphs 2 and 3 shall apply subject to the examination and acceptance of accounts.		1430
<i>Article 112</i> <i>Time limits for commitments</i>		<i>Article 112</i> <i>Time limits for commitments</i>		1442
1. Subject to Articles 109(2) and 256(3), legal commitments relating to individual or provisional budgetary commitments shall be concluded by 31 December of year n.		1. Subject to Articles 109(2) and 256(3), legal commitments relating to individual or provisional budgetary commitments shall be concluded by 31 December of year n, year n being the one in which the budgetary commitment was made. <i>Explanation: Clarification - moved up from paragraph 2.</i>		1443

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2. Global budgetary commitments shall cover the total cost of the corresponding legal commitments concluded up to 31 December of year n+1.		2. Global budgetary commitments shall cover the total cost of the corresponding legal commitments concluded up to 31 December of year n+1.		1444
Where the global budgetary commitment gives rise to the award of a prize referred to in Title IX, the legal commitment referred to in Article 200(4) shall be concluded by 31 December of year n+3.		Where the global budgetary commitment gives rise to the award of a prize referred to in Title IX, the legal commitment referred to in Article 200(4) shall be concluded by 31 December of year n+3.		1445
In external actions, where the global budgetary commitment gives rise to a financing agreement concluded with a third country, the financing agreements shall be concluded by 31 December of year n+1, year n being the one in which the budgetary commitment was made. In this case, the global budgetary commitment shall cover the costs of legal commitments implementing the financing agreement concluded until the end of the period of implementation of the financing agreement.		In external actions, where the global budgetary commitment gives rise to a financing agreement concluded with a third country, the financing agreements shall be concluded by 31 December of year n+1, year n being the one in which the budgetary commitment was made. In this case, the global budgetary commitment shall cover the total costs of legal commitments implementing the financing agreement concluded until the end of the within a period no longer than three years following the date of implementation conclusion of the financing agreement, or until the end of the period of implementation of the financing agreement in the following cases: <i>Explanation: Reverted to previous arrangement of d+3 rule as in current Art. 189 FinReg - unlimited implementation duration was not considered justified..</i>	Council wording agreed (= status quo).	1446
		(a) for multi-donor actions;	Council wording agreed.	1446.1
		(b) for blending operations;	Council wording agreed.	1446.2
		(c) for legal commitments relating to audit and evaluation;	Council wording agreed.	1446.3

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		(d) in the following exceptional circumstances:	Council wording agreed.	1446.4
		(i) modifications made to the legal commitments which have already been concluded;	Council wording agreed.	1446.5
		(ii) legal commitments are to be concluded after early termination of an existing legal commitment;	Council wording agreed.	1446.6
		(iii) changes of the implementing entity.	Council wording agreed.	1446.7
		2a.The third subparagraph of paragraph 2 shall not apply to the multiannual programmes that are implemented through split commitments in the following cases:	Council wording agreed.	1446.8
		(a) the instrument for Pre-Accession Assistance;	Council wording agreed.	1446.9
		(b) the European Neighbourhood and Partnership Instrument.	Council wording agreed.	1446.10
		In those cases, the appropriations shall be automatically decommitted by the Commission in accordance with the sector-specific rules. <i>Explanation: in line with return to previous situation, flexibility as is currently foreseen.</i>	Council wording agreed.	1446.11
3. The individual and provisional budgetary commitments for actions extending over more than one financial year shall, except in the case of staff expenditure, have a final date for implementation set, in accordance with the conditions in the legal commitments to which they refer, and taking into account the principle of sound financial		3. The individual and provisional budgetary commitments for actions extending over more than one financial year shall, except in the case of staff expenditure, have a final date for implementation set, in accordance with the conditions in the legal commitments to which they refer, and taking into account the principle of sound financial management.		1447

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management.				
4. Any parts of budgetary commitments which have not been executed by payments six months after the final date for implementation shall be decommitted in accordance with Article 13.	AMD 205: 4. Any parts of budgetary commitments which have not been executed by payments six months after the final date for implementation shall be decommitted. <i>Justification: The reference makes no sense because Art. 13 deals with the cancellation of appropriations following a decommitment, and not the decommitment procedure as such.</i>	4. Any parts of budgetary commitments which have not been executed by payments six months after the final date for implementation shall be decommitted in accordance with Article 13.	EP AMD 205 is accepted.	1448
5. The amount of a budgetary commitment for which no payment within the meaning of Article 113 has been made within two years of the signing of the legal commitment shall be decommitted, except where that amount relates to a case under litigation before judicial courts or arbitral bodies, where the legal commitment takes the form of a financing agreement with a third country or where there are special provisions laid down in sector-specific rules.		5. The amount of a budgetary commitment for which no payment within the meaning of Article 113 has been made within two years of the signing of the legal commitment shall be decommitted, except where that amount relates to a case under litigation before judicial courts or arbitral bodies, where the legal commitment takes the form of a financing agreement with a third country or where there are special provisions laid down in sector-specific rules.		1449
<i>Article 113 Types of payments</i>		<i>Article 113 Types of payments</i>		1449.1
1. Payment of expenditure shall be made by the accounting officer within the limits of the funds available.		1. Payment of expenditure shall be made by the accounting officer within the limits of the funds available.		1472
2. Payment shall cover one or more of the following operations:		2. Payment shall be made on production of proof that the relevant action is in accordance with the basic act or the contract and shall cover one or more of the following operations: <i>Explanation: Wording from Art. 90(1) current</i>		1473

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		<i>FinReg is considered essential by Council.</i>		
(a) payment of the entire amount due;		(a) payment of the entire amount due;		1474
(b) payment of the amount due in any of the following ways:		(b) payment of the amount due in any of the following ways:		1475
(i) pre-financing providing a float, which may be divided into a number of payments in accordance with sound financial management and paid either on the basis of the contract, the agreement or the basic act, or on the basis of supporting documents which make it possible to check that the terms of the contract or agreement in question are complied with;		(i) pre-financing providing a float, which may be divided into a number of payments in accordance with sound financial management; and such pre-financing shall be paid either on the basis of the contract, the agreement or the basic act, or on the basis of supporting documents which make it possible to check that the terms of the contract or agreement in question are complied with; <i>Explanation: Clarification.</i>		1476
(ii) one or more interim payments as a counterpart of a partial execution of the action or performance of the contract. It may clear pre-financing in whole or in part, without prejudice to the provisions of the basic act;		(ii) one or more interim payments as a counterpart of a partial execution of the action or performance of the contract. It may clear pre-financing in whole or in part, without prejudice to the provisions of the basic act;		1477
(iii) payment of the balance of the amounts due where the action or contract is completely executed.		(iii) payment of the balance of the amounts due where the action or contract is completely executed.		1478
(c) payment of a provision into the common provisioning fund established pursuant to Article 205.		(c) payment of a provision into the common provisioning fund established pursuant to Article 205.		1479
The payment of the balance may not		The payment of the balance may not be		1480

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be repeated and shall clear all preceding expenditure, a recovery order shall be issued to recover unused amounts.		repeated and shall clear all preceding expenditure, a recovery order shall be issued to recover unused amounts.		
3. A distinction shall be made in budgetary accounting between the different types of payment referred to in paragraph 2 at the time each payment is made.		3. A distinction shall be made in budgetary accounting between the different types of payment referred to in paragraph 2 at the time each payment is made.		1481
4. The accounting rules referred to in Article 79 shall include the rules for clearing the pre-financing in the accounts and for the acknowledgment of the eligibility of costs.		4. The accounting rules referred to in Article 79 shall include the rules for clearing the pre-financing in the accounts and for the acknowledgment of the eligibility of costs.		1482
5. Pre-financing payments shall be cleared regularly by the authorising officer responsible, according to the economic nature and at the latest at the end of the project. The clearing will be performed on the basis of information on costs incurred or confirmation of the conditions for payment being achieved in accordance with Article 121 as validated by the authorising officer in accordance with Article 109(3).		5. Pre-financing payments shall be cleared regularly by the authorising officer responsible, according to the economic nature and at the latest at the end of the project. The clearing will be performed on the basis of information on costs incurred or confirmation of the conditions for payment being achieved in accordance with Article 121 as validated by the authorising officer in accordance with Article 109(3).		1483
For grant agreements, contracts or contribution agreements above EUR 5 000 000, the authorising officer shall obtain at each year-end at least the information needed to calculate a reasonable estimate of those costs. Although this cannot be used for clearing the pre-financing it will enable both the authorising officer and the accounting officer to comply with the obligations set out in		For grant agreements, contracts or contribution agreements above EUR 5 000 000, the authorising officer shall obtain at each year-end at least the information needed to calculate a reasonable estimate of those costs. Although this cannot be used for clearing the pre-financing, but may be used by it will enable both the authorising officer and the accounting officer to comply with the		1484

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Article 80(2).		obligations set out in Article 80(2). <i>Explanation: DQL improvement - render language more regulatory.</i>		
For the purposes of the second subparagraph, appropriate provisions shall be included in the legal commitments signed.		For the purposes of the second subparagraph, appropriate provisions shall be included in the legal commitments signed.		1485
	AMD 206: <i>For grants under direct implementation of more than EUR 5 000 000 financing external actions, no more than two pre-financing payments shall remain uncleared throughout the duration of the action.</i> <i>Justification: Reinserted 2nd subparagraph from Art. 184(4) of Reg. 966/2012, which was omitted by Commission.</i>		EP drops AMD 206.	1485.1
<i>Article 114 Time limits for payments</i>		<i>Article 114 Time limits for payments</i>		1496
1. Payments shall be made within:		1. Payments shall be made within:		1497
(a) 90 calendar days for contribution agreements, contracts and, grant agreements involving technical services or actions which are particularly complex to evaluate and for which payment depends on the approval of a report or a certificate;	AMD 207: (a) 60 calendar days for contribution agreements, contracts and, grant agreements involving technical services or actions which are particularly complex to evaluate; <i>Justification: AMD based on a suggestion by Civil Society Europe.</i>	(a) 90 calendar days for contribution agreements, contracts and, grant agreements involving technical services or actions which are particularly complex to evaluate and for which payment depends on the approval of a report or a certificate;	EP drops AMD 207.	1498
(b) 60 calendar days for all other contribution agreements, contracts and, grant agreements	AMD 208: Deleted. <i>Justification: AMD based on a suggestion by Civil Society Europe.</i>	(b) 60 calendar days for all other contribution agreements, contracts and, grant agreements for which	EP drops AMD 208.	1499

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for which payment depends on the approval of a report or a certificate;		payment depends on the approval of a report or a certificate;		
(c) 30 calendar days for all other contribution agreements, contracts, and grant agreements.		(c) 30 calendar days for all other contribution agreements, contracts, and grant agreements.		1500
2. The time allowed for making payments shall be understood to include validation, authorisation and the payment of expenditure.		2. The time allowed for making payments shall be understood to include validation, authorisation and the payment of expenditure.		1501
It shall begin to run from the date on which a payment request is received.		It shall begin to run from the date on which a payment request is received.		1502
A payment request shall be registered by the authorised department of the authorising officer responsible as soon as possible and is deemed to be received on the date it is registered.		2a. A payment request shall be registered by the authorised department of the authorising officer responsible as soon as possible and is deemed to be received on the date it is registered. <i>Explanation: DQL improvement.</i>		1503
The date of payment is deemed to be the date on which the institution's account is debited.		The date of payment is deemed to be the date on which the Union institution's account is debited.		1504
A payment request shall include the following essential elements:		A payment request shall include the following essential elements:		1505
(a) the creditor's identification;		(a) the creditor's identification;		1506
(b) the amount;		(b) the amount;		1507
(c) the currency;		(c) the currency;		1508
(d) the date.		(d) the date.		1509
Where at least one essential element is missing, the payment request shall be rejected.		Where at least one essential element is missing, the payment request shall be rejected.		1510
The creditor shall be informed in writing of the rejection and the reasons for it as soon as possible and in any case within 30 calendar		The creditor shall be informed in writing of the rejection and the reasons for it as soon as possible and in any case within 30 calendar days from the date on which		1511

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days from the date on which the payment request was received.		the payment request was received.		
3. The authorising officer responsible may suspend the time limit for payment where:		3. The authorising officer responsible may suspend the time limit for payment where:		1512
(a) the amount of the payment request is not due; or		(a) the amount of the payment request is not due; or		1513
(b) the appropriate supporting documents have not been produced.		(b) the appropriate supporting documents have not been produced.		1514
If information comes to the notice of the authorising officer responsible which puts in doubt the eligibility of expenditure in a payment request, he or she may suspend the time limit for payment for the purpose of verifying, including by means of on the spot checks, that the expenditure is indeed eligible. The remaining time allowed for payment shall begin to run again from the date on which the requested information or revised documents are received or the necessary further verification, including on-the-spot checks, is carried out.		If information comes to the notice of the authorising officer responsible which puts in doubt the eligibility of expenditure in a payment request, he or she may suspend the time limit for payment for the purpose of verifying, including by means of on the spot checks, that the expenditure is indeed eligible. The remaining time allowed for payment shall begin to run again from the date on which the requested information or revised documents are received or the necessary further verification, including on-the-spot checks, is carried out.		1515
The creditors concerned shall be informed in writing of the reasons for that suspension		The creditors concerned shall be informed in writing of the reasons for that suspension.		1516
4. Except in the case of Member States, the European Investment Bank and the European Investment Fund, on the expiry of the time limits laid down in paragraph 1, the creditor shall be entitled to interest in accordance with the following conditions:	AMD 209: 4. Except in the case of Member States, on the expiry of the time limits laid down in paragraph 1, the creditor shall be entitled to interest in accordance with the following conditions: <i>Justification: The EIB Group should not</i>	4. Except in the case of Member States, the European Investment Bank and the European Investment Fund, on the expiry of the time limits laid down in paragraph 1, the creditor shall be entitled to interest in accordance with the following conditions:	EP drops AMD 209.	1518

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	<i>be treated differently in this respect from other entities implementing EU budgetary funds or creditors of the Union. In this regard the EIB Group is required by its Statute to ensure its costs are covered and that the inclusion of the EIB/EIF in this provision may provoke negative reactions from the credit rating agencies related to existing instruments such as EFSI, the ELM and InnovFin.</i>			
(a) the interest rates shall be those referred to in Article 97(2);		(a) the interest rates shall be those referred to in Article 97(2);		1519
(b) the interest shall be payable for the period elapsing from the calendar day following expiry of the time limit for payment laid down in paragraph 1 up to the day of payment.		(b) the interest shall be payable for the period elapsing from the calendar day following expiry of the time limit for payment laid down in paragraph 1 up to the day of payment.		1520
However, in the event that the interest calculated in accordance with the first subparagraph is lower than or equal to EUR 200, it shall be paid to the creditor only upon a demand submitted within two months of receiving late payment.		However, in the event that the interest calculated in accordance with the first subparagraph is lower than or equal to EUR 200, it shall be paid to the creditor only upon a demand submitted within two months of receiving late payment.		1521
5. Each institution shall submit to the European Parliament and Council a report on the compliance with the time-limits and on the suspension of the time-limits laid down in paragraphs 1 to 4 of this Article. The report of the Commission shall be annexed to the summary of the annual activity reports referred to in Article 73(9).		5. Each Union institution shall submit to the European Parliament and Council a report on the compliance with the time-limits and on the suspension of the time-limits laid down in paragraphs 1 to 4 of this Article. The report of the Commission shall be annexed to the summary of the annual activity reports referred to in Article 73(9).		1522
CHAPTER 8 Internal auditor		CHAPTER 8 Internal auditor		1529

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
<i>Article 115 Appointment of the internal auditor</i>		<i>Article 115 Appointment of the internal auditor</i>		1530
1. Each institution shall establish an internal auditing function which shall be performed in compliance with the relevant international standards. The internal auditor appointed by the institution shall be accountable to the latter for verifying the proper operation of budgetary implementation systems and procedures. The internal auditor may be neither authorising officer nor accounting officer.	AMD 210: 1. Each institution shall establish an internal auditing function which shall be performed in compliance with the relevant international standards. The internal auditor appointed by the institution shall be accountable to the latter for verifying the proper operation of budgetary implementation systems and procedures. The internal auditor shall be independent in performing his or her tasks and he may be neither authorising officer nor accounting officer.	1. Each Union institution shall establish an internal auditing function which shall be performed in compliance with the relevant international standards. The internal auditor appointed by the Union institution shall be accountable to the latter for verifying the proper operation of budgetary implementation systems and procedures. The internal auditor may be neither authorising officer nor accounting officer.	EP drops AMD 210 - is covered by Article 118.	1531
2. For the purposes of the internal auditing of the EEAS, Heads of Union delegations, acting as authorising officers by subdelegation in accordance with Article 58(2), shall be subject to the verifying powers of the internal auditor of the Commission for the financial management subdelegated to them.		2. For the purposes of the internal auditing of the EEAS, Heads of Union delegations, acting as authorising officers by sub-delegation in accordance with Article 58(2), shall be subject to the verifying powers of the internal auditor of the Commission for the financial management sub-delegated to them.		1532
The internal auditor of the Commission shall also act as the internal auditor of the EEAS in respect of the implementation of the EEAS section of the budget.		The internal auditor of the Commission shall also act as the internal auditor of the EEAS in respect of the implementation of the EEAS section of the budget.		1533
3. Each institution shall appoint its internal auditor in accordance with arrangements adapted to its specific features and requirements. The institution shall inform the European Parliament and Council of the		3. Each Union institution shall appoint its internal auditor in accordance with arrangements adapted to its specific features and requirements. The Union institution shall inform the European Parliament and Council of the		1535

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appointment of the internal auditor.		appointment of the internal auditor.		
4. Each institution shall determine, in accordance with its specific features and its requirements, the scope of the mission of the internal auditor and shall lay down in detail the objectives and procedures for the exercise of the internal audit function with due respect for international internal audit standards.		4. Each Union institution shall determine, in accordance with its specific features and its requirements, the scope of the mission of the internal auditor and shall lay down in detail the objectives and procedures for the exercise of the internal audit function with due respect for international internal audit standards.		1536
5. The institution may appoint as internal auditor, by virtue of their particular competence, an official or other servant covered by the Staff Regulations chosen from nationals of the Member States.		5. The Union institution may appoint as internal auditor, by virtue of their particular competence, an official or other servant covered by the Staff Regulations chosen from nationals of the Member States.		1537
6. If two or more institutions appoint the same internal auditor they shall make the necessary arrangements for him to be declared liable for his actions as laid down in Article 119.		6. If two or more Union institutions appoint the same internal auditor they shall make the necessary arrangements for him to be declared liable for his actions as laid down in Article 119.		1538
7. The institution shall inform the European Parliament and Council when the duties of the internal auditor are terminated.		7. The Union institution shall inform the European Parliament and Council when the duties of the internal auditor are terminated.		1539
<i>Article 116</i> <i>Powers and duties of the internal auditor</i>		<i>Article 116</i> <i>Powers and duties of the internal auditor</i>		1540
1. The internal auditor shall advise his or her institution on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.		1. The internal auditor shall advise his or her Union institution on dealing with risks, by issuing independent opinions on the quality of management and control systems and by issuing recommendations for improving the conditions of implementation of operations and promoting sound financial management.		1541
The internal auditor shall be		The internal auditor shall be responsible,		1542

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responsible, in particular, for:		in particular, for:		
(a) assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them;		(a) assessing the suitability and effectiveness of internal management systems and the performance of departments in implementing policies, programmes and actions by reference to the risks associated with them;		1543
(b) assessing the efficiency and effectiveness of the internal control and audit systems applicable to each budgetary implementation operation.		(b) assessing the efficiency and effectiveness of the internal control and audit systems applicable to each budgetary implementation operation.		1544
2. The internal auditor shall perform his or her duties in relation to all the institution's activities and departments. He or she shall enjoy full and unlimited access to all information required to perform his or her duties, if necessary on the spot access, including in the Member States and in third countries.		2. The internal auditor shall perform his or her duties in relation to all the Union institution's activities and departments. He or she shall enjoy full and unlimited access to all information required to perform his or her duties, if necessary on the spot access, including in the Member States and in third countries.		1545
The internal auditor shall take note of the annual report of the authorising officers and any other pieces of information identified.		The internal auditor shall take note of the annual report of the authorising officers and any other pieces of information identified.		1546
3. The internal auditor shall report to the institution on his or her findings and recommendations. The institution shall ensure that action is taken with regard to recommendations resulting from audits. The internal auditor shall also submit to the institution an annual internal audit report indicating the number and type of internal audits carried out, the recommendations made and the action taken with		3. The internal auditor shall report to the Union institution on his or her findings and recommendations. The Union institution shall ensure that action is taken with regard to recommendations resulting from audits. The internal auditor shall also submit to the institution an annual internal audit report indicating the number and type of internal audits carried out, the recommendations made and the action taken with regard to those		1547

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regard to those recommendations.		recommendations. <i>Explanation: Repetition of Art. 116(4) - correction.</i>		
Each institution shall consider whether the recommendations made in the reports of its internal auditor are suitable for an exchange of best practices with the other institutions.		Each Union institution shall consider whether the recommendations made in the reports of its internal auditor are suitable for an exchange of best practices with the other Union institutions.		1548
4. The internal auditor shall also submit to the institution an annual internal audit report indicating the number and type of internal audits carried out, the principal recommendations made and the action taken with regard to those recommendations.		4. The internal auditor shall also submit to the Union institution an annual internal audit report indicating the number and type of internal audits carried out, the principal recommendations made and the action taken with regard to those recommendations.		1549
That annual report shall also mention any systemic problems detected by the panel set up pursuant to Article 139 where it gives the opinion referred to under Article 90.	AMD 211: That annual report shall also mention any systemic problems detected by the panel set up pursuant to Article 90. <i>Justification: See AMD 193.</i>	That annual report shall also mention any systemic problems detected by the panel set up pursuant to Article 139 where it gives the opinion referred to under Article 90.	EP AMD 211 drops, as Art. 90 is agreed	1550
5. The internal auditor shall, during the elaboration of his report, particularly focus on the overall compliance with the principle of sound financial management and shall ensure that appropriate measures have been taken in order to steadily improve and enhance its application.	AMD 212: 5. The internal auditor shall, during the elaboration of his report, particularly focus on the overall compliance with the principles of sound financial management and performance , and shall ensure that appropriate measures have been taken in order to steadily improve and enhance their application.	5. The internal auditor shall, during the elaboration of his report, particularly focus on the overall compliance with the principle of sound financial management and shall ensure that appropriate measures have been taken in order to steadily improve and enhance its application.	EP AMD 212 is accepted.	1551
6. Each year, the Commission shall, in the context of the discharge procedure and in accordance with Article 319 TFEU, forward on request		6. Each year, the Commission shall, in the context of the discharge procedure and in accordance with Article 319 TFEU, forward on request its annual internal		1552

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its annual internal audit report within the meaning of paragraph 3 of this Article with due regard to confidentiality requirements.		audit report within the meaning of paragraph 3 of this Article with due regard to confidentiality requirements.		
7. The institution shall make available the contact details of the internal auditor to any natural or legal person involved in expenditure operations, for the purposes of confidentially contacting the internal auditor.		7. The Union institution shall make available the contact details of the internal auditor to any natural or legal person involved in expenditure operations, for the purposes of confidentially contacting the internal auditor.		1553
8. Each year the institution shall draft a report containing a summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations and forward it to the European Parliament and the Council as provided for in Article 239.	AMD 213: 8. Each year the institution shall draft a report containing a meaningful summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations and forward it to the European Parliament and the Council as provided for in Article 239.	8. Each year the Union institution shall draft a report containing a summary of the number and type of internal audits carried out, the recommendations made and the action taken on those recommendations and forward it to the European Parliament and the Council as provided for in Article 239.	New wording: "8. Each year the Union institution shall draft a report containing a summary of the number and type of internal audits carried out, a synthesis of the recommendations made and the action taken on those recommendations and forward it to the European Parliament and the Council as provided for in Article 239."	1554
9. The reports and findings of the internal auditor, as well as the report of the institution, shall be accessible to the public only after validation by the internal auditor of the action taken for their implementation.		9. The reports and findings of the internal auditor, as well as the report of the Union institution, shall be accessible to the public only after validation by the internal auditor of the action taken for their implementation.		1555
10. The institution shall provide the internal auditor with the resources required for the proper performance of his audit function and a mission charter detailing his tasks, duties and obligations.		10. The Union institution shall provide the internal auditor with the resources required for the proper performance of his audit function and a mission charter detailing his tasks, duties and obligations.		1557
<i>Article 117 Work programme of the internal auditor</i>		<i>Article 117 Work programme of the internal auditor</i>		1558

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1. The internal auditor shall adopt his work programme and shall submit it to the institution.		1. The internal auditor shall adopt his work programme and shall submit it to the Union institution.		1559
2. The institution may ask the internal auditor to carry out audits not included in the work programme referred to in paragraph 1.		2. The Union institution may ask the internal auditor to carry out audits not included in the work programme referred to in paragraph 1.		1560
<i>Article 118</i> <i>Independence of the internal auditor</i>		<i>Article 118</i> <i>Independence of the internal auditor</i>		1564
1. The internal auditor shall enjoy complete independence in the conduct of his audits. Special rules applicable to the internal auditor shall be laid down by the institution and shall be such as to guarantee that the internal auditor is totally independent in the performance of his or her duties, and to establish the internal auditor's responsibility.		1. The internal auditor shall enjoy complete independence in the conduct of his audits. Special rules applicable to the internal auditor shall be laid down by the Union institution and shall be such as to guarantee that the internal auditor is totally independent in the performance of his or her duties, and to establish the internal auditor's responsibility.		1565
2. He may not be given any instructions nor be restricted in any way as regards the performance of the functions which, by virtue of his appointment, are assigned to him under the Financial Regulation.		2. He may not be given any instructions nor be restricted in any way as regards the performance of the functions which, by virtue of his appointment, are assigned to him under the Financial Regulation.		1566
3. If the internal auditor is a member of staff, he or she shall exercise exclusive audit functions in full independence and assume responsibility as laid down in the Staff Regulations and set out in the delegated acts adopted pursuant to this Regulation.		3. If the internal auditor is a member of staff, he or she shall exercise exclusive audit functions in full independence and assume responsibility as laid down in the Staff Regulations and set out in the delegated acts adopted pursuant to this Regulation. <i>Explanation: Correction - there is no such delegated act.</i>		1567
<i>Article 119</i> <i>Liability of the internal auditor</i>		<i>Article 119</i> <i>Liability of the internal auditor</i>		1570

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The institution alone, proceeding in accordance with this Article, may act to have the internal auditor, as an official or other servant subject to the Staff Regulations, declared liable for his actions.		The Union institution alone, proceeding in accordance with this Article, may act to have the internal auditor, as an official or other servant subject to the Staff Regulations, declared liable for his actions.		1571
The institution shall take a reasoned decision to open an investigation. That decision shall be communicated to the interested party. The institution may put in charge of the investigation, under its direct responsibility, one or more officials of a grade equal to or higher than that of the member of staff concerned. In the course of the investigation, the views of the interested party shall be heard.		The Union institution shall take a reasoned decision to open an investigation. That decision shall be communicated to the interested party. The Union institution may put in charge of the investigation, under its direct responsibility, one or more officials of a grade equal to or higher than that of the member of staff concerned. In the course of the investigation, the views of the interested party shall be heard.		1572
The investigation report shall be communicated to the interested party, who shall then be heard by the institution on the subject of that report.		The investigation report shall be communicated to the interested party, who shall then be heard by the Union institution on the subject of that report.		1573
On the basis of the report and the hearing, the institution shall adopt either a reasoned decision terminating the proceedings or a reasoned decision in accordance with Articles 22, 86 and Annex IX of the Staff Regulations. Decisions imposing disciplinary measures or financial penalties shall be notified to the interested party and communicated, for information purposes, to the other institutions and the Court of Auditors.		On the basis of the report and the hearing, the Union institution shall adopt either a reasoned decision terminating the proceedings or a reasoned decision in accordance with Articles 22, 86 and Annex IX of the Staff Regulations. Decisions imposing disciplinary measures or financial penalties shall be notified to the interested party and communicated, for information purposes, to the other Union institutions and the Court of Auditors.		1574
The interested party may bring an action in respect of such decisions before the Court of Justice of the European Union, as provided for in the Staff Regulations.		The interested party may bring an action in respect of such decisions before the Court of Justice of the European Union, as provided for in the Staff Regulations.		1575
<i>Article 120</i> <i>Action before the Court of Justice of the</i>		<i>Article 120</i> <i>Action before the Court of Justice of the</i>		1576

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<i>European Union</i>		<i>European Union</i>		
Without prejudice to the remedies allowed by the Staff Regulations, the internal auditor may bring an action directly before the Court of Justice of the European Union in respect of any act relating to the performance of his duties as internal auditor. Such an action must be lodged within three months running from the calendar day on which the act in question is notified.		Without prejudice to the remedies allowed by the Staff Regulations, the internal auditor may bring an action directly before the Court of Justice of the European Union in respect of any act relating to the performance of his duties as internal auditor. Such an action must be lodged within three months running from the calendar day on which the act in question is notified.		1577
Such actions shall be investigated and heard as provided for in Article 91(5) of the Staff Regulations of Officials of the European Union.		Such actions shall be investigated and heard as provided for in Article 91(5) of the Staff Regulations of Officials of the European Union.		1578
	AMD 214: <i>Article 120 a Internal audit committees</i>		New wording based on and replacing EP AMD 214: <i>Article 120 a Internal audit progress committees</i>	1578.1
	1. Each institution shall establish an internal audit committee tasked with monitoring the quality of the internal audit work and ensuring that audit recommendations are properly taken into account and followed up by its services.		1. Each institution shall establish an internal audit progress committee tasked with ensuring the independence of the internal auditor , monitoring the quality of the internal audit work and ensuring that internal and external audit recommendations are properly taken into account and followed up by its services.	1578.2
	2. The majority of the internal audit committee's membership shall be independent of the institution.		2. The composition of the internal audit progress committee shall be decided by each Union institution taking into account each Union institution's organisational autonomy and the importance of independent expert advice.	1578.3

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	3. The activities of the internal audit committees should in particular:			1578.4
	(a) help to improve the adequacy and effectiveness of risk management and internal control;			1578.5
	(b) promote the principles of good governance and their application to decision-making;			1578.6
	(c) support the quality of the internal audits;			1578.7
	(d) raise awareness of the need for robust risk management and internal control;			1578.8
	(e) ensure the recommendations of internal and external audits are implemented; and			1578.9
	(f) assist in embedding the values of ethical governance, including effective arrangements for countering fraud and corruption.			1578.10
	4. The annual report of the internal auditor referred to in Article 116(4) shall contain appropriate information about the mandate, operations, activities, and outcomes of the internal audit committee. <i>Justification: In accordance with ECA (see par. 14-15 of Opinion No 1/2017), international best practice in the area of public sector governing bodies requires the establishment of an internal audit committee, which is composed of a majority of independent members whose</i>			1578.11

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	<i>remit covers financial reporting, irregularities and risk management.</i>			
TITLE V COMMON RULES		TITLE V COMMON RULES		1579
CHAPTER 1 Rules applicable to direct, indirect and shared implementation		CHAPTER 1 Rules applicable to direct, indirect and shared implementation management		1580
		Article 120a Scope		1580.1
		With the exception of Article 134, references in this Title to legal commitments shall be construed as references to legal commitments, framework contracts and financial framework partnership agreements. <i>Explanation: CLS advised on lifting this up from Art. 2 (32) as this is a provision on scope, not a definition - and wording clarified.</i>		1580.2
Article 121 Forms of Union contribution		Article 121 Forms of Union contribution		1582
1. Union contributions in direct, shared and indirect implementation shall help achieve a Union policy objective and results specified and may take any of the following forms:		1. Union contributions in under direct, shared and indirect implementation management shall help achieve a Union policy objective and results specified and may take any of the following forms: <i>Explanation: Council proposed to revert to established and well-known terminology.</i>		1583
	AMD 215: (-a) financing not linked to costs of the relevant operations based on:		EP AMDs 215 and 216 are accepted.	1583.1
	(i) either the fulfilment of conditions set out in sector			1583.2

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	<i>specific legislation or Commission Decisions, or</i>			
	<p>(ii) <i>the achievement of results measured by reference to the previously set milestones or through performance indicators;</i></p> <p><i>Justification: In order to embed a "performance culture" within this Regulation, the forms of Union contribution should first look to the achievement of results before considering other criteria.</i></p>			1583.3
(a) reimbursement of eligible costs actually incurred;		(a) reimbursement of eligible costs actually incurred;		1584
(b) unit costs, which cover all or certain specific categories of eligible costs which are clearly identified in advance by reference to an amount per unit;		(b) unit costs, which cover all or certain specific categories of eligible costs which are clearly identified in advance by reference to an amount per unit;		1585
(c) lump sums, which cover in global terms all or certain specific categories of eligible costs which are clearly identified in advance;		(c) lump sums, which cover in global terms all or certain specific categories of eligible costs which are clearly identified in advance;		1586
(d) flat-rate financing, which covers specific categories of eligible costs, which are clearly identified in advance, by applying a percentage;		(d) flat-rate financing, which covers specific categories of eligible costs, which are clearly identified in advance, by applying a percentage;		1587
(e) financing not linked to costs of the relevant operations based on:	<p>AMD 216: Deleted.</p> <p><i>Justification: Moved to par. -a.</i></p>	(e) financing not linked to costs of the relevant operations based on:	EP AMD 216 is accepted	1588
(i) either the fulfilment of conditions set out in sector specific legislation or Commission Decisions or	<p>AMD 216: Deleted.</p> <p><i>Justification: Moved to par. -a.</i></p>	(i) either the fulfilment of conditions set out in sector-specific legislation or Commission Decisions or	EP AMD 216 is accepted	1589

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(ii) the achievement of results measured by reference to the previously set milestones or through performance indicators;	AMD 216: Deleted. <i>Justification: Moved to par. -a.</i>	(ii) the achievement of results measured by reference to the previously set milestones or through performance indicators;	EP AMD 216 is accepted	1590
(f) a combination of the forms referred to in points (a) to (e).		(f) a combination of the forms referred to in points (a) to (e).		1591
Union contributions under points (b), (c) and (d) shall be established in accordance with Article 175 or sector specific legislation. Union contributions under point (e) shall be established in accordance with Article 175, sector specific legislation or a Commission decision.		Union contributions under points (b), (c) and (d) shall be established in accordance with Article 175 or sector-specific legislation in direct and indirect management and in accordance with sector-specific legislation in shared management. Union contributions under point (e) shall be established in accordance with Article 175, sector-specific legislation or a Commission decision in direct and indirect management and in accordance with sector-specific legislation in shared management. <i>Explanation: Significant clarification was requested within Council on how financing not linked to costs would function in practice. This affects Art. 121 and Art. 175 to 180 in particular. The modifications aim at clarifying what rules apply to what form of contribution for what management mode.</i>		1592
2. When determining the appropriate form of a contribution, the potential recipients' interests and accounting methods shall be taken into account to the greatest possible extent.		2. When determining the appropriate form of a contribution, the potential recipients' interests and accounting methods shall be taken into account to the greatest possible extent.		1593
	AMD 217: 2a. The authorising officer by delegation shall report on Union contributions established pursuant		New wording (based on EP AMD 217): 2a. The responsible authorising officer by delegation shall report	1593.1

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	<p><i>to paragraph 1 points (e) and (f) of this Article under the heading "Union contributions pursuant to Article 121(1)(e) and (f) of the Financial Regulation" in the annual activity report referred to in Article 73(9) of this Regulation.</i></p> <p><i>Justification:</i> To strengthen the budgetary authority's oversight of these novel types of funding.</p>		<p>on financing not linked to costs pursuant to point (e) and (f) of this Article Union contributions established pursuant to paragraph 1 points (e) and (f) of this Article under the heading "Union contributions pursuant to Article 121(1)(e) and (f) of the Financial Regulation" in the annual activity report referred to in Article 73(9) of this Regulation.</p>	
Article 122 Cross-reliance on assessment		Article 122 Cross-reliance on assessment		1596
<p>2.</p> <p>3. The Commission may rely in full or in part on assessments made by itself or other entities, including donors, insofar as these assessments were made with regard to conditions equivalent to those set out in this Regulation for the applicable method of budget implementation. To this end, the Commission shall promote the recognition of internationally accepted standards or international best practices.</p>	<p>AMD 218: Deleted.</p> <p><i>Justification:</i> Against the principle of sound financial management.</p>	<p>The Commission may rely in full or in part on assessments made by itself or other entities referred to in point (c) of Article 61(1), including Member States and donors, insofar as these such assessments were made with regard to conditions equivalent to those set out in this Regulation for the applicable method of budget implementation. It shall also rely on assessments made by itself for other purposes, such as, checks on state-aid conformity, evaluations or assessments made in the context of different methods of implementation and programmes. To this end, the Commission shall promote the recognition of internationally accepted standards or international best practices.</p> <p><i>Explanation:</i> Council can accept this novelty subject to some specifications - assessment should cover State aid provisions, addition of MS organisations to achieve simplification.</p>	<p>Commission initial text was agreed, but see new Article 123a and Council's amendments to Article 123 accepted.</p>	1597
Article 123 Cross-reliance on audits		Article 123 Cross-reliance on audits		1598

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<p>Where an audit based on internationally accepted standards providing reasonable assurance has been conducted by an independent auditor on the financial statements and reports setting out the use of the Union contribution, that audit shall form the basis of the overall assurance, as further specified, where appropriate, in sector specific rules.</p>	<p>AMD 219:</p> <p>Where an audit based on internationally accepted standards providing reasonable assurance has been conducted by an independent auditor on the financial statements and reports setting out the use of the Union contribution, and where that Union contribution accounts for less than 50 % of the total funding available, that audit may, subject to a decision of the authorising officer responsible, form the basis of the overall assurance, as further specified, where appropriate, in sector specific rules. Exceptions may be made for research institutions.</p> <p><i>Justification: In line with the principle of sound financial management, additional safeguards should be put in place for cross-reliance on audits.</i></p>	<p>Without prejudice to existing possibilities for carrying out further audits, wwhere an audit based on internationally accepted audit standards providing reasonable assurance has been conducted by an independent auditor on the financial statements and reports setting out the use of the Union contribution, that audit shall form the basis of the overall assurance, as further specified, where appropriate, in sector specific rules, provided that there is evidence of the independence and competence of the auditor. To this end, the report of the independent auditor and the related audit documentation shall be made available to the Court of Auditors, the Commission and the audit authorities of Member States at their request.</p> <p><i>Explanation: As EP, Council proposes additional safeguards, but with a different focus: independence and competence of auditor are considered a prerequisite for his assessment to be relied upon. No foreclosure of further audits.</i></p>	<p>EP drops AMD 219, Council text agreed with minor change (adding the EP at the end):</p> <p>"Without prejudice to existing possibilities for carrying out further audits, wwhere an audit based on internationally accepted audit standards providing reasonable assurance has been conducted by an independent auditor on the financial statements and reports setting out the use of the Union contribution, that audit shall form the basis of the overall assurance, as further specified, where appropriate, in sector specific rules, provided that there is evidence of the independence and competence of the auditor. To this end, the report of the independent auditor and the related audit documentation shall be made available to the Court of Auditors, the Commission, the European Parliament and the audit authorities of Member States at their request.</p>	1599
	<p>AMD 220:</p> <p>To this end, the Commission and the Court of Auditors shall promote the recognition of internationally accepted standards or international best practices.</p> <p><i>Justification: In line with the principle of sound financial management, additional safeguards should be put in place for cross-reliance on audits.</i></p>		<p>EP drops AMD 220 - is covered in new Art. 123a (rows 1599.3 and 1599.4 below).</p>	1599.1

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	<p>AMD 221:</p> <p><i>Information already available at the management authority shall be used to the extent possible to avoid asking beneficiaries for the same information more than once.</i></p> <p><i>Justification: In line with the principle of sound financial management, additional safeguards should be put in place for cross-reliance on audits.</i></p>		EP drops AMD 221 - is covered in new Art. 123a (rows 1599.3 and 1599.4 below).	1599.2
			<p>Article 123a</p> <p>Use of already available information</p>	1599.3
			<p>[changes vs. AMDs 221 and 220 shown:]</p> <p>New wording:</p> <p>Information already available at Union institutions, the management authorities and other bodies and entities implementing the Union budget, shall be used to the extent possible to avoid asking beneficiaries persons and entities receiving Union funds for the same information more than once. To this end, the Commission and the Court of Auditors shall promote the recognition of internationally accepted standards or international best practices.</p>	1599.4
<p>Article 124</p> <p><i>Cooperation for protection of Union's financial interests</i></p>		<p>Article 124</p> <p><i>Cooperation for protection of Union's financial interests</i></p>		1600
<p>1. Any person or entity receiving Union funds shall fully cooperate in the protection of the Union's financial</p>	<p>AMD 222:</p> <p>1. Any person or entity receiving Union funds shall fully cooperate in the protection of the Union's financial</p>	<p>1. Any person or entity receiving Union funds shall fully cooperate in the protection of the Union's financial</p>	<p>New wording:</p> <p>"1. Any person or entity receiving</p>	1601

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<p>interests and grant as a condition for receiving the funds the necessary rights and access required for the authorizing officer responsible, the European Anti-Fraud Office (OLAF) and the European Court of Auditors (ECA), and where appropriate the relevant national authorities, to comprehensively exert their respective competences. In the case of OLAF, this shall include the right to carry out investigations, including on-the-spot checks and inspections.</p>	<p>interests and grant as a condition for receiving the funds the necessary rights and access required for the authorizing officer responsible, the EPPO, OLAF and the ECA, and where appropriate the relevant national authorities, to comprehensively exert their respective competences. In the case of OLAF, this shall include the right to carry out investigations, including on-the-spot checks and inspections.</p>	<p>interests and grant shall, as a condition for receiving the funds, grant the necessary rights and access required for the authorizing officer responsible, the European Anti-Fraud Office (OLAF), and the European Court of Auditors (ECA), and, where appropriate, the relevant national authorities, to comprehensively exert their respective competences. In the case of OLAF, this such rights shall include the right to carry out investigations, including on-the-spot checks and inspections, in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF)¹.</p> <p><i>Explanation: clarification and to align to actual powers granted to OLAF - no expansion of competences in FinReg.</i></p>	<p>Union funds shall fully cooperate in the protection of the Union's financial interests and grant shall, as a condition for receiving the funds, grant the necessary rights and access required for the authorizing officer responsible, for those participating Member States, also the European Public Prosecutor's Office (EPPO) after its establishment, the European Anti-Fraud Office (OLAF), and the European Court of Auditors (ECA), and, where appropriate, the relevant national authorities, to comprehensively exert their respective competences. In the case of OLAF, this such rights shall include the right to carry out investigations, including on-the-spot checks and inspections, in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council concerning investigations conducted by the European Anti-Fraud Office (OLAF)²."</p>	
<p>2. Any person or entity receiving Union funds under direct and indirect implementation shall agree in writing to grant the necessary rights as referred to in paragraph 1. This includes the obligation for any third</p>	<p>AMD 223:</p> <p>2. Any person or entity receiving Union funds under direct, shared and indirect implementation shall agree in writing to grant the necessary rights as referred to in paragraph 1. This includes the obligation for any third</p>	<p>2. Any person or entity receiving Union funds under direct and indirect implementation management shall agree in writing to grant the necessary rights as referred to in paragraph 1. This includes the obligation for and ensure</p>	<p>EP drops AMD 223.</p>	<p>1602</p>

¹ OJ L 248, 18.9.2013, p. 1.

² OJ L 248, 18.9.2013, p. 1.

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parties involved in the implementation of Union funds to ensure equivalent rights.	parties involved in the implementation of Union funds to ensure equivalent rights.	that any third parties involved in the implementation of Union funds to ensure grant equivalent rights. <i>Explanation: DQL improvement.</i>		
<i>Article 125</i> <i>Transfer of resources to instruments established under this Regulation or sector specific Regulations</i>	AMD 224: Article 125 deleted.	<i>Article 125</i> <i>Transfer of resources to instruments established under this Regulation or sector specific Regulations</i>		1603
Resources allocated to Member States under shared implementation may, at their request, be transferred to instruments established under this Regulation or under sector specific Regulations. The Commission shall implement these resources in accordance with point (a) or (c) of Article 61(1), where possible for the benefit of the Member State concerned. In addition resources allocated to Member States under shared implementation may at their request be used to enhance the risk-bearing capacity of the EFSI. In such cases, EFSI rules shall apply.		Resources allocated to Member States under shared implementation may, at their request, be transferred to instruments established under this Regulation or under sector specific Regulations. The Commission shall implement these resources in accordance with point (a) or (c) of Article 61(1), where possible for the benefit of the Member State concerned. In addition resources allocated to Member States under shared implementation may at their request be used to enhance the risk-bearing capacity of the EFSI. In such cases, EFSI rules shall apply. <i>Explanation: Council rejects this option as it is considered not practicable..</i>		1604
CHAPTER 2 Rules applicable to direct and indirect implementation		CHAPTER 2 Rules applicable to direct and indirect implementation management		1605
SECTION 1 RULES ON PROCEDURES AND IMPLEMENTATION		SECTION 1 RULES ON PROCEDURES AND IMPLEMENTATION MANAGEMENT		1606
<i>Article 126</i> <i>Financial framework partnerships</i>		<i>Article 126</i> <i>Financial framework partnerships</i>		1607
1. The Commission may establish financial framework partnership agreements for a long-term cooperation with persons and entities implementing Union funds pursuant		1. The Commission may establish financial framework partnership agreements for a long-term cooperation with persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or		1608

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to point (c) of Article 61(1) or beneficiaries. Financial framework partnership agreements shall be reviewed at least once every multiannual financial framework without prejudice to point (c) of paragraph 4. Contribution agreements or grant agreements may be signed under such agreements.		beneficiaries. Financial framework partnership agreements shall be reviewed at least once every multiannual financial framework without prejudice to point (c) of paragraph 4. Contribution agreements or grant agreements may be signed under such agreements.		
2. The financial framework partnership agreement shall specify the forms of financial cooperation, the common objectives of the cooperation as well as the principles governing such cooperation between the Commission and persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries. These agreements shall also reflect the extent to which the Commission may rely on the systems and the procedures of the persons or entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries, including audit procedures.	AMD 225: 2. The financial framework partnership agreement shall specify the forms of financial cooperation, the common objectives of the cooperation as well as the principles governing such cooperation between the Commission and persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries. These agreements shall also:	2. The financial framework partnership agreement shall specify the forms of financial cooperation, the common objectives of the cooperation as well as the principles governing such cooperation between the Commission and persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries. These agreements shall also reflect the extent to which the Commission may rely on the systems and the procedures of the persons or entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries, including audit procedures.	New wording: 2. The purpose of the financial framework partnership agreement is to facilitate the achievement of the Union objectives by stabilising the contractual terms of the cooperation. As such the financial framework partnership agreement shall specify the forms of financial cooperation and include an obligation to set out, in the specific agreements signed, arrangements for monitoring the achievement of specific objectives, the common objectives of the cooperation as well as the principles governing such cooperation between the Commission and persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries. These agreements shall also, on the basis of the results of the ex-ante assessment, indicate whether reflect the extent to which the Commission may rely on the systems and the procedures of the persons or entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries,	1609

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			including audit procedures.	
	(a) ensure the quality of implementation, and that the objectives of the Union intervention are reached, and		Integrated above	1609.1
	(b) reflect on the systems and the procedures of the persons or entities implementing Union funds pursuant to point (c) of Article 61(1) or beneficiaries to reach those objectives , including audit procedures. <i>Justification: These additional safeguards will help in ensuring that financial framework partnerships have an added value for the EU.</i>		Integrated above	1609.2
3. With a view to optimise costs and benefits of audits and facilitate coordination, audit or verification agreements may be concluded with persons and entities implementing funds pursuant to point (c) of Article 61(1) or beneficiaries of grants. In the case of the European Investment Bank the tripartite agreement concluded with the Commission and the European Court of Auditors shall apply.	AMD 226: 3. With a view to optimising costs and benefits of audits and facilitate coordination, audit or verification agreements may be concluded with persons and entities implementing funds pursuant to point (c) of Article 61(1) or beneficiaries of grants. Such agreements shall not restrict the access of the ECA to information necessary for the audit of Union funds. <i>Justification: The reference to the tripartite agreement provided in Art. 287(3) TFEU is redundant. In the interest of clarity, it should be specified that the audit or verification agreements referred to in this paragraph should not restrict ECA's access to information necessary to perform its duties.</i>	3. With a view to optimising costs and benefits of audits and facilitate coordination, audit or verification agreements may be concluded with persons and entities implementing funds pursuant to point (c) of Article 61(1) or beneficiaries of grants. Such agreements shall not restrict the access of the Court of Auditors to information necessary for the audit of Union funds. In the case of the European Investment Bank the tripartite agreement concluded with the Commission and the European Court of Auditors shall apply.	New wording: "3. With a view to optimising costs and benefits of audits and facilitate coordination, audit or verification agreements may be concluded with persons and entities implementing funds pursuant to point (c) of Article 61(1) or beneficiaries of grants. Such agreements shall be without prejudice to Articles 123 and 124. not restrict the access of the Court of Auditors to information necessary for the audit of Union funds. In the case of the European Investment Bank the tripartite agreement concluded with the Commission and the European Court of Auditors shall apply.	1610

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4. In case of financial framework partnerships implemented through specific grants:		4. In case of financial framework partnerships implemented through specific grants:		1611
(a) the agreement shall, in addition to paragraph 2, specify:		(a) the agreement shall, in addition to paragraph 2, specify:		1612
(i) the nature of the actions or work programmes foreseen;		(i) the nature of the actions or work programmes foreseen;		1613
(ii) the procedure for awarding specific grants, in compliance with the principles and procedural rules in Title VIII;		(ii) the procedure for awarding specific grants, in compliance with the principles and procedural rules in Title VIII;		1614
(b) the provisions of the financial framework partnership agreement and the specific grant agreement shall together comply with the requirements of Article 194;		(b) the provisions of the financial framework partnership agreement and the specific grant agreement as a whole shall together comply with the requirements of Article 194; <i>Explanation: Clarification.</i>		1615
(c) the duration of the partnership may not exceed four years save in duly justified cases;	AMD 227: (c) the duration of the partnership may not exceed four years save in duly justified cases which shall be clearly indicated in the annual activity report referred to in Article 73(9); <i>Justification: Strengthens the budgetary authority's oversight of these partnership agreements.</i>	(c) the duration of the partnership may not exceed four years save in duly justified cases;	EP AMD 227 is agreed.	1616
(d) the financial framework partnership shall be used in compliance with the principles of transparency and equal treatment of applicants;		(d) the financial framework partnership shall be used in compliance with the principles of transparency and equal treatment of applicants;		1617
(e) the financial framework partnership shall be treated as a grant with regard to programming,		(e) the financial framework partnership shall be treated as a grant with regard to programming, ex-ante		1618

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ex ante publication and award;		publication and award;		
(f) specific grants based on such a partnership shall be subject to the ex post publication procedures referred to in paragraph 2 of Article 183.		(f) specific grants based on such a partnership shall be subject to the ex-post publication procedures referred to in paragraph 2 of Article 183 36.		1619
5. The financial framework partnership agreement implemented through specific grants may provide for the reliance on the systems and the procedures of the beneficiary in accordance with paragraph 2, where those systems and procedures have been assessed in accordance with paragraphs 2, 3 and 4 of Article 149. In such a case point (d) of Article 189(1) shall not apply. Where the procedures of the beneficiary for providing financing to third parties referred to in point (d) of Article 149(4) were positively assessed, Article 197 and Article 198 shall not apply.		5. The financial framework partnership agreement implemented through specific grants may provide for the reliance on the systems and the procedures of the beneficiary in accordance with paragraph 2, where those systems and procedures have been assessed in accordance with paragraphs 2, 3 and 4 of Article 149. In such a case point (d) of Article 189(1) shall not apply. Where the procedures of the beneficiary for providing financing to third parties referred to in point (d) of Article 149(4) were positively assessed by the Commission , Article 197 and Article 198 shall not apply. <i>Explanation: Clarification.</i>		1620
6. In the case of financial framework partnership agreement implemented through specific grants the verification of the operational and financial capacity referred to in Article 191 shall be performed before signature of the financial framework partnership agreement. The Commission may rely on an equivalent verification of the financial and operational capacity carried out by other donors.	AMD 228: 6. In the case of financial framework partnership agreements implemented through specific grants, the verification of the operational and financial capacity referred to in Article 191 shall be performed before signature of the financial framework partnership agreement. Only where the share borne by the Union budget accounts for less than 50 % of the total funding may the Commission rely on an equivalent verification of the financial and operational capacity carried out by	6. In the case of financial framework partnership agreement implemented through specific grants the verification of the operational and financial capacity referred to in Article 191 shall be performed before signature of the financial framework partnership agreement. The Commission may rely on an equivalent verification of the financial and operational capacity carried out by other donors.	EP drops its AMD 228 (as for Art. 123).	1621

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	other donors. <i>Justification: In line with the principle of sound financial management, additional safeguards should be put in place for cross-reliance on verifications. See also AMD 219.</i>			
7. In case of financial framework partnerships implemented through contribution agreements the provisions of the financial framework partnership agreement and the contribution agreement shall together comply with the requirements of Article 150(4) and Article 124.		7. In case of financial framework partnerships implemented through contribution agreements the provisions of the financial framework partnership agreement and the contribution agreement as a whole shall together comply with the requirements of Article 150(4) and Article 124. <i>Explanation: DQL improvement.</i>		1622
4. 8. The Commission shall endeavour to harmonise its reporting requirements with those of other donors.	AMD 229: Deleted. <i>Justification: This new provision risks undermining the rules on reporting contained in title XIII and should therefore be deleted.</i>	8. The Commission shall endeavour to harmonise its reporting requirements with those of other donors.	EP AMD 229 is accepted.	1623
<i>Article 127 Suspension, termination and reduction</i>		<i>Article 127 Suspension, termination and reduction</i>		1625
1. Where the award procedure has been subject to irregularities or fraud, the authorising officer responsible shall suspend the procedure and may take whatever measures are necessary, including the cancellation of the procedure. The authorising officer responsible shall inform European Anti-Fraud Office immediately of suspected cases of fraud.		1. Where the award procedure has been subject to irregularities or fraud, the authorising officer responsible shall suspend the procedure and may take whatever measures are necessary, including the cancellation of the procedure. The authorising officer responsible shall inform European Anti-Fraud Office immediately of suspected cases of fraud.		1626
2. Where, after the award, the award procedure proves to have been subject to irregularities or fraud, the		2. Where, after the award, the award procedure proves to have been subject to irregularities or fraud, the authorising		1627

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authorising officer responsible may:		officer responsible may:		
(a) refuse to sign the legal commitment or cancel the award of a prize;		(a) refuse to sign the legal commitment or cancel the award of a prize;		1628
(b) suspend payments;		(b) suspend payments;		1629
(c) suspend the implementation of the legal commitment;		(c) suspend the implementation of the legal commitment;		1630
(d) where appropriate, terminate the legal commitment in whole or with regard to one recipient.		(d) where appropriate, terminate the legal commitment in whole or with regard to one or more recipients. <i>Explanation: Clarification.</i>		1631
3. The authorising officer responsible may also suspend payments or the implementation of the legal commitment where:		3. The authorising officer responsible may also suspend payments or the implementation of the legal commitment where:		1632
(a) the implementation of the legal commitment proves to have been subject to irregularities, fraud or breach of obligations;		(a) the implementation of the legal commitment proves to have been subject to irregularities, fraud or breach of obligations;		1633
(b) it is necessary to verify whether presumed irregularities, fraud or breach of obligations have actually occurred;		(b) it is necessary to verify whether presumed irregularities, fraud or breach of obligations have actually occurred;		1634
(c) irregularities, fraud or breach of obligations call into question the reliability or effectiveness of the internal control systems of an entity or person implementing Union funds pursuant to point (c) of Article 61(1) or the legality and regularity of the underlying transactions.		(c) irregularities, fraud or breach of obligations call into question the reliability or effectiveness of the internal control systems of an entity or person implementing Union funds pursuant to point (c) of Article 61(1) or the legality and regularity of the underlying transactions.		1635
Where the presumed irregularities, fraud or breach of obligations referred to in point (b) of the first subparagraph are not confirmed, the		Where the presumed irregularities, fraud or breach of obligations referred to in point (b) of the first subparagraph are not confirmed, the implementation or		1636

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implementation or payments shall resume as soon as possible.		payments shall resume as soon as possible.		
The authorising officer responsible may terminate the legal commitment in whole or with regard to one recipient in the cases referred to in points (a) and (c) of the first subparagraph.		The authorising officer responsible may terminate the legal commitment in whole or with regard to one or more recipients in the cases referred to in points (a) and (c) of the first subparagraph. <i>Explanation: Clarification.</i>		1637
4. In addition to measures referred to in paragraphs 2 or 3, the authorising officer responsible may reduce the grant, the prize, the contribution under the contribution agreement or the price under a contract in proportion to the seriousness of the irregularities, fraud or of the breach of obligations, including where the activities concerned were not implemented or were implemented poorly, partially or late.		4. In addition to measures referred to in paragraphs 2 or 3, the authorising officer responsible may reduce the grant, the prize, the contribution under the contribution agreement or the price under a contract in proportion to the seriousness of the irregularities, fraud or of the breach of obligations, including where the activities concerned were not implemented or were implemented poorly, partially or late.		1638
In case of financing referred to in point (e) of Article 121(1) the authorising officer responsible may reduce the contribution proportionally if the results have been achieved poorly, partially or late or the conditions have not been fulfilled.		In case of financing referred to in point (e) of Article 121(1) the authorising officer responsible may reduce the contribution proportionally if the results have been achieved poorly, partially or late or the conditions have not been fulfilled.		1639
5. Points (b), (c) and (d) of paragraph 2 and paragraph 3 shall not apply to applicants in a contest for prizes.		5. Points (b), (c) and (d) of paragraph 2 and paragraph 3 shall not apply to applicants in a contest for prizes.		1640
<i>Article 128 Record-keeping</i>		<i>Article 128 Record-keeping</i>		1645
1. Recipients shall keep records, supporting documents, statistical records and other records pertaining to the funding, including records and documents in an electronic format, for		1. Recipients shall keep records, supporting documents, statistical records and other records pertaining to the funding, including records and documents in an electronic format, for		1646

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five years following the payment of the balance or, in the absence of such payment, the transaction. This period shall be three years where the funding is of an amount lower than or equal to 60 000 EUR.		five years following the payment of the balance or, in the absence of such payment, the transaction. This period shall be three years where the funding is of an amount lower than or equal to EUR 60 000.		
2. Records and documents pertaining to audits, appeals, litigation, the pursuit of claims relating to the legal commitment or to European Anti-Fraud Office investigations if notified to the recipient, shall be retained until such audits, appeals, litigation, claims or investigations have been closed.		2. Records and documents pertaining to audits, appeals, litigation, the pursuit of claims relating to the legal commitment or to European Anti-Fraud Office investigations if notified to the recipient, shall be retained until such audits, appeals, litigation, pursuit of claims or investigations have been closed. In the case of records and documents pertaining to European Anti-Fraud Office investigations, the obligation to retain records and documents shall apply once these investigations have been notified to the recipient. <i>Explanation: DQL improvements.</i>		1647
3. Records and documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. In the latter case, no originals shall be required where these documents meet the applicable legal requirements in order to be considered conform to originals and to be relied on for audit purposes.		3. Records and documents shall be kept either in the form of the originals, or certified true copies of the originals, or on commonly accepted data carriers including electronic versions of original documents or documents existing in electronic version only. In the latter case Where electronic versions exist, no originals shall be required where these documents meet the applicable legal requirements in order to be considered conform to originals and to be relied on for audit purposes. <i>Explanation: DQL improvement.</i>		1648
5. Article 129 Adversarial procedure and means of redress		Article 129 Adversarial procedure and means of redress		1649

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE¹	LINE No#
1. Before adopting any measure adversely affecting the rights of a participant or a recipient the authorising officer responsible shall ensure that the participant or the recipient has been given the opportunity to submit observations.		1. Before adopting any measure adversely affecting the rights of a participant or a recipient the authorising officer responsible shall ensure that the participant or the recipient has been given the opportunity to submit observations.		1650
2. Where a measure of an authorising officer adversely affects the rights of a participant or a recipient, the act establishing that measure shall contain an indication of the available means of administrative and/or judicial redress for challenging it.		2. Where a measure of an authorising officer adversely affects the rights of a participant or a recipient, the act establishing that measure shall contain an indication of the available means of administrative and/or judicial redress for challenging it.		1651
<i>Article 130 Interest rate rebates and guarantee fee subsidies</i>		<i>Article 130 Interest rate rebates and guarantee fee subsidies</i>		1652
1. Interest rate rebates and guarantee fee subsidies shall be provided in accordance with Title X where they are combined in a single measure with financial instruments.		1. Interest rate rebates and guarantee fee subsidies shall be provided in accordance with Title X where they are combined in a single measure with financial instruments.		1653
2. Where interest rate rebates and guarantee fee subsidies are not combined in a single measure with financial instruments they may be provided in accordance with Title VI or Title VIII.		2. Where interest rate rebates and guarantee fee subsidies are not combined in a single measure with financial instruments they may be provided in accordance with Title VI or Title VIII.		1654
SECTION 2 EARLY DETECTION AND EXCLUSION SYSTEM		SECTION 2 EARLY DETECTION AND EXCLUSION SYSTEM		1655
<i>Article 131 Protection of the Union's financial interests by means of detection of risks and imposition of administrative sanctions</i>		<i>Article 131 Protection of the Union's financial interests by means of detection of risks and imposition of administrative sanctions</i>		1656

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
1. In order to protect the Union's financial interests, the Commission shall set up and operate an early detection and exclusion system on participants and recipients.		1. In order to protect the Union's financial interests, the Commission shall set up and operate an early detection and exclusion system on participants and recipients.		1657
The purpose of such a system shall be to facilitate:		The purpose of such a system shall be to facilitate:		1658
(a) the early detection of participants and recipients which pose a risk to the Union's financial interests;		(a) the early detection of participants and recipients persons or entities listed under paragraph 1a , which pose a risk to the Union's financial interests; <i>Explanation: Council proposes to clarify the structure of Art. 131, which was perceived as confusing as regards the scope of application of the different subparagraphs.</i>		1659
(b) the exclusion of participants and recipients which are in one of the exclusion situations listed in Article 132(1);		(b) the exclusion of participants and recipients persons or entities listed under paragraph 1a , which are in one of the exclusion situations listed in Article 132(1);		1660
(c) the imposition of a financial penalty on a recipient pursuant to Article 134.		(c) the imposition of a financial penalty on a recipient pursuant to Article 134.		1661
The early detection and exclusion system shall also apply to:		1a. The early detection and exclusion system shall also apply to: <i>Explanation: As above - clarification of structure and scope.</i>		1662
		(-a) participants and recipients as defined in Article 2; <i>Explanation: As new paragraph 1a now lists all persons subject to the EDES, the "participants and recipients" that will be referred to throughout are now included as a separate point - no change of substance.</i>		1662.1

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
(a) entities on whose capacity the candidate or tenderer intends to rely or subcontractors of a contractor;		(a) entities on whose capacity the candidate or tenderer intends to rely or subcontractors of a contractor;		1663
6. (b) any person or entity receiving Union funds where the budget is implemented under point (c) of Article 61(1) on the basis of information notified in accordance with paragraph 4 of Article 150. For financial instruments, in the absence of rules and procedures fully equivalent to those referred to in point (d) of Article 149(4), final recipients and intermediaries shall provide the person or entity implementing Union funds pursuant to point (c) Article 61(1) with a signed declaration on honour confirming that they are not in one of the situations referred to in points (a), (b), (c) and (d) of Article 132(1) or points (b) and (c) of Article 137(1) or in a situation deemed equivalent following the assessment carried out in accordance with Article 149(4);		(b) any person or entity receiving Union funds where the budget is implemented under pursuant to point (c) of Article 61(1) and to Article 149(4) on the basis of information notified in accordance with paragraph 4 5 of Article 150. For financial instruments, in the absence of rules and procedures fully equivalent to those referred to in point (d) of Article 149(4), final recipients and intermediaries shall provide the person or entity implementing Union funds pursuant to point (c) Article 61(1) with a signed declaration on honour confirming that they are not in one of the situations referred to in points (a), (b), (c) and (d) of Article 132(1) or points (b) and (c) of Article 137(1) or in a situation deemed equivalent following the assessment carried out in accordance with Article 149(4); <i>Explanation: Upon advice from CLS the deleted text was moved to Art. 133 (row 1751.1) - all provisions on declarations on honour to be centralised there.</i> <i>Reference to Art. 149(4) was added to complete the applicable rules (i.e. that a positive assessment under 149(4) is required).</i> <i>Reference to Art. 150(5) was added to create a clear link to the reporting obligation for financial intermediaries.</i>		1664

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(c) any person or entity receiving Union funds under financial instruments exceptionally implemented in accordance with point (a) of Article 61 (1). Final recipients shall provide financial intermediaries with a signed declaration on honour confirming that they are not in one of the situations referred to in points (a), (b), (c) and (d) of Article 132(1) or points (b) and (c) of Article 137(1);		(c) any person or entity receiving Union funds under financial instruments exceptionally implemented in accordance with point (a) of Article 61(1). Final recipients shall provide financial intermediaries with a signed declaration on honour confirming that they are not in one of the situations referred to in points (a), (b), (c) and (d) of Article 132(1) or points (b) and (c) of Article 137(1); <i>Explanation: As above, deleted text is moved to Art. 133 - row 1751.2.</i>		1665
(d) participants or recipients on which entities implementing the budget in accordance with Article 62 have provided information in accordance with point (d) of Article 138(2).		(d) participants or recipients on which entities implementing the budget in accordance with Article 62 have provided information as reported by Member States in accordance with sector-specific rules in accordance with point (d) of Article 138(2); <i>Explanation: Council wishes to clarify that there will be no additional reporting by MS beyond the already existing obligations - as agreed during the 2015 revision.</i>		1666
		(e) sponsors as referred to in Article 24. <i>Explanation: Council considers this necessary to avoid that a loophole is created - no circumvention of EDES by an increased use of sponsoring.</i>		1666.1
2. The decision to register an early detection information, to exclude and/or to impose a financial penalty shall be taken by the authorising officer responsible. Information related to such decisions shall be registered in the database referred to		2. The decision to register an early detection information on risks referred to in point (a) of paragraph 1 , to exclude a participant or recipient and/or to impose a financial penalty on a recipient , shall be taken by the authorising officer responsible.	New wording: 2. The decision to register an early detection information on risks referred to in point (a) of paragraph 1 , to exclude a	1667

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
in paragraph 1 of Article 138. Where such a decision is taken on the basis of paragraph 4 of Article 132, the information registered in the database shall include the information concerning the persons referred to in paragraph 4 of Article 132.		Information related to such decisions shall be registered in the database referred to in paragraph 1 of Article 138. Where such a decision is taken on the basis of paragraph 4 of Article 132, the information registered in the database shall include the information concerning the persons referred to in paragraph 4 of Article 132. <i>Explanation: Clarification and harmonisation of terminology.</i>	participant or recipient persons or entities listed under paragraph 1a and/or to impose a financial penalty on a recipient , shall be taken by the authorising officer responsible. Information related to such decisions shall be registered in the database referred to in paragraph 1 of Article 138. Where such a decision is taken on the basis of paragraph 4 of Article 132, the information registered in the database shall include the information concerning the persons referred to in paragraph 4 of Article 132.	
3. The decision to exclude or impose financial penalties may be based on a final judgment or on a final administrative decision in the situations referred to in Article 132(1) or on a preliminary classification in law by the panel referred to in Article 139 in the situations referred to in Article 132(2) in order to ensure a centralised assessment of those situations. In the cases referred to in Article 137, the authorising officer responsible shall reject a participant from a given procedure.		3. The decision to exclude a participant or recipient or to impose financial penalties on a recipient , may shall be based on a final judgment or, on a final administrative decision in the situations referred to in Article 132(1), on a final administrative decision , or on a preliminary classification in law by the panel referred to in Article 139 in the situations referred to in Article 132(2) in order to ensure a centralised assessment of those situations. In the cases referred to in Article 137, the authorising officer responsible shall reject a participant from a given award procedure. <i>Explanation: Harmonisation of terminology, "shall" as agreed in 2015 revision and DQL improvements.</i>	New wording: 3. The decision to exclude a participant or recipient persons or entities listed under paragraph 1a or to impose financial penalties on a recipient , may shall be based on a final judgment or, on a final administrative decision in the situations referred to in Article 132(1), on a final administrative decision , or on a preliminary classification in law by the panel referred to in Article 139 in the situations referred to in Article 132(2) in order to ensure a centralised assessment of those situations. In the cases referred to in Article 137, the authorising officer responsible shall reject a participant from a given award procedure.	1668
		Without prejudice to Article 132(5), the authorising officer responsible may take a decision to exclude a participant or recipient and/or to impose a financial penalty on a		1668.1

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		<p>recipient and a decision to publish the related information, on the basis of a preliminary classification referred to in Article 132(2), only after having obtained a recommendation of the panel referred to in Article 139.</p> <p><i>Explanation: This was moved up from Art. 138(5) - row 1812) - restructuring proposed by CLS to centralise the consequences in the beginning.</i></p>		
Article 132 Exclusion criteria and administrative sanctions		Article 132 Exclusion criteria and administrative sanctions		1669
1. The authorising officer responsible shall exclude a person or entity referred to in Article 131(1) from participating in award procedures governed by this Regulation or from being selected for implementing Union funds where:		<p>1. The authorising officer responsible shall exclude a person or entity referred to in Article 131(1a) from participating in award procedures governed by this Regulation or from being selected for implementing Union funds where:</p> <p><i>Explanation: Throughout correction of numbering as a consequence of renumbering in Art. 131(1) and (1a).</i></p>		1670
(a) the person or entity is bankrupt, subject to insolvency or winding-up procedures, where its assets are being administered by a liquidator or by a court, where it is in an arrangement with creditors, where its business activities are suspended, or where it is in any analogous situation arising from a similar procedure provided for under EU or national laws or regulations;		(a) the person or entity is bankrupt, subject to insolvency or winding-up procedures, where its assets are being administered by a liquidator or by a court, where it is in an arrangement with creditors, where its business activities are suspended, or where it is in any analogous situation arising from a similar procedure provided for under EU or national laws or regulations;		1671
(b) it has been established by a final judgment or a final administrative decision that the person or entity		(b) it has been established by a final judgment or a final administrative decision that the person or entity is in		1672

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is in breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;		breach of its obligations relating to the payment of taxes or social security contributions in accordance with the applicable law;		
(c) it has been established by a final judgment or a final administrative decision that the person or entity is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the person or entity belongs, or by having engaged in any wrongful conduct which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence, including, in particular, any of the following:		(c) it has been established by a final judgment or a final administrative decision that the person or entity is guilty of grave professional misconduct by having violated applicable laws or regulations or ethical standards of the profession to which the person or entity belongs, or by having engaged in any wrongful conduct which has an impact on its professional credibility where such conduct denotes wrongful intent or gross negligence, including, in particular, any of the following:		1673
(i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of eligibility or selection criteria or in the performance of the legal commitment;		(i) fraudulently or negligently misrepresenting information required for the verification of the absence of grounds for exclusion or the fulfilment of eligibility or selection criteria or in the performance of the legal commitment;		1674
(ii) entering into agreement with other persons or entities with the aim of distorting competition;		(ii) entering into agreement with other persons or entities with the aim of distorting competition;		1675
(iii) violating intellectual property rights;		(iii) violating intellectual property rights;		1676
(iv) attempting to influence the decision-making of the authorising officer responsible during the award procedure;		(iv) attempting to influence the decision-making of the authorising officer responsible during the award procedure;		1677

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(v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;		(v) attempting to obtain confidential information that may confer upon it undue advantages in the award procedure;		1678
(d) it has been established by a final judgment that the person or entity is guilty of any of the following:		(d) it has been established by a final judgment that the person or entity is guilty of any of the following:		1679
(i) fraud, within the meaning of Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995 ¹ ;		(i) fraud, within the meaning of Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995 ¹ ;	New wording (technical): (i) fraud, within the meaning of Article 3 of Directive (EU) 2017/1371 and Article 1 of the Convention on the protection of the European Communities' financial interests, drawn up by the Council Act of 26 July 1995 ² ;	1680
(ii) corruption, as defined in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997 ² , and in Article 2(1) of Council Framework Decision 2003/568/JHA ³ , as well as corruption as defined in the applicable law;		(ii) corruption, as defined in Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997 ³ , and conduct referred to in Article 2(1) of Council Framework Decision 2003/568/JHA ⁴ , as well as corruption as defined in the applicable law; <i>Explanation: DQL improvement.</i>	New wording (technical): (ii) corruption, as defined in Article 4(2) of Directive (EU) 2017/1371 and Article 3 of the Convention on the fight against corruption involving officials of the European Communities or officials of Member States of the European Union, drawn up by the Council Act of 26 May 1997 ⁵ , and conduct referred to in Article 2(1) of Council Framework Decision 2003/568/JHA ⁶ , as well as corruption as defined in the applicable law;	1681

¹ OJ C 316, 27.11.1995, p. 48.

² OJ C 316, 27.11.1995, p. 48.

³ OJ C 195, 25.6.1997, p. 1.

⁴ Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector (OJ L 192, 31.7.2003, p. 54).

⁵ OJ C 195, 25.6.1997, p. 1.

⁶ Council Framework Decision 2003/568/JHA of 22 July 2003 on combating corruption in the private sector (OJ L 192, 31.7.2003, p. 54).

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(iii) participation in a criminal organisation, as defined in Article 2 of Council Framework Decision 2008/841/JHA ⁴ ;		(iii) participation in conduct related to a criminal organisation, as defined referred to in Article 2 of Council Framework Decision 2008/841/JHA ¹ ;		1682
(iv) money laundering or terrorist financing, as defined in Article 1 of Directive 2005/60/EC of the European Parliament and of the Council ⁶ ;		(iv) money laundering or terrorist financing, as defined in within the meaning of Article 1(3), (4) and (5) of Directive (EU) 2005/60/EC 2015/849 of the European Parliament and of the Council ² ; <i>Explanation: DQL improvement.</i>		1683
(v) terrorist-related offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA ¹ , respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;		(v) terrorist-related offences or offences linked to terrorist activities, as defined in Articles 1 and 3 of Council Framework Decision 2002/475/JHA ³ , respectively, or inciting, aiding, abetting or attempting to commit such offences, as referred to in Article 4 of that Decision;		1684
(vi) child labour or other forms of trafficking in human beings as defined in Article 2 of Directive 2011/36/EU of the European Parliament and of the		(vi) child labour or other forms of offences concerning trafficking in human beings as defined referred to in Article 2 of Directive 2011/36/EU of the		1685

¹ Council Framework Decision 2008/841/JHA of 24 October 2008 on the fight against organised crime (OJ L 300, 11.11.2008, p. 42).

² Directive 2005/60/EC of the European Parliament and of the Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (OJ L 309; 25.11.2005, p. 15).

³ ~~Council Framework Decision 2002/475/JHA of 13 June 2002 on combating terrorism (OJ L 164, 22.6.2002, p. 3).~~ **Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).**

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Council ² ;		European Parliament and of the Council ¹ ; <i>Explanation: DQL improvement.</i>		
(e) the person or entity has shown significant deficiencies in complying with main obligations in the performance of a legal commitment financed by the budget;		(e) the person or entity has shown significant deficiencies in complying with main obligations in the performance of a legal commitment financed by the budget, which has led to the early termination of a legal commitment or to the application of liquidated damages or other contractual penalties, or which has been discovered following checks and audits or investigations by an authorising officer, OLAF or the Court of Auditors; <i>Explanation: Re-insertion of text deleted from the 2015 by the Commission (as it was worded to apply to public procurement only) - with modification of wording to apply to all legal commitments.</i>		1686
(f) it has been established by a final judgment or final administrative decision that the person or entity has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95 ³ .		(f) it has been established by a final judgment or final administrative decision that the person or entity has committed an irregularity within the meaning of Article 1(2) of Council Regulation (EC, Euratom) No 2988/95 ² .		1687
	AMD 230: (fa) the entity has its registered office and its centre of main interests in different		New wording, based on EP AMD 230: (fa) it has been established by a final judgment or final administrative	1687.1

¹ Directive 2011/36/EU of the European Parliament and of the Council of 5 April 2011 on preventing and combating trafficking in human beings and protecting its victims, and replacing Council Framework Decision 2002/629/JHA (OJ L 101, 15.4.2011, p. 1).

² Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.1995, p. 1).

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	<p><i>jurisdictions, thereby circumventing its obligations arising from fiscal or social law, or any other legal obligations applicable in the jurisdiction of their centre of main interests (letterbox company).</i></p> <p><i>Justification:</i> Frequently, letterbox companies are set up with the purpose of circumventing fiscal, legal or social obligations applicable in the State of their centre of main interests, which runs counter to the financial interests of the EU and the purpose of EU funding. AMD is based on a suggestion made to the rapporteurs by the Bundesnotarkammer (German Federal Chamber of Notaries).</p>		<p>decision that the person or entity has created an entity under a different jurisdiction with the intent to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business.</p>	
			<p>New wording, based on EP AMD 230:</p> <p>(fb) it has been established by a final judgment or final administrative decision that an entity has been created with the intent provided for in point (fa).</p>	1687.1
<p>2. In the absence of a final judgment or, where applicable, a final administrative decision in the cases referred to in points (c), (d) and (f) of paragraph 1, or in the case referred to in point (c) of paragraph 1, the authorising officer responsible shall exclude a person or entity referred to in Article 131(1) on the basis of a preliminary classification in law of a conduct referred to in those points, having regard to established facts or other findings contained in the recommendation of the panel referred</p>		<p>2. In the absence of a final judgment or, where applicable, a final administrative decision in the cases referred to in points (c), (d) and (f) of paragraph 1, or in the case referred to in point (c) of paragraph 1, the authorising officer responsible shall exclude a person or entity referred to in Article 131(1a) on the basis of a preliminary classification in law of a conduct referred to in those points, having regard to established facts or other findings contained in the recommendation of the panel referred to in Article 139.</p>	<p>New wording, to adapt cross-references:</p> <p>2. In the absence of a final judgment or, where applicable, a final administrative decision in the cases referred to in points (c), (d), and (f), (fa) and (fb) of paragraph 1, or in the case referred to in point (c) of paragraph 1, the authorising officer responsible shall exclude a person or entity referred to in Article 131(1a) on the basis of a preliminary classification in law of a conduct</p>	1688

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to in Article 139.			referred to in those points, having regard to established facts or other findings contained in the recommendation of the panel referred to in Article 139.	
The preliminary classification referred to in the first subparagraph does not prejudice the assessment of the conduct of the person or entity referred to in Article 131(1) concerned by the competent authorities of the Member States under national law. The authorising officer responsible shall review its decision to exclude the person or entity referred to in Article 131(1) and/or to impose a financial penalty on a recipient without delay following the notification of a final judgment or a final administrative decision. In cases where the final judgment or the final administrative decision does not set the duration of the exclusion, the authorising officer responsible shall set this duration on the basis of established facts and findings and having regard to the recommendation of the panel referred to in Article 139.		The preliminary classification referred to in the first subparagraph does not prejudice the assessment of the conduct of the person or entity referred to in Article 131(1a) concerned by the competent authorities of the Member States under national law. The authorising officer responsible shall review its decision to exclude the person or entity referred to in Article 131(1a) and/or to impose a financial penalty on a recipient without delay following the notification of a final judgment or a final administrative decision. In cases where the final judgment or the final administrative decision does not set the duration of the exclusion, the authorising officer responsible shall set this duration on the basis of established facts and findings and having regard to the recommendation of the panel referred to in Article 139.		1689
Where such final judgment or final administrative decision holds that the person or entity referred to in Article 131(1) is not guilty of the conduct subject to a preliminary classification in law, on the basis of which it has been excluded, the authorising officer responsible shall, without delay, bring an end to that exclusion and/or reimburse, as appropriate, any financial penalty		Where such final judgment or final administrative decision holds that the person or entity referred to in Article 131(1a) is not guilty of the conduct subject to a preliminary classification in law, on the basis of which it has been excluded, the authorising officer responsible shall, without delay, bring an end to that exclusion and/or reimburse, as appropriate, any financial penalty		1690

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imposed.		imposed.		
The facts and findings referred to in the first subparagraph shall include, in particular:		The facts and findings referred to in the first subparagraph shall include, in particular:		1691
(a) facts established in the context of audits or investigations carried out by the Court of Auditors, European Anti-Fraud Office or internal audit, or any other check, audit or control performed under the responsibility of the authorising officer;		(a) facts established in the context of audits or investigations carried out by the Court of Auditors, European Anti-Fraud Office or the internal auditor, or any other check, audit or control performed under the responsibility of the authorising officer; <i>Explanation: DQL improvement.</i>	New wording (as for row 1601): (a) facts established in the context of audits or investigations carried out by the EPPO, after its establishment and for participating Member States , the Court of Auditors, European Anti-Fraud Office or the internal auditor, or any other check, audit or control performed under the responsibility of the authorising officer;	1692
(b) non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics;		(b) non-final administrative decisions which may include disciplinary measures taken by the competent supervisory body responsible for the verification of the application of standards of professional ethics;		1693
(c) decisions of entities and persons implementing Union funds pursuant to point (c) of Article 61(1) or of entities implementing the budget pursuant to Article 62;		(c) facts referred to in decisions of entities and persons implementing Union funds pursuant to point (c) of Article 61(1) or of entities implementing the budget pursuant to Article 62; <i>Explanation: CLS advised that a decision, e.g. of a third country with different legal standards may not be taken per se as a basis, but the facts reported therein, may. Reference to Art. 62 replaced by reference to 61(1)(b) (harmonisation) and moved to</i>		1694

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		(ca) below.		
		(ca) information transmitted by entities implementing Union funds pursuant to point (b) of Article 61(1) as set out in point (d) of Article 138(2);		1694.1
(d) decisions of the Commission relating to the infringement of the Union's competition rules or of a national competent authority relating to the infringement of Union or national competition law.		(d) decisions of the Commission relating to the infringement of the Union's competition rules law or of a national competent authority relating to the infringement of Union or national competition law. <i>Explanation: DQL improvement.</i>		1695
3. Any decision of the authorising officer responsible taken under Articles 131 to 138 or, where applicable, any recommendation of the panel referred to in Article 139, shall be made in compliance with the principle of proportionality, in particular taking into account:		3. Any decision of the authorising officer responsible taken under Articles 131 to 138 or, where applicable, any recommendation of the panel referred to in Article 139, shall be made in compliance with the principle of proportionality, in particular taking into account:		1696
(a) the seriousness of the situation, including the impact on the Union's financial interests and image;		(a) the seriousness of the situation, including the impact on the Union's financial interests and image;		1697
(b) the time which has elapsed since the relevant conduct;		(b) the time which has elapsed since the relevant conduct;		1698
(c) its duration and its recurrence;		(c) its the duration of the conduct and its recurrence; <i>Explanation: DQL improvement.</i>		1699
(d) the intention or degree of negligence;		(d) the intentionality or degree of negligence; <i>Explanation: DQL improvement.</i>		1700
(e) the limited amount at stake for		(e) in the cases referred to in point (b)		1701

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point (b) of paragraph 1 of this Article;		of paragraph 1 of this Article, whether the a limited amount is at stake for point (b) of paragraph 1 of this Article; <i>Explanation: DQL improvement.</i>		
(f) any other mitigating circumstances, such as the degree of collaboration of the person or entity referred to in Article 131(1) concerned with the relevant competent authority and its contribution to the investigation as recognised by the authorising officer responsible, or the disclosure of the exclusion situation by means of the declaration referred to in Article 133(1).		(f) any other mitigating circumstances, such as:		1702
		(i) the degree of collaboration of the person or entity referred to in Article 131(1a) concerned with the relevant competent authority and its the contribution of that person or entity to the investigation as recognised by the authorising officer responsible, or		1702.1
		(ii) the disclosure of the exclusion situation by means of the declaration referred to in Article 133(1).		1702.2
4. The authorising officer responsible shall exclude the person or entity referred to in Article 131(1) where:		4. The authorising officer responsible shall exclude the person or entity referred to in Article 131(1a) where:		1703
(a) a natural or legal person who is a member of the administrative,	AMD 231: (a) a natural or legal person who is a member of the administrative,	(a) a natural or legal person who is a member of the administrative,	EP drops AMD 231 (it is beyond EU competence to verify ownership and control).	1704

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management or supervisory body of the et person or entity referred to in Article 131(1), or who has powers of representation, decision or control with regard to these persons or entities is in one or more of the situations referred to in points (c) to (f) of paragraph 1	management or supervisory body of the et person or entity referred to in Article 131(1), or who has powers of representation, decision or control with regard to these persons or entities, including persons and entities within the ownership and control structure and beneficial owners , is in one or more of the situations referred to in points (c) to (f) of paragraph 1; <i>Justification: Clarifies the scope in respect of persons to whom the exclusion reasons stipulated in Art. 131(1) apply and aligns the scope of verification of exclusion reasons with the scope of verification required from financial institutions and other designated non-financial bodies and professions under the Anti-money Laundering Directive 849/2015 and the scope of Regulation 2580/2001 on restrictive measures directed against certain persons and entities with a view to combating terrorism.</i>	management or supervisory body of the et person or entity referred to in Article 131(1a), or who has powers of representation, decision or control with regard to these persons or entities is in one or more of the situations referred to in points (c) to (f) of paragraph 1;	New wording to adapt references: (a) a natural or legal person who is a member of the administrative, management or supervisory body of the et person or entity referred to in Article 131(1a), or who has powers of representation, decision or control with regard to these persons or entities is in one or more of the situations referred to in points (c) to (f) (fb) of paragraph 1;	
(b) a natural or legal person that assumes unlimited liability for the debts of that person or entity referred to in Article 131(1) is in one or more of the situations referred to in point (a) or (b) of paragraph 1;		(b) a natural or legal person that assumes unlimited liability for the debts of that person or entity referred to in Article 131(1a) is in one or more of the situations referred to in point (a) or (b) of paragraph 1;		1705
(c) a natural person who is essential for the award or for the implementation of the legal commitment and is in one or more of the situations referred to in		(c) a natural person who is essential for the award or for the implementation of the legal commitment and is in one or more of the situations referred to in point (c) to (f) of paragraph 1.	New wording to adapt references: (c) a natural person who is essential for the award or for the implementation of the legal commitment and is in one	1706

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point (c) to (f) of paragraph 1.			or more of the situations referred to in point (c) to (f) (fb) of paragraph 1.	
5. In the cases referred to in paragraph 2 of this Article, the authorising officer responsible may exclude a person or entity referred to in Article 131(1) provisionally without the prior recommendation of the panel referred to in Article 139, where their participation in an award procedure or their selection for implementing Union funds would constitute a serious and imminent threat to the Union's financial interests. In such cases, the authorising officer responsible shall immediately refer the case to the panel and shall take a final decision no later than 14 days after having received the recommendation of the panel.		5. In the cases referred to in paragraph 2 of this Article, the authorising officer responsible may exclude a person or entity referred to in Article 131(1a) provisionally without the prior recommendation of the panel referred to in Article 139, where their participation in an award procedure or their selection for implementing Union funds would constitute a serious and imminent threat to the Union's financial interests. In such cases, the authorising officer responsible shall immediately refer the case to the panel referred to in Article 139 and shall take a final decision no later than 14 days after having received the recommendation of the panel. <i>Explanation: Correction.</i>		1708
6. The authorising officer responsible, having regard, where applicable, to the recommendation of the panel referred to in Article 139, shall not exclude a person or entity referred to in Article 131(1) from participating in an award procedure and from being selecting to implement Union funds where:		6. The authorising officer responsible, having regard, where applicable, to the recommendation of the panel referred to in Article 139, shall not exclude a person or entity referred to in Article 131(1a) from participating in an award procedure and from being selecting selected to implement Union funds where:		1709
(a) the person or entity has taken remedial measures specified in paragraph 7, to an extent that is sufficient to demonstrate its reliability. This point shall not apply in the case referred to in point (d) of paragraph 1 of this Article;		(a) the person or entity has taken remedial measures specified in paragraph 7, to an extent that is sufficient to demonstrate its reliability. This point shall not apply in the case referred to in point (d) of paragraph 1 of this Article;		1710

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(b) it is indispensable to ensure the continuity of service, for a limited duration and pending the adoption of remedial measures specified in paragraph 7;		(b) it is indispensable to ensure the continuity of service, for a limited duration and pending the adoption of remedial measures specified in paragraph 7;		1711
(c) such an exclusion would be disproportionate on the basis of the criteria referred to in paragraph 3 of this Article.		(c) such an exclusion would be disproportionate on the basis of the criteria referred to in paragraph 3 of this Article.		1712
In addition, point (a) of paragraph 1 of this Article shall not apply in the case of the purchase of supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities or the liquidators in an insolvency procedure, an arrangement with creditors, or a similar procedure under EU or national laws or regulations.		In addition, point (a) of paragraph 1 of this Article shall not apply in the case of the purchase of supplies on particularly advantageous terms from either a supplier which is definitively winding up its business activities or the liquidators in an insolvency procedure, an arrangement with creditors, or a similar procedure under EU or national laws or regulations.		1713
In the cases of non-exclusion referred to in the first and second subparagraphs of this paragraph, the authorising officer responsible shall specify the reasons for not excluding the person or entity referred to in Article 131(1) and inform the panel referred to in Article 139 of those reasons.		In the cases of non-exclusion referred to in the first and second subparagraphs of this paragraph, the authorising officer responsible shall specify the reasons for not excluding the person or entity referred to in Article 131(1a) and inform the panel referred to in Article 139 of those reasons.		1714
7. The measures referred to in paragraph 6, which remedy the exclusion situation may include, in particular:		7. The measures referred to in paragraph 6, which remedy the exclusion situation may include, in particular:		1715
(a) measures to identify the origin of the situations giving rise to exclusion and concrete technical, organisational and personnel measures within the relevant		(a) measures to identify the origin of the situations giving rise to exclusion and concrete technical, organisational and personnel measures within the relevant		1716

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business or activity area of the person or entity referred to in Article 131(1), appropriate to correct the conduct and prevent its further occurrence;		business or activity area of the person or entity referred to in Article 131(1a), appropriate to correct the conduct and prevent its further occurrence;		
(b) proof that the person or entity referred to in Article 131(1) has undertaken measures to compensate or redress the damage or harm caused to the Union's financial interests by the underlying facts giving rise to the exclusion situation;		(b) proof that the person or entity referred to in Article 131(1a) has undertaken measures to compensate or redress the damage or harm caused to the Union's financial interests by the underlying facts giving rise to the exclusion situation;		1717
(c) proof that the person or entity referred to in Article 131(1) has paid or secured the payment of any fine imposed by the competent authority or of any taxes or social security contributions referred to in point (b) of paragraph 1		(c) proof that the person or entity referred to in Article 131(1a) has paid or secured the payment of any fine imposed by the competent authority or of any taxes or social security contributions referred to in point (b) of paragraph 1.		1718
8. The authorising officer responsible, having regard, where applicable, to the revised recommendation of the panel referred to in Article 139, shall, without delay, revise its decision to exclude a person or entity referred to in Article 131(1) ex officio or on request from that person or entity, where the latter has taken remedial measures sufficient to demonstrate its reliability or has provided new elements demonstrating that the exclusion situation referred to in paragraph 1 of this Article no longer exists.		8. The authorising officer responsible, having regard, where applicable, to the revised recommendation of the panel referred to in Article 139, shall, without delay, revise its decision to exclude a person or entity referred to in Article 131(1a) ex officio or on request from that person or entity, where the latter has taken remedial measures sufficient to demonstrate its reliability or has provided new elements demonstrating that the exclusion situation referred to in paragraph 1 of this Article no longer exists.		1719
		8a. In the case referred to in point (a) of Article 131(1a), the authorising officer		1719.1

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		<p>responsible shall require that the candidate or tenderer replaces an entity or a subcontractor on whose capacity it intends to rely, which is in an exclusion situation.</p> <p><i>Explanation: Moved here from Art. 133 upon CLS advice - row 1738 (centralise in Art. 132 the consequences of an exclusion situation).</i></p>		
<p><i>Article 133</i> <i>Declaration and evidence of absence of situation of exclusion</i></p>		<p><i>Article 133</i> <i>Declaration and evidence of absence of situation of exclusion</i></p>		1736
<p>1. A participant shall declare whether it is in one of the situations referred to Article 132(1) or Article 137(1), and, where applicable, whether it has taken any remedial measures referred to in point (a) of Article 132(6).</p>		<p>1. A participant shall declare whether it is in one of the situations referred to Article 132(1) or Article 137(1), and, where applicable, whether it has taken any remedial measures referred to in point (a) of Article 132(6).</p>		1737
			<p>New wording to address AMD 232 (row 1743 below):</p> <p>A participant shall also declare whether the following persons or entities are in one of the situations referred to in points (c) to (fb) of Articles 132(1):</p> <p>a) natural or legal persons that are members of the administrative, management or supervisory body of the participant or that have powers of representation, decision or control with regard to that participant;</p> <p>b) beneficial owners of the participant as referred to in point 6 of Article 3 of Directive</p>	1737.1

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			(EU) No. 2015/849. The participant or the recipient shall inform the authorising officer responsible without delay of any changes in the situations as declared.	
The candidate or tenderer shall provide the same declaration signed by a subcontractor or by any other entity on whose capacity it intends to rely, as the case may be. In case where an entity on whose capacity the candidate or tenderer intends to rely or a subcontractor of a contractor is in an exclusion situation, the authorising officer responsible shall require that the candidate or tenderer replaces them.		Where appropriate, the candidate or tenderer shall provide the same declaration signed by a subcontractor or by any other entity on whose capacity it intends to rely, as the case may be. In case where an entity on whose capacity the candidate or tenderer intends to rely or a subcontractor of a contractor is in an exclusion situation, the authorising officer responsible shall require that the candidate or tenderer replaces them. <i>Explanation:</i> Moved to row 1719.1.		1738
The authorising officer responsible shall not request such a declaration when this declaration has already been submitted for the purposes of another award procedure, provided that the situation has not changed, and that the time that has elapsed since the issuing date of the declaration does not exceed one year.		The authorising officer responsible shall not request such a the declarations referred to in the first and second subparagraph when this declaration has already been submitted for the purposes of another award procedure, provided that the situation has not changed, and that the time that has elapsed since the issuing date of the declaration does not exceed one year. <i>Explanation:</i> DQL improvement.		1739
The authorising officer responsible may waive the requirements under the first and second subparagraphs for very low value contracts to be defined in the Annex.		The authorising officer responsible may waive the requirements under the first and second subparagraphs for very low value contracts to be defined below the amount referred to in point 14.4 in of Annex 1. <i>Explanation:</i> DQL clarification.		1740

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2. Whenever requested by the authorising officer responsible and where this is necessary to ensure the proper conduct of the procedure, the participant, the entity on whose capacity a candidate or tenderer intends to rely or a subcontractor of such a candidate or tenderer shall provide:		2. Whenever requested by the authorising officer responsible and where this is necessary to ensure the proper conduct of the procedure, the participant, the entity on whose capacity a candidate or tenderer intends to rely or a subcontractor of such a candidate or tenderer shall provide:		1741
(a) appropriate evidence that it is not in one of the exclusion situations referred to in Article 132(1);		(a) appropriate evidence that it is not in one of the exclusion situations referred to in Article 132(1);		1742
(b) information on natural or legal persons that are members of the administrative, management or supervisory body of the participant or that have powers of representation, decision or control with regard to that participant and appropriate evidence that one or several of those persons are not in one of the exclusion situations referred to in points (c) to (f) of Article 132(1).	<p>AMD 232:</p> <p>(b) information on natural or legal persons that are members of the administrative, management or supervisory body of the participant or that have powers of representation, decision or control with regard to that participant, including persons and entities within the ownership and control structure and beneficial owners, and appropriate evidence that one or several of those persons are not in one of the exclusion situations referred to in points (c) to (f) of Article 132(1).</p> <p><i>Justification: Clarifies the scope in respect of persons to whom the exclusion reasons stipulated in Art. 131(1) apply and aligns the scope of verification of exclusion reasons with the scope of verification required from financial institutions and other designated non-financial bodies and professions under the Anti-money</i></p>	(b) information on natural or legal persons that are members of the administrative, management or supervisory body of the participant or that have powers of representation, decision or control with regard to that participant and appropriate evidence that one or several of those persons are not in one of the exclusion situations referred to in points (c) to (f) of Article 132(1);	EP AMD 232 is accepted (as here beneficiaries provide the information). New wording in row 1737.1 covers AMD 232.	1743

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	<i>Laundering Directive 849/2015 and the scope of Regulation 2580/2001 on restrictive measures directed against certain persons and entities with a view to combating terrorism.</i>			
(c) appropriate evidence that natural or legal persons that assume unlimited liability for the debts of that participant are not in an exclusion situation referred to in point (a) or (b) of Article 132(1).		(c) appropriate evidence that natural or legal persons that assume unlimited liability for the debts of that participant are not in an exclusion situation referred to in point (a) or (b) of Article 132(1).		1744
3. The authorising officer responsible shall accept as satisfactory evidence that a participant or an entity referred to in paragraph 2 is not in one of the situations described in points (a), (c), (d) or (f) of Article 132(1), a recent extract from the judicial record or, failing that, an equivalent document recently issued by a judicial or administrative authority in its country of establishment showing that those requirements are satisfied.		3. Where applicable and in accordance with national legislation, t The authorising officer responsible shall may accept as satisfactory evidence that a participant or an entity referred to in paragraph 2 is not in one of the situations described in points (a), (c), (d) or (f) of Article 132(1), a recent extract from the judicial record or, failing that, an equivalent document recently issued by a judicial or administrative authority in its country of establishment showing that those requirements are satisfied. <i>Explanation: Council considers this specification necessary, as an extract from a judicial record or equivalent document might not exist in all relevant jurisdictions. Hence also "may".</i>	New wording to adapt references: 3. Where applicable and in accordance with national legislation, t The authorising officer responsible shall may accept as satisfactory evidence that a participant or an entity referred to in paragraph 2 is not in one of the situations described in points (a), (c), (d), or (f), (fa) or (fb) of Article 132(1), a recent extract from the judicial record or, failing that, an equivalent document recently issued by a judicial or administrative authority in its country of establishment showing that those requirements are satisfied.	1745
The authorising officer responsible shall accept, as satisfactory evidence that a participant or an entity referred to in paragraph 2 is not in the situation described in point (a) or (b) of Article 132(1), a recent certificate issued by the competent authority of the State concerned. Where the		The authorising officer responsible shall may accept, as satisfactory evidence that a participant or an entity referred to in paragraph 2 is not in the situation described in point (a) or (b) of Article 132(1), a recent certificate issued by the competent authority of the State concerned. Where the such types of		1746

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certificate is not issued in the country concerned the participant may provide a sworn statement made before a judicial authority or notary or, failing that, a solemn statement made before an administrative authority or a qualified professional body in its country of establishment.		certificates is are not issued in the country concerned of establishment the participant may provide a sworn statement made before a judicial authority or notary or, failing that, a solemn statement made before an administrative authority or a qualified professional body in its country of establishment. <i>Explanation: DQL clarification.</i>		
4. The authorising officer responsible shall waive the obligation of a participant or an entity referred to in paragraph 2 to submit the documentary evidence referred to in paragraph 2 and 3:		4. The authorising officer responsible shall waive the obligation of a participant or an entity referred to in paragraph 2 to submit the documentary evidence referred to in paragraphs 2 and 3:		1747
(a) if it can access it on a national database free of charge;		(a) if it can access it such evidence on a national database free of charge; <i>Explanation: DQL improvement.</i>		1748
(b) if such evidence has already been submitted to it for the purposes of another procedure and provided that any submitted documents are still valid and that the time that has elapsed since the issuing date of the documents does not exceed one year;		(b) if such evidence has already been submitted to it for the purposes of another procedure and provided that any submitted documents are still valid and that the time that has elapsed since the issuing date of the documents does not exceed one year;		1749
(c) if there is a material impossibility to provide such evidence recognised by the authorising officer responsible.		(c) if it recognises that there is a material impossibility to provide such evidence recognised by the authorising officer responsible . <i>Explanation: DQL improvement.</i>		1750
5. Paragraphs 1 to 4 shall not apply to persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or to bodies within the		5. Paragraphs 1 to 4 shall not apply to persons and entities implementing Union funds pursuant to point (c) of Article 61(1) or to bodies within the		1751

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meaning of Articles 69 and 70.		meaning of Articles 69 and 70.		
		<p>For financial instruments and in the absence of rules and procedures fully equivalent to those referred to in point (d) of Article 149(4), final recipients and intermediaries shall provide the person or entity implementing Union funds pursuant to point (c) Article 61(1) with a signed declaration on honour confirming that they are not in one of the situations referred to in points (a), (b), (c) and (d) of Article 132(1) or points (b) and (c) of Article 137(1) or in a situation deemed equivalent following the assessment carried out in accordance with Article 149(4).</p> <p><i>Explanation:</i> Moved here from Art. 131(1a)(b) - row 1664..</p>		1751.1
		<p>Where financial instruments are exceptionally implemented in accordance with point (a) of Article 61(1), final recipients shall provide financial intermediaries with a signed declaration on honour confirming that they are not in one of the situations referred to in points (a), (b), (c) and (d) of Article 132(1) or points (b) and (c) of Article 137(1).</p> <p><i>Explanation:</i> Moved here from Art. 131(1a)(c) - row 1665.</p>		1751.2
Article 134 Financial penalties		Article 134 Financial penalties		1752
1. In order to ensure a deterrent effect, the authorising officer responsible may, having regard, where applicable, to the recommendation of		1. In order to ensure a deterrent effect, the authorising officer responsible may, having regard, where applicable, to the recommendation of the panel referred to		1753

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the panel referred to in Article 139, impose a financial penalty on a recipient with whom a legal commitment has been concluded and who is in a situation referred to in points (c), (d), (e) or (f) of Article 132(1).		in Article 139, impose a financial penalty on a recipient with whom a legal commitment has been concluded and who is in a situation referred to in points (c), (d), (e) or (f) of Article 132(1).		
Regarding the situations referred to in points (c), (d), (e) and (f) of Article 132(1), the financial penalty may be imposed as an alternative to a decision to exclude a recipient, where such an exclusion would be disproportionate on the basis of the criteria referred to in Article 132(3).		Regarding the situations referred to in points (c), (d), (e) and (f) of Article 132(1), the financial penalty may be imposed as an alternative to a decision to exclude a recipient, where such an exclusion would be disproportionate on the basis of the criteria referred to in Article 132(3).		1755
Regarding the situations referred to in points (c), (d), (e) and (f) of Article 132(1), the financial penalty may be imposed in addition to an exclusion which is necessary to protect the Union's financial interests, where the recipient has adopted a systemic and recurrent conduct with the intention to unduly obtain Union funds.		Regarding the situations referred to in points (c), (d) and (e) and (f) of Article 132(1), the financial penalty may be imposed in addition to an exclusion where this is necessary to protect the Union's financial interests, due to where the recipient has adopted a systemic and recurrent conduct adopted by the recipient with the intention to unduly obtain Union funds. <i>Explanation: Point (f) to be deleted as agreed in 2015 revision (proportionality).</i>		1756
		Notwithstanding the first, second and third subparagraphs, a financial penalty shall not be imposed on a recipient who has disclosed, in accordance with Article 133, that it is in an exclusion situation. <i>Explanation: Council was concerned about the deletion of the words "has attempted to obtain access to Union funds..." (Art. 106(13) first subparagraph current FR) in the Commission's proposal, as the</i>		1756.1

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		<i>exclusion situation could have become punishable without there being a clear infringement situation (the act that may be sanctioned by the Union is that the exclusion situation was not disclosed - otherwise ne bis in idem concern). As advised by the CLS the proposed wording would address these concerns.</i>		
2. The amount of the financial penalty shall not exceed 10 % of the total value of the legal commitment. In case of a grant agreement signed with a number of beneficiaries the financial penalty shall not exceed 10 % of the grant amount the beneficiary concerned is entitled to in accordance with the grant agreement.		2. The amount of the financial penalty shall not exceed 10 % of the total value of the legal commitment. In case of a grant agreement signed with a number of beneficiaries the financial penalty shall not exceed 10 % of the grant amount the beneficiary concerned is entitled to in accordance with the grant agreement.		1757
<i>Article 135 Duration of exclusion and limitation period</i>		<i>Article 135 Duration of exclusion and limitation period</i>		1758
1. The duration of exclusion shall not exceed any of the following:		1. The duration of exclusion shall not exceed any of the following:		1759
(a) the duration, if any, set by the final judgement or the final administrative decision of a Member State;		(a) the duration, if any, set by the final judgement or the final administrative decision of a Member State;		1760
(b) five years for the cases referred to in point (d) of Article 132(1);		(b) in the absence of a final judgment or of a final administrative decision: <i>Explanation: DQL clarification.</i>		1761
		(i) five years for the cases referred to in point (d) of Article 132(1);		1761.1
(c) three years for the cases referred to in points (c), (e) and (f) of Article 132(1).		(ei ii) three years for the cases referred to in points (c), (e) and (f) of Article 132(1).	New wording to adapt references: (ei ii) three years for the cases referred to in points (c), (e), and (f), (fa) and (fb)	1762

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			of Article 132(1).	
A person or entity referred to in Article 131(1) shall be excluded as long as it is in one of the situations referred to in points (a) and (b) of Article 132(1).		A person or entity referred to in Article 131(1a) shall be excluded as long as it is in one of the situations referred to in points (a) and (b) of Article 132(1).		1763
2. The limitation period to exclude and/or impose financial penalties on a person or entity referred to Article 131(1) shall be five years calculated from any of the following:		2. The limitation period to exclude and/or impose financial penalties on a person or entity referred to Article 131(1a) shall be five years calculated from any of the following:		1764
(a) the date of the conduct giving rise to exclusion or, in the case of continued or repeated acts, the date on which the conduct ceases, in the cases referred to in points (b), (c), (d) and (e) of Article 132(1);		(a) the date of the conduct giving rise to exclusion or, in the case of continued or repeated acts, the date on which the conduct ceases, in the cases referred to in points (b), (c), (d) and (e) of Article 132(1);	New wording to adapt references: (a) the date of the conduct giving rise to exclusion or, in the case of continued or repeated acts, the date on which the conduct ceases, in the cases referred to in points (b), (c), (d), and (e), (fa) and (fb) of Article 132(1);	1765
(b) the date of the final judgment of a national jurisdiction or of the final administrative decision in the cases referred to in points (b), (c) and (d) of Article 132(1).		(b) the date of the final judgment of a national jurisdiction or of the final administrative decision in the cases referred to in points (b), (c) and (d) of Article 132(1).	New wording to adapt references: (b) the date of the final judgment of a national jurisdiction or of the final administrative decision in the cases referred to in points (b), (c), and (d), (fa) and (fb) of Article 132(1).	1766
The limitation period shall be interrupted by an act of a national authority, of the Commission, European Anti-Fraud Office, the panel referred to in Article 139 or of any entity involved in the implementation of the budget, if such an act is notified to the person or entity referred to in Article 131(1) and is relating to investigations or judicial		The limitation period shall be interrupted by an act of a national authority, of the Commission, European Anti-Fraud Office, the panel referred to in Article 139 or of any entity involved in the implementation of the budget, if such an act is notified to the person or entity referred to in Article 131(1a) and is relating to investigations or judicial proceedings. A new limitation period	New wording: "The limitation period shall be interrupted by an act of a national authority, of the Commission, of the European Anti-Fraud Office, for those Member States participating, of the EPPO, after its establishment , of the panel referred	1767

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proceedings. A new limitation period shall begin to run on the day following the interruption.		shall begin to run on the day following the interruption.	to in Article 139 or of any entity involved in the implementation of the budget, if such an act is notified to the person or entity referred to in Article 131(1a) and is relating to investigations or judicial proceedings. A new limitation period shall begin to run on the day following the interruption."	
For the purpose of point (f) of Article 132(1), the limitation period to exclude person or entity referred to in Article 131(1) and/or impose financial penalties on a recipient provided for in Article 3 of Regulation (EC, Euratom) No 2988/95 shall apply.		For the purpose of point (f) of Article 132(1), the limitation period to exclude person or entity referred to in Article 131(1a) and/or impose financial penalties on a recipient provided for in Article 3 of Regulation (EC, Euratom) No 2988/95 shall apply.		1768
Where the conduct of the person or entity referred to in Article 131(1) concerned qualifies under several of the grounds listed in Article 132(1), the limitation period of the most serious of those grounds shall apply.		Where the conduct of the person or entity referred to in Article 131(1a) concerned qualifies under several of the grounds listed in Article 132(1), the limitation period of the most serious of those grounds shall apply.		1769
<i>Article 136</i> <i>Publication of exclusion and financial penalties</i>		<i>Article 136</i> <i>Publication of exclusion and financial penalties</i>		1770
1. In order to, where necessary, reinforce the deterrent effect of the exclusion and/or financial penalty, the Commission shall, subject to a decision of the authorising officer responsible, publish on its internet site the following information related to the exclusion and, where applicable, the financial penalty in the cases referred to in points ©, (d), © and (f) of Article 132(1):		1. In order to, where necessary, reinforce the deterrent effect of the exclusion and/or financial penalty, the Commission shall, subject to a decision of the authorising officer responsible, publish on its internet site the following information related to the exclusion and, where applicable, the financial penalty in the cases referred to in points (c), (d), (e) and (f) of Article 132(1):	New wording to adapt references: 1. In order to, where necessary, reinforce the deterrent effect of the exclusion and/or financial penalty, the Commission shall, subject to a decision of the authorising officer responsible, publish on its internet site the following information related to the exclusion and, where applicable, the financial penalty in the cases referred to in points (c), (d),	1771

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			(e), and (f), (fa) and (fb) of Article 132(1):	
(a) the name of the person or entity referred to in Article 131(1) concerned;		(a) the name of the person or entity referred to in Article 131(1a) concerned;		1772
(b) the exclusion situation ;		(b) the exclusion situation;		1773
(c) the duration of the exclusion and/or the amount of the financial penalty.		(c) the duration of the exclusion and/or the amount of the financial penalty.		1774
Where the decision on the exclusion and/or financial penalty has been taken on the basis of a preliminary classification as referred to in Article 132(2) the publication shall indicate that there is no final judgment or, where applicable, final administrative decision. In those cases, information about any appeals, their status and their outcome, as well as any revised decision of the authorising officer responsible shall be published without delay. Where a financial penalty has been imposed, the publication shall also indicate whether that penalty has been paid.		Where the decision on the exclusion and/or financial penalty has been taken on the basis of a preliminary classification as referred to in Article 132(2) the publication shall indicate that there is no final judgment or, where applicable, final administrative decision. In those cases, information about any appeals, their status and their outcome, as well as any revised decision of the authorising officer responsible shall be published without delay. Where a financial penalty has been imposed, the publication shall also indicate whether that penalty has been paid.		1775
The decision to publish the information is taken by the authorising officer responsible either following the relevant final judgment or, where applicable, final administrative decision, or following the recommendation of the panel referred to in Article 139, as the case may be. That decision shall take effect three months after its notification to the person or entity referred to in Article 131(1)		The decision to publish the information is shall be taken by the authorising officer responsible either following the relevant final judgment or, where applicable, final administrative decision, or following the recommendation of the panel referred to in Article 139, as the case may be. That decision shall take effect three months after its notification to the person or entity referred to in Article 131(1a) concerned.		1776

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concerned.		<i>Explanation: DQL improvement.</i>		
The information published shall be removed as soon as the exclusion has come to an end. In the case of a financial penalty, the publication shall be removed six months after payment of that penalty.		The information published shall be removed as soon as the exclusion has come to an end. In the case of a financial penalty, the publication shall be removed six months after payment of that penalty.		1777
In accordance with Regulation (EC) No 45/2001, where personal data is concerned, the authorising officer responsible shall inform the person or entity referred to in Article 131(1) concerned of its rights under the applicable data protection rules and of the procedures available for exercising those rights.		In accordance with Regulation (EC) No 45/2001, where personal data is concerned, the authorising officer responsible shall inform the person or entity referred to in Article 131(1a) concerned of its rights under the applicable data protection rules and of the procedures available for exercising those rights.		1778
2. The information referred to in paragraph 1 of this Article shall not be published in any of the following circumstances:		2. The information referred to in paragraph 1 of this Article shall not be published in any of the following circumstances:		1779
a) where it is necessary to preserve the confidentiality of an investigation or of national judicial proceedings;		(a) where it is necessary to preserve the confidentiality of an investigation or of national judicial proceedings;		1780
(b) where publication would cause disproportionate damage to the person or entity referred to in Article 131(1) concerned or would otherwise be disproportionate on the basis of the proportionality criteria set out in Article 132(3) and to the amount of the financial penalty;		(b) where publication would cause disproportionate damage to the person or entity referred to in Article 131(1a) concerned or would otherwise be disproportionate on the basis of the proportionality criteria set out in Article 132(3) and to the amount of the financial penalty;		1781
(c) where a natural person is concerned, unless the publication of personal data is exceptionally justified, inter alia, by the		(c) where a natural person is concerned, unless the publication of personal data is exceptionally justified, inter alia, by the seriousness of the		1782

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seriousness of the conduct or its impact on the Union's financial interests. In such cases, the decision to publish the information shall duly take into consideration the right to privacy and other rights provided for in Regulation (EC) No 45/2001.		conduct or its impact on the Union's financial interests. In such cases, the decision to publish the information shall duly take into consideration the right to privacy and other rights provided for in Regulation (EC) No 45/2001.		
<i>Article 137</i> <i>Rejection from a given award procedure</i>		<i>Article 137</i> <i>Rejection from a given award procedure</i>		1784
1. The authorising officer responsible shall reject from a given award procedure a participant who:		1. The authorising officer responsible shall reject from a given award procedure a participant who:		1785
(a) is in an exclusion situation established in accordance with Article 132;		(a) is in an exclusion situation established in accordance with Article 132;		1786
(b) has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information		(b) has misrepresented the information required as a condition for participating in the procedure or has failed to supply that information		1787
(c) was previously involved in the preparation of documents used in the award procedure where this entails a breach of the principle of equality of treatment, including distortion of competition that cannot be remedied otherwise.		(c) was previously involved in the preparation of documents used in the award procedure where this entails a breach of the principle of equality of treatment, including distortion of competition that cannot be remedied otherwise.		1788
The authorising officer responsible shall communicate to the other participants in the award procedure the relevant information exchanged in the context of or resulting from the involvement of the participant in the preparation of the award procedure as referred to in point (c). The authorising officer responsible shall		The authorising officer responsible shall communicate to the other participants in the award procedure the relevant information exchanged in the context of or resulting from the involvement of the participant in the preparation of the award procedure as referred to in point (c). The authorising officer responsible shall fix adequate time limits for the		1789

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fix adequate time limits for the receipt of tenders or applications. Prior to any such rejection the participant shall be given the opportunity to prove that its involvement in preparing the award procedure does not breach the principle of equality of treatment.		receipt of tenders or applications. Prior to any such rejection the participant shall be given the opportunity to prove that its involvement in preparing the award procedure does not breach the principle of equality of treatment. <i>Explanation: This was out of place here and is adequately covered by Art. 162(1).</i>		
2. Article 129(1) shall apply unless the rejection has been justified in accordance with point (a) of paragraph 1 by an exclusion decision taken with regard to the participant, following an examination of its observations.		2. Article 129(1) shall apply unless the rejection has been justified in accordance with point (a) of paragraph 1 by an exclusion decision taken with regard to the participant, following an examination of its observations.		1790
<i>Article 138 The early detection and exclusion system</i>		<i>Article 138 The early detection and exclusion system</i>		1793
1. Information exchanged within the early detection and exclusion system referred to in Article 131 shall be centralised in a database set up by the Commission ('the database') and shall be managed in accordance with the right to privacy and other rights provided for in Regulation (EC) No 45/2001.		1. Information exchanged within the early detection and exclusion system referred to in Article 131 shall be centralised in a database set up by the Commission ("the database") and shall be managed in accordance with the right to privacy and other rights provided for in Regulation (EC) No 45/2001.		1794
Information on early detection, exclusion and/or financial penalty cases shall be entered in the database by the authorising officer responsible after notifying the person or entity referred to in Article 131(1) concerned. Such notification may be exceptionally deferred, where there are compelling legitimate grounds to preserve the confidentiality of an investigation or of national judicial		Information on early detection, exclusion and/or financial penalty cases shall be entered in the database by the authorising officer responsible after notifying the person or entity referred to in Article 131(1a) concerned. Such notification may be exceptionally deferred, where there are compelling legitimate grounds to preserve the confidentiality of an investigation or of national judicial proceedings, until such		1795

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proceedings, until such compelling legitimate grounds to preserve the confidentiality cease to exist.		compelling legitimate grounds to preserve the confidentiality cease to exist.		
In accordance with Regulation (EC) No 45/2001, any person or entity referred to in Article 131(1) subject to the early detection and exclusion system shall have the right to be informed of the data stored in the database upon its request to the Commission.		In accordance with Regulation (EC) No 45/2001, any person or entity referred to in Article 131(1a) subject to the early detection and exclusion system shall have the right to be informed of the data stored in the database upon its request to the Commission.		1796
The information contained in the database shall be updated, where appropriate, following a rectification or an erasure or any modification of data. It shall only be published in accordance with Article 136.		The information contained in the database shall be updated, where appropriate, following a rectification or an erasure or any modification of data. It shall only be published in accordance with Article 136.		1797
2. The early detection and exclusion system, as referred to Article 131(1) of this Regulation, shall be based on information as referred to in the fourth subparagraph of Article 132(2) and on the transmission of information to the Commission, in particular, by:		2. The early detection and exclusion system, as referred to in Article 131(1) of this Regulation, shall be based on information facts and findings as referred to in the fourth subparagraph of Article 132(2) and on the transmission of information to the Commission, in particular, by: <i>Explanation: Harmonisation of terminology.</i>		1798
(a) the European Anti-Fraud Office in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council ¹ where an European Anti-Fraud Office investigation completed or in progress shows that it might be appropriate to take precautionary measures or		(a) the European Anti-Fraud Office in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council where an European Anti-Fraud Office investigation completed or in progress shows that it might be appropriate to take precautionary measures or actions to protect the	New wording: "(a) the EPPO, after its establishment for those Member States participating or by the European Anti-Fraud Office in accordance with Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council	1799

¹ OJ L 248, 18.9.2013, p. 1.

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actions to protect the Union's financial interests, with due regard to the respect for procedural and fundamental rights, and to the protection of whistle-blowers;		Union's financial interests, with due regard to the respect for procedural and fundamental rights, and to the protection of whistle-blowers;	where an European Anti-Fraud Office investigation completed or in progress shows that it might be appropriate to take precautionary measures or actions to protect the Union's financial interests, with due regard to the respect for procedural and fundamental rights, and to the protection of whistle-blowers;"	
(b) an authorising officer of the Commission, of a European office set up by the Commission or of an executive agency;		(b) an authorising officer of the Commission, of a European office set up by the Commission or of an executive agency;		1800
(c) an institution, a European office or an agency other than those referred to in point (b) of this paragraph, a body or a person entrusted with implementation of CFSP actions;		(c) a Union institution, a European office or an agency other than those referred to in point (b) of this paragraph, a body or a person entrusted with implementation of CFSP actions;		1801
(d) entities implementing the budget in accordance with Article 62, in cases of detected fraud and/or irregularity and their follow up, where required by sector-specific rules;		(d) entities implementing the budget in accordance with Article 62, in cases of detected fraud and/or irregularity and their follow up, where the transmission of information is required by sector-specific rules; <i>Explanation: Clarification.</i>		1802
(e) entities or persons implementing Union funds pursuant to point (c) of Article 61(1), in cases of detected fraud and/or irregularity and their follow up.		(e) entities or persons implementing Union funds pursuant to point (c) of Article 61(1), in cases of detected fraud and/or irregularity and their follow up.		1803
3. Except where information is to be submitted in accordance with sector-specific rules, the information to be transmitted pursuant to paragraph 2 of this Article shall include:		3. Except where information is to be submitted in accordance with sector-specific rules, the information to be transmitted pursuant to paragraph 2 of this Article shall include:		1804

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(a) the identification of the entity or person concerned;		(a) the identification of the entity or person concerned;		1805
(b) a summary of the risks detected or the facts in question;		(b) a summary of the risks detected or the facts in question;		1806
(c) information that could assist the authorising officer in carrying out the verification referred to in paragraph 4 of this Article or in taking a decision on exclusion as referred to in Article 132(1) or (2), or a decision to impose a financial penalty as referred to in Article 134;		(c) information that could assist the authorising officer in carrying out the verification referred to in paragraph 4 of this Article or in taking a decision on exclusion as referred to in Article 132(1) or (2), or a decision to impose a financial penalty as referred to in Article 134;		1807
(d) where applicable, any special measures necessary to ensure the confidentiality of the information transmitted, including measures for the safeguarding of evidence to protect the investigation or the national judicial proceedings.		(d) where applicable, any special measures necessary to ensure the confidentiality of the information transmitted, including measures for the safeguarding of evidence to protect the investigation or the national judicial proceedings.		1808
4. The Commission shall transmit the information referred to in paragraph 3 of this Article without delay to its authorising officers and those of its executive agencies, all other institutions, bodies, European offices and agencies through the database referred to in paragraph 1 in order to allow them to carry out the necessary verification in respect of their ongoing award procedures and existing legal commitments.		4. The Commission shall transmit the information referred to in paragraph 3 of this Article without delay to its authorising officers and those of its executive agencies, all other Union institutions, Union bodies, European offices and agencies through the database referred to in paragraph 1 in order to allow them to carry out the necessary verification in respect of their ongoing award procedures and existing legal commitments.		1809
In carrying out this verification, the authorising officer responsible shall exercise his or her powers as foreseen under Article 73 and shall not go beyond what is foreseen in the		In carrying out this verification, the authorising officer responsible shall exercise his or her powers as foreseen under Article 73 and shall not go beyond what is foreseen in the terms and		1810

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terms and conditions of the award procedure and contractual provisions.		conditions of the award procedure and contractual provisions.		
The retention period for the information related to the early detection transmitted in accordance with paragraph 3 shall not exceed one year. If, during this period, the authorising officer responsible requests the panel to issue a recommendation in an exclusion or financial penalty case, the retention period may be extended until such time as the authorising officer responsible has taken a decision.		The retention period for the information related to the early detection transmitted in accordance with paragraph 3 shall not exceed one year. If, during this period, the authorising officer responsible requests the panel to issue a recommendation in an exclusion or financial penalty case, the retention period may be extended until such time as the authorising officer responsible has taken a decision.		1811
5. The authorising officer responsible may take a decision to exclude and/or to impose a financial penalty and a decision to publish the related information only after having obtained a recommendation of the panel where such a decision is based on a preliminary classification as referred to in Article 132(2).		5. The authorising officer responsible may take a decision to exclude and/or to impose a financial penalty and a decision to publish the related information only after having obtained a recommendation of the panel where such a decision is based on a preliminary classification as referred to in Article 132(2). <i>Explanation: Moved up to Art. 131, row 1668.1.</i>		1812
6. All entities participating in the implementation of the budget in accordance with Article 61 shall be granted access by the Commission to the information on exclusion decisions pursuant to Article 132 to enable them to verify whether there is an exclusion in the system with a view to taking this information into account, as appropriate and on their own responsibility, when awarding contracts in the implementation of the budget.		6. All entities participating in the implementation of the budget in accordance with Article 61 shall be granted access by the Commission to the information on exclusion decisions pursuant to Article 132 to enable them to verify whether there is an exclusion in the system with a view to taking this information into account, as appropriate and on their own responsibility, when awarding contracts in the implementation of the budget.		1819

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7. As part of the annual report of the Commission to the European Parliament and to the Council, as referred to in Article 325(5) TFEU, the Commission shall provide aggregate information on the decisions taken by the authorising officers under Articles 131 to 138. That report shall also provide further information on any decisions taken by the authorising officers pursuant to point (b) of Article 132(6) and Article 136(2) and on any decisions by the authorising officers to deviate from the recommendation of the panel pursuant to the last subparagraph of Article 139(6).		7. As part of the annual report of the Commission to the European Parliament and to the Council, as referred to in Article 325(5) TFEU, the Commission shall provide aggregate information on the decisions taken by the authorising officers under Articles 131 to 138. That report shall also provide further information on any decisions taken by the authorising officers pursuant to point (b) of Article 132(6) and Article 136(2) and on any decisions by the authorising officers to deviate from the recommendation of the panel pursuant to the last subparagraph of Article 139(6).		1820
The information referred to in the first subparagraph of this paragraph shall be provided with due regard to confidentiality requirements and shall, in particular, not allow for the identification of the person or entity referred to in Article 131(1) concerned.		The information referred to in the first subparagraph of this paragraph shall be provided with due regard to confidentiality requirements and shall, in particular, not allow for the identification of the person or entity referred to in Article 131(1a) concerned.		1821
<i>Article 139 Panel</i>		<i>Article 139 Panel</i>		1822
1. A panel shall be convened at the request of an authorising officer of any institution , Union bodies, European Offices and bodies and persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU.		1. A panel shall be convened at the request of an authorising officer of any Union institution , Union bodies, European Offices and bodies and persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU.		1823
2. The panel shall be composed of:		2. The panel shall be composed of:		1824
(a) a standing high-level independent chair appointed by the		(a) a standing high-level independent		1825

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Commission;		chair appointed by the Commission;		
(b) two permanent representatives of the Commission as the owner of the system, who shall express a joint position; and		(b) two permanent representatives of the Commission as the owner of the system, who shall express a joint position; and		1826
(c) one representative of the requesting authorising officer.		(c) one representative of the requesting authorising officer.		1827
The composition of the panel shall ensure the appropriate legal and technical expertise. The panel shall be assisted by a permanent secretariat, provided by the Commission, which shall ensure the continuous administration of the panel.		The composition of the panel shall ensure the appropriate legal and technical expertise. The panel shall be assisted by a permanent secretariat, provided by the Commission, which shall ensure the continuous administration of the panel.		1828
3. The Chair shall be chosen from among former members of the Court of Auditors, the Court of Justice or former officials who have had at least the rank of Director-General in an institution of the Union other than the Commission. He or she shall be selected on the basis of his/her personal and professional qualities, extensive experience in legal and financial matters and proven competence, independence and integrity. The term of office shall be five years and shall not be renewable. The Chair shall be appointed as special adviser within the meaning of Article 5 of the Conditions of Employment of Other Servants of the European Union. The Chair of the panel shall preside at all sessions of the panel. He/she shall be independent in the performance of his or her duties. He/she shall not		3. The Chair shall be chosen from among former members of the Court of Auditors, the Court of Justice or former officials who have had at least the rank of Director-General in an Union institution of the Union other than the Commission. He or she shall be selected on the basis of his/her personal and professional qualities, extensive experience in legal and financial matters and proven competence, independence and integrity. The term of office shall be five years and shall not be renewable. The Chair shall be appointed as special adviser within the meaning of Article 5 of the Conditions of Employment of Other Servants of the European Union. The Chair of the panel shall preside at all sessions of the panel. He/she shall be independent in the performance of his or her duties. He/she shall not have a conflict of interests between his or her duties as Chair of the panel and any		1830

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have a conflict of interests between his or her duties as Chair of the panel and any other official duties.		other official duties.		
4. The rules of procedure of the panel shall be adopted by the Commission.		4. The rules of procedure of the panel shall be adopted by the Commission.		1832
5. The panel shall uphold the right of the person or entity referred to in Article 131(1) concerned to submit observations on the facts or findings referred to in Article 132(2), on the preliminary classification in law and before adopting its recommendations. The opportunity to submit observations may exceptionally be deferred where there are compelling legitimate grounds to preserve the confidentiality of an investigation or of national judicial proceedings, until such legitimate grounds cease to exist.		5. The panel shall uphold the right of the person or entity referred to in Article 131(1a) concerned to submit observations on the facts or findings referred to in Article 132(2), on the preliminary classification in law and before adopting its recommendations. The opportunity to submit observations may exceptionally be deferred where there are compelling legitimate grounds to preserve the confidentiality of an investigation or of national judicial proceedings, until such legitimate grounds cease to exist.		1833
6. The recommendation of the panel to exclude and/or impose a financial penalty shall contain, where applicable, the following elements:		6. The recommendation of the panel to exclude and/or impose a financial penalty shall contain, where applicable, the following elements:		1837
(a) the facts or findings referred to in Article 132(2) and their preliminary classification in law;		(a) the facts or findings referred to in Article 132(2) and their preliminary classification in law;		1838
(b) an assessment of the need to impose a financial penalty and its amount;		(b) an assessment of the need to impose a financial penalty and its amount;		1839
(c) an assessment of the need to exclude the person or entity referred to in Article 131(1) concerned and, in that case, the suggested duration of such an exclusion;		(c) an assessment of the need to exclude the person or entity referred to in Article 131(1a) concerned and, in that case, the suggested duration of such an exclusion;		1840
(d) an assessment of the need to		(d) an assessment of the need to		1841

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publish the information related to the person or entity referred to in Article 131(1) who is excluded and/or subject to a financial penalty;		publish the information related to the person or entity referred to in Article 131(1a) who is excluded and/or subject to a financial penalty;		
(e) an assessment of remedial measures taken by the person or entity referred to Article 131(1), if any.		(e) an assessment of remedial measures taken by the person or entity referred to Article 131(1a), if any.		1842
Where the authorising officer responsible envisages taking a more severe decision than what has been recommended by the panel, it shall ensure that such a decision is taken with due respect for the right to be heard and for the rules of personal data protection.		Where the authorising officer responsible envisages taking a more severe decision than what has been recommended by the panel, it shall ensure that such a decision is taken with due respect for the right to be heard and for the rules of personal data protection.		1843
Where the authorising officer responsible decides to deviate from the recommendation of the panel, it shall justify such decision to the panel.		Where the authorising officer responsible decides to deviate from the recommendation of the panel, it shall justify such decision to the panel.		1844
7. The panel shall revise its recommendation during the exclusion period on request from the authorising officer responsible in the cases referred to in Article 132(8) or following the notification of a final judgment or a final administrative decision establishing the grounds for exclusion where such a judgment or decision does not set the duration of the exclusion, as referred to in the second subparagraph of Article 132(2).		7. The panel shall revise its recommendation during the exclusion period on request from the authorising officer responsible in the cases referred to in Article 132(8) or following the notification of a final judgment or a final administrative decision establishing the grounds for exclusion where such a judgment or decision does not set the duration of the exclusion, as referred to in the second subparagraph of Article 132(2).		1845
8. The panel shall notify the requesting authorising officer without delay of its revised recommendation, following		8. The panel shall notify the requesting authorising officer without delay of its revised recommendation, following		1846

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which the authorising officer shall review its decision.		which the authorising officer shall review its decision.		
9. The Court of Justice of the European Union shall have unlimited jurisdiction to review a decision whereby the authorising officer excludes a person or entity referred to in Article 131(1) and/or imposes a financial penalty on a recipient, including annulling the exclusion, reducing or increasing its duration and/or annulling, reducing or increasing the financial penalty imposed. Article 22(1) of Council Regulation (EC) No 58/2003 shall not apply when the decision of the authorising officer to exclude or impose a financial penalty is taken on the basis of a recommendation of the Panel.		9. The Court of Justice of the European Union shall have unlimited jurisdiction to review a decision whereby the authorising officer excludes a person or entity referred to in Article 131(1a) and/or imposes a financial penalty on a recipient, including annulling the exclusion, reducing or increasing its duration and/or annulling, reducing or increasing the financial penalty imposed. Article 22(1) of Council Regulation (EC) No 58/2003 shall not apply when the decision of the authorising officer to exclude or impose a financial penalty is taken on the basis of a recommendation of the Panel.		1847
		Article 139a Functioning of the database for the Early Detection and Exclusion System <i>Explanation: Art. 143 RAP last two subparagraphs on functioning of transmission of information lifted up.</i>		1847.1
		1. Information requested from the entities referred to in point (d) of Article 138(2) shall be transmitted only through the Irregularity Management System which is the automated information system established by the Commission currently in use for reporting of fraud and irregularities, in accordance with the sector-specific rules.		1847.2
		2. The use of the data received through the Irregularity Management System shall take into consideration the		1847.3

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		status of the national procedure that existed at the time when the information was submitted. The use of the data shall be preceded by a consultation of the Member State that has submitted the relevant data through the Irregularity Management System.		
Article 140 Exceptions applicable to the Joint research centre		Article 140 Exceptions applicable to the Joint Research Centre		1850
Articles 131 to 139 shall not apply to the Joint Research Centre.		Articles 131 to 139 a shall not apply to the Joint Research Centre.		1851
SECTION 3 IT SYSTEMS AND E-GOVERNMENT		SECTION 3 IT SYSTEMS AND E-GOVERNMENT		1853
Article 141 Electronic management of operations		Article 141 Electronic management of operations		1854
1. Where revenue and expenditure operations or document exchanges are managed by means of computer systems, documents may be signed by a computerised or electronic procedure providing sufficient authentication of the signatory. Such computer systems shall include a full and up-to-date description of the system defining the content of all data fields, describing how each individual operation is treated and explaining in detail how the computer system guarantees the existence of a complete audit trail for each operation.		1. Where revenue and expenditure operations or document exchanges are managed by means of computer systems, documents may be signed by a computerised or electronic procedure providing sufficient authentication of the signatory. Such computer systems shall include a full and up-to-date description of the system defining the content of all data fields, describing how each individual operation is treated and explaining in detail how the computer system guarantees the existence of a complete audit trail for each operation. <i>Explanation: "sufficient" deleted due to difficulties foreseen with practical applicability (in case an entity is not equipped to provide e-signature).</i>		1855
2. Subject to the prior agreement of the institutions and Member States		2. Subject to the prior agreement of the Union institutions and Member States		1856

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concerned, any transmission of documents between them may be done by electronic means.		concerned, any transmission of documents between them may be done by electronic means.		
<i>Article 142 e-Government</i>		<i>Article 142 e-Government</i>		1859
1. The institutions, the executive agencies and the bodies referred to in Articles 69 and 70 shall establish and apply uniform standards for the electronic exchange of information with participants. In particular, they shall, to the greatest possible extent, design and implement solutions for the submission, storage and processing of data submitted in award procedures, and to this end, shall put in place a single 'electronic data interchange area' for participants.		1. The Union institutions, the executive agencies and the Union bodies referred to in Articles 69 and 70 shall establish and apply uniform standards for the electronic exchange of information with participants. In particular, they shall, to the greatest possible extent, design and implement solutions for the submission, storage and processing of data submitted in award procedures, and to this end, shall put in place a single "electronic data interchange area" for participants.	New wording to include EP AMD 234 here. The Union institutions, the executive agencies and the Union bodies referred to in Articles 69 and 70 shall establish and apply uniform standards for the electronic exchange of information with participants. In particular, they shall, to the greatest possible extent, design and implement solutions for the submission, storage and processing of data submitted in award procedures, and to this end, shall put in place a single "electronic data interchange area" for participants. The Commission shall report regularly to the European Parliament and to the Council on the progress made in that regard.	1860
2. Under shared implementation, all official exchanges of information between the Member States and the Commission shall be carried out by means indicated in the sector specific rules. Those rules shall provide for interoperability of data gathered or received, and transmitted in the management of the budget.	AMD 233: 2. Under shared implementation, all official exchanges of information between the Member States and the Commission shall be carried out by means indicated in the sector-specific rules. Those rules shall provide for interoperability of data gathered or received, and transmitted in the implementation of the budget.	2. Under shared implementation management , all official exchanges of information between the Member States and the Commission shall be carried out by means indicated in the sector-specific rules. Those rules shall provide for interoperability of data gathered or received, and transmitted in the management of the budget.	Council wording is agreed.	1861
	AMD 234:		AMD 234 included in Article 142(1) so as	1861.1

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	<p>2a. The Commission shall report regularly to the European Parliament and to the Council on the progress in the implementation of e-Government.</p> <p><i>Justification:</i> Reinserted third paragraph from Art. 95 of Reg. 966/2012.</p>		not to be linked to shared management.	
Article 143 Electronic exchange systems		Article 143 Electronic exchange systems		1862
1. All exchanges with recipients, including the conclusion of legal commitments and any amendments thereto, may be done through electronic exchange systems.		1. All exchanges with recipients, including the conclusion of legal commitments and any amendments thereto, may be done through electronic exchange systems.		1863
2. The electronic exchange systems shall meet the following requirements:		2. The electronic exchange systems shall meet the following requirements:		1864
(a) only authorised persons may have access to the system and to documents transmitted through it;		(a) only authorised persons may have access to the system and to documents transmitted through it;		1865
(b) only authorised persons may electronically sign or transmit a document through the system;		(b) only authorised persons may electronically sign or transmit a document through the system;		1866
(c) authorised persons must be identified through the system by established means;		(c) authorised persons must be identified through the system by established means;		1867
(d) the time and date of the electronic transaction must be determined precisely;		(d) the time and date of the electronic transaction must be determined precisely;		1868
(e) the integrity of documents must be preserved;		(e) the integrity of documents must be preserved;		1869
(f) the availability of documents must be preserved;		(f) the availability of documents must be preserved;		1870
(g) where appropriate, the confidentiality of documents must		(g) where appropriate, the confidentiality of documents must be preserved;		1871

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be preserved;				
(h) the protection of personal data in accordance with the requirements of Regulation (EC) No 45/2001 must be ensured.		(h) the protection of personal data in accordance with the requirements of Regulation (EC) No 45/2001 must be ensured.		1872
3. Data sent or received through such a system shall enjoy legal presumption of the integrity of the data and the accuracy of the date and time of sending or receiving the data indicated by the system.		3. Data sent or received through such a system shall enjoy legal presumption of the integrity of the data and the accuracy of the date and time of sending or receiving the data indicated by the system.		1873
A document sent or notified through such a system shall be considered as equivalent to a paper document, shall be admissible as evidence in legal proceedings, shall be deemed original and shall enjoy legal presumption of its authenticity and integrity, provided it does not contain any dynamic features capable of automatically changing it.		A document sent or notified through such a system shall be considered as equivalent to a paper document, shall be admissible as evidence in legal proceedings, shall be deemed original and shall enjoy legal presumption of its authenticity and integrity, provided it that the document does not contain any dynamic features capable of automatically changing it. <i>Explanation: DQL clarification.</i>		1874
The electronic signatures referred to in point (b) of paragraph 2 shall have the equivalent legal effect of handwritten signatures.		The electronic signatures referred to in point (b) of paragraph 2 shall have the equivalent legal effect of handwritten signatures.		1875
<i>Article 144</i> <i>Submission of application documents</i>		<i>Article 144</i> <i>Submission of application documents</i>		1878
1. The arrangements for the submission of application documents shall be determined by the authorising officer responsible who may choose an exclusive method of submission.		1. The arrangements for the submission of application documents shall be determined by the authorising officer responsible who may choose an exclusive method of submission.		1879
The means of communication chosen shall be such as to ensure that there is genuine competition and that the		The means of communication chosen shall be such as to ensure that there is genuine competition and that the		1880

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following conditions are satisfied:		following conditions are satisfied:		
(a) each submission contains all the information required for its evaluation;		(a) each submission contains all the information required for its evaluation;		1881
(b) the integrity of data is preserved;		(b) the integrity of data is preserved;		1882
(c) the confidentiality of application documents is preserved;		(c) the confidentiality of application documents is preserved;		1883
(d) the protection of personal data in accordance with the requirements of Regulation (EC) No 45/2001 is ensured		(d) the protection of personal data in accordance with the requirements of Regulation (EC) No 45/2001 is ensured.		1884
2. The Commission shall ensure by appropriate means and in accordance with paragraph 1 of Article 142 that participants may enter the application documents and any supporting evidence in an electronic format. Any electronic communication system used to support communications and information exchanges shall be non-discriminatory, generally available and interoperable with information and communication technology (ICT) products in general use and shall not restrict participants' access to the award procedure.	AMD 235: <i>The Commission shall report regularly to the European Parliament and to the Council on the progress of the implementation of this paragraph.</i> <i>Justification: Reinserted second subparagraph from Art. 111 of Reg. 966/2012</i>	2. The Commission shall ensure by appropriate means and in accordance with paragraph 1 of Article 142 that participants may enter the application documents and any supporting evidence in an electronic format. Any electronic communication system used to support communications and information exchanges shall be non-discriminatory, generally available and interoperable with information and communication technology (ICT) products in general use and shall not restrict participants' access to the award procedure.	EP AMD 235 accepted.	1885 1885.1

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3. Devices for the electronic receipt of application documents shall guarantee, through technical means and appropriate procedures, that:		3. Devices for the electronic receipt of application documents shall guarantee, through technical means and appropriate procedures, that		1886
(a) the participant can be authenticated with certainty;		(a) the participant can be authenticated with certainty;		1887
(b) the exact time and date of the receipt of application documents can be determined precisely;		(b) the exact time and date of the receipt of application documents can be determined precisely;		1888
(c) only authorised persons have access to data transmitted under these requirements and may set or change the dates for opening them;		(c) only authorised persons have access to the data transmitted under these requirements and may set or change the dates for opening them application documents; <i>Explanation: DQL clarification.</i>		1889
(d) during the different stages of the award procedure only authorised persons may have access to all data submitted and may give access to these data as needed for the procedure;		(d) during the different stages of the award procedure only authorised persons may have access to all data submitted and may give access to these data as needed for the procedure;		1890
(e) it may be reasonably ensured that any attempt to infringe any of the conditions set out in points (a) to (e) can be detected.		(e) it may be reasonably ensured that any attempt to infringe any of the conditions set out in points (a) to (ed) can be detected.		1891
The first subparagraph shall not apply to contracts below the thresholds laid down in paragraph 1 of Article 169.		The first subparagraph shall not apply to contracts below the thresholds laid down in paragraph 1 of Article 169.		1892
4. Where the authorising officer responsible authorises submission of application documents by electronic means, the electronic documents submitted by means of such systems shall be deemed to be the originals.		4. Where the authorising officer responsible authorises submission of application documents by electronic means, the electronic documents submitted by means of such systems shall be deemed to be the originals.		1893
5. Where submission is by letter, participants may choose to submit		5. Where submission is by letter, participants may choose to submit		1894

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application documents:		application documents:		
(a) either by post or by courier service, in which case the evidence shall be constituted by the postmark or the date of the deposit slip;		(a) either by post or by courier service, in which case the evidence shall be constituted by the postmark or the date of the deposit slip;		1895
(b) by hand-delivery to the premises of the authorising officer responsible by the participant in person or by an agent, in which case the evidence shall be constituted by the acknowledgement of receipt.		(b) by hand-delivery to the premises of the authorising officer responsible by the participant in person or by an agent, in which case the evidence shall be constituted by the acknowledgement of receipt.		1896
6. By submitting application documents, participants accept to receive notification of the outcome of the procedure by electronic means.		6. By submitting application documents, participants accept to receive notification of the outcome of the procedure by electronic means.		1897
7. Paragraphs 1 to 6 shall not apply to the selection of persons or entities implementing Union funds pursuant to point (c) of Article 61 (1).		7. Paragraphs 1 to 6 shall not apply to the selection of persons or entities implementing Union funds pursuant to point (c) of Article 61(1).		1898
CHAPTER 3 RULES APPLICABLE TO DIRECT IMPLEMENTATION		CHAPTER 3 RULES APPLICABLE TO DIRECT IMPLEMENTATION		1901
<i>Article 145 Evaluation committee</i>		<i>Article 145 Evaluation committee</i>		1902
1. Application documents shall be evaluated by an evaluation committee.		1. Application documents shall be evaluated by an evaluation committee.		1903
2. The evaluation committee shall be appointed by the authorising officer responsible		2. The evaluation committee shall be appointed by the authorising officer responsible		1904
The committee shall be made up of at least three persons.		The committee shall be made up of at least three persons.		1905
3. The members of the committee evaluating grant applications or		3. The members of the committee evaluating grant applications or tenders		1906

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tenders shall represent at least two organisational entities of the institutions or bodies referred to in Articles 67, 69 and 70 with no hierarchical link between them, at least one of which does not come under the authorising officer responsible. In the representations and local units outside the Union and in the bodies referred to in Articles 67, 69 and 70, if there are no separate entities, the requirement of organisational entities with no hierarchical link between them shall not apply. A local unit shall be, for instance, a Union delegation, office or branch office in a third country.		shall represent at least two organisational entities of the Union institutions or bodies referred to in Articles 67, 69 and 70 with no hierarchical link between them, at least one of which does not come under the authorising officer responsible. In the representations and local units outside the Union and in the bodies referred to in Articles 67, 69 and 70, if there are no separate entities, the requirement of organisational entities with no hierarchical link between them shall not apply. A local unit shall be, for instance, a Union delegation, office or branch office in a third country.		
External experts may assist the committee by decision of the authorising officer responsible.		External experts may assist the committee by decision of the authorising officer responsible.		1907
Members of the committee may be external experts where that possibility is provided for in the basic act.		Members of the committee may be external experts where that possibility is provided for in the basic act.		1908
4. The members of the committee evaluating applications in a contest for prizes may be persons referred to in the first subparagraph of paragraph 3 or external experts.		4. The members of the committee evaluating applications in a contest for prizes may be persons referred to in the first subparagraph of paragraph 3 or external experts.		1909
5. The members of the evaluation committee and the external experts shall comply with the obligations laid down in Article 59.		5. The members of the evaluation committee and the external experts shall comply with the obligations laid down in Article 59.		1910
<i>Article 146</i> <i>Clarification and correction of application documents</i>		<i>Article 146</i> <i>Clarification and correction of application documents</i>		1912
The authorising officer responsible may correct obvious clerical errors in the		The authorising officer responsible may correct obvious clerical errors in the		1914

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application documents after confirmation of the intended correction by the participant.		application documents after confirmation of the intended correction by the participant.		
Where a participant fails to submit evidence or to make statements, the evaluation committee or, where appropriate, the authorising officer responsible shall, except in duly justified cases, ask the participant to provide the missing information or clarify supporting documents.		Where a participant fails to submit evidence or to make statements, the evaluation committee or, where appropriate, the authorising officer responsible shall, except in duly justified cases, ask the participant to provide the missing information or clarify supporting documents.		1915
Such information, clarification or confirmation shall not substantially change the application documents.		Such information, clarification or confirmation shall not substantially change the application documents.		1916
<i>Article 147 Guarantees</i>		<i>Article 147 Guarantees</i>		1917
1. Except for low value contracts and low value grants, the authorising officer responsible may, if proportionate and subject to a risk-analysis, require a guarantee to be submitted:	AMD 236: 1. Except for low value contracts and low value grants, the authorising officer responsible may, if proportionate and subject to his/her risk analysis , require a guarantee to be submitted: <i>Justification: Clarifies that it must be the authorising officer's own risk analysis.</i>	1. Except for low value contracts and low value grants, the authorising officer responsible may, if proportionate and subject to a risk-analysis, require a guarantee to be submitted:	New wording: "1. Except for low value contracts and low value grants lower than or equal to 60 000 EUR , the authorising officer responsible may, if proportionate and subject to his/her risk analysis , require a guarantee to be submitted."	1918
(a) by contractors or beneficiaries in order to limit the financial risks connected with payment of pre-financing ('guarantee on pre-financing');		(a) by contractors or beneficiaries in order to limit the financial risks connected with payment of pre-financing ("guarantee on pre-financing");		1919
(b) by contractors to ensure compliance with substantial contractual obligations in the case of works, supplies or complex services ('performance guarantee');		(b) by contractors to ensure compliance with substantial contractual obligations in the case of works, supplies or complex services ('performance guarantee');		1920

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(c) by contractors to ensure full performance of the contract during the contract liability period ('retention money guarantee').		(c) by contractors to ensure full performance of the contract during the contract liability period ("retention money guarantee").		1921
The JRC shall be exempted from lodging guarantees.		The JRC shall be exempted from lodging guarantees.		1922
As an alternative to requesting a guarantee on pre-financing, for grants, the authorising officer responsible may decide to split the payment into several instalments.		As an alternative to requesting a guarantee on pre-financing, for grants, the authorising officer responsible may decide to split the payment into several instalments.		1923
2. The authorising officer responsible shall decide whether the guarantee shall be denominated in euro or in the currency of the contract or of the grant agreement.		2. The authorising officer responsible shall decide whether the guarantee shall be denominated in euro or in the currency of the contract or of the grant agreement.		1924
3. The guarantee shall be supplied by a bank or by an authorised financial institution accepted by the authorising officer responsible.		3. The guarantee shall be supplied by a bank or by an authorised financial institution accepted by the authorising officer responsible.		1925
At the request of the contractor or the beneficiary and provided it is accepted by the authorising officer responsible:		At the request of the contractor or the beneficiary and provided it is accepted by the authorising officer responsible:		1925.1
(a) the guarantee referred to points (a), (b) and (c) of paragraph 1 may be replaced by a joint and several guarantee by a third party;		(a) the guarantee referred to points (a), (b) and (c) of paragraph 1 may be replaced by a joint and several guarantee by of the contractor or the beneficiary and a third party; <i>Explanation: DQL clarification.</i>		1926
(b) the guarantee referred to in point (a) of paragraph 1 may be replaced by the irrevocable and unconditional joint guarantee of the beneficiaries who are parties to the same grant agreement.		(b) the guarantee referred to in point (a) of paragraph 1 may be replaced by the irrevocable and unconditional joint guarantee of the beneficiaries who are parties to the same grant agreement.		1927

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4. The guarantee shall have the effect of making the bank or financial institution or the third party stand as irrevocable collateral security, or first-call guarantor of the contractor's or beneficiary's obligations.		4. The guarantee shall have the effect of making the bank or financial institution or the third party stand as irrevocable collateral security, or first-call guarantor of the contractor's or beneficiary's obligations.		1928
5. Where in the course of implementation of the contract or the grant agreement the authorising officer responsible discovers that a guarantor is not or no longer authorised to issue guarantees in accordance with the applicable national law, he shall require that the contractor or the beneficiary replaces the guarantee supplied by such a guarantor.		5. Where in the course of implementation of the contract or the grant agreement the authorising officer responsible discovers that a guarantor is not or no longer authorised to issue guarantees in accordance with the applicable national law, he shall require that the contractor or the beneficiary replaces the guarantee supplied by such a guarantor.		1929
<i>Article 148 Guarantee on pre-financing</i>		<i>Article 148 Guarantee on pre-financing</i>		1930
1. The guarantee shall be for an amount not exceeding the amount of the pre-financing.		1. The guarantee shall be for an amount not exceeding the amount of the pre-financing.		1931
	AMD 237: <i>The guarantee shall be valid for a period sufficiently long to allow it to be activated.</i> <i>Justification: Reinserted from RAP Art. 206(2). Sentence was omitted by Commission.</i>		EP AMD 237 is accepted.	1931.1
2. The guarantee shall be released as and when the pre-financing is deducted from interim payments or payments of the balance to the contractor or the beneficiary in accordance with the terms of the contract or the conditions of the grant agreement.		2. The guarantee shall be released as and when the pre-financing is deducted from interim payments or payments of the balance to the contractor or the beneficiary in accordance with the terms of the contract or the conditions of the grant agreement.		1932

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TITLE VI INDIRECT IMPLEMENTATION		TITLE VI INDIRECT IMPLEMENTATION MANAGEMENT		1936
<i>Article 149 Indirect implementation</i>		<i>Article 149 Indirect implementation-management</i>		1937
1. The selection of the entities and persons implementing Union funds or budgetary guarantees pursuant to point (c) of Article 61 (1) shall be transparent, justified by the nature of the action and shall not give rise to a conflict of interests. For entities mentioned in points (ii), (v), (vi) and (vii) of Article 61(1)(c) the selection shall also take due account of their operational and financial capacity.	AMD 238: 1. The selection of the entities and persons to be entrusted with budget implementation tasks, including implementation of budgetary guarantees pursuant to point (c) of Article 61 (1) shall be transparent, justified by the nature of the action and shall not give rise to a conflict of interests. For entities mentioned in points (ii), (v), (vi) and (vii) of Article 61(1)(c) the selection shall also take due account of their operational and financial capacity. <i>Justification: Reinserted from Art. 60(1), Reg. 966/2012.</i>	1. The selection of the entities and persons implementing Union funds or budgetary guarantees pursuant to point (c) of Article 61 (1) shall be transparent, justified by the nature of the action and shall not give rise to a conflict of interests. For entities mentioned in points (ii), (v), (vi) and (vii) of Article 61(1)(c) the selection shall also take due account of their operational and financial capacity.	New wording: "1. The selection of the entities and persons entrusted with the implementation ag of Union funds or budgetary guarantees pursuant to point (c) of Article 61 (1) shall be transparent, justified by the nature of the action and shall not give rise to a conflict of interests. For entities mentioned in points (ii), (v), (vi) and (vii) of Article 61(1)(c) the selection shall also take due account of their operational and financial capacity."	1938
Where the entity or person is identified in a basic act, the financial statement provided for in Article 33 shall include a reasoned justification for the choice of that particular entity or person.		Where the entity or person is identified in a basic act, the financial statement provided for in Article 33 shall include a reasoned justification for the choice of that particular entity or person.		1939
In cases of implementation by a network, requiring the designation of at least one body or entity by Member State or by country concerned, the body or entity shall be designated by the Member State or the country concerned in accordance with the basic act. In all other cases, the Commission shall designate such bodies or entities in agreement with		In cases of implementation by a network, requiring the designation of at least one body or entity by Member State or by country concerned, the body or entity shall be designated by the Member State or the country concerned in accordance with the basic act. In all other cases, the Commission shall designate such bodies or entities in agreement with the Member States or		1940

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the Member States or countries concerned.		countries concerned.		
2. Entities and persons implementing Union funds or budgetary guarantees pursuant to point (c) of Article 61(1) shall respect the principles of sound financial management, transparency, non-discrimination and visibility of Union action. Where the Commission establishes financial partnership agreements in accordance with Article 126 those principles shall be further described in such agreements.	<p>AMD 239:</p> <p>2. Entities and persons entrusted with budget implementation tasks including implementation of budgetary guarantees pursuant to point (c) of Article 61(1) shall respect the principles of sound financial management, transparency, non-discrimination and visibility of Union action. Where the Commission establishes financial partnership agreements in accordance with Article 126 those principles shall be further described in such agreements.</p> <p><i>Justification:</i> Reinserted from Art. 60(1), Reg. 966/2012.</p>	<p>2. Entities and persons implementing Union funds or budgetary guarantees pursuant to point (c) of Article 61(1) shall respect the principles of sound financial management, transparency, non-discrimination and visibility of Union action. Where the Commission establishes financial framework partnership agreements in accordance with Article 126 those principles shall be further described in such agreements.</p> <p><i>Explanation:</i> Harmonisation of terminology.</p>	<p>New wording:</p> <p>"2. Entities and persons entrusted with the implementation of Union funds or budgetary guarantees pursuant to point (c) of Article 61(1) shall respect the principles of sound financial management, transparency, non-discrimination and visibility of Union action. Where the Commission establishes financial [framework] partnership agreements in accordance with Article 126 those principles shall be further described in such agreements."</p> <p><i>Note: terminology to be checked.</i></p>	1941
	<p>AMD 240:</p> <p>2a. The entities and persons entrusted pursuant to point (c) of Article 61(1) shall prevent, detect, correct and notify the Commission of irregularities and fraud when executing tasks relating to the implementation of the budget. To that end, they shall carry out, in accordance with the principle of proportionality, ex ante and ex post controls including, as appropriate, on-the-spot checks on representative and risk-based samples of transactions, to ensure that the actions financed from the budget are effectively</p>		EP drops AMD 240, as this is covered in Article 124.	1941.1

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	<p><i>carried out and implemented correctly. They shall also recover funds unduly paid, exclude from access to Union funds or impose financial penalties and bring legal proceedings where necessary in that regard.</i></p> <p><i>Justification:</i> Reinserted Art. 60(3) of Reg. 966/2012.</p>			
<p>3. Prior to signing contribution agreements, financing agreements or guarantee agreements, the Commission shall ensure a level of protection of the financial interests of the Union equivalent to that when the Commission implements the funds in accordance with point (a) of Article 61(1). It shall do so by carrying out an assessment of the systems and procedures of the entities or persons implementing the Union funds if it intends to rely on them for the implementation of the action or by applying appropriate supervisory measures.</p>		<p>3. Without prejudice to Title X the Commission may provide a Union contribution in any of the forms referred to in Article 121(1). Prior to signing contribution agreements, financing agreements or guarantee agreements, the Commission shall ensure a level of protection of the financial interests of the Union equivalent to the one that is provided for when the Commission implements the funds in accordance with point (a) of Article 61(1). ¶ The Commission shall do so by carrying out an assessment of the systems and procedures of the entities or persons implementing the Union funds if it intends to rely on them such systems and procedures for the implementation of the action or by applying appropriate supervisory measures in accordance with paragraph 5.</p> <p><i>Explanation:</i> Addition in the beginning ("without prejudice to Title X...") is in line with the clarifications made to Art. 61 on which budget instruments/forms of contributions apply to which management mode.</p> <p><i>Other modifications are clarifications by</i></p>	<p>New wording (based on Council text):</p> <p>3. Without prejudice to Title X the Commission may provide a Union contribution in any of the forms referred to in Article 121(1). Prior to signing contribution agreements, financing agreements or guarantee agreements, the Commission shall ensure a level of protection of the financial interests of the Union equivalent to the one that is provided for when the Commission implements the funds in accordance with point (a) of Article 61(1). ¶ The Commission shall do so by carrying out an assessment of the systems and procedures of the entities or persons implementing the Union funds if it intends to rely on them such systems and procedures for the implementation of the action or by applying appropriate supervisory measures in accordance with paragraph 5.</p>	1942

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		<i>DQL. Reference to paragraph 5 clarifies which supervisory measures apply.</i>		
4. The Commission shall assess in accordance with the principle of proportionality and with due consideration for the nature of the action and the financial risks involved, that the entities and persons implementing EU funds pursuant to point (c) of Article 61(1):		4. The Commission shall assess in accordance with the principle of proportionality and with due consideration for the nature of the action and the financial risks involved, that the entities and persons implementing EU funds pursuant to point (c) of Article 61(1):		1943
(a) set up and ensure the functioning of an effective and efficient internal control system based on international best practices and allowing in particular to prevent, detect and correct irregularities and fraud;		(a) set up and ensure the functioning of an effective and efficient internal control system based on international best practices and allowing in particular to prevent, detect and correct irregularities and fraud;		1944
(b) use an accounting system that provides accurate, complete and reliable information in a timely manner;		(b) use an accounting system that provides accurate, complete and reliable information in a timely manner;		1945
(c) are subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;		(c) are subject to an independent external audit, performed in accordance with internationally accepted auditing standards by an audit service functionally independent of the entity or person concerned;		1946
(d) apply appropriate rules and procedures for providing financing to third parties including appropriate review procedures, rules for recovering funds unduly paid and rules for excluding from access to funding;	AMD 241: (d) apply appropriate rules and procedures for providing financing to third parties including transparent, non-discriminatory, efficient and effective review procedures, rules for recovering funds unduly paid and rules for excluding from	(d) apply appropriate rules and procedures for providing financing to third parties including appropriate review procedures, rules for recovering funds unduly paid and rules for excluding from access to funding;	EP AMD 241 is agreed.	1947

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	access to funding;			
(e) make public adequate information on their recipients;		(e) make public adequate equivalent information on their recipients as provided for in Article 36 ; <i>Explanation: Clarification and alignment to Art. 36.</i>	New drafting: (e) make public adequate information on their recipients equivalent to that provided for under as provided for in Article 36	1948
(f) ensure equivalent protection of personal data to that referred to under Article 5.		(f) ensure equivalent protection of personal data to that referred to under Article 5.		1949
In addition, in agreement with the entities or persons, the Commission may assess other rules and procedures such as the administration cost accounting practices of the entities. On the basis on the results of this assessment the Commission may decide to rely on those rules and procedures.	AMD 242: In addition, in agreement with the entities or persons, the Commission may assess other rules and procedures such as the administration cost accounting practices of the entities. On the basis on the results of this assessment the Commission may decide to rely on those rules and procedures. The annual activity report referred to in Article 73(9) shall contain information about any such decision.	In addition, in agreement with the entities or persons, the Commission may assess other rules and procedures such as the administration cost accounting practices of the entities. On the basis on the results of this assessment the Commission may decide to rely on those rules and procedures.	EP AMD 242 dropped.	1950
Entities or persons which have been assessed under these requirements shall inform the Commission without undue delay if any substantive changes are made to the rules, systems or to the procedures of the entity or person which may impact the reliability of the Commission's assessment.		Entities or persons which have been assessed under these requirements in accordance with the first and second subparagraphs shall inform the Commission without undue delay if any substantive changes are made to their rules, systems or to the procedures of the entity or person which may impact the reliability of the Commission's assessment.		1951
5. Where these entities or persons	AMD 243: 5. Where these entities or persons	5. Where these entities or persons comply	New wording:	1952

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comply only in part with the requirements referred to in paragraph 4, the Commission shall take appropriate supervisory measures ensuring the protection of the Union's financial interests. These measures shall be specified in the relevant agreements.	comply only in part with the requirements referred to in paragraph 4, the Commission shall take appropriate supervisory measures ensuring the protection of the Union's financial interests. These measures shall be specified in the relevant agreements. The annual activity report referred to in Article 73(9) shall contain information about any such measure.	only in part with the requirements referred to in paragraph 4, the Commission shall take appropriate supervisory measures ensuring the protection of the Union's financial interests. These measures shall be exercised by ex-ante or ex-post checks or by combined procedures and shall be specified in the relevant agreements. <i>Explanation: Language from previous Art. 188(1) included to specify how to monitor shortcomings.</i>	5. Where these entities or persons comply only in part with the requirements referred to in paragraph 4, the Commission shall take appropriate supervisory measures ensuring the protection of the Union's financial interests. These measures shall be specified in the relevant agreements. Information about any such measures shall be made available to the European Parliament and the Council at their request.	
6. An ex-ante assessment may not be required:		6. The Commission may decide, not to require an ex-ante assessment may not be required: <i>Explanation: Clarify to whom this is addressed.</i>		1953
(a) for the bodies referred to in Articles 69 and 70 and for persons referred to in point (viii) of Article 61(1)(c) which have adopted financial rules with prior consent of the Commission;		(a) for the bodies referred to in Articles 69 and 70 and for the bodies or persons referred to in point (viii) of Article 61(1)(c) which have adopted financial rules with prior consent of the Commission; <i>Explanation: Harmonisation.</i>		1954
(b) for third countries or the bodies they designate, in so far as the Commission retains financial management responsibilities that guarantee a sufficient protection of the financial interests of the Union; or		(b) for third countries or the bodies they designate, in so far as the Commission retains financial management responsibilities that guarantee a sufficient protection of the financial interests of the Union; or		1955
(c) for those procedures specifically required by the Commission, including its own or those specified in basic acts.		(c) for those procedures specifically required by the Commission, including its own or those specified in basic acts.		1956

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7. Where the systems or procedures of the entities or persons referred to in point (c) of Article 61(1) are assessed as appropriate, Union contributions to these entities or persons may be implemented in accordance with this Title. Where such entities or persons participate in a call for proposals they shall abide by the rules of the call for proposals in accordance with Title VIII. In such a case the authorising officer may decide to sign a contribution agreement or a financing agreement instead of a grant agreement.		7. Where the systems or procedures of the entities or persons referred to in point (c) of Article 61(1) are assessed as appropriate, Union contributions to these entities or persons may be implemented in accordance with this Title. Where such entities or persons participate in a call for proposals they shall abide by the rules of the call for proposals in accordance with Title VIII. In such a case the authorising officer may decide to sign a contribution agreement or a financing agreement instead of a grant agreement.		1957
<i>Article 150 Implementation</i>		<i>Article 150 Implementation</i>		1958
1. Entities and persons implementing EU funds or budgetary guarantees shall provide the Commission with:		1. Entities and persons implementing EU funds or budgetary guarantees shall provide the Commission with:		1959
(a) a report on the implementation of the Union funds or the budgetary guarantee, including the fulfilment of the conditions or results referred to in point (e) of Article 121(1);		(a) a report on the implementation of the Union funds or the budgetary guarantee, including the fulfilment of the conditions or the achievement of results referred to in point (e) of Article 121(1); <i>Explanation: Harmonisation with Art. 121.</i>		1960
(b) where the contribution reimburses expenditure, their accounts drawn up for the expenditure incurred;		(b) where the contribution reimburses expenditure, their accounts drawn up for the expenditure incurred;		1961
(c) a management declaration covering the information referred to in point(a) and where appropriate point (b) confirming that:		(c) a management declaration covering the information referred to in point(a) and where appropriate point (b) confirming that:		1962
(i) the information is properly presented, complete and		(i) the information is properly presented, complete and		1963

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accurate;		accurate;		
(ii) the EU contribution was used for its intended purpose, as defined in the contribution agreements, financing agreements or guarantee agreements, where applicable, in the relevant sector-specific rules;		(ii) the EU contribution was Union funds were used for its their intended purpose, as defined in the contribution agreements, financing agreements or guarantee agreements, or where applicable, in the relevant sector-specific rules; <i>Explanation: Improvement of language.</i>		1964
(iii) the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;		(iii) the control systems put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions;		1965
(d) a summary of the final audit reports and of controls carried out, including an analysis of the nature and extent of errors and weaknesses identified in systems, as well as corrective action taken or planned.		(d) a summary of the final audit reports and of controls carried out, including an analysis of the nature and extent of errors and weaknesses identified in systems, as well as corrective action taken or planned. Where cross-reliance on audits as referred to in Article 123 takes place, the summary shall include all relevant audit documentation to be relied upon. <i>Explanation: To harmonise the requirement for a summary report with cross-reliance (where applicable).</i>	As Article 123 in the Council version was agreed to, this is also agreed to.	1966
In case of actions terminating before the end of the financial year concerned, the final report for such action may replace the management declaration referred to in point (c), provided it is submitted before 15 February of the year following the financial year concerned.		In case of actions terminating before the end of the financial year concerned, the final report for such action may replace the management declaration referred to in point (c) of the first subparagraph , provided it is submitted before 15 February of the year following the financial year concerned.		1967

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		<i>Explanation: DQL improvement.</i>		
The documents referred to in the first subparagraph shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards. That opinion shall establish whether the control systems put in place function properly and are cost-effective, and whether the underlying transactions are legal and regular. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration under point (c) of the first subparagraph. Where such an opinion is absent, the authorising officer may seek an equivalent level of assurance through other independent means.		The documents referred to in the first subparagraph shall be accompanied by an opinion of an independent audit body, drawn up in accordance with internationally accepted audit standards. That opinion shall establish whether the control systems put in place function properly and are cost-effective, and whether the underlying transactions are legal and regular. The opinion shall also state whether the audit work puts in doubt the assertions made in the management declaration under point (c) of the first subparagraph. Where such an opinion is absent, the authorising officer may seek an equivalent level of assurance through other independent means.		1968
The documents referred to in the first subparagraph shall be provided to the Commission no later than 15 February of the following financial year. The opinion referred to in the third subparagraph shall be provided to the Commission no later than 15 March.		The documents referred to in the first subparagraph shall be provided to the Commission no later than 15 February of the following financial year. The opinion referred to in the third subparagraph shall be provided to the Commission no later than 15 March.		1969
The obligations set out in this paragraph shall be without prejudice to agreements concluded with the EIB group, international organisations and third countries. With regard to the management declaration, such agreements shall include at least the obligation of those entities to provide the Commission annually with a	AMD 244: <i>The obligations set out in this paragraph shall be without prejudice to agreements concluded with the EIB, the EIF, international organisations and third countries. With regard to the management declaration, such agreements shall include at least the obligation of those entities to provide the Commission</i>	The obligations set out in this paragraph shall be without prejudice to agreements concluded with the EIB group, the EIF, Member State organisations, international organisations and third countries. With regard to the management declaration, such agreements shall include at least the obligation of those entities to provide the	Council wording is agreed.	1970

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statement that, during the financial year concerned, the Union contribution was used and accounted for in compliance with the requirements set out in paragraphs 3 and 4 of Article 149 and with the obligations laid down in such agreements. Such statement may be incorporated in the final report if the action implemented is limited to 18 months.	<i>annually with a statement that, during the financial year concerned, the Union contribution was used and accounted for in compliance with the requirements set out in paragraphs 3 and 4 of Article 149 and with the obligations laid down in such agreements. Such statement may be incorporated in the final report if the action implemented is limited to 18 months.</i> <i>Justification:</i> See AMD 145.	Commission annually with a statement that, during the financial year concerned, the Union contribution funds were was used and accounted for in compliance with the requirements set out in paragraphs 3 and 4 of Article 149 and with the obligations laid down in such agreements. Such statement may be incorporated in the final report if the action implemented is limited to 18 months. <i>Explanation:</i> Council proposes to treat MS organisations on par with IOs. EIF was missing in the list (as EP). Harmonisation to "Union funds".		
2. Entities and persons implementing EU funds or budgetary guarantees shall:		2. When implementing Union funds or budgetary guarantees, e Entities and persons implementing EU funds or budgetary guarantees shall: <i>Explanation:</i> Modified in order to create a clear link between the implementation of Union funds and the obligations.	New wording (vs. Cion wording): 2. When implementing Union funds, entities and persons implementing EU funds or budgetary guarantees shall:	1971
(a) comply with relevant standards and applicable legislation on the prevention of money laundering, and the fight against terrorism, tax fraud and tax evasion;		(a) comply with relevant standards and applicable legislation on the prevention of money laundering, and the fight against terrorism, tax fraud and tax evasion;	(a) comply with relevant standards and applicable Union legislation and agreed international and Union standards and, therefore, not support actions that contribute to on the prevention of money laundering, and the fight against terrorism financing, tax avoidance, tax fraud and tax evasion;	1972
(b) not make use of or engage in tax avoidance structures, in particular aggressive tax planning schemes, or practices not complying with good governance criteria on taxation, as set out in EU legislation or communications and		(b) not make use of or engage in tax avoidance structures, in particular aggressive tax planning schemes, or practices not complying with EU good governance criteria principles on taxation, as set out in EU the Union legislation; and shall in this	Deleted	1973

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recommandations or any formal instruction by the Commission;		<p>context, take the utmost account of the policies of the Union or communications and recommendations or any formal instruction by the Commission;</p> <p><i>Explanation: Aligned to Council Position on taxation provision in various files (for legal reasons: no reference to non-binding communications and recommendations).</i></p>		
(c) not be established, and, in relation to the implementation of the financial instruments and budgetary guaranties, not maintain business relations with entities incorporated in jurisdictions that do not co-operate with the Union in relation to the application of the internationally agreed tax standards on transparency and exchange of information.		<p>(c) not be established, and, in relation to the implementation of the financial instruments and budgetary guaranties, not maintain business relations with entities incorporated in jurisdictions that do not co operate with the Union in relation to the application of the internationally agreed tax standards on transparency and exchange of information. When concluding agreements with financial intermediaries, the entity or person shall transpose the requirements referred to in this Article into the relevant contracts.</p> <p><i>Explanation: as above - aligned to language agreed within Council.</i></p>	(c) when implementing financial instruments and budgetary guarantees in accordance with Title X, not enter into new or renewed operations be established, and, in relation to the implementation of the financial instruments and budgetary guaranties, not maintain business relations with entities incorporated or established in jurisdictions listed under the relevant Union policy on non-cooperative jurisdictions or that are identified as high risk third countries pursuant to Article 9(2) of Directive (EU) No. 2015/849, or that do not effectively comply with Union or that do not co-operate with the Union in relation to the application of the internationally agreed tax standards on transparency and exchange of information. They may derogate from this principle only if the action is physically implemented in one of those third country jurisdictions, and does not present any indication that the relevant operation falls under any of the categories listed in point (a) of this paragraph.	1974

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			When concluding agreements with financial intermediaries, entities and persons implementing financial instruments and budgetary guarantees in accordance with Title X shall transpose the requirements referred to in this Article into the relevant agreements and shall request the financial intermediaries to report on their observance.	1974.1
			2a. When implementing financial instruments and budgetary guarantees in accordance with Title X, entities and persons shall apply the principles and standards set out in Union law on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing and in particular Regulation (EU) 2015/847 of the European Parliament and of the Council and Directive (EU) 2015/849. They shall make funding under this Regulation contingent upon the disclosure of beneficial ownership information in accordance with Directive (EU) 2015/849 and publish country-by-country reporting data in accordance with Article 89(1) of Directive 2013/36/EU of the European Parliament and of the Council	1974.2
3. The Commission shall verify that the		3. The Commission shall verify that the		1975

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<p>Union funds or budgetary guarantee has been used in accordance with the conditions laid down in the relevant agreements. Where the costs of the entity or person are reimbursed based on a simplified cost option in accordance with points (b) to (d) of Article 121 the provisions of points (1) to (4) of Article 175 and Articles 176 to 178 shall apply mutatis mutandis. Where the Union funds or budgetary guarantee has been used in breach of the obligations laid down in the relevant agreements, Article 127 shall apply.</p>		<p>Union funds or budgetary guarantee has been used in accordance with the conditions laid down in the relevant agreements. Where the costs of the entity or person are reimbursed based on a simplified cost option in accordance with points (b) to (d) of Article 121 the provisions of points (1) to (4) of Article 175 and Articles 176 to 178 shall apply mutatis mutandis. Where the Union funds or budgetary guarantee has been used in breach of the obligations laid down in the relevant agreements, Article 127 shall apply.</p>		
<p>4. In multi-donor actions, where the Union contribution reimburses expenditure, the procedure referred to in paragraph 3 shall consist in verifying that an amount corresponding to that paid by the Commission for the action concerned has been used by the entity in accordance with the conditions laid down in the relevant grant, contribution or financing agreement.</p>		<p>4. In multi-donor actions, where the Union contribution reimburses expenditure, the procedure referred to in paragraph 3 shall consist in verifying that an amount corresponding to that paid by the Commission for the action concerned has been used by the entity in accordance with the conditions laid down in the relevant grant, contribution or financing agreement.</p>		1976
<p>5. Contribution agreements, financing agreements or guarantee agreements shall clearly define the responsibilities and obligations of the entity implementing EU funds, including the obligations referred to in Article 124, the conditions for payment of the contribution as well as, where applicable, the remuneration which should, where appropriate, be performance-based. Those agreements shall also include rules on reporting to the Commission</p>		<p>5. Contribution agreements, financing agreements or guarantee agreements shall clearly define the responsibilities and obligations of the entity implementing EU funds, including the obligations referred to in Article 124 and the conditions for payment of the contribution. Such agreements shall also, as well as, where applicable, define the mutually agreed remuneration which should may be commensurate with the conditions for implementing the actions taking</p>	<p>New wording:</p> <p>5. Contribution agreements, financing agreements or guarantee agreements shall clearly define the responsibilities and obligations of the entity implementing EU funds, including the obligations referred to in Article 124 and the conditions for payment of the contribution. Such agreements shall also, as well as, where applicable, define the</p>	1978

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on how the tasks are performed, the results expected including indicators on measuring performance and the obligation for entities implementing EU funds to notify the Commission without delay of cases of detected fraud and irregularities and their follow-up.		<p>due account of situations of crisis and fragility and may, where appropriate, be performance-based. Those agreements shall also include rules on reporting to the Commission on how the tasks are performed, the results expected including indicators on measuring performance and the obligation for entities implementing EU funds to notify the Commission without delay of cases of detected fraud and irregularities and their follow-up.</p> <p><i>Explanation: Council proposes to adapt remuneration to level of difficulties for implementation (concerns external policies).</i></p>	<p>mutually agreed remuneration which should may shall be commensurate with the conditions for implementing the actions taking due account of situations of crisis and fragility and may, where appropriate, be performance-based. Those agreements shall also include rules on reporting to the Commission on how the tasks are performed, the results expected including indicators on measuring performance and the obligation for entities implementing EU funds to notify the Commission without delay of cases of detected fraud and irregularities and their follow-up.</p>	
6. All contribution agreements, financing agreements and guarantee agreements shall be made available to the European Parliament and the Council at their request.	AMD 245: 6. All contribution agreements, financing agreements and guarantee agreements shall be made available in the annual activity report referred to in Article 73(9).	6. All contribution agreements, financing agreements and guarantee agreements shall be made available to the European Parliament and the Council at their request.	EP drops AMD 245.	1979
7. Article 150 shall not apply to the contribution of the Union to entities which are subject to a separate discharge procedure under Articles 69 and 70, with the exception of possible ad hoc contribution agreements.		<p>7. Article 150 shall not apply to the contribution of the Union to entities bodies which are subject to a separate discharge procedure under Articles 69 and 70, with the exception of possible ad hoc contribution agreements.</p> <p><i>Explanation: Harmonisation.</i></p>		1980
<i>Article 151 Indirect implementation with International Organisations</i>		<i>Article 151 Indirect implementation management with International Organisations</i>		1984
1. International organisations shall be international public-sector organisations set up by international agreements and specialised agencies		1. International organisations shall be The Commission may, in accordance with point (ii) of Article 61(1)(c), implement the budget indirectly through		1985

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set up by such organisations. Those agreements shall be transmitted to the Commission as part of the assessment carried out by the Commission referred to in Article 149(3).		international public-sector organisations set up by international agreements (" international organisations ") and through specialised agencies set up by such organisations. Those agreements shall be transmitted to the Commission as part of the assessment carried out by the Commission referred to in Article 149(3). <i>Explanation: DQL to render wording more regulatory (was worded like a definition).</i>		
2. The following organisations shall be assimilated to international organisations:		2. The following organisations shall be assimilated to international organisations:		1986
(a) the International Committee of the Red Cross;		(a) the International Committee of the Red Cross;		1987
(b) the International Federation of National Red Cross and Red Crescent Societies.		(b) the International Federation of National Red Cross and Red Crescent Societies.		1988
3. The Commission may adopt a duly justified decision assimilating a non-profit organisation to an international organisation providing that it satisfies the following conditions:		3. The Commission may adopt a duly justified decision assimilating a non-profit organisation to an international organisation providing that it satisfies the following conditions:		1989
(a) it has its own legal personality and autonomous governance bodies;		(a) it has its own legal personality and autonomous governance bodies;		1990
(b) it has been established to perform specific tasks of general international interest;		(b) it has been established to perform specific tasks of general international interest;		1991
(c) at least six Member State are members of the non-profit organisation;		(c) at least six Member State are members of the non-profit organisation;		1992
(d) it provides adequate financial guarantees;		(d) it provides adequate financial guarantees;		1993

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(e) it operates on the basis of a permanent structure and in accordance with systems, rules and procedures which may be assessed in accordance with Article 149(3).		(e) it operates on the basis of a permanent structure and in accordance with systems, rules and procedures which may be assessed in accordance with Article 149(3).		1994
4. Where international organisations implement funds under indirect implementation, verification agreements concluded with them shall apply.		4. Where international organisations implement funds under indirect implementation management , verification agreements concluded with them shall apply.		1995
	AMD 246: Article 151 a Indirect implementation with Member State Organisations	Article 151a Indirect management with Member State Organisations <i>Explanation: Council proposes to treat MS organisations equal to IOs. See also additions in Art. 61(1)(c) (v) and (vi).</i>		1995.1
	1. Member State Organisations shall mean entities listed in points (v) to (vii) of Article 61(1)(c) provided that: (i) they are entrusted by Member States with a public service mission in the field of international development and cooperation and are established under private or public law in Member States; (ii) their systems and procedures which are adapted to the specific legal and operational contexts of international development and cooperation have been positively assessed	1. The Commission may, in accordance with points (v) and (vi) of Article 61(1)(c) implement the budget indirectly through Member State organisations that are established in a Member State and that have been entrusted by that Member State with a public service mission.	New wording based on Council: "1. The Commission may, in accordance with points (v) and (vi) of Article 61(1)(c) implement the budget indirectly through Member State organisations that are established in a Member State and that have been entrusted by that Member State with a public service mission.	1995.2

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	<i>as provided for in Article 149(4).</i>			
	<p>2. The Commission shall rely on those systems and procedures of the Member State Organisations that have been positively assessed in accordance with Article 149(4) or any additional systems and procedures beyond the scope of assessment of that article which have been duly established and are applied under the scrutiny of the relevant Member States, such as the cost structure of the Member State Organisations. In particular, but not exclusively, such cross-reliance shall apply to systems and procedures referred to under Article 123.</p>	<p>2. Where the Commission implements the budget indirectly with Member States organisations, it shall rely on the systems and procedures of those organisations, that have been assessed in accordance with Article 149(3) and (4). Financial framework partnership agreements concluded with Member State organisations in accordance with Article 126 shall further specify the extent and modalities of cross-reliance on systems and procedures of Member State organisations.</p>	<p>New wording based on Council:</p> <p>"2. Where the Commission implements the budget indirectly with Member States organisations, it shall rely on the systems and procedures of those organisations, that have been assessed in accordance with Article 149(3) and (4). Financial framework partnership agreements concluded with Member State organisations in accordance with Article 126 shall further specify the extent and modalities of cross-reliance on systems and procedures of Member State organisations."</p>	1995.3
	<p>3. Financial Framework Partnership Agreements concluded with Member State Organisations in accordance with Article 126 shall further specify the extent and modalities of cross-reliance on systems and procedures of Member State Organisations.</p> <p><i>Justification: Additional article in the Title on indirect implementation to recognise the particularities of Member State Organisations' activities in the field of external EU aid.</i></p>	<p>3. Where Member State organisations are entrusted with the implementation of Union funds, the financial framework partnership agreements concluded with them, may include specific provisions assessments as referred to in Article 122 and on the application of cross-reliance on audits as referred to in Article 123.</p>	<p>New wording based on EP:</p> <p>"3. Financial Framework Partnership Agreements concluded with Member State organisations in accordance with Article 126 shall further specify the extent and modalities of cross-reliance on systems and procedures of Member State organisations and may include specific provisions on the application of cross-reliance on assessments and audits as referred to in Articles 122 and 123."</p>	1995.4
Article 152 Indirect implementation with third countries		Article 152 Indirect implementation management with third countries		1996

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1. The Commission may implement the budget in partnership with a third country as referred to point (i) of Article 61 (1) (c) through the signature of a financing agreement describing the Union's intervention in the third country and laying down the implementation method for each part of the action.		1. The Commission may implement the budget indirectly in partnership with a third country or the bodies it has designated as referred to point (i) of Article 61(1)(c) through the signature of a financing agreement describing the Union's intervention in the third country and laying down the implementation method for each part of the action. <i>Explanation: Linguistic improvement and clarification regarding bodies entrusted with indirect management.</i>		1997
2. For the part of the action implemented indirectly by the third country or the bodies it has designated, the financing agreement shall, in addition to the elements referred to in Article 150 (4), clearly define the roles and responsibilities of the third country and of the Commission in the implementation of the funds. The financing agreement shall also determine the rules and procedures applied by the third country when implementing EU funds.		2. For the part of the action implemented indirectly by with the third country or the bodies it has designated, the financing agreement shall, in addition to the elements referred to in Article 150(4), clearly define the roles and responsibilities of the third country and of the Commission in the implementation of the funds. The financing agreement shall also determine the rules and procedures applied by the third country when implementing EU funds.		1998
<i>Article 153 Blending operations</i>		<i>Article 153 Blending operations</i>		1999
1. Blending operations are operations financed within blending facilities or platforms.		1. Blending operations are operations financed within blending facilities or platforms. <i>Explanation: Moved to Art. 2(7).</i>		2000
2. Where financial instruments are implemented within a blending facility Title X applies.	AMD 247: 2. Where financial instruments are implemented within a blending facility and they account for more than	2. Where financial instruments and budgetary guarantees are implemented within a blending facility or	Council wording agreed.	2001

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	<p>50 % of the total funding, Title X shall apply to the whole operation.</p> <p><i>Justification: While the rapporteurs support the general aim of simplification behind this new provision, one should avoid the situation where an entire blending operation is governed by rules for financial instruments even though they account only for a small fraction of the funding.</i></p>	<p>platform Title X applies.</p> <p><i>Explanation: throughout aligned to language agreed in EFSD file.</i></p>		
	<p>AMD 248:</p> <p>Where grants are implemented within a blending facility and they account for more than 50 % of the total funding, Title VIII shall apply to the whole operation.</p> <p><i>Justification: While the rapporteurs support the general aim of simplification behind this new provision, one should avoid the situation where an entire blending operation is governed by rules for financial instruments even though they account only for a small fraction of the funding.</i></p>		EP AMD is dropped.	2001.1
3. For financial instruments within blending facilities, point (h) of Article 202(1) shall be deemed to be complied with if an ex ante evaluation is carried out prior to the establishment of the relevant blending facility;	<p>AMD 249:</p> <p>3. For financial instruments within blending facilities, point (h) of Article 202(1) shall be deemed to be complied with if an impact assessment is carried out prior to the establishment of the relevant blending facility;</p> <p><i>Justification: Consistent terminology with AMDs 111 to 113.</i></p>	3. For financial instruments and budgetary guarantees within blending facilities or platforms , point (h) of Article 202(1) shall be deemed to be complied with if an ex-ante evaluation is carried out prior to the establishment of the relevant blending facility or platform ;	Council wording is agreed.	2002
4. Annual reports pursuant to Article 241 shall be established at the level of the blending facility taking		4. Annual reports pursuant to Article 241 shall be established at the level of the blending facility or platform taking into	New wording:	2003

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into account all financial instruments grouped under it.		account all financial instruments and budgetary guarantees grouped under it.	4. Annual reports pursuant to Article 241 shall be established at the level of the blending facility or platform taking into account all financial instruments and budgetary guarantees grouped under it and clearly identifying the different types of financial support within the facility/platform.	
TITLE VII PUBLIC PROCUREMENT AND CONCESSIONS		TITLE VII PUBLIC PROCUREMENT AND CONCESSIONS		2016
CHAPTER 1 Common provisions		CHAPTER 1 Common provisions		2017
<i>Article 154 Principles applicable to public contracts and scope</i>		<i>Article 154 Principles applicable to public contracts and scope</i>		2018
1. All public contracts financed in whole or in part by the budget shall respect the principles of transparency, proportionality, equal treatment and non-discrimination.		1. All public contracts financed in whole or in part by the budget shall respect the principles of transparency, proportionality, equal treatment and non-discrimination. <i>Explanation: Correction - see Art. 2(16) - should also cover concessions.</i>		2019
2. All contracts shall be put out to competition on the broadest possible basis, except when use is made of the procedure referred to in point (d) of Article 158(1).		2. All contracts shall be put out to competition on the broadest possible basis, except when use is made of the procedure referred to in point (d) of Article 158(1).		2020
The estimated value of a contract may not be determined with a view to circumventing the applicable rules, nor may a contract be split up for that purpose.		The estimated value of a contract may not be determined with a view to circumventing the applicable rules, nor may a contract be split up for that purpose.		2021
The contracting authority shall divide		The contracting authority shall divide a		2022

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a contract into lots, whenever appropriate, with due regard to broad competition.		contract into lots, whenever appropriate, with due regard to broad competition.		
3. Contracting authorities shall not use framework contracts improperly or in such a way that their purpose or effect is to prevent, restrict or distort competition.		3. Contracting authorities shall not use framework contracts improperly or in such a way that their purpose or effect is to prevent, restrict or distort competition.		2023
4. The JRC may receive funding charged to appropriations other than research and technological development appropriations in respect of its participation in procurement award procedures financed in whole or in part from the budget.		4. The JRC may receive funding charged to appropriations other than research and technological development appropriations in respect of its participation in procurement award procedures financed in whole or in part from the budget.		2024
5. The rules on procurement as laid down in this Regulation shall not apply to the activities of the JRC on behalf of third parties, with the exception of the principles of transparency and equal treatment.		5. The rules on procurement as laid down in this Regulation shall not apply to the activities of the JRC on behalf of third parties, with the exception of the principles of transparency and equal treatment.		2025
<i>Article 155</i> <i>Annex on procurement and exercise of the delegation</i>		<i>Article 155</i> <i>Annex on procurement and exercise of the delegation</i>		2026
Details on procurement procedures shall be provided in Annex to this Regulation. The Commission shall be empowered to adopt delegated acts to amend the Annex in accordance with Article 261.		Details on procurement procedures shall be are provided in Annex 1 to this Regulation. Theo ensure that Union institutions, when awarding contracts on their own account, apply the same standards as those imposed on contracting authorities covered by Directive 2014/23/EU and Directive 2014/24/EU, the Commission shall be empowered to adopt delegated acts to amend the Annex 1 to this Regulation in accordance with Article 261, to align it to amendments to the aforementioned Directives and to		2027

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		introduce related technical adjustments. <i>Explanation: Upon advice from the CLS the empowerment needed to be more specific - see also Art. 290 TFEU - content, scope of empowerment to be clearly defined.</i>		
<i>Article 156 Mixed contracts and common procurement vocabulary</i>		<i>Article 156 Mixed contracts and common procurement vocabulary</i>		2028
1. A mixed contract covering two or more types of procurement (works, supplies or services) or concessions (works or services) or both, shall be awarded in accordance with the provisions applicable to the type of procurement that characterises the main subject matter of the contract in question.		1. A mixed contract covering two or more types of procurement (works, supplies or services) or concessions (works or services) or both, shall be awarded in accordance with the provisions applicable to the type of procurement that characterizes the main subject matter of the contract in question.		2031
2. In the case of mixed contracts consisting of supplies and services, the main subject matter shall be determined by a comparison of the values of the respective supplies or services.		2. In the case of mixed contracts consisting of supplies and services, the main subject matter shall be determined by a comparison of the values of the respective supplies or services.		2032
A contract covering one type of procurement (works, supplies or services) and concessions (works or services) shall be awarded in accordance with the provisions applicable to the public contract.		A contract covering one type of procurement (works, supplies or services) and concessions (works or services) shall be awarded in accordance with the provisions applicable to the public contract.		2033
3. This Title shall not apply to contracts for technical assistance concluded with the EIB or the European Investment Fund.		3. This Title shall not apply to contracts for technical assistance concluded with the EIB or the European Investment Fund.		2034
4. Any references to nomenclatures in the context of public procurement shall be made using the 'Common Procurement Vocabulary' as set out		4. Any references to nomenclatures in the context of public procurement shall be made using the "Common Procurement Vocabulary" as set out in Regulation		2035

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in Regulation (EC) No 2195/2002 of the European Parliament and of the Council ¹ .		(EC) No 2195/2002 of the European Parliament and of the Council ¹ .		
<i>Article 157 Publicity measures</i>		<i>Article 157 Publicity measures</i>		2044
1. For procedures with a value equal to or greater than the thresholds referred to in Article 169(1) or Article 172, the contracting authority shall publish in the Official Journal of the European Union:		1. For procedures with a value equal to or greater than the thresholds referred to in Article 169(1) or Article 172, the contracting authority shall publish in <i>the Official Journal of the European Union</i> :		2045
(a) a contract notice to launch a procedure, except in the case of the procedure referred to in point (d) of Article 158(1);		(a) a contract notice to launch a procedure, except in the case of the procedure referred to in point (d) of Article 158(1);		2046
(b) a contract award notice on the results of the procedure.		(b) a contract award notice on the results of the procedure.		2047
2. Procedures with a value below the thresholds referred to in Article 169(1) or Article 172 shall be advertised by appropriate means.		2. Procedures with a value below the thresholds referred to in Article 169(1) or Article 172 shall be advertised by appropriate means.		2048
3. Publication of certain information on a contract award may be withheld where its release would impede law enforcement, or otherwise be contrary to the public interest, would harm the legitimate commercial interests of economic operators or might prejudice fair competition between them.		3. Publication of certain information on a contract award may be withheld where its release would impede law enforcement, or otherwise be contrary to the public interest, would harm the legitimate commercial interests of economic operators or might prejudice fair competition between them.		2049
<i>Article 158 Procurement procedures</i>		<i>Article 158 Procurement procedures</i>		2052
1. Procurement procedures for awarding concession contracts or		1. Procurement procedures for awarding concession contracts or public contracts,		2053

¹ Regulation (EC) No 2195/2002 of the European Parliament and of the Council of 5 November 2002 on the Common Procurement Vocabulary (CPV) (OJ L 340, 16.12.2002, p. 1).

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public contracts, including framework contracts shall take one of the following forms:		including framework contracts shall take one of the following forms:		
(a) open procedure;		(a) open procedure;		2054
(b) restricted procedure, including through a dynamic purchasing system;		(b) restricted procedure, including through a dynamic purchasing system;		2055
(c) design contest;		(c) design contest;		2056
(d) negotiated procedure, including without prior publication;		(d) negotiated procedure, including without prior publication;		2057
(e) competitive dialogue;		(e) competitive dialogue;		2058
(f) competitive procedure with negotiation;		(f) competitive procedure with negotiation;		2059
(g) innovation partnership;		(g) innovation partnership;		2060
(h) procedures involving a call for expression of interest.		(h) procedures involving a call for expression of interest.		2061
2. In open procedures any interested economic operator may submit a tender.		2. In open procedures any interested economic operator may submit a tender.		2062
3. In restricted procedures, competitive dialogues, competitive procedures with negotiation and innovation partnerships, any economic operator may submit a request to participate by providing the information that is requested by the contracting authority. The contracting authority shall invite all candidates, that satisfy the selection criteria and that are not in any of the situations set out in Articles 132 and 137, to submit a tender.		3. In restricted procedures, competitive dialogues, competitive procedures with negotiation and innovation partnerships, any economic operator may submit a request to participate by providing the information that is requested by the contracting authority. The contracting authority shall invite all candidates, that satisfy the selection criteria and that are not in any of the situations set out in Articles 132 and 137, to submit a tender.		2063
Notwithstanding the first subparagraph, the contracting authority may limit the number of		Notwithstanding the first subparagraph, the contracting authority may limit the number of candidates to be invited to		2064

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candidates to be invited to participate in the procedure on the basis of objective and non-discriminatory selection criteria, which shall be indicated in the contract notice or the call for expression of interest. The number of candidates invited shall be sufficient to ensure genuine competition.		participate in the procedure on the basis of objective and non-discriminatory selection criteria, which shall be indicated in the contract notice or the call for expression of interest. The number of candidates invited shall be sufficient to ensure genuine competition.		
4. In all procedures involving negotiation, the contracting authority shall negotiate with tenderers the initial and any subsequent tenders or parts thereof, except their final tenders, in order to improve their content. The minimum requirements and the criteria specified in the procurement documents shall not be subject to negotiation.		4. In all procedures involving negotiation, the contracting authority shall negotiate with tenderers the initial and any subsequent tenders or parts thereof, except their final tenders, in order to improve their content. The minimum requirements and the criteria specified in the procurement documents shall not be subject to negotiation.		2065
A contracting authority may award a contract on the basis of the initial tender without negotiation where it has indicated in the procurement documents that it reserves the possibility to do so.		A contracting authority may award a contract on the basis of the initial tender without negotiation where it has indicated in the procurement documents that it reserves the possibility to do so.		2066
5. The contracting authority may use:		5. The contracting authority may use:		2067
(a) the open or restricted procedure for any purchase;		(a) the open or restricted procedure for any purchase;		2068
(b) the procedures involving a call for expression of interest for contracts with a value below the thresholds referred to in Article 169(1), to preselect candidates to be invited to submit tenders in response to future restricted invitations to tender, or to collect a list of vendors to be invited to submit requests to participate or		(b) the procedures involving a call for expression of interest for contracts with a value below the thresholds referred to in Article 169(1), to preselect candidates to be invited to submit tenders in response to future restricted invitations to tender, or to collect a list of vendors to be invited to submit requests to participate or submit tenders;		2069

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submit tenders;				
(c) the design contest to acquire a plan or design selected by a jury after being put out to competition;		(c) the design contest to acquire a plan or design selected by a jury after being put out to competition;		2070
(d) the innovation partnership to develop an innovative product, service or innovative works and for the subsequent purchase of the resulting supply, services or works;		(d) the innovation partnership to develop an innovative product, service or innovative works and for the subsequent purchase of the resulting supply, services or works;		2071
(e) the competitive procedure with negotiation or the competitive dialogue for concession contracts, for the service contracts referred to in Annex XIV to Directive 2014/24/EU, in cases where only irregular or unacceptable tenders were submitted in response to an open or restricted procedure after the initial procedure has been completed, and for cases where this is justified by the specific circumstances linked, inter alia, to the nature or the complexity of the subject matter of the contract or to the specific type of contract, as further detailed in the Annex to this Regulation;		(e) the competitive procedure with negotiation or the competitive dialogue for concession contracts, for the service contracts referred to in Annex XIV to Directive 2014/24/EU, in cases where only irregular or unacceptable tenders were submitted in response to an open or restricted procedure after the initial procedure has been completed, and for cases where this is justified by the specific circumstances linked, inter alia, to the nature or the complexity of the subject matter of the contract or to the specific type of contract, as further detailed in the Annex 1 to this Regulation;		2072
(f) the negotiated procedure for contracts with a value below the thresholds referred to in Article 169(1) or the negotiated procedure without prior publication, only for specific types of purchases falling outside the scope of Directive 2014/24/EU or under clearly defined exceptional circumstances as set out in the		(f) the negotiated procedure for contracts with a value below the thresholds referred to in Article 169(1) or the negotiated procedure without prior publication, only for specific types of purchases falling outside the scope of Directive 2014/24/EU or under clearly defined exceptional circumstances as set out in the Annex 1 to this Regulation.		2073

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Annex to this Regulation.				
6. The dynamic purchasing system shall be open throughout its duration to any economic operator who satisfies the selection criteria.		6. The dynamic purchasing system shall be open throughout its duration to any economic operator who satisfies the selection criteria.		2074
The contracting authority shall follow the rules of the restricted procedure for procurement through a dynamic purchasing system.		The contracting authority shall follow the rules of the restricted procedure for procurement through a dynamic purchasing system.		2075
<i>Article 159</i> <i>Interinstitutional procurement and joint procurement</i>		<i>Article 159</i> <i>Interinstitutional procurement and joint procurement</i>		2078
1. Where a contract or a framework contract is of interest to two or more institutions, executive agencies or bodies referred to in Articles 69 and 70, and whenever there is a possibility for realising efficiency gains, the contracting authorities concerned may carry out the procedure and the management of the subsequent contract or framework contract on an interinstitutional basis under the lead of one of the contracting authorities.		1. Where a contract or a framework contract is of interest to two or more Union institutions, executive agencies or bodies referred to in Articles 69 and 70, and whenever there is a possibility for realising efficiency gains, the contracting authorities concerned may carry out the procedure and the management of the subsequent contract or framework contract on an interinstitutional basis under the lead of one of the contracting authorities.		2079
The bodies and persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU as well as the Office of the Secretary of the Board of Governors of the European Schools may also participate in interinstitutional procedures.		The bodies and persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU as well as the Office of the Secretary of the Board of Governors of the European Schools may also participate in interinstitutional procedures.		2080
The terms of a framework contract may only apply between those contracting authorities that are identified for that purpose in the		The terms of a framework contract may only apply between those contracting authorities that are identified for that purpose in the procurement documents		2081

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procurement documents and those economic operators that are party to the framework contract.		and those economic operators that are party to the framework contract.		
2. Where a contract or framework contract is necessary for the implementation of a joint action between an institution and one or more contracting authorities from Member States, the procurement procedure may be carried out jointly by the institution and the contracting authorities.		2. Where a contract or framework contract is necessary for the implementation of a joint action between an Union institution and one or more contracting authorities from Member States, the procurement procedure may be carried out jointly by the Union institution and the contracting authorities.		2083
Joint procurement may be conducted with EFTA states and Union candidate countries if this possibility has been specifically provided for in a bilateral or multilateral treaty.		Joint procurement may be conducted with EFTA states and Union candidate countries if this possibility has been specifically provided for in a bilateral or multilateral treaty.		2084
In the case of a joint procurement procedure, the procedural provisions applicable to the institutions shall apply.		In the case of a joint procurement procedure, the procedural provisions applicable to the Union institutions shall apply.		2085
Where the share pertaining to or managed by the contracting authority of a Member State in the total estimated value of the contract is equal to or above 50 %, or in other duly justified cases, the institution may decide that the procedural rules applicable to the contracting authority of a Member State shall apply to joint procurement, provided that those rules may be considered as equivalent to those of the institution.		Where the share pertaining to or managed by the contracting authority of a Member State in the total estimated value of the contract is equal to or above 50 %, or in other duly justified cases, the Union institution may decide that the procedural rules applicable to the contracting authority of a Member State shall apply to joint procurement, provided that those rules may be considered as equivalent to those of the Union institution.		2086
The institution and the contracting authority from a Member State, an EFTA State or a Union candidate country, concerned by the joint procurement shall agree in particular		The Union institution and the contracting authority from a Member State, an EFTA State or a Union candidate country, concerned by the joint procurement shall agree in		2087

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upon the detailed practical arrangements for the evaluation of the requests for participation or of the tenders, the award of the contract, the law applicable to the contract and the competent court for hearing disputes.		particular upon the detailed practical arrangements for the evaluation of the requests for participation or of the tenders, the award of the contract, the law applicable to the contract and the competent court for hearing disputes.		
<i>Article 160 Preparation of a procurement procedure</i>		<i>Article 160 Preparation of a procurement procedure</i>		2090
1. Before launching a procurement procedure, the contracting authority may conduct a preliminary market consultation with a view to preparing the procedure.		1. Before launching a procurement procedure, the contracting authority may conduct a preliminary market consultation with a view to preparing the procedure.		2091
2. In the procurement documents, the contracting authority shall identify the subject matter of the procurement by providing a description of its needs and the characteristics required of the works, supplies or services to be bought, and shall specify the applicable exclusion, selection and award criteria. The contracting authority shall also indicate which elements define the minimum requirements to be met by all tenders. Minimum requirements shall include compliance with applicable environmental, social and labour law obligations established by Union law, national legislation, collective agreements or the applicable international social and environmental conventions listed in Annex X to Directive 2014/24/EU.		2. In the procurement documents, the contracting authority shall identify the subject matter of the procurement by providing a description of its needs and the characteristics required of the works, supplies or services to be bought, and shall specify the applicable exclusion, selection and award criteria. The contracting authority shall also indicate which elements define the minimum requirements to be met by all tenders. Minimum requirements shall include compliance with applicable environmental, social and labour law obligations established by Union law, national legislation, collective agreements or the applicable international social and environmental conventions listed in Annex X to Directive 2014/24/EU.		2092
<i>Article 161 Award of contracts</i>		<i>Article 161 Award of contracts</i>		2094

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1. Contracts shall be awarded on the basis of award criteria provided that the contracting authority has verified the following:		1. Contracts shall be awarded on the basis of award criteria provided that the contracting authority has verified the following:		2095
(a) the tender complies with the minimum requirements specified in the procurement documents;		(a) the tender complies with the minimum requirements specified in the procurement documents;		2096
(b) the candidate or tenderer is not excluded under Article 132 or rejected under Article 137,		(b) the candidate or tenderer is not excluded under Article 132 or rejected under Article 137,		2097
(c) the candidate or tenderer meets the selection criteria specified in the procurement documents and is not subject to conflicting interests which may negatively affect the performance of the contract.		(c) the candidate or tenderer meets the selection criteria specified in the procurement documents and is not subject to conflicting interests which may negatively affect the performance of the contract.		2098
2. The contracting authority shall apply the selection criteria to evaluate the capacity of the candidate or tenderer. Selection criteria may only relate to the legal and regulatory capacity to pursue the professional activity, the economic and financial capacity, and the technical and professional capacity. The JRC shall be presumed to meet the requirements relating to financial capacity.		2. The contracting authority shall apply the selection criteria to evaluate the capacity of the candidate or tenderer. Selection criteria may only relate to the legal and regulatory capacity to pursue the professional activity, the economic and financial capacity, and the technical and professional capacity. The JRC shall be presumed to meet the requirements relating to financial capacity.		2099
3. The contracting authority shall apply the award criteria to evaluate the tender.		3. The contracting authority shall apply the award criteria to evaluate the tender.		2100
4. The contracting authority shall base the award of contracts on the most economically advantageous tender, which shall consist in one of three award methods: lowest price,		4. The contracting authority shall base the award of contracts on the most economically advantageous tender, which shall consist in one of three award methods: lowest price, lowest		2101

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lowest cost or best price-quality ratio.		cost or best price-quality ratio.		
For the lowest cost method, the contracting authority shall use a cost-effectiveness approach including life-cycle costing.		For the lowest cost method, the contracting authority shall use a cost-effectiveness approach including life-cycle costing.		2102
For the best price-quality ratio, the contracting authority shall take into account the price or cost and other quality criteria linked to the subject matter of the contract.		For the best price-quality ratio, the contracting authority shall take into account the price or cost and other quality criteria linked to the subject matter of the contract.		2103
<i>Article 162 Submission, electronic communication and evaluation</i>		<i>Article 162 Submission, electronic communication and evaluation</i>		2105
1. The contracting authority shall lay down time limits for the receipt of tenders and requests to participate in accordance with point 24 of the Annex and taking into account the complexity of the purchase, leaving an adequate period for economic operators to prepare their tenders.		1. The contracting authority shall lay down time limits for the receipt of tenders and requests to participate in accordance with point 24 of the Annex 1 and taking into account the complexity of the purchase, leaving an adequate period for economic operators to prepare their tenders.		2109
2. If deemed appropriate and proportionate, the contracting authority may require tenderers to submit a guarantee to make sure that the tenders submitted are not withdrawn before contract signature. The required guarantee shall represent 1 to 2% of the total estimated value of the contract.		2. If deemed appropriate and proportionate, the contracting authority may require tenderers to submit a guarantee to make sure that the tenders submitted are not withdrawn before contract signature. The required guarantee shall represent 1 to 2 % of the total estimated value of the contract.		2110
		The contracting authority shall release the tender guarantees: <i>Explanation: Art. 156(2) second subparagraph RAP lifted up.</i>		2110.1
		(a) for tenderers rejected as referred		2110.2

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		to in point 30.2(b) of Annex 1 and tenders rejected as referred to in point 30.2(c) of that Annex, after information on the outcome of the procedure;		
		(b) for tenders ranked as referred to in point 30.2(e) of Annex 1, when the contract is signed.		2110.3
3. The contracting authority shall open all requests to participate and tenders. However, it shall reject:		3. The contracting authority shall open all requests to participate and tenders. However, it shall reject:		2111
(a) requests to participate and tenders which do not comply with the time limit for receipt, without opening them;		(a) requests to participate and tenders which do not comply with the time limit for receipt, without opening them;		2112
(b) tenders received already open, without examining their content.		(b) tenders received already open, without examining their content.		2113
4. The contracting authority shall evaluate all requests to participate or tenders not rejected during the opening phase laid down in paragraph 3 on the basis of the criteria specified in the procurement documents with a view to awarding the contract or to proceeding with an electronic auction.		4. The contracting authority shall evaluate all requests to participate or tenders not rejected during the opening phase laid down in paragraph 3 on the basis of the criteria specified in the procurement documents with a view to awarding the contract or to proceeding with an electronic auction.		2114
5. The authorising officer may waive the appointment of an evaluation committee as provided for Article 145(2) in the following cases:		5. The authorising officer may waive the appointment of an evaluation committee as provided for in Article 145(2) in the following cases:		2115
(a) the value of the contract is below the thresholds referred to in Article 169(1);		(a) the value of the contract is below the thresholds referred to in Article 169(1);		2116
(b) on the basis of a risk analysis for the cases set out in points (c), (e), (f) (i), (f) (iii) and (h) of point 11.1 of the Annex;		(b) on the basis of a risk analysis for the cases set out in points (c), (e), (f) (i), (f) (iii) and (h) of point 11.1 of the Annex 1;		2117

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(c) on the basis of a risk analysis when reopening competition within a framework contract;		(c) on the basis of a risk analysis when reopening competition within a framework contract;		2118
(d) for procedures in the field of external actions having a value of less than or equal to EUR 20 000.		(d) for procedures in the field of external actions having a value of less than or equal to EUR 20 000.		2119
6. Requests to participate and tenders which do not comply with all the minimum requirements set out in the procurement documents shall be rejected.		6. Requests to participate and tenders which do not comply with all the minimum requirements set out in the procurement documents shall be rejected.		2120
<i>Article 163</i> <i>Contacts during the procurement procedure</i>		<i>Article 163</i> <i>Contacts during the procurement procedure</i>		2123
1. Before the time limit for receipt of requests to participate or tenders, the contracting authority may communicate additional information about the procurement documents if it discovers an error or omission in the text or upon request from candidates or tenderers. Information provided shall be disclosed to all candidates or tenderers.		1. Before the time limit for receipt of requests to participate or tenders, the contracting authority may communicate additional information about the procurement documents if it discovers an error or omission in the text or upon request from candidates or tenderers. Information provided shall be disclosed to all candidates or tenderers.		2126
2. After the time limit for receipt of requests to participate or tenders, in every case where contact has been made, and in the duly justified cases where contact has not been made as provided for in Article 146, a record shall be kept in the procurement file.		2. After the time limit for receipt of requests to participate or tenders, in every case where contact has been made, and in the duly justified cases where contact has not been made as provided for in Article 146, a record shall be kept in the procurement file.		2127
<i>Article 164</i> <i>Award decision and information to candidates or tenderers</i>		<i>Article 164</i> <i>Award decision and information to candidates or tenderers</i>		2129
1. The authorising officer responsible shall decide to whom the contract is to be awarded, in compliance with the		1. The authorising officer responsible shall decide to whom the contract is to be awarded, in compliance with the		2130

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selection and award criteria specified in the procurement documents.		selection and award criteria specified in the procurement documents.		
2. The contracting authority shall notify all candidates or tenderers, whose requests to participate or tenders are rejected, of the grounds on which the decision was taken, as well as the duration of the standstill period referred to in Article 169(2).		2. The contracting authority shall notify all candidates or tenderers, whose requests to participate or tenders are rejected, of the grounds on which the decision was taken, as well as the duration of the standstill period referred to in Article 169(2).	New wording (technical): 2. The contracting authority shall notify all candidates or tenderers, whose requests to participate or tenders are rejected, of the grounds on which the decision was taken, as well as the duration of the standstill period referred to in Article 169(2) and 172(1) .	2131
For the award of specific contracts under a framework contract with reopening of competition, the contracting authority shall inform the tenderers of the result of the evaluation.		For the award of specific contracts under a framework contract with reopening of competition, the contracting authority shall inform the tenderers of the result of the evaluation.		2132
3. The contracting authority shall inform each tenderer who is not in an exclusion situation, who is not rejected under Article 137, whose tender is compliant with the procurement documents and who makes a request in writing, of any of the following:		3. The contracting authority shall inform each tenderer who is not in an exclusion situation, who is not rejected under Article 137, whose tender is compliant with the procurement documents and who makes a request in writing, of any of the following:		2133
(a) the name of the tenderer, or tenderers in the case of a framework contract, to whom the contract is awarded and, except in the case of a specific contract under a framework contract with reopening of competition, the characteristics and relative advantages of the successful tender, the price paid or contract value, whichever is appropriate;		(a) the name of the tenderer, or tenderers in the case of a framework contract, to whom the contract is awarded and, except in the case of a specific contract under a framework contract with reopening of competition, the characteristics and relative advantages of the successful tender, the price paid or contract value, whichever is appropriate;		2134
(b) the progress of negotiation and		(b) the progress of negotiation and		2135

CIION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
dialogue with tenderers.		dialogue with tenderers.		
However, the contracting authority may decide to withhold certain information where its release would impede law enforcement, would be contrary to the public interest or would prejudice the legitimate commercial interests of economic operators or might distort fair competition between them.		However, the contracting authority may decide to withhold certain information where its release would impede law enforcement, would be contrary to the public interest or would prejudice the legitimate commercial interests of economic operators or might distort fair competition between them.		2136
<i>Article 165 Cancellation of the procurement procedure</i>		<i>Article 165 Cancellation of the procurement procedure</i>		2138
The contracting authority may, before the contract is signed, cancel the procurement procedure without the candidates or tenderers being entitled to claim any compensation.		The contracting authority may, before the contract is signed, cancel the procurement procedure without the candidates or tenderers being entitled to claim any compensation.		2139
The decision shall be justified and brought to the attention of the candidates or tenderers as soon as possible.		The decision shall be justified and brought to the attention of the candidates or tenderers as soon as possible.		2140
<i>Article 166 Performance and modifications of the contract</i>		<i>Article 166 Performance and modifications of the contract</i>		2141
1. Performance of the contract shall not start before the contract is signed.		1. Performance of the contract shall not start before the contract is signed.		2142
2. The contracting authority may modify a contract or framework contract without a procurement procedure only in the cases provided for in paragraph 3 and provided the modification does not alter the subject matter of the contract or framework contract.		2. The contracting authority may modify a contract or framework contract without a procurement procedure only in the cases provided for in paragraph 3 and provided the modification does not alter the subject matter of the contract or framework contract.		2143
3. A contract, a framework contract or a specific contract under a framework		3. A contract, a framework contract or a specific contract under a framework		2144

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contract may be modified without a new procurement procedure in any of the following cases:		contract may be modified without a new procurement procedure in any of the following cases:		
(a) for additional works, supplies or services by the original contractor that have become necessary and that were not included in the initial procurement, where the following conditions are fulfilled:		(a) for additional works, supplies or services by the original contractor that have become necessary and that were not included in the initial procurement, where the following conditions are fulfilled:		2145
(i) a change of contractor cannot be made for technical reasons linked to interchangeability or interoperability requirements with existing equipment, services or installations;		(i) a change of contractor cannot be made for technical reasons linked to interchangeability or interoperability requirements with existing equipment, services or installations;		2146
(ii) a change of contractor would cause substantial duplication of costs for the contracting authority;		(ii) a change of contractor would cause substantial duplication of costs for the contracting authority;		2147
(iii) any increase in price, including the net cumulative value of successive modifications, does not exceed 50 % of the initial contract value;		(iii) any increase in price, including the net cumulative value of successive modifications, does not exceed 50 % of the initial contract value;		2148
(b) where all of the following conditions are fulfilled:		(b) where all of the following conditions are fulfilled:		2149
(i) the need for modification has been brought about by circumstances which a diligent contracting authority could not foresee;		(i) the need for modification has been brought about by circumstances which a diligent contracting authority could not foresee;		2150
(ii) any increase in price does not exceed 50 % of the initial contract value;		(ii) any increase in price does not exceed 50 % of the initial contract value;		2151
(c) where the value of the modification is below the following thresholds:		(c) where the value of the modification is below the following thresholds:		2152
(i) the thresholds referred to in		(i) the thresholds referred to in Article		2153

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Article 169(1) and in point 38 of the Annex of this Regulation in the field of external actions applicable at the time of the modification;		169(1) and in point 38 of the Annex 1 of to this Regulation in the field of external actions applicable at the time of the modification;		
(ii) 10 % of the initial contract value for public service and supply contracts and works or services concession contracts and 15 % of the initial contract value for public works contracts;		(ii) 10 % of the initial contract value for public service and supply contracts and works or services concession contracts and 15 % of the initial contract value for public works contracts;		2154
(d) where the minimum requirements of the initial procurement procedure are not altered. In that case any ensuing modification of value shall comply with the conditions set under point (c) of this subparagraph, unless such modification of value results from the strict application of the procurement documents or contractual provisions.		(d) where the minimum requirements of the initial procurement procedure are not altered. In that case any ensuing modification of value shall comply with the conditions set under point (c) of this subparagraph, unless such modification of value results from the strict application of the procurement documents or contractual provisions.		2155
The initial contract value shall not take into account price revisions.		The initial contract value shall not take into account price revisions.		2157
The net cumulative value of several successive modifications under point (c) of the first subparagraph of this paragraph shall not exceed any threshold referred to therein.		The net cumulative value of several successive modifications under point (c) of the first subparagraph of this paragraph shall not exceed any threshold referred to therein.		2158
The contracting authority shall apply the ex post publicity measures set out in Article 157.		The contracting authority shall apply the ex-post publicity measures set out in Article 157.		2159
<i>Article 167 Performance guarantees and retention money guarantees</i>		<i>Article 167 Performance guarantees and retention money guarantees</i>		2161
1. The performance guarantee shall amount to a maximum of 10 % of the total value of the contract.		1. The performance guarantee shall amount to a maximum of 10 % of the total value of the contract.		2163
It shall be fully released after final		It shall be fully released after final		2164

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acceptance of the works, supplies or complex services, within a period subject to Article 114(1) to be specified in the contract. It may be released partially or fully upon provisional acceptance of the works, supplies or complex services.		acceptance of the works, supplies or complex services, within a period subject to Article 114(1) to be specified in the contract. It may be released partially or fully upon provisional acceptance of the works, supplies or complex services.		
2. A retention money guarantee amounting to a maximum of 10 % of the total value of the contract may be constituted by deductions from interim payments as and when they are made or by deduction from the final payment.		2. A retention money guarantee amounting to a maximum of 10 % of the total value of the contract may be constituted by deductions from interim payments as and when they are made or by deduction from the final payment.		2165
		<p>The contracting authority shall determine the amount which shall be proportionate to the risks identified in relation to the performance of the contract, taking into account its subject matter and the usual commercial terms applicable to the sector.</p> <p><i>Explanation: second subparagraph of Art. 165a(2) RAP lifted up.</i></p>		2165.1
The retention money guarantee shall not be used in a contract where a performance guarantee has been requested and not released.		The retention money guarantee shall not be used in a contract where a performance guarantee has been requested and not released.		2166
3. Subject to approval by the contracting authority, the contractor may request to replace the retention money guarantee by a guarantee referred to in Article 147.		3. Subject to approval by the contracting authority, the contractor may request to replace the retention money guarantee by a guarantee referred to in Article 147.		2167
4. The contracting authority shall release the retention money guarantee after the expiry of the contractual liability period, within a		4. The contracting authority shall release the retention money guarantee after the expiry of the contractual liability period, within a period subject to Article 114(1)		2168

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period subject to Article 114(1) to be specified in the contract.		to be specified in the contract.		
CHAPTER 2 Provisions applicable to contracts awarded by the institutions on their own account		CHAPTER 2 Provisions applicable to contracts awarded by the Union institutions on their own account		2174
<i>Article 168</i> <i>The contracting authority</i>		<i>Article 168</i> <i>The contracting authority</i>		2175
1. The Union institutions, executive agencies and bodies within the meaning of Articles 69 and 70 shall be deemed to be contracting authorities in the case of contracts awarded on their own account, except where they purchase from a central purchasing body. Departments of those institutions shall not be deemed to be contracting authorities where they conclude service-level agreements amongst themselves.		1. The Union institutions, executive agencies and bodies within the meaning of Articles 69 and 70 shall be deemed to be contracting authorities in the case of contracts awarded on their own account, except where they purchase from a central purchasing body. Departments of those Union institutions shall not be deemed to be contracting authorities where they conclude service-level agreements amongst themselves.		2176
Those institutions shall delegate, in accordance with Article 58, the necessary powers for the exercise of the function of contracting authority.		Those Union institutions shall delegate, in accordance with Article 58, the necessary powers for the exercise of the function of contracting authority.		2177
2. Each authorising officer by delegation or subdelegation within each institution shall assess whether the thresholds laid down in Article 169(1) have been reached.		2. Each authorising officer by delegation or sub-delegation within each Union institution shall assess whether the thresholds laid down in Article 169(1) have been reached.		2179
<i>Article 169</i> <i>Thresholds applicable and standstill period</i>		<i>Article 169</i> <i>Thresholds applicable and standstill period</i>		2181
1. To award public and concession contracts, the contracting authority shall respect the		1. To award public and concession contracts, the contracting authority shall respect the thresholds laid		2182

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thresholds laid down in points (a) and (b) of Article 4 of Directive 2014/24/EU when selecting a procedure set out in Article 158(1) of this Regulation. Those thresholds shall determine the publicity measures set out in Article 157(1) and (2) of this Regulation.		down in points (a) and (b) of Article 4 of Directive 2014/24/EU when selecting a procedure set out in Article 158(1) of this Regulation. Those thresholds shall determine the publicity measures set out in Article 157(1) and (2) of this Regulation.		
2. Subject to exceptions and conditions to be specified in the Annex to this Regulation, in the case of contracts the value of which exceeds the thresholds referred to in paragraph 1, the contracting authority shall not sign the contract or framework contract with the successful tenderer until a standstill period has elapsed.		2. Subject to exceptions and conditions to be specified in the Annex 1 to this Regulation, in the case of contracts the value of which exceeds the thresholds referred to in paragraph 1, the contracting authority shall not sign the contract or framework contract with the successful tenderer until a standstill period has elapsed.		2183
3. The standstill period shall have a duration of 10 days when using electronic means of communication and 15 days when using other means.		3. The standstill period shall have a duration of 10 days when using electronic means of communication and 15 days when using other means.		2184
<i>Article 170</i> <i>Rules on access to procurement</i>		<i>Article 170</i> <i>Rules on access to procurement</i>		2186
1. Participation in procurement procedures shall be open on equal terms to all natural and legal persons within the scope of the Treaties and to all natural and legal persons established in a third country which has a special agreement with the Union in the field of public procurement under the conditions laid down in that agreement. It shall also be open to international organisations.		1. Participation in procurement procedures shall be open on equal terms to all natural and legal persons within the scope of the Treaties and to all natural and legal persons established in a third country which has a special agreement with the Union in the field of public procurement under the conditions laid down in that agreement. It shall also be open to international organisations.		2187

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2. For the purpose of Article 154(4), the JRC shall be considered as a legal person established in a Member State.		2. For the purpose of Article 154(4), the JRC shall be considered as a legal person established in a Member State.		2188
<i>Article 171</i> <i>Procurement rules of the World Trade Organisation</i>		<i>Article 171</i> <i>Procurement rules of the World Trade Organisation</i>		2191
Where the plurilateral Agreement on Government Procurement concluded within the World Trade Organisation applies, the procurement procedure shall also be open to economic operators established in the states which have ratified that agreement, under the conditions laid down therein.		Where the plurilateral Agreement on Government Procurement concluded within the World Trade Organisation applies, the procurement procedure shall also be open to economic operators established in the states which have ratified that agreement, under the conditions laid down therein.		2192
CHAPTER 3 Provisions applicable for procurement in the field of external actions		CHAPTER 3 Provisions applicable for procurement in the field of external actions		2193
<i>Article 172</i> <i>External action procurement</i>		<i>Article 172</i> <i>External action procurement</i>		2194
1. The provisions of Chapter 1 of Title VII relating to the general provisions on procurement shall be applicable to contracts covered by this Chapter subject to the special provisions relating to the arrangements for awarding external contracts laid down in the Annex. Articles 168 to 171 shall not be applicable to the procurement set out in this Chapter.		1. The provisions of Chapter 1 of Title VII relating to the general provisions on procurement shall be applicable to contracts covered by this Chapter subject to the special provisions relating to the arrangements for awarding external contracts laid down in the Annex 1. Articles 168 to 171 shall not be applicable to the procurement set out in this Chapter.	New wording (technical): 1. The provisions of Chapter 1 of Title VII relating to the general provisions on procurement shall be applicable to contracts covered by this Chapter subject to the special provisions relating to the arrangements for awarding external contracts laid down in the Annex 1. Articles 168 to 171 shall not be applicable to the procurement set out in this Chapter.	2196

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			<u>Subject to exceptions and conditions to be specified in Annex 1 to this Regulation, the contracting authority shall not sign the contract or framework contract with the successful tenderer until a standstill period has elapsed. The standstill period shall have a duration of 10 days when using electronic means of communication and 15 days when using other means.</u>	
Article 157 and points (a) and (b) of Article 158(1) shall only apply as from:		Article 157 and points (a) and (b) of Article 158(1) shall only apply as from:	New wording (technical): Article 157 and points (a) and (b) of Article 158(1) and the second subparagraph of paragraph 1 shall only apply as from	2197
(a) EUR 300 000 for service and supply contracts;		(a) EUR 300 000 for service and supply contracts;		2198
(b) EUR 5 000 000 for works contracts.		(b) EUR 5 000 000 for works contracts.		2199
2. This Chapter shall apply to:		2. This Chapter shall apply to:		2200
(a) procurement where the Commission does not award contracts for its own account;		(a) procurement where the Commission does not award contracts for its own account;		2201
(b) procurement by entities or persons pursuant to point (c) of Article 61(1) where provided for in the contribution or financing agreements referred to in Article 149.		(b) procurement by entities or persons pursuant to point (c) of Article 61(1) where provided for in the contribution or financing agreements referred to in Article 149.		2202
3. The procurement procedures shall be laid down in the financing agreements provided for in Article		3. The procurement procedures shall be laid down in the financing agreements provided for in Article 152.		2203

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152.				
4. This Chapter shall not apply to actions under sector-specific basic acts relating to humanitarian crisis management aid, civil protection operations and humanitarian aid operations.		4. This Chapter shall not apply to actions under sector-specific basic acts relating to humanitarian crisis management aid, civil protection operations and humanitarian aid operations.		2204
<i>Article 173</i> <i>Rules on access to procurement</i>		<i>Article 173</i> <i>Rules on access to procurement in the field of external actions</i> <i>Explanation: to distinguish from title of Art. 170</i>		2205
1. Participation in procurement procedures shall be open on equal terms to all persons within the scope of the Treaties and to any other natural or legal person in accordance with the specific provisions in the basic instruments governing the cooperation sector concerned. It shall also be open to international organisations.		1. Participation in procurement procedures shall be open on equal terms to all persons within the scope of the Treaties and to any other natural or legal person in accordance with the specific provisions in the basic instruments governing the cooperation sector concerned. It shall also be open to international organisations.		2206
2. In the cases referred to in Article 56(2), it may be decided, under exceptional circumstances duly justified by the authorising officer responsible, to allow third-country nationals, other than those referred to in paragraph 1 of this Article, to tender for contracts.		2. In the cases referred to in Article 56(2), it may be decided, under exceptional circumstances duly justified by the authorising officer responsible, to allow third-country nationals, other than those referred to in paragraph 1 of this Article, to tender for contracts. <i>Explanation: upon explanation from Commission, this limitation to PPs and PAs is not necessary - alignment to Art. 170 - public procurement will be possible on an ad hoc basis for third country nationals if justified.</i>		2207
3. Where an agreement on widening the market for procurement of goods or		3. Where an agreement on widening the market for procurement of goods or		2208

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services to which the Union is party applies, the procurement procedures for contracts financed by the budget shall also be open to natural and legal persons established in a third country other than those referred to in paragraphs 1 and 2, under the conditions laid down in that agreement.		services to which the Union is party applies, the procurement procedures for contracts financed by the budget shall also be open to natural and legal persons established in a third country other than those referred to in paragraphs 1 and 2, under the conditions laid down in that agreement.		
TITLE VIII GRANTS		TITLE VIII GRANTS		2230
CHAPTER 1 Scope and form of grants		CHAPTER 1 Scope and form of grants		2231
<i>Article 174 Scope and form of grants</i>		<i>Article 174 Scope and form of grants</i>		2232
1. This Title applies to grants awarded under direct implementation.		1. This Title applies to grants awarded under direct implementation management . <i>Explanation: as in Art. 61 and throughout: revert to established terminology.</i>		2233
2. Grants are direct financial contributions, by way of donation, from the budget in order to finance any of the following:	AMD 250: 2. Grants are awarded in order to finance any of the following: <i>Justification: For reasons of consistency part of this paragraph is moved to Art. 2 (definitions).</i>	2. Grants are direct financial contributions, by way of donation, from the budget in order to finance any of the following:	EP AMD 250 is accepted.	2234
(a) an action intended to help achieve a Union policy objective ('action grants');		(a) an action intended to help achieve a Union policy objective ('action grants'); <i>Explanation: See also Recital 127 on Twinning grants.</i>		2235
(b) the functioning of a body which has an objective forming part of, and supporting, a Union policy ('operating grants').		(b) the functioning of a body which has an objective forming part of, and supporting, a Union policy ("operating grants").		2236

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In the case of an operating grant, the grant shall take the form of a financial contribution to the work programme of the body.		In the case of an operating grant, the grant shall take the form of a financial contribution to the work programme of the body.		2237
3. Grants may take any of the forms provided for in paragraph 1 of Article 121. Where the grant takes the form referred to in point (e) of Article 121(1) the application of the provisions related to eligibility and verification of costs laid down in this Title shall not apply.		<p>3. Grants may take any of the forms provided for in paragraph 1 of Article 121. Where the grant takes the form referred to in point (e) of Article 121(1) the application of the provisions related to eligibility and verification of costs laid down in this Title shall not apply.</p> <p><i>Explanation: Council proposes to clarify this in more detail in Art. 174a (new)</i></p>	<p>New wording, covering Article 174a of the Council mandate, which can, therefore, be deleted:</p> <p>3. Grants may take any of the forms provided for in paragraph 1 of Article 121. Where the grant is not linked to costs pursuant to point (e) of Article 121(1), the provisions related to eligibility and verification of costs laid down in this Title shall not apply. In particular, Articles 176, 178 and 179, Article 180(2) to (4), Article 184, Article 185(3) and Article 196(4) shall not apply. However, as regards Article 175, only the procedure and requirements referred to in paragraphs 2 and 3, points (a), (c), (d) and (e) of paragraph 4 and paragraph 5 of that Article shall apply.</p>	2239
4. Each institution may award grants for communication activities where this is justified by the nature of those activities.		<p>4. Each Union institution may award procurement contracts or grants for communication activities. Grants may be awarded where the use of public procurement is not appropriate due to where this is justified by the nature of these activities.</p> <p><i>Explanation: see current wording in Art. 121(4) FR - preference for public procurement vs. grants should be</i></p>		2241

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		<i>maintained.</i>		
5. The Joint Research Centre (JRC) may receive funding charged to appropriations other than research and technological development appropriations in respect of its participation in grant award procedures financed in whole or in part from the budget. In such cases paragraph 4 of Article 191, as far as financial capacity is concerned, and points (a) to (d) of Article 189(1) shall not apply.		5. The Joint Research Centre (JRC) may receive funding charged to appropriations other than research and technological development appropriations in respect of its participation in grant award procedures financed in whole or in part from the budget. In such cases paragraph 4 of Article 191, as far as financial capacity is concerned, and points (a) to (d) of Article 189(1) shall not apply.		2242
		<p>Article 174a Grants in the form of financing not linked to costs</p> <p><i>Explanation: Council considers that the new option of financing not linked to cost was not sufficiently detailed, hence, in order to avoid legal uncertainty this new Article attempts to clarify which Articles or parts of Articles apply:</i></p> <ul style="list-style-type: none"> —fully —do not apply —apply in principle, but when eligibility or verification of costs are regulated. 	Article 174a to be deleted, text is covered in row 2239.	2242.1
		Where the grant takes the form referred to in point (e) of Article 121, this Title shall apply with the exception of the provisions or parts of the provisions related to the eligibility of costs and the verification of costs and subject to the following:		2242.2
		(a) as regards Article 175, only the procedure and requirements referred to in paragraphs 2 and 3, points (a), (c), (d) and (e) of		2242.3

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		paragraph 4 and paragraph 5 of that Article shall apply;		
		(b) Articles 176, 178 and 179, paragraphs 2 to 4 of Article 180, Article 184, paragraph 3 of Article 185 and paragraph 4 of Article 196 shall not apply.		2242.4
Article 175 Lump sums, unit costs and flat-rate financing		Article 175 ¹ Lump sums, unit costs and flat-rate financing		2254
1. This Article shall apply to grants which take the form of lump sums, unit costs or flat rate financing referred to in points (b), (c) or (d) of Article 121(1).		1. This Article shall apply to Where the grants, which takes the form of lump sums, unit costs or flat rate financing as referred to in points (b), (c) or (d) of Article 121(1) this Title shall apply, with the exception of the provisions or parts of the provisions related to the verification of eligible costs actually incurred. In addition, the following specific conditions shall govern the application of Article 180: <i>Explanation: Council considers that the relationship between Art. 175 (covering</i>	New wording (last sentence of Council text deleted): 1. This Article shall apply to Where the grants, which takes the form of lump sums, unit costs or flat rate financing as referred to in points (b), (c) or (d) of Article 121(1) this Title shall apply, with the exception of the provisions or parts of the provisions related to the verification of eligible costs	2255

¹ The Presidency proposes to introduce the following new recital 129a and modify recital 130 as follows:

"(129a) While the potential of larger use of simplified forms of grants should be unlocked, it needs to be ensured that the principle of sound financial management, and in particular the principles of economy, efficiency and no double funding are complied with. For that purpose simplified forms of financing should remain reasonable proxies of the actual costs and should ensure that the resources employed are adequate to the objectives to be achieved, that same costs are not financed more than once from the EU budget and that overall overcompensation of recipients is avoided. Therefore simplified forms of financing should be based on statistical or accounting data, similar objective means or expert judgement. In addition, suitable checks, controls and periodic assessment should continue to apply.

(130) The scope of checks and controls as opposed to the periodic assessment of lump sums, unit costs or flat rates should be clarified. Those checks and controls should focus on the fulfilment of the conditions triggering the payment of lump sums, unit costs or flat-rates, including, where required, the achievement of outputs. Those conditions should not require reporting on the costs actually incurred by the beneficiary. Where the amounts of lump sums, unit costs or flat-rate financing have been decided ex ante by the authorising officer responsible or the Commission they should not be challenged by ex post controls. **This does not prevent the reduction of the grant in case of poor, partial or late implementation or in case of irregularity, fraud or breach of obligations.** The periodic assessment of lump sums, unit costs or flat rates may require access to the accounts of the beneficiary for statistical and methodological purposes. The periodic assessment may lead to updates of the lump sums, unit costs or flat rates applicable to future agreements but should not be used for questioning the value of the lump sums, unit costs or flat rates already agreed upon. Access to the beneficiary's accounts is also necessary for fraud-prevention and detection purposes.

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		SCOs) and 180 (overall ceiling for eligible costs - often referred to "costs actually incurred") was unclear. Therefore, the modifications aim to specify in more details which Articles or parts of Articles, and in particular of Art. 180 apply to SCOs.	actually incurred.	
		(a) for the purposes of point (b) of paragraph 4 of this Article, the eligible costs covered by the lump sums, unit costs or flat rates shall comply with paragraph 4 of Article 180 and points (c), (e) and (f) of Article 180(3);	Council wording for (a) to (c) deleted is integrated throughout in Article 180(3) and (4) and in Article 175(4)(b) for simpler reading.	2255.1
		(b) for the purposes of respecting the principle of sound financial management referred to in point (e) of paragraph 4 of this Article, the requirements of Article 180(2) shall be reasonably complied with;	Deleted	2255.2
		(c) for the purposes of verification referred to in Article 177, points (a) and (b) of Article 180(3) shall apply mutatis mutandis.	Deleted	2255.3
2. Where possible and appropriate, lump sums, unit costs or flat rates shall be determined in such a way as to allow their payment upon achievement of concrete outputs.	AMD 251: 2. Where possible and appropriate, lump sums, unit costs or flat rates shall be determined in such a way as to allow their payment upon achievement of concrete outputs and results, provided that appropriate measures have been taken to ensure the adequateness of the respective amounts with regard to the required output. <i>Justification: Additional safeguard.</i>	2. Where possible and appropriate, lump sums, unit costs or flat rates shall be determined in such a way as to allow their payment upon achievement of concrete outputs.	New wording: 2. Where possible and appropriate, lump sums, unit costs or flat rates shall be determined in such a way as to allow their payment upon achievement of concrete outputs and/or results.	2256
	AMD 252:		EPAMD 252 dropped, covered in row	2256.1

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	<i>The precise criteria for the required output shall be negotiated between the Commission and the beneficiary and be specified in the grant agreement, on a case-by-case basis and as the circumstances require.</i>		above.	
3. Unless provided otherwise in the basic act, the use of lump sums, unit costs or flat-rate financing shall be authorised by the authorising officer responsible, who shall act in accordance with a predetermined procedure established within each institution.	AMD 253: 3. Unless provided otherwise in the basic act, the use of lump sums, unit costs or flat-rate financing shall be authorised by the authorising officer responsible, who shall act in accordance with a predetermined procedure established within each institution. The authorising officer responsible shall report in his/her annual activity report referred to in Article 73(9) on any such authorisation granted.	3. Unless provided otherwise provided for in the basic act, the use of lump sums, unit costs or flat-rate financing shall be authorised by a decision of the authorising officer responsible, who shall act in accordance with a predetermined procedure established the internal rules of within each Union institution. <i>Explanation: clarifications.</i>	Council text agreed.	2257
4. The authorisation shall contain at least the following:		4. The authorisation decision shall contain at least the following: <i>Explanation: harmonisation to previous change.</i>		2258
(a) justification concerning the appropriateness of such forms of financing with regard to the nature of the supported actions or work programmes, as well as to the risks of irregularities and fraud and costs of control;		(a) justification concerning the appropriateness of such forms of financing with regard to the nature of the supported actions or work programmes, as well as to the risks of irregularities and fraud and costs of control;		2259
(b) identification of the costs or categories of costs covered by lump sums, unit costs or flat-rate financing, which shall exclude ineligible costs under the applicable Union rules;		(b) identification of the costs or categories of costs covered by lump sums, unit costs or flat-rate financing, which shall exclude ineligible costs under the applicable Union rules;	New wording: (b) identification of the costs or categories of costs covered by lump sums, unit costs or flat-rate financing, which shall be considered eligible in accordance with Article 180(4)	2260

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			and points (c), (e) and (f) of Article 180(3) and which shall exclude ineligible costs under the applicable Union rules;	
(c) description of the methods for determining lump sums, unit costs or flat-rate financing. Those methods shall be based on one of the following:		(c) description of the methods for determining lump sums, unit costs or flat-rate financing and of the conditions for reasonably ensuring that the no-profit principle is complied with and that the double-financing of costs is avoided. Those methods Such a description shall be based on one of the following: <i>Explanation: Council proposes to re-introduce the no-profit principle and to clarify that double-financing should be avoided.</i>	Commission original wording (see new paragraph in row 2266.1 below): (c) description of the methods for determining lump sums, unit costs or flat-rate financing. Those methods shall be based on one of the following:	2261
(i) statistical data, similar objective means or an expert judgement; or		(i) statistical data, similarly objective means or an expert judgement provided by internally available experts or procured in accordance with the applicable rules; or <i>Explanation: some specification is proposed.</i>	Council wording is agreed.	2262
(ii) beneficiary-by-beneficiary approach, by reference to certified or auditable historical data of the beneficiary or to its usual cost accounting practices;		(ii) beneficiary-by-beneficiary approach, by reference to certified or auditable historical data of the beneficiary or to its usual cost accounting practices;		2263
(d) where possible, the essential conditions triggering the payment, including, where applicable, the achievement of outputs;	AMD 254: (d) where possible, the essential conditions triggering the payment, including, where applicable, the achievement of outputs and results ;	(d) where possible, the essential conditions triggering the payment, including, where applicable, the achievement of outputs;	New wording: "(d) where possible, the essential conditions triggering the payment, including, where applicable, the achievement of outputs and/or	2264

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			<i>results;"</i>	
(e) description of the conditions for ensuring that the principle of sound financial management is respected and the co-financing principle is reasonably complied with;	AMD 255: (e) description of the conditions for ensuring that the principle of sound financial management is respected and the co-financing and no-profit principles are reasonably complied with; <i>Justification: The "no-profit principle" should be reinstated as one of the general principles applicable to grants.</i>	(e) description of the conditions for ensuring that the principle of sound financial management is respected and the co-financing principle is reasonably complied with;	Point e is deleted and covered in new subparagraph see row 2266.1.	2265
(f) where lump sums, unit costs and flat rates are not output based, a justification on why an output based approach is not possible or appropriate.		(f) where lump sums, unit costs and flat rates are not output based, a justification on why an output based approach is not possible or appropriate.	New wording: (f) where lump sums, unit costs and flat rates are not output based and/or result based , a justification on why an output based and/or result based approach is not possible or appropriate.	2266
			New wording: The methods referred to in point (c) shall ensure: a) the respect of the principle of sound financial management, in particular the appropriateness of the respective amounts with regard to the required outputs and/or results taking into account foreseeable revenues to be generated by the actions or work programmes; b) reasonable compliance with the principles of co-financing and	2266.1

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			no double funding.	
5. The authorisation shall apply for the duration of the programme or programmes unless otherwise provided in the authorising decision.		5. The authorisation decision shall apply for the duration of the programme or programmes unless otherwise provided in the authorising decision. <i>Explanation: harmonisation</i>		2267
The authorisation may cover the use of lump sums, unit costs or flat rates applicable beyond a specific funding programme where the nature of the activities or of the expenditure allow for a common approach. The authorising decision may be adopted by the following:		The authorisation decision may cover the use of lump sums, unit costs or flat rates applicable beyond a to more than one specific funding programme where the nature of the activities or of the expenditure allow for a common approach. In such cases, t The authorising decision may be adopted by the following: <i>Explanation: harmonisation and clarification</i>		2268
(a) the authorising officers responsible where all concerned activities fall under their responsibility;		(a) the authorising officers responsible where all concerned activities fall under their responsibility;		2269
(b) the Commission where this is appropriate in view of the nature of the activities or of the expenditure or in view of the number of authorising officers concerned.		(b) the Commission where this is appropriate in view of the nature of the activities or of the expenditure or in view of the number of authorising officers concerned.		2270
6. The authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 7 % of total eligible direct costs for the action. A higher flat rate may be authorised by a reasoned Commission decision.	AMD 256: 6. The authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 7 % of total eligible direct costs for the action. A higher flat rate may be authorised by a reasoned Commission decision. The authorising officer responsible shall report in his/her annual activity report referred to in Article 73(9) on any such decision taken,	6. The authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 7 % of total eligible direct costs for the action. A higher flat rate may be authorised by a reasoned Commission decision.	New wording, based on EP AMD 256: 6. The authorising officer responsible may authorise or impose, in the form of flat-rates, funding of the beneficiary's indirect costs up to a maximum of 7 % of total eligible direct costs for the action. A higher flat rate may be authorised by a reasoned Commission decision. The authorising officer responsible shall report in his/her annual	2270.1

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	<p>the flat rate authorised, the amounts involved, and the reasons leading to that decision.</p> <p><i>Justification:</i> Will help the budgetary authority scrutinise the use of this exception by the authorising officers.</p>		activity report referred to in Article 73(9) on any such decision taken, the flat rate authorised and the reasons leading to that decision.	
7. SME owners and other natural persons who do not receive a salary may declare eligible personnel costs for the work carried out by themselves under an action or work programme, on the basis of unit costs authorised in accordance with paragraphs 1 to 6.		7. SME owners and other natural persons who do not receive a salary may declare eligible personnel costs for the work carried out by themselves under an action or work programme, on the basis of unit costs authorised in accordance with paragraphs 1 to 6.		2270.2
8. Beneficiaries may declare personnel costs for the work carried out by volunteers under an action or work programme, on the basis of unit costs authorised in accordance with paragraphs 1 to 6.	<p>AMD 257:</p> <p>8. Beneficiaries may declare personnel costs for the work carried out by volunteers under an action or work programme as an accounting item, on the basis of unit costs authorised in accordance with paragraphs 1 to 6.</p> <p><i>Justification:</i> It is part of the concept of volunteering that work carried out by volunteers is unpaid. Therefore, in order to avoid any possible misinterpretation, it should be clarified that this declaration is an accounting tool and does not lead to the remuneration of volunteer work. This AMD is based on a suggestion made to the rapporteurs by the Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege (German Social Welfare Organisations).</p>	<p>8. Beneficiaries may declare personnel costs up to 20 % of the applicable co-financing amount up to a maximum amount of EUR 60 000 for the work carried out by volunteers under an action or work programme, on the basis of unit costs authorised in accordance with paragraphs 1 to 6.</p> <p><i>Explanation:</i> Council considered additional safeguards to be necessary to avoid any overcompensation and inappropriate increase in use of Union funds.</p>	Commission original wording agreed, limitation to volunteer work as part of co-financing is now regulated in Article 184(2) below (row 2362 and 2363),	2270.3
Article 176 Single lump sums		Article 176 Single lump sums		2276
1. A lump sum may cover the entire eligible costs of an action or a work		1. A lump sum as referred to in point (c) of Article 121(1) may cover the entire	New wording:	2277

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programme ('single lump sum').		eligible costs of an action or a work programme and previously set milestones ("single lump sum"). <i>Explanation: clarifications and alignment to Art. 121.</i>	1. A lump sum as referred to in point (c) of Article 121(1) may cover the entire eligible costs of an action or a work programme and previously set milestones ("single lump sum").	
2. Single lump sums may be determined on the basis of the estimated budget. The budget shall comply with the principles of economy, efficiency and effectiveness. The compliance with those principles shall be verified ex-ante at the time of evaluation of the grant application.		2. In compliance with paragraph 4 of Article 175, Single lump sums may be determined on the basis of the estimated budget. The budget shall comply with the principles of economy, efficiency and effectiveness. The compliance with those principles shall be verified ex-ante at the time of evaluation of the grant application. <i>Explanation: clarification</i>		2278
3. When authorising single lump sums the authorising officer responsible shall comply with Article 175.	AMD 258: 3. When authorising single lump sums the authorising officer responsible shall comply with Article 175 and with the applicable co-financing rules, in particular as regards the maximum co-financing rate for the overall action or work programme.	3. When authorising single lump sums the authorising officer responsible shall comply with Article 175.	EP drops AMD 258.	2279
<i>Article 177</i> <i>Checks and controls on beneficiaries related to lump sums, unit costs and flat rates</i>		<i>Article 177</i> <i>Checks and controls on beneficiaries related to lump sums, unit costs and flat rates</i>		2280
1. The authorising officer responsible shall check, at the latest before the payment of the balance, the fulfilment of the conditions triggering the payment of lump sums, unit costs or flat-rates, including, where required, the achievement of outputs. In addition, the fulfilment of those		1. The authorising officer responsible shall check, at the latest before the payment of the balance, the fulfilment of the conditions triggering the payment of lump sums, unit costs or flat-rates, including, where required, the achievement of outputs. In addition, the fulfilment of those conditions may be	New wording: 1. The authorising officer responsible shall check, at the latest before the payment of the balance, the fulfilment of the conditions triggering the payment of lump sums,	2281

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conditions may be subject to ex post controls.		subject to ex-post controls.	unit costs or flat-rates, including, where required, the achievement of outputs and/or results . In addition, the fulfilment of those conditions may be subject to ex-post controls.	
The amounts of lump sums, unit costs or flat-rate financing determined ex ante by application of the method authorised by the authorising officer responsible or the Commission in accordance with Article 175 shall not be challenged by ex-post controls without prejudice to the right of the authorising officer responsible to reduce the grant in accordance with paragraph 4 of Article 127. Where lump sums, unit costs or flat rates are established on the basis of the usual cost accounting practices of the beneficiary paragraph 2 of Article 179 shall apply.	AMD 259: The amounts of lump sums, unit costs or flat-rate financing determined ex ante by application of the method authorised by the authorising officer responsible or the Commission in accordance with Article 175 shall only be challenged by ex-post controls in case of reasonable doubt , without prejudice to the right of the authorising officer responsible to reduce the grant in accordance with paragraph 4 of Article 127. Where lump sums, unit costs or flat rates are established on the basis of the usual cost accounting practices of the beneficiary paragraph 2 of Article 179 shall apply.	The amounts of lump sums, unit costs or flat-rate financing determined ex-ante by application of the method authorised by the authorising officer responsible or the Commission in accordance with Article 175 shall not be challenged by ex-post controls without prejudice to the right of the authorising officer responsible to reduce the grant in accordance with paragraph 4 of Article 127. Where lump sums, unit costs or flat rates are established on the basis of the usual cost accounting practices of the beneficiary paragraph 2 of Article 179 shall apply.	New wording: The amounts of lump sums, unit costs or flat-rate financing determined ex-ante by application of the method authorised by the authorising officer responsible or the Commission in accordance with Article 175 shall not be challenged by ex-post controls. This is without prejudice to the right of the authorising officer responsible to check the conditions triggering the payment, referred to in the first subparagraph, and to reduce the grant in accordance with paragraph 4 of Article 127 in case those conditions are not fulfilled or in case of irregularity, fraud or breach of other obligations . Where lump sums, unit costs or flat rates are established on the basis of the usual cost accounting practices of the beneficiary paragraph 2 of Article 179 shall apply.	2282
	AMD 260 1a. The frequency and scope of checks and controls may depend, inter alia, upon the specific risk posed by a given beneficiary. That risk shall be assessed, inter alia, on the basis of occurrence in the past of irregularities attributable to that beneficiary which had a	<i>Note: Council considers safeguard in Art. 127(4) sufficient.</i>	New wording: 1a. The frequency and scope of checks and controls may depend, inter alia, upon the <u>nature of the action or the beneficiary including specific risk posed by a given beneficiary.</u> That risk shall be	2282.1

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	<p>material impact on grants awarded to the beneficiary under similar conditions.</p> <p><i>Justification:</i> Checks and controls should be focused more on beneficiaries that pose a higher risk to the Union budget. Risk-based checks and controls would allow the EU to use more of its resources to concrete action instead of administration.</p>		<p>assessed, inter alia, on the basis of occurrence in the past of irregularities or fraud attributable to that beneficiary which had a material impact on grants awarded to the beneficiary under similar conditions.</p> <p>And see new Recital 129a and Recital 130 modified (rows X143 and X144):</p> <p>(129a) While the potential of larger use of simplified forms of grants should be unlocked, it needs to be ensured that the principle of sound financial management, and in particular the principles of economy, efficiency and no double funding are complied with. For that purpose simplified forms of financing should ensure that the resources employed are adequate to the objectives to be achieved, that same costs are not financed more than once from the EU budget, that co-financing principle is respected and that overall overcompensation of recipients is avoided. Therefore simplified forms of financing should be based on statistical or accounting data, similar objective means or expert judgement. In addition, suitable checks, controls and periodic assessment should continue to apply.</p> <p>(130) The scope of checks and controls as opposed to the periodic assessment of lump sums, unit costs or flat rates should be clarified. Those checks and controls should focus on</p>	

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			<p>the fulfilment of the conditions triggering the payment of lump sums, unit costs or flat-rates, including, where required, the achievement of outputs. Those conditions should not require reporting on the costs actually incurred by the beneficiary. Where the amounts of lump sums, unit costs or flat-rate financing have been decided ex ante by the authorising officer responsible or the Commission they should not be challenged by ex post controls. <u>This does not prevent the reduction of the grant in case of poor, partial or late implementation or in case of irregularity, fraud or breach of obligations. In particular, the grant should be reduced where the conditions triggering the payment of lump sums, unit costs or flat rates have not been fulfilled.</u> The periodic assessment of lump sums, unit costs or flat rates may require access to the accounts of the beneficiary for statistical and methodological purposes. <u>The frequency and scope of periodic assessments should depend on the evolution and nature of the costs, in particular taking into account substantial changes in market prices and other relevant circumstances.</u> The periodic assessment may lead to updates of the lump sums, unit costs or flat rates applicable to future agreements but should not be used for questioning the value of the lump sums, unit costs or flat rates already agreed upon.</p>	

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			Access to the beneficiary's accounts is also necessary for fraud-prevention and detection purposes.	
2. The conditions triggering the payment of lump sums, unit costs or flat-rates shall not require reporting on the costs actually incurred by the beneficiary.		2. The conditions triggering the payment of lump sums, unit costs or flat-rates shall not require reporting on the costs actually incurred by the beneficiary.		2283
3. Payment of the grant on the basis of lump sums, unit costs or flat-rate financing shall not affect the right of access to the statutory records of the beneficiaries for the purposes referred to in Articles 178 and 124.		3. Payment of the grant on the basis of lump sums, unit costs or flat-rate financing shall not affect the right of access to the statutory records of the beneficiaries for the purposes referred to in Articles 178 and 124.		2284
			New wording to cover what was Article 175(1) (a) to (c) in Council mandate: 4. For the purposes of the checks and controls referred to in paragraph 1, points (a) and (b) of Article 180(3) shall apply.	2284.1
<i>Article 178 Periodic assessment of lump sums, unit costs or flat-rates</i>		<i>Article 178 Periodic assessment of lump sums, unit costs or flat-rates</i>		2285
The method for determining lumpsums, unit costs or flat rates, the underlying data and the resulting amounts shall be assessed periodically, and, where appropriate, adjusted in accordance with Article 175.	AMD 261: The method for determining lump sums, unit costs or flat rates, the underlying data and the resulting amounts, as well as the adequateness of those amounts with regard to the output delivered , shall be assessed periodically, and at least every two years, and , where appropriate, adjusted in accordance with Article 175.	The method for determining lump sums, unit costs or flat rates, the underlying data and the resulting amounts shall be assessed periodically taking into account the nature of the costs covered and, where appropriate, adjusted in accordance with Article 175. <i>Explanation: Council proposes to specify scope of periodic assessments.</i>	New wording: The method for determining lump sums, unit costs or flat rates, the underlying data and the resulting amounts as well as the adequateness of those amounts with regard to the output and/or results delivered , shall be assessed periodically and, where appropriate, adjusted in accordance with Article 175. The frequency and scope of	2286

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			<u>assessments shall depend on the evolution and nature of the costs, in particular, taking into account substantial changes in market prices and other relevant circumstances.</u>	
<i>Article 179 Usual cost accounting practices of the beneficiary</i>		<i>Article 179 Usual cost accounting practices of the beneficiary</i>		2287
1. Where recourse to the usual cost accounting practices of the beneficiary is authorised, the authorising officer responsible may assess compliance of those practices ex ante with the conditions set out in paragraph 4 of Article 175 or through an appropriate strategy for ex post controls.		1. Where recourse to the usual cost accounting practices of the beneficiary is authorised, the authorising officer responsible may assess compliance of those practices ex-ante with the conditions set out in paragraph 4 of Article 175 or through an appropriate strategy for ex-post controls.		2288
2. If the compliance of the beneficiary's usual cost accounting practices with the conditions referred to in paragraph 4 of Article 175 has been established ex ante, the amounts of lump sums, unit costs or flat-rate financing determined by application of those practices shall not be challenged by ex post controls. This does not affect the right of the authorising officer responsible to reduce the grant in accordance with paragraph 4 of Article 127.		2. If the compliance of the beneficiary's usual cost accounting practices with the conditions referred to in paragraph 4 of Article 175 has been established ex-ante, the amounts of lump sums, unit costs or flat-rate financing determined by application of those practices shall not be challenged by ex-post controls. This does shall not affect the right of the authorising officer responsible to reduce the grant in accordance with paragraph 4 of Article 127. <i>Explanation: DQL improvement</i>		2289
3. The authorising officer responsible may consider that the usual cost accounting practices of the beneficiary are compliant with the conditions referred to in paragraph 4 of Article 175 if they are accepted by national authorities under comparable		3. The authorising officer responsible may consider that the usual cost accounting practices of the beneficiary are compliant with the conditions referred to in paragraph 4 of Article 175 if they are accepted by national authorities under comparable funding schemes.		2290

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funding schemes.				
<i>Article 180</i> <i>Eligible costs</i>		<i>Article 180</i> <i>Eligible costs</i>		2293
1. Grants shall not exceed an overall ceiling expressed in terms of an absolute value which shall be established, where possible, on the basis of estimated eligible costs. Without prejudice to the basic act, grants may in addition be expressed as a percentage of the estimated eligible costs.		1. Grants shall not exceed an overall ceiling expressed in terms of an absolute value (" maximum grant amount ") which shall be established; where possible on the basis of: <i>Explanation: Council considered that the scope of Art. 180 in relation to SCOs and financing not linked to costs needed to be clarified (wording inspired by Art. 121). See also comments in Art. 174a and 175.</i>		2294
		(a) estimated eligible costs, where possible, in the case referred to in point (a) of Article 121(1);		2294.1
		(b) the overall amount of estimated eligible costs clearly defined in advance in the form of lump sums, unit costs or flat rates referred to in points (b), (c) and (d) of Article 121(1);		2294.2
		(c) the overall amount of financing not linked to costs in the case referred to in point (e) of Article 121(1).		2294.3
		Without prejudice to the basic act, grants may in addition be expressed as a percentage of the estimated eligible costs where the grant takes the form specified in point (a) of the first subparagraph or as a percentage of the lump sums, unit costs or flat rate financing referred to in point (b) of the first subparagraph.		2294.4

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		<i>Explanation: clarification</i>		
Where, due to specificities of an action, grants can only be expressed in terms of an absolute value, the verification of the eligible costs shall be done in accordance with paragraph 3 of Article 150.		Where the grant takes the form specified in point (a) of the first subparagraph and w Where, due to specificities of an action, the grants can only be expressed in terms of an absolute value, the verification of the eligible costs shall be done in accordance with paragraph 3 4 of Article 150. <i>Explanation: correction and clarification.</i>	New wording: Where the grant takes the form specified in point (a) of the first subparagraph and w Where, due to specificities of an action, the grants can only be expressed in terms of an absolute value, the verification of the eligible costs shall be done in accordance with paragraphs 3 and, where applicable, 4 of Article 150.	2295
2. Without prejudice to the maximum co-financing rate specified in the basic act:		2. Without prejudice to the maximum co-financing rate specified in the basic act:		2296
(a) the grant shall not exceed the eligible costs;		(a) the grant shall not exceed the eligible costs;		2297
(b) where the estimated eligible costs include costs for volunteers' work referred to in paragraph 8 of Article 175, the grant shall not exceed the estimated eligible costs other than the costs for volunteers' work.	AMD 262: (b) where the estimated eligible costs include costs for volunteers' work referred to in paragraph 8 of Article 175, the grant shall not exceed the estimated eligible costs other than the costs for volunteers' work or 75 % of the total estimated eligible costs, whichever is lower. <i>Justification: Meant to prevent a situation where a very small in-kind contribution leads to a de facto co-financing rate of almost 100%.</i>	(b) where the grant takes the form specified in point (a) of the first paragraph and where the estimated eligible costs include costs for volunteers' work referred to in paragraph 8 of Article 175, the grant shall not exceed the estimated eligible costs other than the costs for volunteers' work. <i>Explanation: clarification</i>	EP AMD 262 is dropped. This is covered in Article 184(2), rows 2362 and 2363.	2298
3. Eligible costs are costs actually incurred by the beneficiary of a grant which shall meet all of the following criteria:		3. Eligible costs are costs actually incurred by the beneficiary of a grant, as referred to in point (a) of Article 121(1) which shall meet all of the		2299

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		following criteria: <i>Explanation: clarification</i>		
(a) they are incurred during the duration of the action or of the work programme, with the exception of costs relating to final reports and audit certificates;		(a) they are incurred during the duration of the action or of the work programme, with the exception of costs relating to final reports and audit certificates;		2300
(b) they are indicated in the estimated overall budget of the action or work programme;		(b) they are indicated in the estimated overall budget of the action or work programme;		2301
(c) they are necessary for the implementation of the action or of the work programme which is the subject of the grant;		(c) they are necessary for the implementation of the action or of the work programme which is the subject of the grant;		2302
(d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;		(d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the applicable accounting standards of the country where the beneficiary is established and according to the usual cost accounting practices of the beneficiary;		2303
(e) they comply with the requirements of applicable tax and social legislation;		(e) they comply with the requirements of applicable tax and social legislation;		2304
(f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.		(f) they are reasonable, justified, and comply with the principle of sound financial management, in particular regarding economy and efficiency.		2305
4. Calls for proposals shall specify the categories of costs considered as eligible for Union funding.		4. Calls for proposals shall specify the categories of costs considered as eligible for Union funding.		2306
Unless provided otherwise in the basic act and in addition to paragraph 3, the following categories of costs		Unless provided otherwise in the basic act and in addition to paragraph 3, the following categories of costs shall be		2307

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shall be eligible where the authorising officer responsible has declared them as such under the call for proposals:		eligible where the authorising officer responsible has declared them as such under the call for proposals:		
(a) costs relating to a pre-financing guarantee lodged by the beneficiary of the grant, where that guarantee is required by the authorising officer responsible pursuant to paragraph 1 of Article 147;		(a) costs relating to a pre-financing guarantee lodged by the beneficiary of the grant, where that guarantee is required by the authorising officer responsible pursuant to paragraph 1 of Article 147;		2308
(b) costs relating to certificates on the financial statements and operational verification reports where such certificates or reports are required by the authorising officer responsible;		(b) costs relating to certificates on the financial statements and operational verification reports where such certificates or reports are required by the authorising officer responsible;		2309
(c) VAT where it is not recoverable under the applicable national VAT legislation and is paid by a beneficiary other than a non-taxable person as defined in the first subparagraph of Article 13(1) of Council Directive 2006/112/EC ¹ ;		(c) VAT where it is not recoverable under the applicable national VAT legislation and is paid by a beneficiary other than a non-taxable person as defined in the first subparagraph of Article 13(1) of Council Directive 2006/112/EC ² ;		2310
VAT shall be considered as not recoverable if according to national law it is attributable to any of the following activities:		VAT shall be considered as not recoverable if according to national law it is attributable to any of the following activities:		2311
(i) exempt activities without right of deduction;		(i) exempt activities without right of deduction;		2312
(ii) activities which fall outside the scope of VAT;		(ii) activities which fall outside the scope of VAT;		2313
(iii) activities, as referred to in points (i) or (ii), in respect of which VAT is not deductible but refunded by means of specific refund		(iii) activities, as referred to in points (i) or (ii), in respect of which VAT is not deductible but refunded by means of specific		2314

¹ Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p.1).

² Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax (OJ L 347, 11.12.2006, p.1).

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schemes or compensation funds not foreseen by Directive 2006/112/EC, even if that scheme or fund is established by national VAT legislation.		refund schemes or compensation funds not foreseen by Directive 2006/112/EC, even if that scheme or fund is established by national VAT legislation.		
VAT relating to the activities listed in Article 13(2) of Directive 2006/112/EC shall be regarded as paid by a beneficiary other than a non-taxable person as defined in the first subparagraph of Article 13(1) of that Directive, regardless of whether those activities are regarded by the Member State concerned as activities engaged in by bodies governed by public law acting as public authorities.		VAT relating to the activities listed in Article 13(2) of Directive 2006/112/EC shall be regarded as paid by a beneficiary other than a non-taxable person as defined in the first subparagraph of Article 13(1) of that Directive, regardless of whether those activities are regarded by the Member State concerned as activities engaged in by bodies governed by public law acting as public authorities.		2315
(d) depreciation costs, provided they are actually incurred by the beneficiary;		(d) depreciation costs, provided they are actually incurred by the beneficiary;		2316
(e) salary costs of the personnel of national administrations to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken.		(e) salary costs of the personnel of national administrations to the extent that they relate to the cost of activities which the relevant public authority would not carry out if the project concerned were not undertaken.		2317
5. Costs incurred by entities affiliated to a beneficiary referred to in Article 181 may be accepted as eligible, unless the authorising officer responsible declares them as ineligible under the call for proposals. The following conditions shall apply cumulatively:		5. Costs incurred by entities affiliated to a beneficiary referred to in Article 181 may be accepted as eligible, unless the authorising officer responsible declares them as ineligible under the call for proposals. The following conditions shall apply cumulatively: <i>Explanation: moved to Art. 181(3).</i>		2318
(a) the entities concerned are		(a) the entities concerned are		2319

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identified in the grant agreement;		identified in the grant agreement;		
(b) the entities concerned abide by the rules applicable to the beneficiary under the grant agreement with regard to eligibility of costs and rights of checks and audits by the Commission, European Anti-Fraud Office and the Court of Auditors.		(b) the entities concerned abide by the rules applicable to the beneficiary under the grant agreement with regard to eligibility of costs and rights of checks and audits by the Commission, European Anti-Fraud Office and the Court of Auditors.		2320
<i>Article 181 Affiliated entities and sole beneficiary</i>		<i>Article 181 Affiliated entities and sole beneficiary</i>		2322
1. For the purpose of this Title, the following entities shall be considered as entities affiliated to the beneficiary:		1. For the purpose of this Title, the following entities shall be considered as entities affiliated to the beneficiary:		2323
(a) entities forming the beneficiary in accordance with paragraph 2;		(a) entities forming the beneficiary in accordance with paragraph 2;		2324
(b) entities that satisfy the eligibility criteria and that do not fall within one of the situations referred to in paragraph 1 of Article 132 and in paragraph 1 of Article 137 and that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation.		(b) entities that satisfy the eligibility criteria and that do not fall within one of the situations referred to in paragraph 1 of Article 132 and in paragraph 1 of Article 137 and that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation.		2325
Section 2 of Chapter 2 of Title V shall apply also to affiliated entities.		Section 2 of Chapter 2 of Title V shall apply also to affiliated entities.		2326
2. Where several entities satisfy the criteria for being awarded a grant and together form one entity, that entity may be treated as the sole		2. Where several entities satisfy the criteria for being awarded a grant and together form one entity, that entity may be treated as the sole beneficiary, including		2327

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beneficiary, including where the entity is specifically established for the purpose of implementing the action to be financed by the grant.		where the entity is specifically established for the purpose of implementing the action to be financed by the grant.		
		3. Unless provided otherwise in the call for proposals, entities affiliated to a beneficiary may participate in the implementation of the action. <i>Explanation: moved from Art. 180(5)</i>		2327.1
		The following conditions shall apply cumulatively:		2327.2
		(a) the entities concerned are identified in the grant agreement;		2327.3
		(b) the entities concerned abide by the rules applicable to the beneficiary under the grant agreement with regard to:		2327.4
		(i) eligibility of costs or conditions triggering the payment;		2327.5
		(ii) rights of checks and audits by the Commission, European Anti-Fraud Office and the Court of Auditors.		2327.6
		Costs incurred by such entities may be accepted as eligible costs actually incurred or may be covered by lump sums, unit costs and flat rate financing.		2327.7
CHAPTER 2 Principles		CHAPTER 2 Principles		2328
Article 182 General principles applicable to grants		Article 182 General principles applicable to grants		2329
Grants shall be subject to the		Grants shall be subject to the principles		2330

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principles of:		of:		
(a) equal treatment;		(a) equal treatment;		2331
(b) transparency;		(b) transparency;		2332
(c) co-financing;		(c) co-financing;		2333
(d) non cumulative award and no double financing;		(d) non cumulative award and no double financing;		2334
(e) non retroactivity.		(e) non retroactivity.		2335
	AMD 263: (ea) <i>no-profit.</i> <i>Justification: Re-introducing no-profit.</i>		EP AMD 263 accepted.	2335.1
Article 183 Transparency		Article 183 Transparency		2343
	AMD 264: -1. Grants shall be subject to a work programme, to be published prior to its implementation.		EP drops AMD 264 as it is covered in Article 108.	2344
1. Grants shall be awarded following a publication of calls for proposals, except in the cases referred to in Article 188.		1. Grants shall be awarded following a publication of calls for proposals, except in the cases referred to in Article 188.		2345
2. All grants awarded in the course of a financial year shall be published in accordance with paragraphs 1 to 4 of Article 36.	AMD 265: 2. All grants awarded in the course of a financial year shall be published in accordance with paragraphs 1 to 4 of Article 36. In addition, all Union institutions conducting public procurement shall publish on their websites clear rules regarding acquisition, expenditure and monitoring, as well as all contracts awarded, including the value thereof.	2. All grants awarded in the course of a financial year shall be published in accordance with paragraphs 1 to 4 of Article 36.	EP drops AMD 265.	2347
3. Following the publication referred to in paragraphs 1 and 2, when requested by the European	AMD 266: 3. Following the publication referred to	3. Following the publication referred to in paragraphs 1 and 2, when requested by the European Parliament and the	EP AMD 266 dropped.	2348

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Parliament and the Council, the Commission shall forward a report to them on:	in paragraphs 1 and 2, the Commission shall make public and forward a report to the European Parliament and the Council on:	Council, the Commission shall forward a report to them on:		
(a) the number of applicants in the past year;		(a) the number of applicants in the past year;		2349
(b) the number and percentage of successful applications per call for proposals;		(b) the number and percentage of successful applications per call for proposals;		2350
(c) the average duration of the procedure from date of closure of the call for proposals to the award of a grant;	AMD 267: (c) the average duration of the procedure from date of closure of the call for proposals to the award of a grant, as well as the duration of the slowest and the fastest procedure, respectively;	(c) the average duration of the procedure from date of closure of the call for proposals to the award of a grant;	EP AMD 267 dropped.	2351
(d) the number and amount of grants where the ex post publication obligation was waived in the past year in accordance with paragraph 4 of Article 36.		(d) the number and amount of grants where the an ex-post publication obligation was waived did not take place in the past year in accordance with paragraph 4 of Article 36. <i>Explanation: harmonisation with corrected wording in Art. 36.</i>		2352
	AMD 268: (da) any grant awarded to the EIB or the European Investment Fund in accordance with point (g) of Article 188;		New wording: da) any grant awarded to financial institutions, including the EIB or the European Investment Fund in accordance with point (g) of Article 188;	2352.1
	AMD 269: (db) any blending operation in accordance with Article 153 that involves a grant.		EP drops AMD 269.	2352.2
Article 184 Co-financing		Article 184 Co-financing		2360

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1. Grants shall involve co-financing. This means that the resources necessary to carry out the action or the work programme shall not be provided entirely by the grant.		1. Grants shall involve co-financing. This means that the resources necessary to carry out the action or the work programme shall not be provided entirely by the grant.		2361
Co-financing may take the form of the beneficiary's own resources, income generated by the action or work programme or financial or in-kind contributions from third parties.		Co-financing may take the form of the beneficiary's own resources, income generated by the action or work programme or financial or in-kind contributions from third parties.		2362
2. Contributions in kind from third parties in the form of volunteers' work referred to in paragraph 8 of Article 175 shall be presented as eligible costs in the estimated budget. They shall be presented separately from the other eligible costs.		2. Contributions in kind from third parties in the form of volunteers' work, referred to in paragraph 8 of valued in accordance with Article 175(8) and up to the limit specified therein shall be presented as eligible costs in the estimated budget. They shall be presented separately from the other eligible costs. <i>Explanation: harmonised with Council proposed changes in 175(8).</i>	Concerns volunteer's work - see rows 2270.3 and 2298. New wording, based on Council text: 2. Contributions in kind from third parties in the form of volunteers' work, referred to in paragraph 8 of valued in accordance with Article 175(8) shall be presented as eligible costs in the estimated budget. They shall be presented separately from the other eligible costs. Volunteers' work may comprise up to 50% of the co-financing. For the purposes of calculating this percentage, contributions in kind and other co-financing shall be based on estimates provided by the applicant.	2363
Other contributions in kind from third parties shall be presented separately from the contributions to the eligible costs in the estimated budget. Their approximate value shall be indicated in the estimated budget and shall not be subject to		Other contributions in kind from third parties shall be presented separately from the contributions to the eligible costs in the estimated budget. Their approximate value shall be indicated in the estimated budget and shall not be subject to subsequent changes.		2364

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subsequent changes.				
3. As an exception to paragraph 1 an external action may be financed in full by the grant where this is essential for it to be carried out. In such a case grounds shall be provided in the award decision.	AMD 270: 3. As an exception to paragraph 1 an external action <i>undertaken by a partner of the Union that demonstrates its compliance with the EC rules and requirements (through the ex-ante assessment) may be financed in full by the grant where this is essential for the action to be carried out.</i> In such a case grounds shall be provided in the award decision.	3. As an exception to paragraph 1 an external action may be financed in full by the grant where this is essential for it to be carried out. In such a case grounds shall be provided in the award decision.	EP drops AMD 270.	2365
4. Paragraphs 1, 2 and 3 shall not apply to interest rate rebates and guarantee fee subsidies.		4. Paragraphs 1, 2 and 3 This Article shall not apply to interest rate rebates and guarantee fee subsidies. <i>Explanation: correction</i>		2366
<i>Article 185 Principle of non-cumulative award and no double funding</i>	AMD 271: <i>Article 185 Principle of non-cumulative award and prohibition of double funding Justification: Linguistic AMD.</i>	<i>Article 185 Principle of non-cumulative award and no double funding</i>	EP AMD 271 is accepted.	2375
1. Each action may give rise to the award of only one grant from the budget to any one beneficiary, except where otherwise authorised in the relevant basic acts.		1. Each action may give rise to the award of only one grant from the budget to any one beneficiary, except where otherwise authorised in the relevant basic acts.		2376
A beneficiary may be awarded only one operating grant from the budget per financial year.		A beneficiary may be awarded only one operating grant from the budget per financial year.		2377
An action may be financed jointly from separate budget lines by different authorising officers responsible.		An action may be financed jointly from separate budget lines by different authorising officers responsible.		2378
	AMD 272:		EP drops AMD 272, as this is covered in	2378.1

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	<p><i>An action to which a grant may be allocated from the budget must be clearly defined. An action may not be split into different actions for the purpose of evading the financing rules laid down in this Regulation.</i></p> <p><i>Justification: Reinserted RAP Art. 176.</i></p>		public procurement, the only are where this could be an issue.	
2. The applicant shall immediately inform the authorising officers of any multiple applications and multiple grants relating to the same action or to the same work programme.		2. The applicant shall immediately inform the authorising officers of any multiple applications and multiple grants relating to the same action or to the same work programme.		2379
3. In no circumstances shall the same costs be financed twice by the budget.		3. In no circumstances shall the same costs be financed twice by the budget.		2380
4. Paragraphs 1, 2 and 3 shall not apply to:	<p>AMD 273:</p> <p>4. Paragraphs 1 and 2 shall not apply to:</p> <p><i>Justification: There should be no exceptions to the prohibition of double funding.</i></p>	<p>4. In relation to the following support, paragraphs 1 and 2 and 3 shall not apply to and, where appropriate, the Commission may decide not to verify whether the same cost was financed twice:</p> <p><i>Explanation: Council considered the full exemption of such small grants from the prohibition of double-financing unjustified. Wording aims at giving a practical solution: items may not be financed twice, but where this appears fully impractical (e.g. blankets handed out to the deprived), it may decide not to verify the compliance with that principle.</i></p>	Council text is agreed.	2381
(a) study, research, training or education support paid to natural persons;		(a) study, research, training or education support paid to natural persons;		2382

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(b) direct support paid to natural persons most in need, such as unemployed persons and refugees.		(b) direct support paid to natural persons most in need, such as unemployed persons and refugees.		2383
		Article 185a No-profit principle <i>Explanation: Council proposes to re-insert the no-profit principle on the basis of EP AMD 277 with some minor modifications.</i>	Text for this Article is agreed, subject to open points, on the basis of Council wording - EP AMD 277 is considered adequately covered.	2384.2
		1. Grants shall not have the purpose or effect of producing a profit within the framework of the action or the work programme of the beneficiary ("no-profit principle").		2384.3
		2. Profit shall be defined as a surplus, calculated at the payment of the balance, of receipts over the eligible costs of the action or work programme, where receipts are limited to the EU grant and the revenue generated by that action or work programme. <i>Explanation: difference to EP AMD 277 - wording of Council combines EP AMD 277 paras 2 and 3.</i>		2384.4
		In the case of an operating grant, amounts dedicated to the building up of reserves shall not be taken into account for verifying compliance with the no-profit principle.		2384.5
		3. Paragraph 1 shall not apply to:		2384.6
		(a) actions the objective of which is the reinforcement of the financial capacity of a beneficiary, or actions which generate an income		2384.7

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		to ensure their continuity after the period of Union financing provided for in the grant agreement;		
		(b) study, research, training or education support paid to natural persons or other direct support paid to natural persons most in need, such as unemployed persons and refugees;		2384.8
		(c) actions implemented by non-profit organisations; <i>Explanation: new vs. EP AMD 277 - as any profit by NGOs (if any) is to be re-invested into the NGO.</i>		2384.9
		(d) grants in the form referred to in point (e) of Article 121(1); <i>Explanation: consistency with new option to financing not linked to costs.</i>		2384.10
		(e) low value grants.	Council wording agreed.	2384.11
		4. Where a profit is made, the Commission shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary in carrying out the action or work programme.		2384.12
Article 186 Principle of non-retroactivity		Article 186 Principle of non-retroactivity		2385
1. Unless provided otherwise in this Article grants shall not be awarded retroactively.		1. Unless provided otherwise in this Article grants shall not be awarded retroactively.		2386
2. A grant may be awarded for an action which has already begun provided		2. A grant may be awarded for an action which has already begun provided that		2387

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that the applicant can demonstrate the need for starting the action prior to signature of the grant agreement.		the applicant can demonstrate the need for starting the action prior to signature of the grant agreement.		
In such cases, costs incurred prior to the date of submission of the grant application shall not be eligible, except:		In such cases, costs incurred prior to the date of submission of the grant application shall not be eligible, except:		2388
(a) in duly justified exceptional cases as provided for in the basic act, or		(a) in duly justified exceptional cases as provided for in the basic act; or		2389
(b) in the event of extreme urgency for measures referred to in points (a) or (b) of Article 188 whereby an early engagement by the Union would be of major importance. In these cases the costs incurred by a beneficiary before the date of submission of the application shall be eligible for Union financing under the following conditions:	AMD 274: (b) in the event of extreme urgency for measures referred to in point (a) of Article 188 whereby an early engagement by the Union would be of major importance. In these cases the costs incurred by a beneficiary before the date of submission of the application shall be eligible for Union financing under the following conditions: <i>Justification: The derogation from the principle of non-retroactivity should be strictly limited to humanitarian aid and related cases.</i>	(b) in the event of extreme urgency for measures referred to in points (a) or (b) of Article 188 whereby an early engagement by the Union would be of major importance. In these cases the costs incurred by a beneficiary before the date of submission of the application shall be eligible for Union financing under the following conditions:	EP drops its AMD 274.	2390
(i) the reasons for such derogation have been properly substantiated by the authorising officer responsible;		(i) the reasons for such derogation have been properly substantiated by the authorising officer responsible;		2391
(ii) the grant agreement sets explicitly the eligibility date earlier than the date for submission of applications.		(ii) the grant agreement sets explicitly the eligibility date earlier than the date for submission of applications.		2392
	AMD 275: <i>The authorising officer by delegation shall report on each of those cases</i>		AMD 275 is accepted (in exchange for dropping AMD 269).	2392.1

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	<i>under the heading "Derogations from the principle of non-retroactivity pursuant to Article 186 of the Financial Regulation" in the annual activity report referred to in Article 73(9).</i>			
3. No grant may be awarded retroactively for actions already completed.		3. No grant may be awarded retroactively for actions already completed.		2393
4. In the case of operating grants, the grant agreement shall be signed within six months of the start of the beneficiary's financial year. Costs eligible for financing may neither have been incurred before the grant application was submitted nor before the start of the beneficiary's financial year.	<p>AMD 276:</p> <p>4. In the case of operating grants, the grant agreement shall be signed within three months of the start of the beneficiary's financial year. Costs eligible for financing may neither have been incurred before the grant application was submitted nor before the start of the beneficiary's financial year. The first instalment shall be paid to the beneficiary within two months of the signature of the grant agreement.</p> <p><i>Justification:</i> The period of the signature of grant agreements by COM should be reduced from 6 to 3 months of the start of the beneficiary's financial year. This would allow COM to increase its efficiency in the programming cycle. It would also avoid putting in jeopardy the financial capacity of civil society organisations, esp. the smallest one. Six months for the signature of agreements plus 3 months for payment of the first instalment require most civil society organisations to rely on bank loans.</p>	4. In the case of operating grants, the grant agreement shall be signed within six months of the start of the beneficiary's financial year. Costs eligible for financing may neither have been incurred before the grant application was submitted nor before the start of the beneficiary's financial year.	<p>New wording:</p> <p>4. In the case of operating grants, the grant agreement shall be signed within three four months of the start of the beneficiary's financial year. Costs eligible for financing may neither have been incurred before the grant application was submitted nor before the start of the beneficiary's financial year. The first instalment shall be paid to the beneficiary within two months 30 calendar days of the signature of the grant agreement.</p> <p>(delays as in row 1500).</p>	2394
	<p>AMD 277:</p> <p>Article 186a</p>		EP AMD 277 is dropped, as all is covered in proposed Article 185a (with changes discussed, see rows 2384.2	2393.1

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	<i>No-profit principle</i>		etc.)	
	<i>1. Grants shall not have the purpose or effect of producing a profit within the framework of the action or the work programme of the beneficiary ('no-profit principle').</i>			2393.2
	<i>2. Profit shall be defined as a surplus of receipts over eligible costs incurred by the beneficiary, when a request is made for payment of the balance.</i>			2393.3
	<i>3. The receipts referred to in paragraph 2 shall be limited to income generated by the action or work programme, as well as financial contributions specifically assigned by donors to the financing of the eligible costs.</i>			2393.4
	<i>In the case of an operating grant, amounts dedicated to the building up of reserves shall not be taken into account for verifying compliance with the no-profit principle.</i>			2393.5
	<i>4. Paragraph 1 shall not apply to:</i>			2393.6
	<i>(a) actions the objective of which is the reinforcement of the financial capacity of a beneficiary, or actions which generate an income to ensure their continuity after the period of Union financing provided for in the grant decision or agreement;</i>			2393.7
	<i>(b) study, research or training scholarships paid to natural persons;</i>			2393.8
	<i>(c) other direct support paid to natural persons most in need, such as unemployed persons and refugees;</i>			2393.9

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	<i>(d) grants based on flat rates and/or lump sums and/or unit costs where these comply with the conditions set out in Article 175;</i>			2393.11
	<i>(e) low value grants.</i>			2393.12
	<i>5. Where a profit is made, the Commission shall be entitled to recover the percentage of the profit corresponding to the Union contribution to the eligible costs actually incurred by the beneficiary in carrying out the action or work programme.</i>			2393.13
	<p><i>By way of derogation from this Article, if a European political foundation within the meaning of Regulation (EU, Euratom) No 1141/2014 realises a surplus of income over expenditure at the end of a financial year in which it received an operating grant, the part of that surplus corresponding to up to 25 % of the total income for that year may be carried over to the following year provided that it is used before the end of the first quarter of that following year.</i></p> <p><i>Justification: The "no-profit principle" for grants is a key principle in public financial management. COM itself considers that the default option for funding revenue-generating projects should be the use of financial instruments rather than grants, therefore the retention of this principal in relation to grants is necessary.</i></p>		This paragraph should be moved to the political parties' Title (row 2764).	2393.14
CHAPTER 3 Grant award procedure and		CHAPTER 3 Grant award procedure and grant		2396

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grant agreement		agreement		
<i>Article 187 Content and publication of calls for proposals</i>		<i>Article 187 Content and publication of calls for proposals</i>		2397
1. Calls for proposals shall specify:		1. Calls for proposals shall specify:		2398
(a) the objectives pursued;		(a) the objectives pursued;		2399
(b) the eligibility, exclusion, selection and award criteria and the relevant supporting documents;		(b) the eligibility, exclusion, selection and award criteria and the relevant supporting documents;		2400
(c) the arrangements for Union financing, in particular the forms of grant;	AMD 278: (c) the arrangements for Union financing, specifying all types of Union contributions , in particular the forms of grant;	(c) the arrangements for Union financing, in particular the forms of grant;	EP AMD 278 accepted.	2401
(d) the arrangements and final date for the submission of proposals;		(d) the arrangements and final date for the submission of proposals;		2402
(e) the planned date by which all applicants are to be informed of the outcome of the evaluation of their application and the indicative date for the signature of grant agreements.		(e) the planned date by which all applicants are to be informed of the outcome of the evaluation of their application and the indicative date for the signature of grant agreements.		2403
2. The dates referred to in point (e) of paragraph 1 shall be fixed on the basis of the following periods:		2. The dates referred to in point (e) of paragraph 1 shall be fixed on the basis of the following periods:		2405
(a) for informing all applicants of the outcome of the evaluation of their application, a maximum of six months from the final date for submission of complete proposals;	AMD 279: (a) for informing all applicants of the outcome of the evaluation of their application, a maximum of three months from the final date for submission of complete proposals;	(a) for informing all applicants of the outcome of the evaluation of their application, a maximum of six months from the final date for submission of complete proposals;	EP drops AMD 279.	2406
(b) for signing grant agreements with	AMD 280: (b) for signing grant agreements with	(b) for signing grant agreements with applicants a maximum of three months from the date of informing applicants	EP drops AMD 280.	2407

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applicants a maximum of three months from the date of informing applicants that they have been successful.	applicants a maximum of one month from the date of informing applicants that they have been successful.	that they have been successful.		
Those periods may be adjusted in order to take into account any time needed to comply with specific procedures that may be required by the basic act in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council ¹ and may be exceeded in exceptional, duly justified cases, in particular for complex actions, where there is a large number of proposals or delays attributable to the applicants.		Those periods may be adjusted in order to take into account any time needed to comply with specific procedures that may be required by the basic act in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council ¹ and may be exceeded in exceptional, duly justified cases, in particular for complex actions, where there is a large number of proposals or delays attributable to the applicants.		2408
The authorising officer by delegation shall report in his or her annual activity report on the average time taken to inform applicants and to sign grant agreements. In the event of the periods referred to in the first subparagraph being exceeded, the authorising officer by delegation shall give reasons and, where not duly justified in accordance with the second subparagraph, shall propose remedial action.	AMD 281: The authorising officer by delegation shall report in his or her annual activity report on the average time taken to inform applicants and to sign grant agreements, as well as the longest and the shortest period, respectively . In the event of the periods referred to in the first subparagraph being exceeded, the authorising officer by delegation shall give reasons and, where not duly justified in accordance with the second subparagraph, shall propose remedial action.	The authorising officer by delegation shall report in his or her annual activity report on the average time taken to inform applicants and to sign grant agreements. In the event of the periods referred to in the first subparagraph being exceeded, the authorising officer by delegation shall give reasons and, where not duly justified in accordance with the second subparagraph, shall propose remedial action.	EP AMD 281 is dropped. <i>(Note: in the previous tables, this was marked as accepted, however, in the overall agreement on reporting requirements, this was now dropped).</i>	2409
3. Calls for proposals shall be published on the internet site of the Union institutions and in addition to publication on the internet site by any other appropriate means, including the Official Journal of the European		3. Calls for proposals shall be published on the internet site of the Union institutions and in addition to publication on the internet site by any other appropriate means, including the <i>Official Journal of the European Union</i> , where it is		2410

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Union, where it is necessary to provide additional publicity among potential beneficiaries. They may be published subject to the adoption of the financing decision referred to in Article 108, including during the year preceding budget implementation. Any modification of the content of the calls for proposals shall be published under the same conditions.		necessary to provide additional publicity among potential beneficiaries. They may be published subject to the adoption of the financing decision referred to in Article 108, including during the year preceding budget implementation. Any modification of the content of the calls for proposals shall be published under the same conditions.		
<i>Article 188</i> <i>Exceptions to calls for proposals</i>		<i>Article 188</i> <i>Exceptions to calls for proposals</i>		2412
Grants may be awarded without a call for proposals only in the following cases:		Grants may be awarded without a call for proposals only in the following cases:		2413
(a) for the purposes of humanitarian aid, emergency support operations, civil protection operations or for crisis management aid;		(a) for the purposes of humanitarian aid, emergency support operations, civil protection operations or for crisis management aid;		2414
(b) in other exceptional and duly substantiated emergencies;		(b) in other exceptional and duly substantiated emergencies;		2415
(c) to bodies with a de jure or de facto monopoly or to bodies designated by the Member States, under their responsibility, where those Member States are in a de jure or de facto monopoly situation;	AMD 282: Deleted. <i>Justification: COM proposal foresees the possibility to award direct grants to entities mandated by MS to the cases of a de facto or de jure monopoly or where direct beneficiaries have been chosen for their technical competencies. The rapporteurs are not sufficiently convinced that the risk of extending grants without a call for proposals is justified in this case.</i>	(c) to bodies with a de jure or de facto monopoly or to bodies designated by the Member States, under their responsibility, where those Member States are in a de jure or de facto monopoly situation;	EP AMD 282 is dropped. The following Recital will be included (row X146.1): (131b) In principle grants should be awarded following a call for proposals. Where exceptions are allowed, they should be interpreted and applied restrictively in terms of scope and duration. The exceptional possibility to award grants without a call for proposals on the basis of a de facto or de jure monopoly should only be used where the bodies concerned are the only ones	2416

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			capable of implementing the relevant types of activities or have been vested with this function by law or by a public authority.	
(d) to bodies identified by a basic act, within the meaning of Article 56, as beneficiaries of a grant or to bodies designated by the Member States, under their responsibility, where those Member States are identified by a basic act as beneficiaries of a grant;		(d) to bodies identified by a basic act, within the meaning of Article 56, as beneficiaries of a grant or to bodies designated by the Member States, under their responsibility, where those Member States are identified by a basic act as beneficiaries of a grant;		2417
(e) in the case of research and technological development, to bodies identified in the work programme referred to in Article 108, where the basic act expressly provides for that possibility, and on condition that the project does not fall under the scope of a call for proposals;		(e) in the case of research and technological development, to bodies identified in the work programme referred to in Article 108, where the basic act expressly provides for that possibility, and on condition that the project does not fall under the scope of a call for proposals;		2418
(f) for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the activities concerned do not fall within the scope of a call for proposals. Where this particular type of body is a Member State, the grant may also be awarded without a call for proposals to the body designated by the Member State, under its responsibility, for the purpose of implementing the action.		(f) for activities with specific characteristics that require a particular type of body on account of its technical competence, its high degree of specialisation or its administrative power, on condition that the activities concerned do not fall within the scope of a call for proposals. Where this particular type of body is a Member State, the grant may also be awarded without a call for proposals to the body designated by the Member State, under its responsibility, for the purpose of implementing the action.		2419
(g) to the EIB or the European Investment Fund for actions of		(g) to the EIB or the European Investment Fund for actions of technical assistance.		2420

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technical assistance. In such cases points (a) to (d) of Article 189(1) shall not apply.		In such cases points (a) to (d) of Article 189(1) shall not apply.		
The cases referred to in points (c) and (f) of the first subparagraph shall be duly substantiated in the award decision.		The cases referred to in points (c) and (f) of the first subparagraph shall be duly substantiated in the award decision.		2421
	AMD 283: <i>The exceptions referred to in point (c) and (f) of the first subparagraph shall be interpreted and applied restrictively by the Union institutions and bodies or the Member States.</i>		EP AMD 283 is dropped, covered in new Recital 131b.	2421.1
	AMD 284: <i>The Union institutions and bodies or the Member States shall clearly define both the time frame and the scope of application for the exceptions referred to in point (c) and (f) of the first subparagraph.</i>		EP AMD 283 is dropped, covered in new Recital 131b.	2421.2
<i>Article 189</i> <i>Content of grant applications</i>		<i>Article 189</i> <i>Content of grant applications</i>		2423
1. The grant application shall contain the following:		1. The grant application shall contain the following:		2424
(a) information on the legal status of the applicant;		(a) information on the legal status of the applicant;		2425
(b) a declaration on the applicant's honour in accordance with paragraph 1 of Article 133 and on compliance with the eligibility and selection criteria;		(b) a declaration on the applicant's honour in accordance with paragraph 1 of Article 133 and on compliance with the eligibility and selection criteria;		2426
(c) information necessary to demonstrate the applicant's financial and operational capacity to carry out the proposed action or work programme and, if decided by the authorising officer		(c) information necessary to demonstrate the applicant's financial and operational capacity to carry out the proposed action or work programme and, if decided by the authorising officer responsible on the	New wording: (c) information necessary to demonstrate the applicant's financial and operational capacity to carry out the proposed action	2427

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responsible on the basis of a risk assessment, supporting documents confirming this information, such as the profit and loss account and the balance sheet for the last financial year for which the accounts were closed.		basis of a risk assessment, supporting documents confirming this information, such as the profit and loss account and the balance sheet for the last financial year for which the accounts were closed.	<p>or work programme and, if decided by the authorising officer responsible on the basis of a risk assessment, supporting documents confirming this information, such as the profit and loss account and the balance sheet for up to the 3 last financial years for which the accounts were closed.</p> <p>And the following Recital will be added:</p> <p>(131c) In the framework of moving towards e-grant and e-procurement, applicants and tenderers should be asked to provide a proof of their legal status and financial viability only once within a specific period and should not be required to resubmit supporting documents in each award procedure. This should be without prejudice to the possibility for the Union institution concerned to ask for updates. It is, therefore, necessary, to align the requirements for the number of years for which documents will be requested under grants and procurement procedure.</p>	
Such information and supporting documents shall not be requested from applicants to which the verification of the financial or operational capacity does not apply in accordance with paragraph 5 of Article 191. In addition, supporting documents shall not be requested for		Such information and supporting documents shall not be requested from applicants to which the verification of the financial or operational capacity does not apply in accordance with paragraph 5 of Article 191. In addition, supporting documents shall not be requested for		2428

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low value grants;		low value grants;		
(d) where the application concerns a grant for an action for which the amount exceeds EUR 750 000 or an operating grant which exceeds EUR 100 000, an audit report produced by an approved external auditor shall be submitted where it is available, and always in cases where a statutory audit is required by EU or national law. That report shall certify the accounts for the last financial year available. In all other cases, the applicant shall provide a self-declaration signed by its authorised representative certifying the validity of its accounts for the last financial year available.		(d) where the application concerns a grant for an action for which the amount exceeds EUR 750 000 or an operating grant which exceeds EUR 100 000, an audit report produced by an approved external auditor shall be submitted where it is available, and always in cases where a statutory audit is required by EU or national law. That report shall certify the accounts for the last financial year available. In all other cases, the applicant shall provide a self-declaration signed by its authorised representative certifying the validity of its accounts for the last financial year available.	New wording (as for row 2427): (d) where the application concerns a grant for an action for which the amount exceeds EUR 750 000 or an operating grant which exceeds EUR 100 000, an audit report produced by an approved external auditor shall be submitted where it is available, and always in cases where a statutory audit is required by EU or national law. That report shall certify the accounts for up to the last 3 financial years available. In all other cases, the applicant shall provide a self-declaration signed by its authorised representative certifying the validity of its accounts for up to the last 3 financial years available.	2429
The first subparagraph shall apply only to the first application made by a beneficiary to an authorising officer responsible in any one financial year.		The first subparagraph shall apply only to the first application made by a beneficiary to an authorising officer responsible in any one financial year.		2430
In the case of agreements between the Commission and a number of beneficiaries, the thresholds set in the first subparagraph shall apply to each beneficiary.		In the case of agreements between the Commission and a number of beneficiaries, the thresholds set in the first subparagraph shall apply to each beneficiary.		2431
In case of partnerships referred to in paragraph 4 of Article 126, the audit report referred to in the first subparagraph, covering the last two financial years available must be produced before signature of the financial framework partnership agreement.		In case of partnerships referred to in paragraph 4 of Article 126, the audit report referred to in the first subparagraph, covering the last two financial years available must be produced before signature of the financial framework partnership agreement.		2432

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The authorising officer responsible may, depending on a risk assessment, waive the obligation referred to in the first subparagraph for education and training establishments and, in case of agreements with a number of beneficiaries, beneficiaries who have accepted joint and several liabilities or who do not bear any financial responsibility.		The authorising officer responsible may, depending on a risk assessment, waive the obligation referred to in the first subparagraph for education and training establishments and, in case of agreements with a number of beneficiaries, beneficiaries who have accepted joint and several liabilities or who do not bear any financial responsibility.		2433
The first subparagraph shall not apply to public bodies and the international organisations referred to in Article 151.	AMD 285: The first subparagraph shall not apply to public bodies, Member State Organisations , and the international organisations referred to in Article 151. <u>Justification:</u> See AMD 246.	The first subparagraph shall not apply to public bodies, and the international organisations referred to in Article 151 and Member State organisations referred to in Article 151a and other bodies referred to in point (vi) of Article 61(1)(c), provided that the conditions specified in that point are fulfilled. <u>Explanation:</u> as modifications in Art. 61(1)(c) and 149(1) and 151a.	New wording: The first subparagraph shall not apply to persons and public bodies, Member State Organisations , and the international organisations referred to in Article 151 eligible under indirect management to the extent that they comply with the conditions specified in point (c) of Article 61 and Article 149. <i>Note: MS organisations are covered by the reference to Article 61(1)(c).</i>	2434
(e) a description of the action or work programme and an estimated budget which, where possible:	AMD 286: (e) a description of the action or work programme and an estimated budget, which:	(e)a description of the action or work programme and an estimated budget which, where possible:	EP AMD 286 is accepted.	2435
(i) shall have revenue and expenditure in balance, and		(i) shall have revenue and expenditure in balance, and		2436
(ii) shall indicate the estimated eligible costs of the action or work programme.		(ii) shall indicate the estimated eligible costs of the action or work programme.		2437
			New wording:	2437.1

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			<u>Points (i) and (ii) shall not apply to multi-donor actions.</u>	
As an exception to point (i), in duly justified cases, the estimated budget may include provisions for contingencies or possible variations in exchange rates.		As an exception to point (i), in duly justified cases, the estimated budget may include provisions for contingencies or possible variations in exchange rates.		2438
(f) indication of the sources and amounts of Union funding received or applied for the same action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action.		(f) indication of the sources and amounts of Union funding received or applied for in respect of the same action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action. <i>Explanation: clarification.</i>		2439
2. The application may be divided in several parts that may be submitted at different stages in accordance with paragraph 2 of Article 193.		2. The application may be divided in several parts that may be submitted at different stages in accordance with paragraph 2 of Article 193.		2440
	AMD 287: 2a. The applicant shall indicate the sources and amounts of Union funding received or applied for the same action or part of the action or for its functioning during the same financial year as well as any other funding received or applied for the same action. <i>Justification: Re-inserted from RAP Art. 196(4).</i>		EP drops AMD 287, as this is covered in point f (row 2439).	2440.1
<i>Article 190 Eligibility criteria</i>		<i>Article 190 Eligibility criteria</i>		2448
1. The eligibility criteria shall determine the conditions for participating in a call for proposals.		1. The eligibility criteria shall determine the conditions for participating in a call for proposals.		2449

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2. Any of the following applicants shall be eligible for participating in a call for proposal:		2. Any of the following applicants shall be eligible for participating in a call for proposal:		2450
(a) legal persons;		(a) legal persons;		2451
(b) natural persons, in so far as this is required by the nature or characteristics of the action or the objective pursued by the applicant;		(b) natural persons, in so far as this is required by the nature or characteristics of the action or the objective pursued by the applicant;		2452
(c) entities which do not have legal personality under the applicable national law, provided that their representatives have the capacity to undertake legal obligations on behalf of the entity and offer guarantees for the protection of the Union's financial interests equivalent to those offered by legal persons. In particular the applicant shall have a financial and operational capacity equivalent to that of a legal person. The representatives of the applicant shall prove that those conditions are satisfied.		(c) entities which do not have legal personality under the applicable national law, provided that their representatives have the capacity to undertake legal obligations on behalf of the entity and offer guarantees for the protection of the Union's financial interests equivalent to those offered by legal persons. In particular the applicant shall have a financial and operational capacity equivalent to that of a legal person. The representatives of the applicant shall prove that those conditions are satisfied.		2453
3. The call for proposals may lay down additional eligibility criteria which shall be established with due regard for the objectives of the action and shall comply with the principles of transparency and non-discrimination.		3. The call for proposals may lay down additional eligibility criteria which shall be established with due regard for the objectives of the action and shall comply with the principles of transparency and non-discrimination.		2454
4. For the purposes of paragraph 4 of Article 174 and this Article, the JRC shall be considered as a legal person established in a Member State.		4. For the purposes of paragraph 4 of Article 174 and this Article, the JRC shall be considered as a legal person established in a Member State.		2455

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<i>Article 191 Selection criteria</i>		<i>Article 191 Selection criteria</i>		2459
1. The selection criteria shall be such as to make it possible to assess the applicant's ability to complete the proposed action or work programme.		1. The selection criteria shall be such as to make it possible to assess the applicant's ability to complete the proposed action or work programme.		2460
2. The applicant must have stable and sufficient sources of funding to maintain his activity throughout the period for which the grant is awarded and to participate in its funding ('financial capacity').		2. The applicant must have stable and sufficient sources of funding to maintain his activity throughout the period for which the grant is awarded and to participate in its funding ("financial capacity").		2463
3. The applicant must have the professional competencies and qualifications required to complete the proposed action or work programme unless specifically provided otherwise in the basic act ('operational capacity').		3. The applicant must have the professional competencies and qualifications required to complete the proposed action or work programme unless specifically provided otherwise in the basic act ("operational capacity").		2464
4. Financial and operational capacity shall be verified in particular on the basis of an analysis of any information or supporting documents referred to in Article 189.		4. Financial and operational capacity shall be verified in particular on the basis of an analysis of any information or supporting documents referred to in Article 189.		2465
If no supporting documents were requested in the call for proposals and if the authorising officer responsible has doubts about the financial or operational capacity of an applicant, he shall request it to provide any appropriate documents.		If no supporting documents were requested in the call for proposals and if the authorising officer responsible has doubts reasonable grounds to question about the financial or operational capacity of an applicant, he shall request it the applicant to provide any appropriate documents. <i>Explanation: DQL clarifications</i>		2466
In case of partnerships the		In case of partnerships the		2467

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verification shall be performed in accordance with paragraph 6 of Article 126.		verification shall be performed in accordance with paragraph 6 of Article 126.		
5. The verification of financial capacity shall not apply to:		5. The verification of financial capacity shall not apply to:		2468
(a) natural persons in receipt of education support;		(a) natural persons in receipt of education support;		2469
(b) natural persons most in need and in receipt of direct support;		(b) natural persons most in need and in receipt of direct support;		2470
(c) public bodies;		(c) public bodies and Member State organisations referred to in Article 151a and other bodies as referred to in point (vi) of Article 61(1)(c), provided that the conditions specified in that point-are fulfilled;	New wording (based on Cion proposal): "(c)public bodies including Member State organisations; "	2471
	AMD 288: (ca) Member State Organisations; <i>Justification:</i> See AMD 246.		EP AMD 288 drops as this is now covered in redrafted point c above.	2471.1
(d) international organisations;		(d) international organisations;		2472
(e) persons or entities applying for interest rate rebates and guarantee fee subsidies where the objective of those rebates and subsidies is to reinforce the financial capacity of a beneficiary or to generate an income.		(e) persons or entities applying for interest rate rebates and guarantee fee subsidies where the objective of those rebates and subsidies is to reinforce the financial capacity of a beneficiary or to generate an income.		2473
6. The authorising officer responsible may, depending on a risk assessment, waive the obligation to verify the operational capacity of public bodies or international organisations.	AMD 289: 6. The authorising officer responsible may, depending on a risk assessment, waive the obligation to verify the operational capacity of public bodies, Member State organisations , or international organisations.	6. The authorising officer responsible may, depending on a risk assessment, waive the obligation to verify the operational capacity of public bodies, Member State organisations or international organisations.		2474

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	<i>Justification: See AMD 246.</i>			
<i>Article 192 Award criteria</i>		<i>Article 192 Award criteria</i>		2476
The award criteria shall be such as to make it possible:		The award criteria shall be such as to make it possible:		2477
(a) to assess the quality of the proposals submitted in the light of the objectives and priorities set;		(a) to assess the quality of the proposals submitted in the light of the objectives and priorities set;	New wording: "(a) to assess the quality of the proposals submitted in the light of the objectives and priorities set and of expected results ";	2478
(b) to award grants to the actions or to the work programmes which maximise the overall effectiveness of the Union funding.		(b) to award grants to the actions or to the work programmes which maximise the overall effectiveness of the Union funding.		2479
	AMD 290: (ba) to enable an evaluation thereof.		New wording: "(ba) to enable an evaluation of those grant applications ".	2479.1
<i>Article 193 Evaluation procedure</i>		<i>Article 193 Evaluation procedure</i>		2482
1. Proposals shall be evaluated, on the basis of the pre-announced selection and award criteria, with a view to determining which proposals may be financed.		1. Proposals shall be evaluated, on the basis of the pre-announced selection and award criteria, with a view to determining which proposals may be financed.		2483
2. The authorising officer responsible shall, where appropriate, divide the process into several procedural stages. The rules governing the process shall be announced in the call for proposals.		2. The authorising officer responsible shall, where appropriate, divide the process into several procedural stages. The rules governing the process shall be announced in the call for proposals.		2484
The applicants whose proposals are rejected at any stage shall be informed in accordance with paragraph 7.		The applicants whose proposals are rejected at any stage shall be informed in accordance with paragraph 7.		2486

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The same documents and information shall not be required more than once during the same procedure.		The same documents and information shall not be required more than once during the same procedure.		2487
3. The evaluation committee referred to in Article 145 or, where appropriate, the authorising officer responsible may ask an applicant to provide additional information or to clarify the supporting documents submitted in accordance with Article 146. The authorising officer shall keep appropriate records of contacts with applicants during the procedure.		3. The evaluation committee referred to in Article 145 or, where appropriate, the authorising officer responsible may ask an applicant to provide additional information or to clarify the supporting documents submitted in accordance with Article 146. The authorising officer shall keep appropriate records of contacts with applicants during the procedure.		2488
4. Upon completion of its work, the members of the evaluation committee shall sign a record of all the proposals examined, containing an assessment of their quality and identifying those which may receive funding.		4. Upon completion of its work, the members of the evaluation committee shall sign a record of all the proposals examined, containing an assessment of their quality and identifying those which may receive funding.		2489
Where necessary that record shall rank the proposals examined, provide recommendations on the maximum amount to award and possible non-substantial adjustments to the grant application.		Where necessary that record shall rank the proposals examined, provide recommendations on the maximum amount to award and possible non-substantial adjustments to the grant application.		2490
The record shall be kept for future reference.		The record shall be kept for future reference.		2491
5. The authorising officer responsible may invite an applicant to adjust its proposal in the light of the recommendations of the evaluation committee. The authorising officer responsible shall keep appropriate records of contacts with applicants		5. The authorising officer responsible may invite an applicant to adjust its proposal in the light of the recommendations of the evaluation committee. The authorising officer responsible shall keep appropriate records of contacts with applicants during the procedure.		2492

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during the procedure.				
6. The authorising officer responsible shall, on the basis of the evaluation, take his decision giving at least:		6. The authorising officer responsible shall, on the basis of the evaluation, take his decision giving at least:		2493
(a) the subject and the overall amount of the decision;		(a) the subject and the overall amount of the decision;		2494
(b) the name of the successful applicants, the title of the actions, the amounts accepted and the reasons for that choice, including where it is inconsistent with the opinion of the evaluation committee;		(b) the name of the successful applicants, the title of the actions, the amounts accepted and the reasons for that choice, including where it is inconsistent with the opinion of the evaluation committee;		2495
(c) the names of any applicants rejected and the reasons for that rejection.		(c) the names of any applicants rejected and the reasons for that rejection.		2496
7. The authorising officer responsible shall inform applicants in writing of the decision on their application. If the grant requested is not awarded, the institution concerned shall give the reasons for the rejection of the application. Rejected applicants shall be informed as soon as possible of the outcome of the evaluation of their application and in any case within 15 calendar days after information has been sent to the successful applicants.		7. The authorising officer responsible shall inform applicants in writing of the decision on their application. If the grant requested is not awarded, the Union institution concerned shall give the reasons for the rejection of the application. Rejected applicants shall be informed as soon as possible of the outcome of the evaluation of their application and in any case within 15 calendar days after information has been sent to the successful applicants.		2497
8. For grants pursuant to Article 188 the following shall apply:		8. For grants pursuant to Article 188 the following shall apply:		2499
(a) paragraphs 2 and 4 of this Article and Article 145 are not compulsory,		(a) paragraphs 2 and 4 of this Article and Article 145 are not compulsory;		2500
(b) the authorising officer responsible may merge the content of the evaluation report and award		(b) the authorising officer responsible may merge the content of the evaluation report and award decision into a single		2501

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decision into a single document and sign it.		document and sign it.		
<i>Article 194 Grant agreement</i>		<i>Article 194 Grant agreement</i>		2504
1. Grants shall be covered by a written agreement.		1. Grants shall be covered by a written agreement.		2505
2. The grant agreement shall at least include the following:		2. The grant agreement shall at least include the following:		2506
		(-a) the subject;		2506.1
		(-ab) the beneficiary;		2506.2
		(-ac) the duration, namely:		2506.3
		(i) the date of its entry into force,		2506.4
		(ii) the starting date and the duration of the action or financial year being funded; <i>Explanation: Art. 180(1) (a) to (c) RAP re-inserted.</i>		2506.5
(a) a description of the action or, for an operating grant, of the work programme together with a description of the results expected;		(a) a description of the action or, for an operating grant, of the work programme together with a description of the results expected;		2507
(b) the maximum amount of Union funding expressed in euro, the estimated budget of the action or work programme and the form of the grant;		(b) the maximum amount of Union funding expressed in euro, the estimated budget of the action or work programme and the form of the grant;		2508
(c) the rules regarding reporting and payments and the procurement rules provided for in Article 198;		(c) the rules regarding reporting and payments and the procurement rules provided for in Article 198;		2510
(d) the acceptance by the beneficiary of the obligations referred to in Article 124;		(d) the acceptance by the beneficiary of the obligations referred to in Article 124;		2511
(e) provisions governing the visibility of the Union financial support, except		(e) provisions governing the visibility of the Union financial support, except in		2512

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in duly justified cases, where public display is not possible or appropriate;		duly justified cases, where public display is not possible or appropriate;		
(f) the applicable law which shall be the Union law, complemented, where necessary, by national law as specified in the grant agreement. Derogation may be made in the agreements concluded with international organisations;		(f) the applicable law which shall be the Union law, complemented, where necessary, by national law as specified in the grant agreement. Derogation may be made in the agreements concluded with international organisations;		2513
(g) the competent court or arbitration tribunal to hear disputes.		(g) the competent court or arbitration tribunal to hear disputes.		2514
3. Pecuniary obligations of entities or persons other than States arising from the implementation of a grant agreement shall be enforceable in accordance with paragraph 2 of Article 98.		3. Pecuniary obligations of entities or persons other than States arising from the implementation of a grant agreement shall be enforceable in accordance with paragraph 2 of Article 98.		2516
4. Amendments to grant agreements, shall not have the purpose or the effect of making such changes that would call into question the grant award decision or be contrary to the equal treatment of applicants.		4. Amendments to grant agreements, shall not have the purpose or the effect of making such changes that would call into question the grant award decision or be contrary to the equal treatment of applicants.		2517
CHAPTER 4 Implementation of the grants		CHAPTER 4 Implementation of the grants		2519
<i>Article 195</i> <i>Amount of the grant and extension of audit findings</i>		<i>Article 195</i> <i>Amount of the grant and extension of audit findings</i>		2522
1. The amount of the grant shall not become final until after the authorising officer responsible has approved the final reports and, where applicable, the accounts, without prejudice to subsequent audits, checks and investigations by the		1. The amount of the grant shall not become final until after the authorising officer responsible has approved the final reports and, where applicable, the accounts, without prejudice to subsequent audits, checks and investigations by the Union institution		2523

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institution concerned, European Anti-Fraud Office or the European Court of Auditors. Paragraph 4 of Article 127 shall apply even after the amount of the grant has become final.		concerned, European Anti-Fraud Office or the European Court of Auditors. Paragraph 4 of Article 127 shall apply even after the amount of the grant has become final.		
2. Where controls or audits demonstrate systemic or recurrent irregularities, fraud or breach of obligations attributable to the beneficiary and having a material impact on a number of grants awarded to that beneficiary under similar conditions, the authorising officer responsible may suspend the implementation of the grant agreement or payments under all the grants concerned or, where appropriate, terminate the concerned grant agreements with that beneficiary, in proportion to the seriousness of the findings.		2. Where controls or audits demonstrate systemic or recurrent irregularities, fraud or breach of obligations attributable to the beneficiary and having a material impact on a number of grants awarded to that beneficiary under similar conditions, the authorising officer responsible may suspend the implementation of the grant agreement or payments under all the grants concerned or, where appropriate, terminate the concerned grant agreements with that beneficiary, in proportion to the seriousness of the findings.		2525
The authorising officer responsible may, in addition, reduce the grants, reject ineligible costs and recover, if necessary, amounts unduly paid in respect of all the grants affected by the systemic or recurrent irregularities, fraud or breach of obligations referred to in the first subparagraph that may be subject to audits, checks and investigations in accordance with the grant agreements affected.		The authorising officer responsible may, in addition, reduce the grants, reject ineligible costs and recover, if necessary, amounts unduly paid in respect of all the grants affected by the systemic or recurrent irregularities, fraud or breach of obligations referred to in the first subparagraph that may be subject to audits, checks and investigations in accordance with the grant agreements affected. <i>Explanation: Council does not consider the qualification "if necessary" reasonable (was added by Cion in comparison to Art. 135(5) current FR).</i>		2526
3. The authorising officer responsible		3. The authorising officer responsible shall		2527

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shall determine the amounts to be reduced or recovered, wherever possible and practicable, on the basis of costs unduly declared as eligible for each grant concerned, following acceptance of the revised reports and financial statements submitted by the beneficiary.		determine the amounts to be reduced or recovered, wherever possible and practicable, on the basis of costs unduly declared as eligible for each grant concerned, following acceptance of the revised reports and financial statements submitted by the beneficiary.		
4. Where it is not possible or practicable to quantify precisely the amount of ineligible costs for each grant concerned, the amounts to be reduced or recovered may be determined by extrapolating the reduction or recovery rate applied to the grants for which the systemic or recurrent irregularities, fraud or breach of obligations have been demonstrated, or, where ineligible costs cannot serve as a basis for determining the amounts to be reduced or recovered, by applying a flat rate, having regard to the principle of proportionality. The beneficiary shall be given the opportunity to propose a duly substantiated alternative method or rate before the reduction or recovery is made.		4. Where it is not possible or practicable to quantify precisely the amount of ineligible costs for each grant concerned, the amounts to be reduced or recovered may be determined by extrapolating the reduction or recovery rate applied to the grants for which the systemic or recurrent irregularities, fraud or breach of obligations have been demonstrated, or, where ineligible costs cannot serve as a basis for determining the amounts to be reduced or recovered, by applying a flat rate, having regard to the principle of proportionality. The beneficiary shall be given the opportunity to propose a duly substantiated alternative method or rate before the reduction or recovery is made.		2528
<i>Article 196</i> <i>Supporting documents for payment requests</i>		<i>Article 196</i> <i>Supporting documents for payment requests</i>		2530
1. The authorising officer responsible shall specify the supporting documents required to accompany payment requests.		1. The authorising officer responsible shall specify the supporting documents required to accompany payment requests.		2531
2. For each grant, pre financing may be split into several instalments in		2. For each grant, pre financing may be split into several instalments in		2532

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accordance with sound financial management. The request for a further pre-financing instalment shall be accompanied by a beneficiary's statement on the consumption of previous pre-financing. The instalment shall be paid in full if at least 70 % of the total amount of any earlier pre financing has been consumed. Otherwise, the instalment shall be reduced by the amounts still to be consumed until that threshold is reached.		accordance with sound financial management. The request for a further pre-financing instalment shall be accompanied by a beneficiary's statement on the consumption of previous pre-financing. The instalment shall be paid in full if at least 70 % of the total amount of any earlier pre financing has been consumed. Otherwise, the instalment shall be reduced by the amounts still to be consumed until that threshold is reached.		
3. The beneficiary shall, without prejudice to the obligation to provide supporting documents, certify on its honour that information contained in payment requests is full, reliable and true. The beneficiary shall also certify that the costs incurred are eligible in accordance with the grant agreement and that payment requests are substantiated by adequate supporting documents that may be checked.		3. The beneficiary shall, without prejudice to the obligation to provide supporting documents, certify on its honour that information contained in payment requests is full, reliable and true. The beneficiary shall also certify that the costs incurred are eligible in accordance with the grant agreement and that payment requests are substantiated by adequate supporting documents that may be checked.		2534
4. A certificate on the financial statements of the action or the work programme and underlying accounts may be demanded by the authorising officer responsible in support of interim payments or payments of balances of any amount. Such a certificate shall be requested on the basis of a risk assessment taking into account, in particular, the amount of the grant, the amount of the payment, the nature of the beneficiary and the nature of the supported activities		4. A certificate on the financial statements of the action or the work programme and underlying accounts may be demanded by the authorising officer responsible in support of interim payments or payments of balances of any amount. Such a certificate shall be requested on the basis of a risk assessment taking into account, in particular, the amount of the grant, the amount of the payment, the nature of the beneficiary and the nature of the supported activities		2535

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The certificate shall be produced by an approved external auditor or in case of public bodies, by a competent and independent public officer.		The certificate shall be produced by an approved external auditor or in case of public bodies, by a competent and independent public officer.		2536
The certificate shall certify, in accordance with a methodology approved by the authorising officer responsible and on the basis of agreed-upon procedures compliant with international standards, that the costs declared by the beneficiary in the financial statements on which the payment request is based are real, accurately recorded and eligible in accordance with the grant agreement. In specific and duly justified cases, the authorising officer responsible may request the certificate in the form of an opinion or other format in accordance with international standards.		The certificate shall certify, in accordance with a methodology approved by the authorising officer responsible and on the basis of agreed-upon procedures compliant with international standards, that the costs declared by the beneficiary in the financial statements on which the payment request is based are real, accurately recorded and eligible in accordance with the grant agreement. In specific and duly justified cases, the authorising officer responsible may request the certificate in the form of an opinion or other format in accordance with international standards.		2537
5. An operational verification report, produced by an independent third party approved by the authorising officer responsible, may be requested by the authorising officer responsible in support of any payment, on the basis of a risk assessment. The verification report shall state that the operational verification was done in accordance with a methodology approved by the authorising officer responsible and whether the action or work programme was actually implemented in accordance with the conditions set out in the grant agreement.		5. An operational verification report, produced by an independent third party approved by the authorising officer responsible, may be requested by the authorising officer responsible in support of any payment, on the basis of a risk assessment. The verification report shall state that the operational verification was done in accordance with a methodology approved by the authorising officer responsible and whether the action or work programme was actually implemented in accordance with the conditions set out in the grant agreement.		2539

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<i>Article 197 Financial support to third parties</i>		<i>Article 197 Financial support to third parties</i>		2542
Where implementation of an action or a work programme requires financial support to be given to third parties, the beneficiary may give such financial support provided that the conditions for the giving of such support are strictly defined in the grant agreement between the beneficiary and the Commission, in order to avoid the exercise of discretion by the beneficiary.		Where implementation of an action or a work programme requires financial support to be given to third parties, the beneficiary may give such financial support provided that the conditions for the giving of such support are strictly defined in the grant agreement between the beneficiary and the Commission, in order to avoid the exercise of discretion by the beneficiary.		2543
The discretion is considered exhausted if the grant agreement specifies the following:		The discretion is considered exhausted if the grant agreement specifies the following:		2545
(a) the maximum amount of financial support that can be paid to a third party which shall not exceed EUR 60 000 and the criteria for determining the exact amount. This threshold can be exceeded where achieving the objectives of the actions would otherwise be impossible or overly difficult;		(a) the maximum amount of financial support that can be paid to a third party which shall not exceed EUR 60 000 and the criteria for determining the exact amount. This threshold can may be exceeded where achieving the objectives of the actions would otherwise be impossible or overly difficult; <i>Explanation: DQL improvement / regulatory wording.</i>		2546
(b) the different types of activities that may receive such financial support, on the basis of a fixed list;		(b) the different types of activities that may receive such financial support, on the basis of a fixed list;		2547
(c) the definition of the persons or categories of persons which may receive such financial support and the criteria to give it.		(c) the definition of the persons or categories of persons which may receive such financial support and the criteria to give it.		2548
<i>Article 198 Implementation contracts</i>		<i>Article 198 Implementation contracts</i>		2549

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1. Without prejudice to the application of the Directives 2014/24/EU and 2014/25/EU ¹ , where implementation of the action or work programme requires the award of a procurement contract, the beneficiary may award the contract in accordance with its usual purchasing practices provided that the contract is awarded to the tender offering best value for money or, as appropriate, to the tender offering the lowest price, while avoiding any conflict of interests.		1. Without prejudice to the application of the Directives 2014/24/EU and 2014/25/EU ² , where the implementation of the action or work programme requires the award of a procurement contract, the beneficiary may award the contract in accordance with its usual purchasing practices provided that the contract is awarded to the tender offering best value for money or, as appropriate, to the tender offering the lowest price, while avoiding any conflict of interests.		2550
2. Where implementation of the action or work programme requires the award of a procurement contract with a value of more than EUR 60 000, the authorising officer responsible may, if duly justified, require the beneficiary to abide by special rules in addition to those referred to in paragraph 1.		2. Where implementation of the action or work programme requires the award of a procurement contract with a value of more than EUR 60 000, the authorising officer responsible may, if duly justified, require the beneficiary to abide by special rules in addition to those referred to in paragraph 1.		2551
Those special rules shall be based on rules contained in this Regulation and shall be proportionate to the value of the contracts concerned, the relative size of the Union contribution in relation to the total cost of the action and the risk. Such special rules shall be included in the grant agreement.		Those special rules shall be based on rules contained in this Regulation and shall be proportionate to the value of the contracts concerned, the relative size of the Union contribution in relation to the total cost of the action and the risk. Such special rules shall be included in the grant agreement.		2552
TITLE IX PRIZES		TITLE IX PRIZES		2555

¹ Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC(OJ L 94, 28.3.2014, p.243)

² Directive 2014/25/EU of the European Parliament and of the Council of 26 February 2014 on procurement by entities operating in the water, energy, transport and postal services sectors and repealing Directive 2004/17/EC(OJ L 94, 28.3.2014, p. 243)

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Article 199 General rules		Article 199 General rules		2556
		0. This Title shall apply to prizes awarded under direct management. <i>Explanation: clarification, aligned to Art. 174 - introductory Article for grants.</i>	Commission original wording, see change in definition for prizes, row 66, so the text can be dropped.	2556.1
1. Prizes shall respect the principles of transparency and equal treatment and shall promote the achievement of policy objectives of the Union.		1. Prizes shall respect the principles of transparency and equal treatment and shall promote the achievement of policy objectives of the Union.		2557
2. Prizes may not be awarded directly without a contest.		2. Prizes may not be awarded directly without a contest.		2558
Contests for prizes with a unit value of EUR 1 000 000 or more may only be published where those prizes are mentioned in the financing decision referred to in Article 108 and after information on such prizes has been submitted to the European Parliament.		Contests for prizes with a unit value of EUR 1 000 000 or more may only be published where those prizes are mentioned in the financing decision referred to in Article 108 and after information on such prizes has been submitted to the European Parliament and the Council. <i>Explanation: to ensure equal submission of information to both arms of the legislator.</i>		2559
3. The amount of the prize shall not be linked to costs incurred by the winner.		3. The amount of the prize shall not be linked to costs incurred by the winner.		2564
4. Where implementation of an action or work programme requires prizes to be given to third parties by a beneficiary of a Union grant, that beneficiary may give such prizes provided that the eligibility and award criteria, the amount of the prizes and the payment arrangements are defined in the grant agreement between the beneficiary and the Commission, with no margin for		4. Where implementation of an action or work programme requires prizes to be given to third parties by a beneficiary of a Union grant, that beneficiary may give such prizes provided that the eligibility and award criteria, the amount of the prizes and the payment arrangements are defined in the grant agreement between the beneficiary and the Commission, with no margin for discretion.		2565

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discretion.				
<i>Article 200 Rules of contest, award and publication</i>		<i>Article 200 Rules of contest, award and publication</i>		2566
1. Rules of contests shall:		1. Rules of contests shall:		2567
(a) specify the eligibility criteria;		(a) specify the eligibility criteria;		2569
(b) specify the arrangements and final date for the registration of applicants, if required, and for the submission of applications;		(b) specify the arrangements and final date for the registration of applicants, if required, and for the submission of applications;		2570
(c) specify the exclusion criteria;		(c) specify the exclusion criteria as set out in Articles 132 and 137 ; <i>Explanation: clarification</i>	Council addition agreed (see rows 1669 et seq. and 1784 et seq.)	2571
(d) provide for the sole liability of applicant in case of claim relating to the activities carried out in the framework of the contest;		(d) provide for the sole liability of applicant in case of claim relating to the activities carried out in the framework of the contest;		2572
(e) provide for acceptance by the winners of obligations referred to in Article 124 and of the publicity obligations as specified in the rules of the contest;		(e) provide for acceptance by the winners of obligations referred to in Article 124 and of the publicity obligations as specified in the rules of the contest;		2573
(f) state that Union law is the law which applies to the contest, complemented, where necessary, by national law as specified in the rules of contest;		(f) state that Union law is the law which applies to the contest, complemented, where necessary, by national law as specified in the rules of contest; <i>Explanation: not necessary, as the rule of law is clear (for prizes public law is generally foreseen, no need to regulate a future (contractual) relationship) - upon advice from CLS.</i>		2574
(g) specify the competent court or arbitration tribunal to hear		(g) specify the competent court or arbitration tribunal to hear disputes;		2575

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disputes;		<i>Explanation: as above.</i>		
(h) the award criteria, which shall be such as to make possible to assess the quality of the applications with regard to the objectives pursued and the expected results and to determine objectively whether applications qualify as the winners;		(h) the award criteria, which shall be such as to make possible to assess the quality of the applications with regard to the objectives pursued and the expected results and to determine objectively whether applications qualify as the winners;		2577
(i) the amount of the prize or prizes;		(i) the amount of the prize or prizes;		2578
(j) the arrangements for the payment of prizes to the winners after their award.		(j) the arrangements for the payment of prizes to the winners after their award.		2579
For the purposes of point (a) of the first subparagraph, beneficiaries of Union grants shall be eligible, unless stated otherwise in the rules of contest.		For the purposes of point (a) of the first subparagraph, beneficiaries of Union grants shall be eligible, unless stated otherwise in the rules of contest.		2580
For the purposes of point (f) of the first subparagraph, derogation may be made in the case of participation of international organisations.		For the purposes of point (f) of the first subparagraph, derogation may be made in the case of participation of international organisations.		2581
Paragraph 3 of Article 187 shall apply mutatis mutandis to the publication of contests.		Paragraph 3 of Article 187 shall apply mutatis mutandis to the publication of contests.		2582
2. Rules of contests may set the conditions for cancelling the contest, in particular where its objectives cannot be fulfilled.		2. Rules of contests may set the conditions for cancelling the contest, in particular where its objectives cannot be fulfilled.		2584
3. Prizes shall be awarded by the authorising officer responsible following an evaluation by the evaluation committee referred to in Article 145.		3. Prizes shall be awarded by the authorising officer responsible following an evaluation by the evaluation committee referred to in Article 145.		2586
Paragraph 6 of Article 193 shall apply mutatis mutandis to the award		Paragraphs 4 and 6 of Article 193 shall apply mutatis mutandis to the award		2587

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decision.		decision. <i>Explanation: clarification</i>		
4. Applicants shall be informed as soon as possible of the outcome of the evaluation of their application and in any case within 15 calendar days after the award decision has been taken by the authorising officer.		4. Applicants shall be informed as soon as possible of the outcome of the evaluation of their application and in any case within 15 calendar days after the award decision has been taken by the authorising officer.		2588
The decision to award the prize shall be notified to the winning applicant and shall serve as the legal commitment.		The decision to award the prize shall be notified to the winning applicant and shall serve as the legal commitment.		2589
5. All prizes awarded in a course of a financial year shall be published in accordance with paragraph 1 to 4 of Article 36.		5. All prizes awarded in a course of a financial year shall be published in accordance with paragraphs 1 to 4 of Article 36.		2590
Following the publication when requested by the European Parliament and the Council, the Commission shall forward them a report on:	AMD 291: Following the publication, the Commission shall forward to the European Parliament and the Council a report on:	Following the publication when requested by the European Parliament and the Council, the Commission shall forward them a report on:	EP drops AMD 291.	2591
(a) the number of applicants in the past year;		(a) the number of applicants in the past year;		2592
(b) the number of applicants and the percentage of successful applications per contest;		(b) the number of applicants and the percentage of successful applications per contest;		2593
(c) a list of the experts having taken part in evaluation committees in the past year, together with a reference to the procedure for their selection.		(c) a list of the experts having taken part in evaluation committees in the past year, together with a reference to the procedure for their selection.		2594
TITLE X FINANCIAL INSTRUMENTS, BUDGETARY GUARANTEES AND FINANCIAL ASSISTANCE		TITLE X FINANCIAL INSTRUMENTS, BUDGETARY GUARANTEES AND FINANCIAL ASSISTANCE <i>General remark: the Commission was</i>		2600

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		<i>consulted extensively on this Title, in particular on the functioning of the Common Provisioning fund, the global vs. effective provisioning rate as well as the calculation thereof and on the transferring of funds between budget items for budgetary guarantees (see also Art. 28(1)(g)). The drafting, especially of Art. 204 and 206 was, accordingly, done in consultation with the Commission's experts.</i>		
CHAPTER 1 Common provisions		CHAPTER 1 Common provisions		2601
<i>Article 201</i> <i>Scope and implementation</i>		<i>Article 201</i> <i>Scope and implementation</i>		2602
1. The Union may establish financial instruments or provide budgetary guarantees or financial assistance backed by the general budget by means of a basic act.	AMD 292: 1. <i>In order to achieve its objectives, the</i> Union may establish financial instruments or provide budgetary guarantees or financial assistance backed by the general budget by means of a basic act <i>where these prove to be the best way to achieve the Union objectives. The financial instruments shall be complementary to the other form of budgetary intervention.</i>	1. The Union may establish financial instruments or provide budgetary guarantees or financial assistance backed by the general budget by means of a basic act, which shall define their scope and period of implementation. <i>Explanation: specify further requirement for basic act establishing financial instruments (FIs).</i>	New wording: 1. Where these prove to be the most appropriate way to achieve the Union objectives, the Union may establish financial instruments or provide budgetary guarantees or financial assistance backed by the general budget by means of a basic act, where these prove to be the most appropriate way to achieve the Union objectives and which shall define their scope and period of implementation.	2603
2. Member States may contribute to the Union's financial instruments, budgetary guarantees or financial assistance. If authorized by the basic act, other third parties may also contribute.		2. Member States may contribute to the Union's financial instruments, budgetary guarantees or financial assistance. If authorized by the basic act, other third parties may also contribute.		2604
3. Where financial instruments are implemented under shared		3. Where financial instruments are implemented under shared		2605

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implementation with Member States, sector specific rules apply, without prejudice to subparagraph 2 of Article 208(2).		<p>implementation management with Member States, sector-specific rules shall apply, without prejudice to subparagraph 2 of Article 208(2).</p> <p><i>Explanation: harmonisation of language. Reference to 208(2) is not necessary, as the use of FI for ESI Funds is now fully regulated in the CPR. By consequence also 208(2) 2nd subparagraph is deleted. Would have created confusion to retain this exception in FinReg.</i></p>		
<p>4. Where financial instruments or budgetary guarantees are indirectly implemented, the Commission shall conclude agreements with entities pursuant to points (ii), (iii), (v) and (vi) of Article 61(1)(c). These entities may, under their responsibility, conclude agreements with financial intermediaries, selected following procedures equivalent to those of the Commission. They shall transpose the requirements pursuant to Article 150(2) in those agreements.</p>		<p>4. Where financial instruments or budgetary guarantees are indirectly implemented under indirect management, the Commission shall conclude agreements with entities pursuant to points (ii), (iii), (v) and (vi) of Article 61(1)(c). These entities may, when implementing financial instruments and budgetary guarantees under their responsibility indirect management, conclude agreements with financial intermediaries which shall be selected following ensuing procedures equivalent to those of applied by the Commission. Where the systems and procedures of these entities have been assessed pursuant to Article 149(4), they may fully rely on these systems and procedures. These entities they shall transpose the requirements pursuant to Article 150(2) in those agreements.</p> <p><i>Explanation: harmonisation/improvement of language, clarification of relationship to Art. 149(4).</i></p>	<p>New wording:</p> <p>4. Where financial instruments or budgetary guarantees are indirectly implemented under indirect management, the Commission shall conclude agreements with entities pursuant to points (ii), (iii), (v) and (vi) of Article 61(1)(c). Where the systems and procedures of these entities have been assessed pursuant to Article 149(4), they may fully rely on these systems and procedures. These entities may, when implementing financial instruments and budgetary guarantees under their responsibility indirect management, conclude agreements with financial intermediaries which shall be selected following ensuing procedures equivalent to those of applied by the Commission. These entities they shall transpose the requirements pursuant to Article 150(2) in those agreements.</p>	2606

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		<p>The Commission shall remain responsible for ensuring that the implementation framework for financial instruments complies with the principle of sound financial management and supports the attainment of defined and timed policy objectives, measurable in terms of outputs and results. The Commission shall be accountable for the implementation of financial instruments without prejudice to the entrusted entities' legal and contractual responsibility in accordance with the applicable law.</p> <p><i>Explanation:</i> Art. 139(4) 3rd subpara. re-inserted.</p>	<p>New wording:</p> <p>The Commission shall remain responsible for ensuring that the implementation framework for financial instruments complies with the principle of sound financial management and supports the attainment of defined and timed policy objectives, measurable in terms of outputs and/or results. The Commission shall be accountable for the implementation of financial instruments without prejudice to the entrusted entities' legal and contractual responsibility in accordance with the applicable law and Article 124.</p>	2606.1
Where third countries contribute to financial instruments or budgetary guarantees pursuant to paragraph 2, the basic act may allow for the designation of eligible implementing entities or counterparts from the countries concerned.		Where third countries contribute to financial instruments or budgetary guarantees pursuant to paragraph 2, the basic act may allow for the designation of eligible implementing entities or counterparts from the countries concerned.		2607
	<p>AMD 293:</p> <p>4a. The Court of Auditors shall have full access to any information related to the financial instruments, budgetary guarantees and financial assistance including by on-spot checks.</p>	<p><i>See Council modifications proposed in Art. 242 (annual report in FIs) and Art. 250(3) (ECA annual report to cover CPF) to address the same issue.</i></p>	<p>New wording, based on EP AMD 293 with changes:</p> <p>"4a. The Court of Auditors shall have full access to any information related to the financial instruments, budgetary guarantees and financial assistance including by on-spot checks.</p>	2607.1

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	<i>Unless provided otherwise in the basic act, the Court of Auditors shall be considered as the external auditor responsible for the projects and programmes supported by a financial instrument, a budgetary guarantee or a financial assistance.</i>		The Court of Auditors shall be the external auditor responsible for the projects and programmes supported by a financial instrument, a budgetary guarantee or a financial assistance.	2607.2
Article 202 Principles and conditions applicable to financial instruments and budgetary guarantees		Article 202 Principles and conditions applicable to financial instruments and budgetary guarantees		2608
	AMD 294: -1. Financial instruments shall be used in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination, equal treatment and subsidiarity, and in accordance with their objectives and, where applicable, the duration established in the basic act for those financial instruments. <i>Justification: Re-inserted Article 140(1) of Regulation 966/2012.</i>		New wording in principle agreed, but still needs to be validated: 1. Financial instruments and budgetary guarantees shall be used in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination, equal treatment and subsidiarity, and in accordance with their objectives and, where applicable, the duration established in the basic act for those financial instruments and budgetary guarantees .	2608.1
1. Financial instruments or budgetary guarantees shall:		1. Financial instruments or and budgetary guarantees shall: <i>Explanation: technical correction.</i>	Original Commission drafting with "or" is agreed.	2609

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
(a) address market failures or sub-optimal investment situations and provide support, in a proportionate manner, only to final recipients that are deemed potentially economically viable at the time of the Union financial support;		(a) address market failures or sub-optimal investment situations and provide support, in a proportionate manner, only to final recipients that are deemed potentially economically viable according to internationally accepted standards at the time of the Union financial support; <i>Explanation: Cion proposed wording was considered too loose, therefore, some stricter requirements on economic viability of final recipients.</i>		2610
(b) achieve additionality by avoiding replacing potential support from other public or market sources;		(b) achieve additionality by avoiding preventing the replacement of replacing potential support and investment from other public or market sources; <i>Explanation: linguistic improvement; clarification.</i>		2611
(c) ensure non-distortion of competition in the internal market and consistency with State aid rules;		(c) ensure non-distortion of competition in the internal market and be consistency with State aid rules; <i>Explanation: linguistic improvement</i>		2612
(d) achieve a leverage or a multiplier effect, by mobilising a global investment exceeding the size of the Union contribution or guarantee. The target range of values for the leverage and multiplier effect shall be based on an ex-ante evaluation for the corresponding financial instrument or budgetary guarantee;	AMD 295: (d) achieve a leverage or a multiplier effect, by mobilising a global investment exceeding the size of the Union contribution or guarantee. The target range of values for the leverage and multiplier effect shall be based on an impact assessment for the corresponding financial instrument or budgetary guarantee;	(d) achieve a leverage or and a multiplier effect, by mobilising a global investment exceeding the size of the Union contribution or guarantee, including, where appropriate, the maximisation of private investment. The target range of values for the leverage and multiplier effect shall be based on an ex-ante evaluation for the corresponding financial instrument or budgetary guarantee; <i>Explanation: specify more clearly the</i>	Council wording is agreed.	2613

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<i>Justification: Consistent terminology with AMDs 111 to 113.</i>	<i>aim/contribution of Union FIs.</i>		
(e) ensure that there is a common interest of the implementing entities or counterparts involved in the implementation in achieving the policy objectives defined in the relevant basic act, with provisions such as co investment, risk sharing requirements or financial incentives, while preventing a conflict of interests with other activities of the entities or counterparts;		(e) be implemented in a way to ensure that there is a common interest of the implementing entities or counterparts involved in the implementation in achieving the policy objectives defined in the relevant basic act, with provisions such as co investment, risk sharing requirements or financial incentives, while preventing a conflict of interests with other activities of the entities or counterparts; <i>Explanation: linguistic improvement.</i>		2614
(f) ensure that the remuneration of the Union is consistent with the sharing of risk among financial participants and the policy objectives of the financial instrument or budgetary guarantee;		(f) ensure that the foresee a remuneration of the Union that is consistent with the sharing of risk among financial participants and the policy objectives of the financial instrument or budgetary guarantee; <i>Explanation: linguistic improvement.</i>		2615
(g) provide for any remuneration of the implementing entities or counterparts involved in the implementation to be performance based. Performance based fees shall comprise administrative fees to remunerate the entity or counterpart for the work carried out in the implementation of a financial instrument or budgetary guarantee and, where appropriate, policy related incentives to promote the achievement of the policy	AMD 296: (g) provide for any remuneration of the implementing entities or counterparts involved in the implementation to be performance based. Performance based fees shall comprise administrative fees to remunerate the entity or counterpart for the work carried out in the implementation of a financial instrument or budgetary guarantee calculated on the basis of funds actually transferred , and, where appropriate, policy related	(g) provide for any remuneration of the implementing entities or counterparts involved in the implementation to be performance based. Performance based fees shall comprise administrative fees to remunerate the entity or counterpart for the work carried out in the implementation of a financial instrument or budgetary guarantee and, where appropriate, policy related incentives to promote the achievement of the policy objectives or incentivise the financial performance of the financial	New wording: (g) where provide for any remuneration of the implementing entities or counterparts involved in the implementation is due, provide that such remuneration is to be performance based. Performance based fees shall comprise: (i) administrative fees to remunerate the entity or counterpart for the work carried out in the implementation of a financial	2616

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
objectives or incentivise the financial performance of the financial instrument or budgetary guarantee. Exceptional expenses may be reimbursed;	incentives to promote the achievement of the policy objectives or incentivise the financial performance of the financial instrument or budgetary guarantee. Exceptional expenses may be reimbursed in duly justified cases ;	instrument or budgetary guarantee. Exceptional expenses may be reimbursed in duly justified cases ; <i>Explanation: as EP.</i>	instrument or budgetary guarantee, which shall, to the extent possible, be based on the operations carried out or amounts disbursed and, (ii) where appropriate, policy related incentives to promote the achievement of the policy objectives or incentivise the financial performance of the financial instrument or budgetary guarantee. Exceptional expenses may be reimbursed in duly justified cases ;	
	AMD 297: <i>(ga) agreements and performance measures shall need to be well-designed and carefully implemented; the Commission shall not allow the calculation of administrative fees as a percentage of the cumulative Union contribution committed, including uncalled budgetary commitments.</i>		EP drops AMD 297.	2616.1
(h) be based on ex-ante evaluations, individually or as part of a programme, in line with Article 32. The ex-ante evaluation shall contain explanations concerning the choice of the type of financial operation taking into account the policy objectives pursued and the associated financial risks and savings for the budget of the Union.	AMD 298: (h) be based on impact assessments , individually or as part of a programme, in line with Article 32. The impact assessment shall contain explanations concerning the choice of the type of financial operation taking into account the policy objectives pursued and the associated financial risks and savings for the budget of the Union. These assessments	(h) be based on ex-ante evaluations, individually or as part of a programme, in line with Article 32. The ex-ante evaluation shall contain explanations concerning the choice of the type of financial operation taking into account the policy objectives pursued and the associated financial risks and savings for the budget of the Union.	New wording based on EP AMD 298: "(h)be based on impact assessments ex-ante evaluations , individually or as part of a programme, in line with Article 32. The impact assessment ex-ante evaluations shall contain explanations concerning the choice of the type of financial operation taking into account the policy objectives pursued and the	2617

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<p><i>shall be reviewed and updated to take into account the effect of major socioeconomic changes on the rationale of the instrument or guarantee.</i></p> <p><i>Justification: Consistent terminology with AMDs 111 to 113.</i></p>		<p>associated financial risks and savings for the budget of the Union. These assessments evaluations shall be reviewed and updated to take into account the effect of major socioeconomic changes on the rationale of the instrument or guarantee.</p> <p><i>Clarification of term needed - technicality.</i></p>	
<p>2. Unless otherwise specified in a basic act, internal assigned revenue pursuant to point (i) of Article 20(3) shall comply with the following principles:</p>		<p>2. Unless otherwise specified in a basic act, internal assigned revenue pursuant to point (i) of Article 20(3) shall comply with the following principles:</p>	<p>Council deletion agreed (=status quo).</p>	<p>2618</p>
<p>(a) they shall be used for the same financial instrument or budgetary guarantee during the entire period of its implementation of the operation, without prejudice to Article 208(5);</p>		<p>(a) they shall be used for the same financial instrument or budgetary guarantee during the entire period of its implementation of the operation, without prejudice to Article 208(5);</p>	<p>Council deletion agreed (=status quo).</p>	<p>2619</p>
<p>(b) after the end of the period of implementation of a financial instrument or budgetary guarantee, any outstanding amount originating in the Union budget shall be returned to the budget;</p>	<p>AMD 299:</p> <p>(b) after the end of the period of implementation of a financial instrument or budgetary guarantee and taking into account the nature of that financial instrument or budgetary guarantee, any outstanding amount originating in the Union budget shall be returned to the budget;</p> <p><i>Justification: In portfolio risk-sharing schemes, also portfolio life-time should be considered before returning funds to the EU budget.</i></p>	<p>(b) after the end of the period of implementation of a financial instrument or budgetary guarantee, any outstanding amount originating in the Union budget shall be returned to the budget;</p> <p><i>Explanation: Council proposes to revert to the current situation (Art. 140(6) current FinReg), i.e. to allow considering repayments as assigned revenue (which is then assigned/re-invested to the FI), but not of revenue (e.g. interests), which would constitute general revenue.</i></p>	<p>Council deletion agreed (=status quo).</p>	<p>2620</p>

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
		<p>Without prejudice to sector-specific rules for shared management, revenues, including dividends, capital gains, guarantee fees and interest on loans and on amounts on fiduciary accounts paid back to the Commission or fiduciary accounts opened for financial instruments or budgetary guarantees and attributable to the support from the budget under a financial instrument or a budgetary guarantee, shall be entered in the budget after deduction of management costs and fees.</p> <p><i>Explanation: From Art. 140(6) current FR</i></p>	Council wording agreed (=status quo).	2620.1
		<p>Annual repayments, including capital repayments, guarantees released, and repayments of the principal of loans, paid back to the Commission or fiduciary accounts opened for financial instruments or budgetary guarantees and attributable to the support from the budget under a financial instrument or a budgetary guarantee, shall constitute internal assigned revenue in accordance with Article 20 and shall be used for the same financial instrument or budgetary guarantee, without prejudice to Article 208(5), for a period not exceeding the period for the commitment of appropriations plus two years, unless specified otherwise in a basic act.</p>	Council wording agreed (=status quo)	2620.2

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
		<i>Explanation: from Art. 140(6) FR.</i>		
		<p>The Commission shall take into account such internal assigned revenue when proposing the amount for future allocations for financial instruments or budgetary guarantees.</p> <p><i>Explanation: additional safeguard for prudent budgeting.</i></p>	Council wording agreed.	2620.3
(c) without prejudice to point (b), the outstanding amount of assigned revenue authorised under a basic act that is to be repealed or terminates may be taken into account when setting the amount of resources for a another financial instrument in its basic act;		<p>(c) without prejudice to point (b) Notwithstanding the second subparagraph, the outstanding amount of assigned revenue authorised under a basic act that is to be repealed or terminates may also be taken into account when setting the amount of resources for a another financial instrument in its basic act assigned to another financial instrument pursuing similar objectives, where this is foreseen in the basic act establishing the latter;</p> <p><i>Explanation: clarification that assigned revenue may be use, but this needs to be specified in the new basic act.</i></p>	Council wording agreed.	2621
(d) they shall be taken into account when determining the allocation of appropriations to a financial instrument or budgetary guarantee in the annual budget.		<p>(d) they shall be taken into account when determining the allocation of appropriations to a financial instrument or budgetary guarantee in the annual budget.</p> <p><i>Explanation: deleted in line with Council approach on reflows.</i></p>	Council wording agreed (covered in row 2620.3)	2622
Revenue assigned to a financial instrument or budgetary guarantee may be transferred to another financial instrument or budgetary		<p>Revenue assigned to a financial instrument or budgetary guarantee may be transferred to another financial instrument or budgetary guarantee by</p>	Council deletion agreed partly covered in row 2621).	2623

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
guarantee by means of a basic act.		means of a basic act. <i>Explanation: deleted in line with Council's approach on reflows and as it is partly covered by subparagraph in row 2621..</i>		
3. The authorising officer responsible for a financial instrument, a budgetary guarantee or a financial assistance shall establish a financial statement covering the period 1 January to 31 December, in accordance with Article 232 and in compliance with the accounting rules referred to in Title XIII and the International Public Sector Accounting Standards (IPSAS).		3. The authorising officer responsible for a financial instrument, a budgetary guarantee or a financial assistance shall establish a financial statement covering the period 1 January to 31 December, in accordance with Article 232 242 and in compliance with the accounting rules referred to in Title XIII and the International Public Sector Accounting Standards (IPSAS).	Adaptation of reference (technical): 3. The authorising officer responsible for a financial instrument, a budgetary guarantee or a financial assistance shall establish a financial statement covering the period 1 January to 31 December, in accordance with Article 232 235 and in compliance with the accounting rules referred to in Title XIII and the International Public Sector Accounting Standards (IPSAS).	2624
For financial instruments and budgetary guarantees indirectly implemented, the authorising officer responsible shall ensure that unaudited financial statements covering the period 1 January to 31 December prepared in compliance with the accounting rules referred to in Article 79 and IPSAS, as well as any information necessary to produce financial statements in accordance with Article 80(2), be provided by the entities pursuant to points (ii), (iii), (v) and (vi) of Article 61(1)(c) by 15 February of the following year and audited financial statements by 15 May of the following year.		For financial instruments and budgetary guarantees indirectly implemented under indirect management , the authorising officer responsible shall ensure that unaudited financial statements covering the period 1 January to 31 December prepared in compliance with the accounting rules referred to in Article 79 and IPSAS, as well as any information necessary to produce financial statements in accordance with Article 80(2), be provided by the entities pursuant to points (ii), (iii), (v) and (vi) of Article 61(1)(c) by 15 February of the following year and audited financial statements by 15 May of the following year. <i>Explanation: corrections.</i>		2625

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
Article 203 Financial liability of the Union		Article 203 Financial liability of the Union		2626
1. The financial liability of the Union shall not exceed at any time:		1. The financial liability and aggregate net payments from the general budget of the Union shall not exceed at any time: <i>Explanation: aligned to EFSI - Art. 11 (Regulation 2015/1017) as an additional safeguard.</i>		2627
(a) for financial instruments: the amount of the relevant budgetary commitment made for it;		(a) for financial instruments: the amount of the relevant budgetary commitment made for it;		2628
(b) for budgetary guarantees: the amount of the budgetary guarantee authorised by the basic act;		(b) for budgetary guarantees: the amount of the budgetary guarantee authorised by the basic act;		2629
(c) for financial assistance: the maximum amount of borrowing and the relevant interest that the Commission is empowered to conclude for funding the loan authorised by the basic act.		(c) for financial assistance: the maximum amount of borrowing and the relevant interest that the Commission is empowered to conclude for funding the loan authorised by the basic act.		2630
2. Budgetary guarantees and financial assistance may generate a contingent liability for the Union exceeding the financial assets provided to cover the financial liability of the Union.	AMD 300: 2. Budgetary guarantees and financial assistance may generate a contingent liability for the Union which may only exceed the financial assets provided to cover the financial liability of the Union if provided for in a basic act establishing a guarantee and under the conditions set out therein. <i>Justification: Contrary to previous Art. 140(3) of Regulation 966/2012, which states that contingent liabilities</i>	2. Budgetary guarantees and financial assistance may generate a contingent liability for the Union exceeding the financial assets provided to cover the financial liability of the Union.	EP AMD 300 accepted.	2631

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<i>are excluded.</i>			
3. The annual assessment provided for by point (j) of Article 39(5) of the sustainability of the contingent liabilities arising from budgetary guarantees or financial assistance borne by the budget of the Union shall be carried out within the limits set by the multiannual financial framework regulation provided for by Article 312(2) TFEU and the ceiling on annual payments appropriations defined in Article 3(1) of the Council Decision on the system of own resources of the European Union .		3. For the purpose of t The annual assessment provided for by point (j) of Article 39(5), of the sustainability of the contingent liabilities arising from budgetary guarantees or financial assistance borne by the budget of the Union shall be carried out within deemed sustainable, if their forecasted multiannual evolution is compatible with the limits set by the multiannual financial framework regulation provided for by Article 312(2) TFEU and the ceiling on annual payments appropriations defined in Article 3(1) of the Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union. <i>Explanation: clarifications and technical correction.</i>		2632
<i>Article 204 Provisioning of financial liabilities</i>		<i>Article 204 Provisioning of financial liabilities</i>		2633
1. For budgetary guarantees and financial assistance to third countries, a basic act shall set out a provisioning rate as a percentage of the amount of the financial liability authorised.		1. For budgetary guarantees and financial assistance to third countries, a basic act shall set out a provisioning rate as a percentage of the amount of the financial liability authorised. This amount shall exclude contributions referred to in Article 201(2). <i>Explanation: clarification on basis for calculating provisioning - provisioning only covers Union contribution, not those of MS or third parties (see also Art. 201(2)).</i>		2634

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
The basic act shall provide for the review of the provisioning rate at least every three years.		The basic act shall provide for the review of the provisioning rate at least every three years.		2635
2. The setting of a provisioning rate shall be guided by a qualitative and quantitative assessment by the Commission of the financial risks stemming from a budgetary guarantee or a financial assistance to a third country in accordance with the principle of prudence, whereby assets and profits shall not be overestimated and liabilities and losses shall not be underestimated.		2. The setting of a provisioning rate shall be guided by a qualitative and quantitative assessment by the Commission of the financial risks stemming from a budgetary guarantee or a financial assistance to a third country in accordance with the principle of prudence, whereby assets and profits shall not be overestimated and liabilities and losses shall not be underestimated.		2636
		<p>Unless otherwise specified in the basic act establishing the budgetary guarantee or financial assistance to a third country, the provisioning rate shall be based on the global provisioning needed upfront to cover the net expected losses and in addition an adequate safety buffer. The global provisioning shall be constituted over the period of time foreseen in the relevant financial statement as referred to in Article 33, without prejudice to the powers of the European Parliament and the Council.</p> <p><i>Explanation: Council considers it important to explain more clearly the provisioning, in particular, the difference between the global provisioning foreseen in the basic act (regulated in Art. 204 and the basic act) and the effective provisioning rate</i></p>		2636.1

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
		<i>that will be applied under the common provisioning fund (regulated in Art. 206). See also definition in Art. 2(29a).</i>		
3. For financial instruments provision shall be made, where appropriate, to respond to future payments related to a budgetary commitment of that financial instrument.		3. For financial instruments provision shall be made, where appropriate, to respond to future payments related to a budgetary commitment of that financial instrument.		2637
4. The following resources shall contribute to the provisioning:		4. The following resources shall contribute to the provisioning:		2638
(a) contributions from the general budget of the Union;		(a) contributions from the general budget of the Union in full respect of Council Regulation (EU, Euratom) No 1311/2013 and after examination of the possibilities for redeployments; <i>Explanation: clarification and additional safeguard to ensure prudent budgeting.</i>		2639
(b) returns on resources invested;		(b) returns on investments of the resources held in the Common Provisioning Fund invested; <i>Explanation: clarification to avoid that returns on overall resources would be used for provisioning.</i>		2640
(c) amounts recovered from defaulting debtors in accordance with the recovery procedure laid down in the guarantee or the loan agreement;		(c) amounts recovered from defaulting debtors in accordance with the recovery procedure laid down in the guarantee or the loan agreement;		2641
(d) revenues and any other payments received by the Union in accordance with the guarantee or the loan agreement;		(d) revenues and any other payments received by the Union in accordance with the guarantee or the loan agreement;		2642

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
(e) where applicable, contributions in cash by Member States and third parties pursuant to Article 201(2).		(e) where applicable, contributions in cash by Member States and third parties pursuant to Article 201(2).		2643
		<p>Only the provisions referred to in points (a) to (d) of the first subparagraph shall be taken into account for calculating the provisioning resulting from the provisioning rate referred to in paragraph 1.</p> <p><i>Explanation: clarification, same consideration as for row 2634 - MS or third party contributions contribute to the provisioning, but are not counted for the amount required to reach the provisioning rate.</i></p>		2643.1
5. Provisions shall be used for the payment of:		5. Provisions shall be used for the payment of:		2644
(a) calls on the budgetary guarantee;		(a) calls on the budgetary guarantee;		2645
(b) payment obligations related to a budgetary commitment for a financial instrument;		(b) payment obligations related to a budgetary commitment for a financial instrument;		2646
(c) financial obligations arising from the borrowing of funds pursuant to Article 213(1);		(c) financial obligations arising from the borrowing of funds pursuant to Article 213(1);		2647
(d) where applicable, other expenses associated to the implementation of financial instruments, budgetary guarantees and financial assistance to third countries.		(d) where applicable, other expenses associated to the implementation of financial instruments, budgetary guarantees and financial assistance to third countries.		2648
6. Aggregate contributions provided for in point (a) of paragraph 3 shall not exceed the amount indicated in point (a)		<p>6. Aggregate contributions provided for in point (a) of paragraph 3 shall not exceed the amount indicated in point (a) of Article 211(1).</p>		2649

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of Article 211(1).		<i>Explanation: superfluous in light of the addition of the wording in Art. 203(1) chapeau.</i>		
7. Where the provisions for a budgetary guarantee exceed the amount of provisioning referred to in paragraph 1, resources referred to in points (b), (c) and (d) of paragraph 3 related to that guarantee shall be used, within the limits of the eligible period provided for in the basic act and without prejudice to Article 206(3), to restore the budgetary guarantee up to its initial amount.		7. Where the provisions for a budgetary guarantee exceed the amount of provisioning resulting from the rate referred to in paragraph 1, resources referred to in points (b), (c) and (d) of paragraph 3 4 related to that guarantee shall be used within the limits of the eligible period provided for in the basic act, however, not beyond the constitution phase of the provisioning , and without prejudice to Article 206(3), to restore the budgetary guarantee up to its initial amount. <i>Explanation: correction and clarification to distinguish the scope of application of Art. 204(7) (use of excess provisioning during constitution phase) and 206(3) (use of surplus during remaining operating time after constitution phase).</i>	Council wording agreed.	2650
8. The Commission shall immediately inform the European Parliament and the Council and may propose adequate replenishment measures or an increase of the provisioning rate where:		8. The Commission shall immediately inform the European Parliament and the Council and may propose adequate replenishment measures or an increase of the provisioning rate where:		2651
(a) as a result of calls on a budgetary guarantee, the level of provisions for that budgetary guarantee falls below 30% of the provisioning rate provided for in paragraph 1, or it may fall below that rate within a year according to a risk	AMD 301: (a) as a result of calls on a budgetary guarantee, the level of provisions for that budgetary guarantee falls below 50 % of the provisioning rate provided for in paragraph 1, and again where it falls below 30 %, or where it may fall below any of these rates within a year	(a) as a result of calls on a budgetary guarantee, the level of provisions for that budgetary guarantee falls below 30% of the provisioning rate provided for in paragraph 1, or it may fall below that rate within a year according to a risk assessment by the Commission;	EP AMD 301 agreed.	2652

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assessment by the Commission;	according to a risk assessment by the Commission;			
(b) a country benefitting from financial assistance by the Union fails to pay on a maturity.		(b) a country benefitting from financial assistance by the Union fails to pay on a maturity.		2653
	AMD 302: <i>(ba) the amount of private capital leveraged is lower than the amount of the contributions from public sources.</i>		EP drops AMD 302, as this is covered in Article 39 (see rows 542, 551 and new 650.1).	2653.1
		The Commission shall duly inform the EIB as financial manager of the resources of the common provisioning fund. <i>Explanation: necessary consequential change to EIB being asset manager.</i>	Council amendment is deleted (is only relevant if there is an external asset manager, which will be decided in or after 2019).	2653.2
<i>Article 205 Common provisioning fund</i>		<i>Article 205 Common provisioning fund</i>		2654
1. The provisions made to cover the financial liabilities arising from financial instruments, budgetary guarantees or financial assistance shall be held in a common provisioning fund directly implemented by the Commission.	AMD 303: 1. The provisions made to cover the financial liabilities arising from financial instruments, budgetary guarantees or financial assistance shall be held in a common provisioning fund directly implemented by the Commission. The Commission shall inform and consult the European Parliament on the operation of the common provisioning fund and the calculation of its provisioning rate.	1. The provisions made to cover the financial liabilities arising from financial instruments, budgetary guarantees or financial assistance shall be held in a common provisioning fund directly implemented by the Commission. The EIB shall be entrusted with the management of the resources held in the common provisioning fund in accordance with the asset management guidelines referred to in Article 206(4). <i>Explanation: Council considers EIB better placed as asset manager, considering that (unlike for the Commission) its core business is banking and investment.</i>	New wording: 1. The provisions made to cover the financial liabilities arising from financial instruments, budgetary guarantees or financial assistance shall be held in a common provisioning fund directly implemented by the Commission. By 30 June 2019, the Commission shall submit to the European Parliament and to the Council an independent external evaluation of the advantages and disadvantages of entrusting the financial management of the assets of the common provisioning fund to the Commission, to the EIB, or to a	2655

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
			combination of the two, taking into account the relevant technical and institutional criteria used in comparing asset management services, including the technical infrastructure, comparison of costs for the services given, institutional set-up, reporting, performance, accountability and expertise of each institution and the other asset management mandates for the general budget of the Union. The evaluation shall be accompanied, where appropriate, by a legislative proposal.	
2. Global profits or losses from the investment of the resources shall be allocated proportionately among the respective financial instruments, budgetary guarantees or financial assistance.		2. Global profits or losses from the investment of the resources held in the Common Provisioning Fund shall be allocated proportionately among the respective financial instruments, budgetary guarantees or financial assistance. <i>Explanation: clarification</i>		2656
The Commission shall keep a minimum amount of resources of the fund in cash or cash equivalents in accordance with prudential rules and the forecasts for payments provided by the authorising officers of the financial instruments, budgetary guarantees or financial assistance.		The Commission EIB as the financial manager of the resources of the common provisioning fund as referred to in paragraph 1 shall keep a minimum amount of resources of the fund in cash or cash equivalents in accordance with prudential rules and the forecasts for payments provided by the authorising officers of the financial instruments, budgetary guarantees or financial assistance. <i>Explanation: harmonisation to EIB as asset manager.</i>	The Commission EIB as the financial manager of the resources of the common provisioning fund as referred to in paragraph 1 shall keep a minimum amount of resources of the fund in cash or cash equivalents in accordance with prudential rules and the forecasts for payments provided by the authorising officers of the financial instruments, budgetary guarantees or financial assistance.	2657

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<p>The Commission may enter into repurchase agreements, with the assets of the common provisioning fund as collateral, to make payments out of the fund when this procedure is reasonably expected to be more beneficial for the budget of the Union than the divestment of assets within the timeframe of the payment request. The duration or roll-over period of repurchase agreements related to a payment shall be limited to the minimum necessary to minimise a loss for the budget.</p>		<p>The Commission EIB as the financial manager of the resources of the common provisioning fund as referred to in paragraph 1 may enter into repurchase agreements, with the assets resources of the common provisioning fund as collateral, to make payments out of the fund where this procedure is reasonably expected to be more beneficial for the budget of the Union than the divestment of assets resources within the timeframe of the payment request. The duration or roll-over period of repurchase agreements related to a payment shall be limited to the minimum necessary to minimise a loss for the budget.</p> <p><i>Explanation: harmonisation to EIB.</i></p>	<p>The Commission EIB as the financial manager of the resources of the common provisioning fund as referred to in paragraph 1 may enter into repurchase agreements, with the assets resources of the common provisioning fund as collateral, to make payments out of the fund where this procedure is reasonably expected to be more beneficial for the budget of the Union than the divestment of assets resources within the timeframe of the payment request. The duration or roll-over period of repurchase agreements related to a payment shall be limited to the minimum necessary to minimise a loss for the budget.</p>	2658
<p>3. Pursuant to point (d) of the first paragraph of Article 76 and paragraphs 1 and 2 of Article 83, the accounting officer shall set up the procedures to be applied to the revenue and expenditure operations and the assets and liabilities related to the common provisioning fund.</p>		<p>3. Pursuant to point (d) of the first paragraph of Article 76 and paragraphs 1 and 2 of Article 83, the accounting officer shall set up the procedures to be applied to the revenue and expenditure operations and in agreement with the EIB as the financial manager of the resources of the common provisioning fund, the assets and liabilities related to the common provisioning fund.</p> <p><i>Explanation: harmonisation.</i></p>	<p>3. Pursuant to point (d) of the first paragraph of Article 76 and paragraphs 1 and 2 of Article 83, the accounting officer shall set up the procedures to be applied to the revenue and expenditure operations and in agreement with the EIB as the financial manager of the resources of the common provisioning fund, the assets and liabilities related to the common provisioning fund.</p>	2659
		<p>4. In the exceptional cases where the Commission has made a transfer as referred to in point (g) of</p>	Council text agreed.	2659.1

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		<p>Article 28(1), the Commission shall immediately inform the European Parliament and the Council thereof, and shall urgently propose the measures necessary to restore the budgetary item of the guarantee from which the transfer was made, in full respect of the ceilings provided for in Council Regulation (EU, Euratom) No 1311/2013.</p> <p><i>Explanation: additional safeguard that is considered legally necessary in case the Commission transfers funds between budget items for provisioning budgetary guarantees. See also modification in Art. 28(1)(g).</i></p>		
Article 206 Effective provisioning rate		Article 206 Effective provisioning rate		2660
1. The provisioning of budgetary guarantees and financial assistance to third countries in the common provisioning fund shall be based on an effective provisioning rate. This rate provides a level of protection against the financial liabilities of the Union equivalent to the level that would be provided by the respective provisioning rates if the resources were held and managed separately.		<p>1. The provisioning of budgetary guarantees and financial assistance to third countries in the common provisioning fund shall be based on an effective provisioning rate. This rate shall provide a level of protection against the financial liabilities of the Union equivalent to the level that would be provided by the respective provisioning rates if the resources were held and managed separately.</p> <p><i>Explanation: linguistic improvement.</i></p>		2661
For the purposes of paragraphs 2 and 3, the respective provisioning rates shall be adjusted proportionately following the effective provisioning rate.		<p>For the purposes of paragraphs 2 and 3, the respective provisioning rates shall be adjusted proportionately following the effective provisioning rate.</p> <p><i>Explanation: Council considers the proposed wording to be insufficiently</i></p>		2662

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		204(2); (b) the risk correlation among the budgetary guarantees and financial assistance to third countries;	Council text agreed.	2662.3
		(c) the market conditions.	Council text agreed.	2662.4
		The Commission shall adopt delegated acts in accordance with Article 261 to supplement this Regulation with detailed conditions for the calculation of the effective provisioning rate, including a methodology for that calculation.	Council text agreed.	2662.5
		The Commission shall be empowered to adopt delegated acts in accordance with Article 261 to amend the minimum ratio referred to in the first subparagraph in the light of experience with the operation of the common provisioning fund and maintaining a prudent approach in line with sound financial management. The ratio may not be set at a lower level than 87,5%. <i>Explanation: Council considers it important to maintain oversight of the method for calculating the effective provisioning rate as well as the minimum ratio of the effective provisioning rate through delegated acts to be submitted to the EP and Council.</i>	New wording: The Commission shall be empowered to adopt delegated acts in accordance with Article 261 to amend the minimum ratio referred to in the first subparagraph in the light of experience with the operation of the common provisioning fund and maintaining a prudent approach in line with sound financial management. The ratio may not be set at a lower level than 87,5 85%.	2662.6
2. The effective provisioning rate shall be calculated annually by the Commission, taking into account, where applicable, the initial phase of constitution of a provision pursuant to Article		2. The effective provisioning rate shall be calculated annually by the Commission EIB as the financial manager of the resources of the common provisioning fund as referred to in paragraph 1 of Article 204, taking into	2. The effective provisioning rate shall be calculated annually by the Commission EIB as the financial manager of the resources of the common provisioning fund as referred to in paragraph 1 of	2663

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204(1). It shall be the reference for the calculation of the contributions from the general budget of the Union pursuant to point (a) of Article 204(4).		<p>account, where applicable, the initial phase of constitution of a provision pursuant to Article 204(1). It and shall be the reference for the Commission's calculation of the contributions from the general budget of the Union pursuant to point (a) of Article 204(4) and following point (c) of paragraph 3 of this Article.</p> <p><i>Explanation: harmonisation to the EIB as asset manager; the deleted wording is included in new paragraph 1a; reference to paragraph 3(c) is added to clarify that replenishment shall be taken into account when assessing the budgetary needs.</i></p>	Article 204 , taking into account, where applicable, the initial phase of constitution of a provision pursuant to Article 204(1). It and shall be the reference for the Commission's calculation of the contributions from the general budget of the Union pursuant to point (a) of Article 204(4) and following point (c) of paragraph 3 of this Article.	
3. Following the calculation of the annual effective provisioning rate in accordance with point (h) of Article 39(5), the following transfers in the context of the annual budgetary procedure shall be made:		<p>3. Following the calculation of the annual effective provisioning rate in accordance with point (h) of Article 39(5) paragraphs (1) and (1a) of this Article, the following transfers operations in the context of the annual budgetary procedure shall be made and presented in the working document referred to in point (h) of Article 39(5):</p> <p><i>Explanation: clarification.</i></p>	Council text agreed.	2664
(a) any surplus of provisions for a budgetary guarantee or a financial assistance to a third country shall be transferred to other budgetary guarantees or financial assistance to third countries with insufficient provisions;		<p>(a) any surplus of provisions for a budgetary guarantee or a financial assistance to a third country shall be transferred to other budgetary guarantees or financial assistance to third countries with insufficient provisions;</p> <p><i>Explanation: deleted to remove the conflict with Art. 204(7) on the use of surplus during the constitution phase - and no use of provisions for other BGs or FA.</i></p>	Council text agreed.	2665

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
(b) any surplus in the general balance of the fund shall be transferred to the general budget of the Union;		(b) any surplus of provisions for a budgetary guarantee or a financial assistance to a third country in the general balance of the fund shall be transferred returned to the general budget of the Union; <i>Explanation: clarification and alignment to deletion of point (a) - covers surplus of BG or FA not any surplus after netting provisions in the CPF.</i>	Council text agreed.	2666
(c) any replenishment of the fund shall be carried out in annual tranches during a maximum period of three years, without prejudice to Article 204(7).		(c) any replenishment of the fund shall be carried out in annual tranches during a maximum period of three years, without prejudice to Article 204(7).		2667
4. The Commission shall define, after consulting the accounting officer, the guidelines applicable to the establishment of the effective provisioning rate and to asset management in accordance with appropriate prudential rules and excluding derivative operations for speculative purposes.		4. After having consulted the accounting officer, The Commission shall define establish after consulting the accounting officer the guidelines applicable to the establishment of the effective provisioning rate and to asset management of the resources in the common provisioning fund in accordance with appropriate prudential rules and excluding derivative operations for speculative purposes. Those guidelines shall be attached to the agreement with the EIB as the financial manager of the resources of the common provisioning fund. <i>Explanation: harmonisation to EIB as asset manager - needs to be consulted on guidelines.</i>	4. After having consulted the accounting officer, The Commission shall define establish after consulting the accounting officer the guidelines applicable to the establishment of the effective provisioning rate and to asset management of the resources in the common provisioning fund in accordance with appropriate prudential rules and excluding derivative operations for speculative purposes. Those guidelines shall be attached to the agreement with the EIB as the financial manager of the resources of the common provisioning fund.	2668
An independent evaluation of the adequacy of the guidelines shall be carried out every three years.	AMD 304: An independent evaluation of the adequacy of the guidelines shall be carried out every three years and	An independent evaluation of the adequacy of the guidelines shall be carried out every three years.	EP AMD 304 is agreed.	2669

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	<i>transmitted to the European Parliament and the Council.</i>			
<i>Article 207 Annual reporting</i>		<i>Article 207 Annual reporting</i>		2670
The Commission shall report annually on financial instruments, budgetary guarantees, financial assistance, contingent liabilities and the common provisioning fund in accordance with Article 242.	AMD 305: The Commission shall report annually on financial instruments, including on the financial instruments governed by Article 210 , budgetary guarantees, financial assistance, contingent liabilities and the common provisioning fund in accordance with Article 242. <i>Justification: The reporting requirements for financial instruments under shared implementation should be the same as for those under direct and indirect implementation.</i>	1. The Commission shall report annually on financial instruments, budgetary guarantees, financial assistance, and contingent liabilities and the common provisioning fund in accordance with Article 242. <i>Explanation: harmonisation to EIB as asset manager - see changes in Art. 242.</i>	EP AMD 305 is accepted. In return EP AMD 360 in row 2969 (date of 30 June) drops.	2671
		2. The EIB as the financial manager of the resources of the common provisioning fund as referred to in paragraph 1 of Article 204 shall report annually on the common provisioning fund, in accordance with Article 242(2). <i>Explanation: as above.</i>	2. The EIB as the financial manager of the resources of the common provisioning fund as referred to in paragraph 1 of Article 204 shall report annually on the common provisioning fund, in accordance with Article 242(2).	2671.1
CHAPTER 2 Specific provisions		CHAPTER 2 Specific provisions		2672
SECTION 1 FINANCIAL INSTRUMENTS		SECTION 1 FINANCIAL INSTRUMENTS		2673
<i>Article 208 Rules and implementation</i>		<i>Article 208 Rules and implementation</i>		2674
1. Notwithstanding Article 201(1), financial instruments may be established, in duly justified cases, without being authorised by means of a basic act, provided that such	AMD 306: Deleted.	1. Notwithstanding Article 201(1), financial instruments may be established, in duly justified cases, without being authorised by means of a basic act, provided that such instruments are included in the	New reference: 1. Notwithstanding Article 201(1), financial instruments may be	2675

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
instruments are included in the budget in accordance with point (e) of Article 50(1).		budget in accordance with point (e) of Article 50(1).	established, in duly justified cases, without being authorised by means of a basic act, provided that such instruments are included in the budget in accordance with point (e) of Article 50(1) 39(4) .	
2. Where financial instruments are combined within a single agreement with complementary support from the Union budget, including grants, this Title shall apply to the whole measure. The reporting shall be carried out in accordance with Article 242.	AMD 307: 2. Where financial instruments are combined within a single agreement with complementary support from the Union budget, including grants, the rules applicable to the funding method accounting for more than 50 % of the total funding shall apply to the whole measure. The reporting on the financial instrument part of the funding shall be carried out in accordance with Article 242.	2. Where financial instruments are combined within a single agreement with complementary support from the Union budget, including grants, this Title shall apply to the whole measure. The reporting shall be carried out in accordance with Article 242.	New wording: 2. Where financial instruments or budgetary guarantees are combined within a single agreement with complementary ancillary support from the Union budget, including grants, this Title shall apply to the whole measure. The reporting shall be carried out in accordance with Article 242 and shall clearly identify which parts of the support are financial instruments or budgetary guarantees.	2676
Where a financial instrument is established for the purpose of implementing Article 39 of Regulation (EU) No 1303/2013 with a contribution from a budgetary guarantee of the Union, this Title shall apply with the exception of Article 201(1). It shall be implemented in accordance with Article 61(1)(c).		Where a financial instrument is established for the purpose of implementing Article 39 of Regulation (EU) No 1303/2013 with a contribution from a budgetary guarantee of the Union, this Title shall apply with the exception of Article 201(1). It shall be implemented in accordance with Article 61(1)(c). <i>Explanation: see explanation to Art. 201(3) - this is fully covered in CPR.</i>		2677
3. The Commission shall ensure a harmonised management of financial instruments in particular in the area of accounting, reporting, monitoring and financial risk management.	AMD 308: 3. The Commission shall ensure a harmonised and simplified management of financial instruments in particular in the area of accounting, reporting, monitoring and financial risk	3. The Commission shall ensure a harmonised management of financial instruments in particular in the area of accounting, reporting, monitoring and financial risk management.	EP AMD 308 agreed.	2678

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	management.			
4. Where the Union participates in a financial instrument as a minority stakeholder, the Commission shall ensure compliance with this Title in accordance with the principle of proportionality, on the basis of the size and value of the participation of the Union in the instrument. Notwithstanding the foregoing, the Commission shall ensure compliance with Article 124.	AMD 309: Deleted.	4. Where the Union participates in a financial instrument as a minority stakeholder, the Commission shall ensure compliance with this Title in accordance with the principle of proportionality, on the basis of the size and value of the participation of the Union in the instrument. Notwithstanding the foregoing, the Commission shall ensure compliance with Article 124, Article 150, Article 202(1) and (3), Article 242 and with the rules of Section 2 of Chapter 2 of Title V insofar as the exclusion situations referred to in point (d) of Article 132(1) are concerned. <i>Explanation: to address the concern that basic principles would not apply in cases of minority shareholding.</i>	EP drops AMD 309, Council text is accepted.	2679
5. Where the European Parliament or the Council consider that a financial instrument has not achieved its objectives effectively, they may request that the Commission submit a proposal for a revised basic act with a view to winding down the instrument. In the event of the winding down of the financial instrument, any new amount paid back to that instrument pursuant to Article 202(2) shall be considered as general revenue and recovered to the budget.		5. Where the European Parliament or the Council consider that a financial instrument has not achieved its objectives effectively, they may request that the Commission submit a proposal for a revised basic act with a view to winding down the instrument. In the event of the winding down of the financial instrument, any new amount paid back to that instrument pursuant to Article 202(2) shall be considered as general revenue and recovered to the budget.		2680
6. The purpose of the financial instruments or a grouping of financial instruments on a facility level and, where applicable, their specific legal		6. The purpose of the financial instruments or a grouping of financial instruments on a facility level and, where applicable, their specific legal form and place of		2681

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form and place of registration shall be published on the Commission website.		registration shall be published on the Commission website.		
7. Entities implementing financial instruments may open fiduciary accounts within the meaning of Article 82(3) on behalf of the Union. Those entities shall send the corresponding account statements to the Commission's responsible service. Payments to fiduciary accounts shall be made by the Commission on the basis of payment requests that are duly substantiated with disbursement forecasts, taking into account the balances available on the fiduciary accounts and the need to avoid excessive balances on such accounts.		7. Entities entrusted with the implementation of financial instruments may open fiduciary accounts within the meaning of Article 82(3) on behalf of the Union. Those entities shall send the corresponding account statements to the Commission's responsible service. Payments to fiduciary accounts shall be made by the Commission on the basis of payment requests that are duly substantiated with disbursement forecasts, taking into account the balances available on the fiduciary accounts and the need to avoid excessive balances on such accounts. <i>Explanation: technical correction.</i>		2682
	AMD 310: <i>7a. The Commission shall, on an annual basis, report to the European Parliament and the Council on the efficiency and effectiveness of the financial instruments under the management modes referred to in points (a), (b) and (c) of Article 61(1). On its annual report, the Commission shall clearly demonstrate the added-value of the financial instruments, shall be able to identify the final beneficiaries of the funds and shall be able to list the projects financed by the financial instruments.</i>		EP drops AMD 310, as this is now covered in Articles 39 and 242 (see rows 542, 551, 650.1 and 2969).	2682.1
Article 209 Financial instruments directly implemented by the Commission		Article 209 Financial instruments directly implemented by the Commission		2683

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1. Financial instruments may be directly implemented pursuant to Article 61(1)(a) through any of the following:		1. Financial instruments may be directly implemented pursuant to Article 61(1)(a) through any of the following:		2684
(a) a dedicated investment vehicle in which the Commission participates together with other public or private investors with a view to increasing the leverage effect of the Union contribution;		(a) a dedicated investment vehicle in which the Commission participates together with other public or private investors with a view to increasing the leverage effect of the Union contribution;		2685
(b) loans, guarantees, equity participations and other risk-sharing instruments other than investments in dedicated investment vehicles, provided directly to final recipients or through financial intermediaries.		(b) loans, guarantees, equity participations and other risk-sharing instruments other than investments in dedicated investment vehicles, provided directly to final recipients or through financial intermediaries.		2686
2. Dedicated investment vehicles pursuant to point (a) shall be established pursuant to the laws of a Member State. In the area of external action, they may also be established pursuant to the laws of a country other than a Member State. The managers of such vehicles shall be obliged by law or contract to act with the diligence of a professional manager and in good faith.		2. Dedicated investment vehicles pursuant to point (a) of paragraph 1 shall be established pursuant to the laws of a Member State. In the area of external action, they may also be established pursuant to the laws of a country other than a Member State. The managers of such vehicles shall be obliged by law or contract to act with the diligence of a professional manager and in good faith.		2687
3. The managers of the dedicated investment vehicles referred to in paragraph 2 and financial intermediaries or final recipients of the financial instruments shall be selected with due account of the nature of the financial instrument to be implemented, the experience and the operational and financial capacity of the entities concerned, and the economic viability of projects of final		3. The managers of the dedicated investment vehicles referred to in paragraph 2 and financial intermediaries or final recipients of the financial instruments shall be selected with due account of the nature of the financial instrument to be implemented, the experience and the operational and financial capacity of the entities concerned, and the economic viability of projects of final		2688

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recipients. The choice shall be transparent, justified on objective grounds and shall not give rise to a conflict of interests.		recipients. The choice shall be transparent, justified on objective grounds and shall not give rise to a conflict of interests.		
<i>Article 210</i> <i>Treatment of contributions under shared implementation</i>		<i>Article 210</i> <i>Treatment of contributions under shared implementation management</i>		2689
1. Separate records shall be kept for contributions to financial instruments established under this Section from funds under shared implementation.		1. Separate records shall be kept for contributions to financial instruments established under this Section from funds under shared implementation management.		2690
2. Contributions from funds implemented under shared implementation shall be placed in separate accounts and used in accordance with the objectives of the respective funds to actions and final recipients consistent with the programme or programmes from which contributions are made.		2. Contributions from funds implemented under shared implementation management shall be placed in separate accounts and used in accordance with the objectives of the respective funds to actions and final recipients consistent with the programme or programmes from which contributions are made.		2691
3. As regards contributions from funds under shared implementation to financial instruments established under this Section, the sector specific rules shall apply. Notwithstanding the foregoing, Managing Authorities may rely on an existing ex-ante evaluation, carried out in accordance with point (h) of Article 202(1), prior to contributing to an existing financial instrument.	AMD 311: 3. As regards contributions from funds under shared implementation to financial instruments established under this Section, the sector specific rules shall apply. Notwithstanding the foregoing, Managing Authorities may rely on an existing impact assessment , carried out in accordance with point (h) of Article 202(1), prior to contributing to an existing financial instrument. <i>Justification: Consistent terminology with AMDs 111 to 113.</i>	3. As regards contributions from funds under shared implementation management to financial instruments established under this Section, the sector-specific rules shall apply. Notwithstanding the foregoing, Managing Authorities may rely on an existing ex-ante evaluation, carried out in accordance with point (h) of Article 202(1), prior to contributing to an existing financial instrument. <i>Explanation: throughout harmonisation to "management".</i>	EP drops AMD 311. Council wording agreed.	2692
SECTION 2		SECTION 2		2693

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BUDGETARY GUARANTEES		BUDGETARY GUARANTEES		
<i>Article 211 Rules for budgetary guarantees</i>		<i>Article 211 Rules for budgetary guarantees</i>		2694
1. The basic act shall define:		1. The basic act shall define:		2695
(a) the amount of the budgetary guarantee that shall not be exceeded at any time, without prejudice to Article 201(2);		(a) the amount of the budgetary guarantee that shall not be exceeded at any time, without prejudice to Article 201(2);		2696
(b) the types of operations covered by the budgetary guarantee.		(b) the types of operations covered by the budgetary guarantee.		2697
2. Contributions from Member States to budgetary guarantees pursuant to Article 201(2) may be provided in the form of guarantees or cash.		2. Contributions from Member States to budgetary guarantees pursuant to Article 201(2) may be provided in the form of guarantees or cash.		2698
		Contributions from third countries to budgetary guarantees pursuant to Article 201(2) may be provided in the form of cash. <i>Explanation: clarification in line with Art 201(2) and 211(2).</i>		2698.1
An amount exceeding the amount indicated in point (a) of paragraph 1 shall be granted on behalf of the Union. Payments for guarantee calls shall be made, where necessary, by the contributing Member States or third parties on a pari passu basis. The Commission shall sign an agreement with the contributors that shall contain, in particular, provisions concerning the payment conditions.		An amount exceeding the amount indicated in point (a) of paragraph 1 shall be granted on behalf of the Union. The Union guarantee shall be increased by the contributions referred to in the first and second subparagraph. Payments for guarantee calls shall be made, where necessary, by the contributing Member States or third parties on a pari passu basis. The Commission shall sign an agreement with the contributors that shall contain, in particular, provisions concerning the payment conditions. <i>Explanation: clarification needed from a legal point of view to clarify liability of the</i>		2699

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		<i>Union.</i>		
<i>Article 212 Implementation of budgetary guarantees</i>		<i>Article 212 Implementation of budgetary guarantees</i>		2700
1. Budgetary guarantees shall be irrevocable, unconditional and on demand for the types of operations covered.		1. Budgetary guarantees shall be irrevocable, unconditional and on demand for the types of operations covered.		2701
2. Budgetary guarantees shall be implemented pursuant to Article 61(1)© or, in exceptional cases, pursuant to point (a) of Article 61(1).		2. Budgetary guarantees shall be implemented pursuant to Article 61(1)(c) or, in exceptional cases, pursuant to point (a) of Article 61(1).		2702
3. A budgetary guarantee may only cover financing and investment operations which comply with the conditions set out in points (a) to (d) of Article 202(1).		3. A budgetary guarantee may shall only cover financing and investment operations which comply with the conditions set out in points (a) to (d) of Article 202(1). <i>Explanation: regulatory wording needed.</i>		2703
4. Counterparts shall contribute with their own resources to the operations covered by the budgetary guarantee.		4. Counterparts shall contribute with their own resources to the operations covered by the budgetary guarantee.		2704
5. The Commission shall conclude a guarantee agreement with the counterpart. The granting of the budgetary guarantee is subject to the entry into force of the guarantee agreement.		5. The Commission shall conclude a guarantee agreement with the counterpart. The granting of the budgetary guarantee is subject to the entry into force of the guarantee agreement.		2705
6. Counterparts shall provide the Commission annually with:		6. Counterparts shall provide the Commission annually with:		2706
(a) the risk assessment and grading information concerning the operations covered by the budgetary guarantee as well as expected defaults;		(a) the risk assessment and grading information concerning the operations covered by the budgetary guarantee as well as expected defaults;		2707
(b) the outstanding financial obligation arising for the Union from		(b) the outstanding financial obligation arising for the Union from the budgetary		2708

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the budgetary guarantee, broken down by individual operations, measured in compliance with the Union accounting rules as referred to in article 79 or in compliance with the internationally accepted standards for the public sector;		guarantee, broken down by individual operations, measured in compliance with the Union accounting rules as referred to in article 79 or in compliance with the internationally accepted standards for the public sector;		
(c) the total profits or losses deriving from the operations covered by the budgetary guarantee.		(c) the total profits or losses deriving from the operations covered by the budgetary guarantee.		2709
SECTION 3 FINANCIAL ASSISTANCE		SECTION 3 FINANCIAL ASSISTANCE		2710
<i>Article 213 Rules and implementation</i>		<i>Article 213 Rules and implementation</i>		2711
1. Financial assistance by the Union to Member States or third countries shall take the form of a loan or a credit line or any other instrument deemed appropriate to ensure the effectiveness of the support. To this end, the Commission shall be empowered, in the relevant basic act, to borrow the necessary funds on behalf of the Union on the capital markets or from financial institutions.	AMD 312: 1. Financial assistance by the Union to Member States or third countries shall be subject to pre-defined conditions and take the form of a loan or a credit line or any other instrument deemed appropriate to ensure the effectiveness of the support. To this end, the Commission shall be empowered, in the relevant basic act, to borrow the necessary funds on behalf of the Union on the capital markets or from financial institutions.	1. Financial assistance by the Union to Member States or third countries shall take the form of a loan or a credit line or any other instrument deemed appropriate to ensure the effectiveness of the support. To this end, the Commission shall be empowered, in the relevant basic act, to borrow the necessary funds on behalf of the Union on the capital markets or from financial institutions.	New wording based on EP AMD: 1. Financial assistance by the Union to Member States or third countries shall be subject to-in accordance with pre-defined conditions and take the form of a loan or a credit line or any other instrument deemed appropriate to ensure the effectiveness of the support. To this end, the Commission shall be empowered, in the relevant basic act, to borrow the necessary funds on behalf of the Union on the capital markets or from financial institutions.	2712
2. The borrowing and lending shall not involve the Union in the transformation of maturities, or expose it to any interest risk or to any other commercial risk.		2. The borrowing and lending shall not involve the Union in the transformation of maturities, or expose it to any interest risk or to any other commercial risk.		2713
3. The financial assistance shall be carried out in euro, except in duly		3. The financial assistance shall be carried out in euro, except in duly justified		2714

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justified cases.		cases.		
4. The financial assistance shall be directly implemented by the Commission.	AMD 313: 4. The financial assistance shall be directly implemented by the Commission, who shall report regularly to the European Parliament and the Council on the fulfilment of conditions and the evolution of financial assistance.	4. The financial assistance shall be directly implemented by the Commission.	EP drops AMD 313, as this is covered in Article 242.	2715
5. The Commission shall conclude an agreement with the beneficiary country that shall contain provisions:		5. The Commission shall conclude an agreement with the beneficiary country that shall contain provisions:		2716
(a) ensuring that the beneficiary country regularly checks that the financing provided has been properly used, takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds provided under the Union financial assistance that have been misappropriated;	AMD 314: (a) ensuring that the beneficiary country regularly checks that the financing provided has been properly used and that the conditions have been fulfilled , takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds provided under the Union financial assistance that have been misappropriated;	(a) ensuring that the beneficiary country regularly checks that the financing provided has been properly used, takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds provided under the Union financial assistance that have been misappropriated;	New wording based on EP AMD 314: (a) ensuring that the beneficiary country regularly checks that the financing provided has been properly used and that the in accordance with predefined conditions , takes appropriate measures to prevent irregularities and fraud, and, if necessary, takes legal action to recover any funds provided under the Union financial assistance that have been misappropriated;	2717
(b) ensuring the protection of the Union's financial interests;		(b) ensuring the protection of the Union's financial interests;		2718
(c) expressly authorising the Commission, the OLAF and the Court of Auditors, to exert their rights as foreseen by Article 124;		(c) expressly authorising the Commission, the OLAF and the Court of Auditors, to exert their rights as foreseen by Article 124;		2719
(d) ensuring that the Union is entitled to early repayment of the loan where it has been established that, in relation to the management of the Union's financial assistance, the		(d) ensuring that the Union is entitled to early repayment of the loan where it has been established that, in relation to the management of the Union's financial assistance, the beneficiary country has engaged in any act of fraud or corruption		2720

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beneficiary country has engaged in any act of fraud or corruption or any other illegal activity detrimental to the financial interests of the Union;		or any other illegal activity detrimental to the financial interests of the Union;		
(e) ensuring that all costs incurred by the Union that relate to a financial assistance shall be borne by the beneficiary country.		(e) ensuring that all costs incurred by the Union that relate to a financial assistance shall be borne by the beneficiary country.		2721
6. Where possible, the Commission shall release the loans in instalments subject to the fulfilment of the conditions attached to the financial assistance. Where those conditions are not met, the Commission shall temporarily suspend or cancel the disbursement of the financial assistance.		6. Where possible, The Commission shall release the loans, where possible , in instalments subject to the fulfilment of the conditions attached to the financial assistance. Where those conditions are not met, the Commission shall temporarily suspend or cancel the disbursement of the financial assistance. <i>Explanation: linguistic improvement.</i>		2722
7. Funds raised but not yet disbursed cannot be used for any other goal than to provide financial assistance to the corresponding beneficiary country. Pursuant to paragraphs 1 and 2 of Article 83, the accounting officer shall set up the procedures for the safekeeping of the funds.		7. Funds raised but not yet disbursed cannot be used for any other goal than to provide financial assistance to the corresponding beneficiary country. Pursuant to paragraphs 1 and 2 of Article 83, the accounting officer shall set up the procedures for the safekeeping of the funds.		2723
TITLE XI CONTRIBUTIONS TO EUROPEAN POLITICAL PARTIES		TITLE XI CONTRIBUTIONS TO EUROPEAN POLITICAL PARTIES		2753
<i>Article 214 General provisions</i>		<i>Article 214 General provisions</i>		2754
1. For the purposes of this Regulation, European political parties shall mean the entities registered as such in accordance with Regulation (EU, Euratom) No 1141/2014 of the		1. For the purposes of this Regulation, European political parties shall mean the entities registered as such in accordance with Regulation (EU, Euratom) No 1141/2014 of the		2755

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European Parliament and of the Council ¹ .		European Parliament and of the Council ¹ .		
2. Direct financial contributions from the budget may be awarded to European political parties in view of their contribution to forming European political awareness and to expressing the political will of the citizens of the Union in accordance with Regulation (EU, Euratom) No 1141/2014.		2. Direct financial contributions from the budget may be awarded to European political parties in view of their contribution to forming European political awareness and to expressing the political will of the citizens of the Union in accordance with Regulation (EU, Euratom) No 1141/2014.		2756
<i>Article 215 Principles</i>		<i>Article 215 Principles</i>		2757
1. Contributions shall only be used to reimburse the percentage set out in Article 17(4) of Regulation (EU, Euratom) No 1141/2014 of the operating costs of European political parties directly linked to objectives of those parties, as specified in Article 17(5) and Article 21 of that Regulation.		1. Contributions shall only be used to reimburse the percentage set out in Article 17(4) of Regulation (EU, Euratom) No 1141/2014 of the operating costs of European political parties directly linked to objectives of those parties, as specified in Article 17(5) and Article 21 of that Regulation.		2758
2. Contributions may be used to reimburse expenditure relating to contracts concluded by European political parties, provided that there were no conflicts of interest when they were awarded.		2. Contributions may be used to reimburse expenditure relating to contracts concluded by European political parties, provided that there were no conflicts of interest when they were awarded.		2759
3. Contributions shall not be used to directly or indirectly grant any personal advantage, in cash or in kind, to any individual member or member of staff of a European political party. Contributions shall not be used to	AMD 315: 3. Contributions shall not be used to directly or indirectly grant any personal advantage, in cash or in kind, to any individual member or member of staff of a European political party. Contributions shall not be used to directly or indirectly	3. Contributions shall not be used to directly or indirectly grant any personal advantage, in cash or in kind, to any individual member or member of staff of a European political party. Contributions shall not be used to directly or indirectly	New wording: 3. Contributions shall not be used to directly or indirectly grant any personal advantage, in cash or in kind, to any individual member or member of staff of a European	2760

¹ Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations.

CIION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
directly or indirectly finance activities of third parties, in particular national political parties or political foundations at European or national level, whether in the form of grants, donations, loans or any other similar agreements. Contributions shall not be used for any of the purposes excluded by Article 22 of Regulation (EU, Euratom) No 1141/2014.	finance activities of third parties, in particular national political parties or political foundations at European or national level, whether in the form of grants, donations, loans or any other similar agreements. For the purposes of this Article, associated entities of European political parties at European level, such as youth and women organisations of these parties, shall not be regarded as third parties. Contributions shall not be used for any of the purposes excluded by Article 22 of Regulation (EU, Euratom) No 1141/2014.	finance activities of third parties, in particular national political parties or political foundations at European or national level, whether in the form of grants, donations, loans or any other similar agreements. Contributions shall not be used for any of the purposes excluded by Article 22 of Regulation (EU, Euratom) No 1141/2014.	political party. Contributions shall not be used to directly or indirectly finance activities of third parties, in particular national political parties or political foundations at European or national level, whether in the form of grants, donations, loans or any other similar agreements. For the purposes of this paragraph, associated entities of European political parties shall not be regarded as third parties, where they are part of their administrative organisation as set out in their statutes. Contributions shall not be used for any of the purposes excluded by Article 22 of Regulation (EU, Euratom) No 1141/2014.	
4. Contributions shall be subject to the principles of transparency and equal treatment, in accordance with the criteria laid down in Regulation (EU, Euratom) No 1141/2014.		4. Contributions shall be subject to the principles of transparency and equal treatment, in accordance with the criteria laid down in Regulation (EU, Euratom) No 1141/2014.		2761
5. Contributions shall be awarded by the European Parliament on an annual basis and shall be published in accordance with Article 36(2) of this Regulation and with Article 32(1) of Regulation (EU, Euratom) No 1141/2014.		5. Contributions shall be awarded by the European Parliament on an annual basis and shall be published in accordance with Article 36(21) to (4) of this Regulation and with Article 32(1) of Regulation (EU, Euratom) No 1141/2014.		2762
6. European political parties receiving a contribution shall not directly or indirectly receive other funding from the budget. In particular, donations from the budgets of political groups in the European Parliament shall be prohibited. In no circumstances may the same expenditure be financed		6. European political parties receiving a contribution shall not directly or indirectly receive other funding from the budget. In particular, donations from the budgets of political groups in the European Parliament shall be prohibited. In no circumstances may the same expenditure be financed twice by the		2763

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twice by the budget.		budget.		
	AMD 316: 6a. European political parties are allowed to build up reserves with the amount of their own resources exceeding 15 % of their annual reimbursable expenditure. <i>Justification: The AMD clarifies that European political parties under the new statute are still allowed to build up reserves from their own resources.</i>		New wording: The contributions of the Union to political parties are without prejudice to the ability of the parties to build up reserves with the amount of their own resources in accordance with Regulation (EU) No. 1141/2014.	2763.1
7. If a European political foundation within the meaning of Regulation (EU, Euratom) No 1141/2014 realises a surplus of income over expenditure at the end of a financial year in which it received an operating grant, the part of that surplus corresponding to up to 25 % of the total income for that year may be carried over to the following year provided that it is used before the end of the first quarter of that following year.	AMD 317: Deleted <i>Justification: An updated version of AMD 170. The rapporteurs consider Article 215(7) should be moved to Article 186a (6) new.</i>	7. If a European political foundation within the meaning of Regulation (EU, Euratom) No 1141/2014 realises a surplus of income over expenditure at the end of a financial year in which it received an operating grant, the part of that surplus corresponding to up to 25 % of the total income for that year may be carried over to the following year provided that it is used before the end of the first quarter of that following year.	EP drops AMD 317, hence this paragraph stays here.	2764
Article 216 Budgetary aspects		Article 216 Budgetary aspects		2765
Contributions shall be paid from the European Parliament section of the budget. The appropriations set aside for independent external audit bodies or experts referred to in Article 23 of Regulation (EU, Euratom) No 1141/2014 shall be charged directly to the budget of the European Parliament.		Contributions shall be paid from the European Parliament section of the budget. The appropriations set aside for independent external audit bodies or experts referred to in Article 23 of Regulation (EU, Euratom) No 1141/2014 shall be charged directly to the budget of the European Parliament.		2766
Article 217 Call for contributions		Article 217 Call for contributions		2767

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1. Contributions shall be awarded through a call for contributions published each year, at least on the website of the European Parliament.		1. Contributions shall be awarded through a call for contributions published each year, at least on the website of the European Parliament.		2768
2. A European political party may be awarded only one contribution per year.		2. A European political party may be awarded only one contribution per year.		2769
3. A European political party may receive a contribution only if it applies for funding on the terms and conditions laid down in the call for contributions.		3. A European political party may receive a contribution only if it applies for funding on the terms and conditions laid down in the call for contributions.		2770
4. The call for contributions shall determine the conditions under which the applicant may receive a contribution in accordance with the rules laid down in Regulation (EU, Euratom) No 1141/2014, as well as exclusion criteria.		4. The call for contributions shall determine the conditions under which the applicant may receive a contribution in accordance with the rules laid down in Regulation (EU, Euratom) No 1141/2014, as well as exclusion criteria.		2771
5. The call for contributions shall determine, at least, the nature of the expenditure that may be reimbursed by the contribution.		5. The call for contributions shall determine, at least, the nature of the expenditure that may be reimbursed by the contribution.		2772
6. The call for contributions shall require an estimated budget.		6. The call for contributions shall require an estimated budget.		2773
<i>Article 218 Award procedure</i>		<i>Article 218 Award procedure</i>		2774
1. Applications for contributions shall be duly submitted within the time limit, in writing, including, where appropriate, in a secure electronic format.		1. Applications for contributions shall be duly submitted within the time limit, in writing, including, where appropriate, in a secure electronic format.		2775
2. Contributions shall not be awarded to applicants who are, at the time of the award procedure, in one of the situations referred to in Articles 132(1) and 137 and those who are		2. Contributions shall not be awarded to applicants who are, at the time of the award procedure, in one of the situations referred to in Articles 132(1) and 137 and those who are registered		2776

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registered as excluded in the early detection and exclusion database referred to in Article 138.		as excluded in the early detection and exclusion database referred to in Article 138.		
3. Applicants shall be required to certify that they are not in one of the situations referred to in paragraph 2.		3. Applicants shall be required to certify that they are not in one of the situations referred to in paragraph 2.		2777
4. The authorising officer responsible may be assisted by a committee to evaluate the applications for contributions. The authorising officer responsible shall specify, the rules regarding the composition, appointment and functioning of such committee, and the rules to prevent any conflict of interests.		4. The authorising officer responsible may be assisted by a committee to evaluate the applications for contributions. The authorising officer responsible shall specify, the rules regarding the composition, appointment and functioning of such committee, and the rules to prevent any conflict of interests.		2778
5. Applications that comply with the eligibility and exclusion criteria shall be selected on the basis of the award criteria set out in Article 19 of Regulation (EU, Euratom) No 1141/2014.		5. Applications that comply with the eligibility and exclusion criteria shall be selected on the basis of the award criteria set out in Article 19 of Regulation (EU, Euratom) No 1141/2014.		2779
6. The decision of the authorising officer responsible on the applications shall state at least:		6. The decision of the authorising officer responsible on the applications shall state at least:		2780
(a) the subject and the overall amount of the contributions;		(a)the subject and the overall amount of the contributions;		2781
(b) the name of the selected applicants and the amounts accepted for each of them;		(b)the name of the selected applicants and the amounts accepted for each of them;		2782
(c) the names of any applicants rejected and the reasons for that rejection.		(c)the names of any applicants rejected and the reasons for that rejection.		2783
7. The authorising officer responsible shall inform applicants in writing of the decision on their applications. If the application for funding is rejected or		7. The authorising officer responsible shall inform applicants in writing of the decision on their applications. If the application for funding is rejected or the amounts		2784

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the amounts requested are not awarded in part or in full, the authorising officer responsible shall give the reasons for either the rejection of the application or the non-award of the amounts requested, with reference in particular to the eligibility and award criteria referred to in paragraph 1 and Article 217(4). If the application is rejected, the authorising officer responsible shall inform the applicant of the available means of administrative and/or judicial redress as provided for by Article 129(2) of this Regulation.		requested are not awarded in part or in full, the authorising officer responsible shall give the reasons for either the rejection of the application or the non-award of the amounts requested, with reference in particular to the eligibility and award criteria referred to in paragraph 1 and Article 217(4). If the application is rejected, the authorising officer responsible shall inform the applicant of the available means of administrative and/or judicial redress as provided for by Article 129(2) of this Regulation.		
8. Contributions shall be covered by a written agreement.		8. Contributions shall be covered by a written agreement.		2785
<i>Article 219 Form of contributions</i>		<i>Article 219 Form of contributions</i>		2787
1. Contributions may take any of the following forms:		1. Contributions may take any of the following forms:		2788
	<u>AMD 318:</u> <i>(-a) financing not linked to costs of the relevant operations based on either of the following:</i> <i>(i) the fulfilment of certain conditions ex ante;</i> <i>(ii) the achievement of results measured by reference to the previously set milestones or through performance indicators.</i> <i>Justification: See justification for</i>		From row 2793. EP AMD is rejected / this paragraph is deleted.	2788.1

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	<i>amendments to Art. 121.</i>			
(a) reimbursement of a percentage of the reimbursable expenditure actually incurred;		(a) reimbursement of a percentage of the reimbursable expenditure actually incurred;		2789
(b) reimbursement on the basis of unit costs;		(b) reimbursement on the basis of unit costs;		2790
(c) lump sums;		(c) lump sums;		2791
(d) flat-rate financing;		(d) flat-rate financing;		2792
(e) financing not linked to costs of the relevant operations based on either of the following:	<u>AMD 319: Deleted.</u>	(e) financing not linked to costs of the relevant operations based on either of the following: <i>Explanation: Council considers financing linked to "results achieved" and "fulfilment of conditions" not appropriate for political parties.</i>	Council text is accepted, this paragraph is deleted.	2793
(i) the fulfilment of certain conditions ex ante;	<u>AMD 319: Deleted.</u>	(i) the fulfilment of certain conditions ex ante;		2794
(ii) the achievement of results measured by reference to the previously set milestones or through performance indicators.	<u>AMD 319: Deleted.</u>	(ii) the achievement of results measured by reference to the previously set milestones or through performance indicators.		2795
(f) a combination of the forms referred to in points (a) to (e).		(f) a combination of the forms referred to in points (a) to (ed). <i>Explanation: consequential correction.</i>		2796
2. Only expenditure which meets the criteria established in the calls for contributions and which has not been incurred prior to the date of submission of the application may be reimbursed.		2. Only expenditure which meets the criteria established in the calls for contributions and which has not been incurred prior to the date of submission of the application may be reimbursed.		2797

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3. The agreement referred to in Article 218(8) shall include provisions that allow verifying that the conditions for the award of lump sums, flat-rate financing, unit costs, or financing not linked to costs have been complied with.		3. The agreement referred to in Article 218(8) shall include provisions that allow verifying that the conditions for the award of lump sums, flat-rate financing, unit costs, or financing not linked to costs have been complied with.		2798
4. The contributions shall be paid out in full through one single prefinancing payment, unless, in duly justified cases, the authorising officer responsible decides otherwise.		4. The contributions shall be paid out in full through one single prefinancing payment, unless, in duly justified cases, the authorising officer responsible decides otherwise.		2799
<i>Article 220 Guarantees</i>		<i>Article 220 Guarantees</i>		2801
The authorising officer responsible may, if he or she deems it appropriate and proportionate, on a case-by-case basis and subject to risk analysis, require the European political party to lodge a guarantee in advance in order to limit the financial risks connected with the prefinancing payment only when, in the light of the risk analysis, the European political party is at imminent risk of being in one of the situations described in points (a) and (d) of Article 132(1) of this Regulation or when a decision of the Authority for European political parties and foundations established under Article 6 of Regulation (EU, Euratom) No 1141/2014 ('the Authority') has been communicated to the European Parliament and the Council in accordance with Article 10(4) of that Regulation.		The authorising officer responsible may, if he or she deems it appropriate and proportionate, on a case-by-case basis and subject to risk analysis, require the European political party to lodge a guarantee in advance in order to limit the financial risks connected with the prefinancing payment only when, in the light of the risk analysis, the European political party is at imminent risk of being in one of the situations described in points (a) and (d) of Article 132(1) of this Regulation or when a decision of the Authority for European political parties and foundations established under Article 6 of Regulation (EU, Euratom) No 1141/2014 ("the Authority") has been communicated to the European Parliament and the Council in accordance with Article 10(4) of that Regulation.		2802
Article 148 shall apply mutatis mutandis to guarantees which may be required in the cases foreseen in the first paragraph		Article 148 shall apply mutatis mutandis to guarantees which may be required in the cases foreseen in the first paragraph of this		2803

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of this Article to prefinancing payments made to European political parties.		Article to prefinancing payments made to European political parties.		
<i>Article 221 Use of contributions</i>		<i>Article 221 Use of contributions</i>		2804
1. Contributions shall be spent in accordance with Article 215.		1. Contributions shall be spent in accordance with Article 215.		2805
2. Any part of the contribution not used within the financial year covered by that contribution (year n) shall be spent on any reimbursable expenditure incurred by 31 December of year n+1. Any remaining part of the contribution that is not spent within that time limit shall be recovered in accordance with Chapter 6 of Title IV.		2. Any part of the contribution not used within the financial year covered by that contribution (year n) shall be spent on any reimbursable expenditure incurred by 31 December of year n+1. Any remaining part of the contribution that is not spent within that time limit shall be recovered in accordance with Chapter 6 of Title IV.		2806
3. European political parties shall respect the maximum co-financing rate laid down in Article 17(4) of Regulation (EU, Euratom) No 1141/2014. Remaining amounts of the previous year's contributions may not be used to finance the part which European political parties must provide from their own resources. Contributions by third parties to joint events shall not be considered to be part of the own resources of a European political party.		3. European political parties shall respect the maximum co-financing rate laid down in Article 17(4) of Regulation (EU, Euratom) No 1141/2014. Remaining amounts of the previous sceding year's contributions may not be used to finance the part which European political parties must provide from their own resources. Contributions by third parties to joint events shall not be considered to be part of the own resources of a European political party. <i>Explanation: harmonisation.</i>		2807
4. European political parties shall use the part of the contribution that has not been used within the financial year covered by that contribution before using contributions awarded after that year.		4. European political parties shall use the part of the contribution that has not been used within the financial year covered by that contribution before using contributions awarded after that year.		2808
5. Any interest yielded by the		5. Any interest yielded by the		2809

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prefinancing payments shall be considered as part of the contribution.		prefinancing payments shall be considered as part of the contribution.		
<i>Article 222</i> <i>Report on the use of the contributions</i>		<i>Article 222</i> <i>Report on the use of the contributions</i>		2810
1. The European political party shall, in accordance with Article 23 of Regulation (EU, Euratom) No 1141/2014, submit its annual report on the use of the contribution and its annual financial statements for approval to the authorising officer responsible.		1. The European political party shall, in accordance with Article 23 of Regulation (EU, Euratom) No 1141/2014, submit its annual report on the use of the contribution and its annual financial statements for approval to the authorising officer responsible.		2811
2. The annual activity report referred to in Article 73(9) of this Regulation shall be drafted by the authorising officer responsible on the basis of the annual report and the annual financial statements referred to in paragraph 1 of this Article. Other supporting documents may be used for the purposes of drafting that report.		2. The annual activity report referred to in Article 73(9) of this Regulation shall be drafted by the authorising officer responsible on the basis of the annual report and the annual financial statements referred to in paragraph 1 of this Article. Other supporting documents may be used for the purposes of drafting that report.		2812
<i>Article 223</i> <i>Amount of the contribution</i>		<i>Article 223</i> <i>Amount of the contribution</i>		2813
1. The amount of the contribution shall not become final until the annual report and the annual financial statements referred to in Article 222(1) have been approved by the authorising officer responsible. Approval of the annual report and the annual financial statements shall be without prejudice to subsequent checks by the Authority.		1. The amount of the contribution shall not become final until the annual report and the annual financial statements referred to in Article 222(1) have been approved by the authorising officer responsible. Approval of the annual report and the annual financial statements shall be without prejudice to subsequent checks by the Authority.		2814
2. Any unspent amount of prefinancing shall not become final until it has been used by the European political party to pay reimbursable expenditure which		2. Any unspent amount of prefinancing shall not become final until it has been used by the European political party to pay reimbursable expenditure which meets		2815

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meets the criteria defined in the call for contributions.		the criteria defined in the call for contributions.		
3. Where the European political party fails to comply with its obligations related to the use of contributions, the contributions shall be suspended, reduced or terminated after the European political party has been given the opportunity to present its observations.		3. Where the European political party fails to comply with its obligations related to the use of contributions, the contributions shall be suspended, reduced or terminated after the European political party has been given the opportunity to present its observations.		2816
4. The authorising officer responsible shall verify before making a payment that the European political party is still registered in the Register referred to in Article 7 of Regulation (EU, Euratom) No 1141/2014 and has not been the subject of any of the penalties provided for in Article 27 of that Regulation between the date of its application and the end of the financial year covered by the contribution.		4. The authorising officer responsible shall verify before making a payment that the European political party is still registered in the Register referred to in Article 7 of Regulation (EU, Euratom) No 1141/2014 and has not been the subject of any of the penalties provided for in Article 27 of that Regulation between the date of its application and the end of the financial year covered by the contribution.		2817
5. Where the European political party is no longer registered in the Register referred to in Article 7 of Regulation (EU, Euratom) No 1141/2014 or has been the subject of any of the penalties provided for in Article 27 of that Regulation, the authorising officer responsible may suspend, reduce or terminate the contribution and recover amounts unduly paid under the agreement referred to in Article 218(8), in proportion to the seriousness of the errors, irregularities, fraud or other breach of obligations related to the use of contribution, after the European political party has been given the		5. Where the European political party is no longer registered in the Register referred to in Article 7 of Regulation (EU, Euratom) No 1141/2014 or has been the subject of any of the penalties provided for in Article 27 of that Regulation, the authorising officer responsible may suspend, reduce or terminate the contribution and recover amounts unduly paid under the agreement referred to in Article 218(8), in proportion to the seriousness of the errors, irregularities, fraud or other breach of obligations related to the use of contribution, after the European political party has been given the opportunity to		2818

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opportunity to present its observations.		present its observations.		
<i>Article 224 Control and penalties</i>		<i>Article 224 Control and penalties</i>		2819
1. Each agreement referred to in Article 215(8) shall provide expressly for the European Parliament to exercise its powers of control on documents and on the premises, as well as for European Anti-Fraud Office and the Court of Auditors to exercise their respective competences and powers , referred to in Article 124, over all European political parties that have received Union funding, their contractors and subcontractors.		1. Each agreement referred to in Article 215 218 (8) shall provide expressly for the European Parliament to exercise its powers of control on documents and on the premises, as well as for European Anti-Fraud Office and the Court of Auditors to exercise their respective competences and powers, referred to in Article 124, over all European political parties that have received Union funding, their contractors and subcontractors. <i>Explanation: technical correction.</i>		2820
2. Administrative and financial penalties which are effective, proportionate and dissuasive may be imposed by the authorising officer responsible, in accordance with Articles 132 and 133 of this Regulation and with Article 27 of Regulation (EU, Euratom) No 1141/2014.		2. Administrative and financial penalties which are effective, proportionate and dissuasive may be imposed by the authorising officer responsible, in accordance with Articles 132 and 133 of this Regulation and with Article 27 of Regulation (EU, Euratom) No 1141/2014.		2821
3. Penalties referred to in paragraph 2 may also be imposed on European political parties which, at the moment of the submission of the application for contribution or after having received the contribution, made false declarations in supplying the information requested by the authorising officer responsible or failed to supply such information.		3. Penalties referred to in paragraph 2 may also be imposed on European political parties which, at the moment of the submission of the application for contribution or after having received the contribution, made false declarations in supplying the information requested by the authorising officer responsible or failed to supply such information.		2822
<i>Article 225 Record keeping</i>		<i>Article 225 Record keeping</i>		2823

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
1. European political parties shall keep all records and supporting documents pertaining to the contribution for five years following the last payment related to the contribution.		1. European political parties shall keep all records and supporting documents pertaining to the contribution for five years following the last payment related to the contribution.		2824
2. Records related to audits, appeals, litigation, the settlement of claims arising out of the use of the contribution or to European Anti-Fraud Office investigations if notified to the recipient shall be retained until the end of such audits, appeals, litigation, settlement of claims or investigations.		2. Records related to audits, appeals, litigation, the settlement of claims arising out of the use of the contribution or to European Anti-Fraud Office investigations if notified to the recipient shall be retained until the end of such audits, appeals, litigation, settlement of claims or investigations.		2825
<i>Article 226 Selection of external audit bodies or experts</i>		<i>Article 226 Selection of external audit bodies or experts</i>		2826
The independent external audit bodies or experts referred to in Article 23 of Regulation (EU, Euratom) No 1141/2014 shall be selected through a public procurement procedure. The term of their contract shall be no longer than five years. After two consecutive terms, they shall be deemed to have conflicting interests which may negatively affect the performance of the audit.		The independent external audit bodies or experts referred to in Article 23 of Regulation (EU, Euratom) No 1141/2014 shall be selected through a public procurement procedure. The term of their contract shall be no longer than five years. After two consecutive terms, they shall be deemed to have conflicting interests which may negatively affect the performance of the audit.		2827
TITLE XII OTHER BUDGET IMPLEMENTATION INSTRUMENTS		TITLE XII OTHER BUDGET IMPLEMENTATION INSTRUMENTS		2830
<i>Article 227 Trust Funds</i>	AMD 320: <i>Article 227 Union trust funds for external actions</i>	<i>Article 227 Trust funds for external actions</i>	Limitation to external actions is agreed.	2831
1. For emergency, post-emergency or	AMD 321: 1. Only in duly justified cases and for	1. For emergency and post-emergency	New wording based on Council text:	2832

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
<p>thematic actions, the Commission may create, after informing the European Parliament and the Council, trust funds under an agreement concluded with other donors. The constitutive act of each trust fund shall define the objectives of the trust fund. The Commission decision establishing the trust fund shall include a description of the fund's objectives, the justification for its creation in accordance with paragraph 3, an indication of its duration and the preliminary agreements with other donors.</p>	<p>emergency, post-emergency or thematic actions, the Commission may propose to the European Parliament and the Council the creation, through a basic act and according to the ordinary legislative procedure, of trust funds for external actions under an agreement concluded with other donors. The basic act establishing each trust fund shall include a description of the fund's objectives, the justification for its creation in accordance with paragraph 3, the share of funding from sources other than the Union budget, whose ratio shall remain fixed over the entire duration of the trust fund an indication of its duration and the preliminary agreements with other donors.</p> <p><i>In no circumstances shall a trust fund be created within the Union.</i></p> <p><i>Justification:</i> Union trust funds in operation are marked by a lack of oversight by the EP and issues regarding commitments from the Union's budget being matched by other donors. Until these matters are resolved the rapporteurs consider it premature to extend their use to internal policies. Furthermore, project implementing organisations experience problems in trust funds with the co-financing of projects and therefore oppose their use within the Union. This AM takes into account suggestions from the Bundesarbeitsgemeinschaft der Freien</p>	<p>actions necessary to react to a crisis as defined in Article 2, or for thematic actions, the Commission may create establish after informing the European Parliament and the Council, Union trust funds for external actions under an agreement concluded with other donors. The constitutive act of each trust fund shall define the objectives of the trust fund.</p> <p><i>Explanation:</i> Council considers - as the EP - that TF for internal policies should not be permitted. As regards the procedure for establishing TF, it is proposed to maintain that it is the Commission's prerogative as regards emergency and post emergency actions (due to timing constraints) and to require approval by EP and Council for TF for thematic actions (see next two subparagraphs).</p>	<p>1. For emergency and post-emergency actions necessary to react to a crisis as defined in Article 2, or for thematic actions, the Commission may create establish after informing the European Parliament and the Council, Union trust funds for external actions under an agreement concluded with other donors. The constitutive act of each trust fund shall define the objectives of the trust fund.</p> <p><u>Trust Funds shall only be established where agreements with other donors have secured contributions from other sources than the Union budget.</u></p>	

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
2. The Commission shall submit its draft decisions concerning the establishment, the extension and the liquidation of a Union trust fund to the competent committee where provided for in the basic act under which the Union contribution to the Union trust fund is provided.	AMD 322: 2. The Commission shall submit its draft proposals concerning the establishment, the extension and the liquidation of a Union trust fund to the European Parliament and the Council .	2. The Commission shall submit its draft decisions concerning the establishment financing, the extension and the liquidation of a Union trust fund to the competent committee where provided for in the basic act under which the Union contribution to the Union trust fund is provided. The competent committee shall not be invited to pronounce itself on the aspects which have already been submitted to the European Parliament and the Council for consultation or for approval under the second, and third and fourth subparagraphs of paragraph 1 respectively. <i>Explanation: as explained above: involvement of committee to be limited to questions other than the ones submitted to EP and Council.</i>	Council text agreed	2833
3. Union trust funds shall comply with the following conditions:		3. Union trust funds shall comply with the following conditions:		2834
(a) there is added value to the Union intervention: trust funds shall only be created and implemented at Union level where their objectives, in particular by reason of their scale or potential effects, may be better achieved at Union level than at national level;	AMD 323: (a) it has been established by an impact assessment that there is added value to the Union intervention: trust funds shall only be created and implemented at Union level where their objectives, in particular by reason of their scale or potential effects, may be better achieved at Union level than at national level and cannot be achieved to the same extent through any other existing financial instrument; <i>Justification: The AM is based on a</i>	(a) there is added value to of the Union intervention: trust funds shall only be created established and implemented at Union level where their objectives, in particular by reason of their scale or potential effects, may be better achieved at Union level than at national level and where intervening with the existing financing instruments would not be sufficient to achieve the Union objectives; <i>Explanation: harmonisation and limitation of TF to situation of need.</i>	Council text agreed	2835

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	<i>suggestion by Civil Society Europe.</i>			
(b) Union trust funds shall bring clear Union political visibility and managerial advantages as well as better Union control of risks and disbursements of the Union and other donors' contributions. They should not be created if they merely duplicate other existing funding channels or similar instruments without providing any additionality.		(b) Union trust funds shall bring clear Union political visibility and managerial advantages as well as better Union control by the Union of risks and disbursements of the Union and other donors' contributions. They should shall not be created established if they merely duplicate other existing funding channels or similar instruments without providing any additionality; <i>Explanation: linguistic improvements.</i>		2836
	AMD 324: <i>(ba) the objectives of Union trust funds for external action shall be aligned with the objectives of the Union instrument or budgetary item from which they are funded.</i> <i>Justification: The AM is based on a suggestion by Civil Society Europe.</i>		EP AMD 324 agreed.	2836.1
4. A board chaired by the Commission shall be established for each Union trust fund to ensure the fair representation of the donors, and of the non-contributing Member States as observers, and to decide upon the use of the funds. The rules for composition of the board and its internal rules shall be laid down in the constitutive act of the trust fund adopted by the Commission and adhered to by the donors. Those rules shall include the requirement to have the positive vote of the Commission for the final decision on	AMD 325: 4. A board chaired by the Commission shall be established for each Union trust fund to ensure the fair representation as observers of the donors, and of the non-contributing Member States, and where appropriate, of the European Parliament , and to decide upon the use of the funds. The rules for composition of the board and its internal rules shall be laid down in the constitutive act of the trust fund adopted by the Commission and adhered to by the donors. Those rules shall include the requirement to	4. A board chaired by the Commission shall be established for each Union trust fund to ensure the fair representation of the donors, and of the each non-contributing Member States as observers , and to decide upon the use of the funds. The rules for the composition of the board and its internal rules shall be laid down in the constitutive act agreement of the trust fund adopted by the Commission and adhered to by the donors. Those rules shall include the requirement to have the positive vote of the Commission for the final decision on the use of the funds.	New wording: 4. A board chaired by the Commission shall be established for each Union trust fund to ensure the fair representation of the donors, and of the each non-contributing Member States as observer, and to decide upon the use of the funds. The rules for the composition of the board and its internal rules shall be laid down in the constitutive act agreement of the trust fund adopted by the Commission and adhered to by the donors. Those rules shall include the requirement to have the positive vote	2837

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
the use of the funds.	have the positive vote of the Commission for the final decision on the use of the funds.	<i>Explanation: Council considers that all MS shall be full board members (as they contribute to the Union budget), deleted part "adopted by the Commission and..." is partly not entirely correct (adoption not exclusively by Cion), partly superfluous (clear from new wording of paragraph 1 that donors adhere).</i>	of the Commission for the final decision on the use of the funds.	
5. Union trust funds shall be created for a limited duration determined in their constitutive act. This duration may be extended by a decision of the Commission upon request of the board of the trust fund concerned.	AMD 326: 5. Union trust funds shall be created for a limited duration determined in their constitutive act. This duration may be extended by the European Parliament and the Council acting according to the ordinary legislative procedure following a proposal by the Commission upon request of the board of the trust fund concerned.	5. Union trust funds shall be created established for a limited duration determined in their constitutive act agreement . This duration may be extended by a decision of the Commission subject to the procedure set out in paragraph 1 upon request of the board of the Union trust fund concerned and upon presentation by the Commission of a report justifying this extension, confirming in particular, that the conditions of paragraph (3) are complied with. <i>Explanation: Council considers that the prolongation of a TF should be aligned to its establishment.</i>	Council text agreed	2838
The European Parliament and/or the Council may request the Commission to discontinue appropriations for that trust fund or to revise the constitutive act with a view to the liquidation of the trust fund, where appropriate. In such an event, any remaining funds shall be returned on a pro rata basis to the budget as general revenue and to the contributing Member States and other donors.		The European Parliament and/or the Council may request the Commission to discontinue appropriations for that trust fund or to revise the constitutive act agreement with a view to the liquidation of the trust fund, where appropriate. In such an event, any remaining funds shall be returned on a pro rata basis to the budget as general revenue and to the contributing Member States and other donors. <i>Explanation: harmonisation.</i>	New wording: The European Parliament and/or the Council may request the Commission to discontinue appropriations for that trust fund or to revise the constitutive act agreement with a view to the liquidation of the trust fund, where appropriate in particular on the basis of the information submitted in the report foreseen, in Article 39(6). In such an event, any	2839

CIION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
			remaining funds shall be returned on a pro rata basis to the budget as general revenue and to the contributing Member States and other donors.	
<i>Article 228 Implementation of trust funds</i>	AMD 327: Implementation of Union trust funds for external actions	<i>Article 228 Implementation of Union trust funds for external actions</i>	Limitation to external actions agreed.	2840
1. Union trust funds shall be implemented in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment, and in accordance with the specific objectives defined in each constitutive act.	AMD 328: 1. Union trust funds shall be implemented in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment, ensuring full respect of the budgetary scrutiny and control mechanism of the European Parliament and the Council , and in accordance with the specific objectives defined in each constitutive act.	1. Union trust funds for external actions shall be implemented in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment, and in accordance with the specific objectives defined in each constitutive act agreement . <i>Explanation:</i> harmonisation.	New wording: 1. Union trust funds shall be implemented in accordance with the principles of sound financial management, transparency, proportionality, non-discrimination and equal treatment, and in accordance with the specific objectives defined in each constitutive act agreement and in full respect of the rights of scrutiny and control of the Union budget contribution of the European Parliament and the Council..	2841
	AMD 329: 1 a. Any Union contribution shall be used in accordance with the objectives set out in the basic act under which the Union contribution to the Union trust fund is provided.		EP drops AMD 329 - is covered by AMD 324, which is agreed.	2841.1
2. Actions financed under Union trust funds may be implemented directly by the Commission pursuant to point	AMD 330: 2. Actions financed under Union trust funds may be implemented directly by the Commission pursuant to point	2. Actions financed under Union trust funds may be implemented directly by the Commission pursuant to point (a) of	Council text agreed	2842

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(a) of Article 61(1) and in indirect implementation with the entities pursuant to points (i), (ii), (iii), (v), and (vi) of Article 61(1)(c).	(a) of Article 61(1) and in indirect implementation with the entities pursuant to points (i), (ii), (iii), (v), and (vi) of Article 61(1)(c) and shall comply with the financial rules.	Article 61(1) and in indirect implementation management with the entities pursuant to points (i), (ii), (iii), (v), and (vi) of Article 61(1)(c). <i>Explanation: harmonisation.</i>		
3. Funds shall be committed and paid by financial actors of the Commission, as defined in Chapter 4 of Title IV. The accounting officer of a Union trust fund shall be the accounting officer of the Commission. He or she shall be responsible for laying down accounting procedures and chart of accounts common to all Union trust funds. The Commission's internal auditor, European Anti-Fraud Office and ECA shall exercise the same powers over the trust fund as they do in respect of other actions carried out by the Commission.		3. Funds shall be committed and paid by financial actors of the Commission, as defined in Chapter 4 of Title IV. The accounting officer of a Union trust fund shall be the accounting officer of the Commission. He or she shall be responsible for laying down accounting procedures and chart of accounts common to all Union trust funds. The Commission's internal auditor, the European Anti-Fraud Office and ECA the Court of Auditors shall exercise the same powers over the trust fund as they do in respect of other actions carried out by the Commission. <i>Explanation: technical correction.</i>		2843
4. The contributions of the Union and of the donors shall not be integrated in the budget and shall be lodged in a specific bank account. The specific bank account of the trust fund shall be opened and closed by the accounting officer. All transactions made on the bank account referred to in the third paragraph during the year shall be properly accounted for in the accounts of the trust fund.		4. The contributions of the Union and of the donors shall not be integrated in the budget and shall be lodged in a specific bank account. The specific bank account of the trust fund shall be opened and closed by the accounting officer. All transactions made on the specific bank account referred to in the third paragraph during the year shall be properly accounted for in the accounts of the trust fund.		2844
The contributions of the Union shall be transferred to this account on the basis of payment requests that are duly substantiated with disbursement forecasts, taking into account the balance available on the account and		The contributions of the Union shall be transferred to this specific bank account on the basis of payment requests that are duly substantiated with disbursement forecasts, taking into account the balance available on the		2845

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the resulting need for additional payments. Disbursement forecasts are to be provided on an annual, or where appropriate on a semi annual, basis.		account and the resulting need for additional payments. Disbursement forecasts are to be provided on an annual, or where appropriate on a semi annual, basis.		
The contributions of other donors shall be taken into account when cashed in the specific bank account of the trust fund and for the amount in euro resulting from the conversion at their reception on the specific bank account. Interests accumulated on the trust fund's specific bank account shall be invested in the trust fund except where otherwise provided for in the constitutive act of the trust fund.		The contributions of other donors shall be taken into account when cashed in the specific bank account of the trust fund and for the amount in euro resulting from the conversion at their reception on the specific bank account. Interests accumulated on the trust fund's specific bank account shall be invested in the trust fund except where otherwise provided for in the constitutive act agreement of the trust fund. <i>Explanation: harmonisation of language</i>		2846
5. The Commission shall be authorised to use a maximum of 5 % of the amounts pooled into the trust fund to cover its management costs from the years in which the contributions referred to in paragraph 4 have started to be used. For the duration of the trust fund, such management fees shall be assimilated to assigned revenue within the meaning of point (b) of Article 21(2).		5. The Commission shall be authorised to use a maximum of 5 % of the amounts pooled into the trust fund to cover its management costs from the years in which the contributions referred to in paragraph 4 have started to be used. Notwithstanding the first sentence, management costs stemming from the Union contribution to the trust fund shall only be deducted from that contribution to the extent that those costs have not already been covered by other lines in the budget so as to avoid the double charging of costs. For the duration of the trust fund, such management fees shall be assimilated to assigned revenue within the meaning of point (b) of Article 240(2)(a). <i>Explanation: Council considers it useful to clarify that administrative costs cannot be financed twice (once from Union</i>		2848

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		<i>budget, once from TF).</i>		
Financial reporting on the operations carried out by each trust fund shall be established twice every year by the authorising officer.	AMD 331: Financial reporting on the operations carried out by each trust fund shall be established twice every year by the authorising officer. <i>In addition, the Commission shall report at least every six months on the implementation of each trust fund according to qualitative criteria, such as the nature of projects and programmes supported, the selection procedures, geographical and thematic priorities, the supervision of intermediaries and how the trust fund contributes to the fulfilment of the objectives foreseen in the basic act of the Union instruments contributing to its financing.</i>	Financial reporting on the operations carried out by each trust fund shall be established twice every year by the authorising officer.	New wording: In addition to the annual report foreseen in Article 244, financial reporting on the operations carried out by each trust fund shall be established twice every year by the authorising officer. The Commission shall also report monthly on the state of implementation of each Trust Fund.	2850
		In addition, the Commission shall publish a report on the activities supported by Union trust funds, as well as on their financing, implementation and performance, by means of a working document attached to the draft budget every year in accordance with Article 39(6). <i>Explanation: Council considers reporting on TF important, agrees that such a report is submitted as WD to the DB (as AMD 334 slightly modified).</i>	Council text deleted, is covered in Article 39(6).	2850.1
The trust funds shall be subject to an independent external audit every year.	AMD 332: The trust funds shall be subject to an independent external audit every year. <i>The ECA shall have a right of scrutiny.</i>	The trust funds shall be subject to an independent external audit every year.	EP drops AMD 332, is covered in row 2850.	2851
	AMD 333: <i>The trust funds shall be part of the</i>		EP drops AMD 333 is covered in row 2850.	2851.1

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	<i>discharge procedure in accordance with Article 319 TFEU.</i>			
	AMD 334: <i>5 a. The Commission shall publish a detailed report on the activities supported by Union trust funds, as well as on their implementation and performance, by means of a working document attached to the draft budget every year in accordance with Article 39(6).</i>		EP drops AMD 334 is covered in row 2850.	2851.2
<i>Article 229 Use of Budget Support</i>		<i>Article 229 Use of budget support</i>		2855
1. Where provided for in the relevant basic acts, the Commission may provide budget support to a third country where the following conditions are met:		1. Where provided for in the relevant basic acts, the Commission may provide budget support to a third country where the following conditions are met:		2856
(a) the third country's management of public finances is sufficiently transparent, reliable and effective;		(a) the third country's management of public finances is sufficiently transparent, reliable and effective;		2857
(b) the third country has put in place sufficiently credible and relevant sectoral or national policies;		(b) the third country has put in place sufficiently credible and relevant sectoral or national policies;		2858
	AMD 335: <i>(ba) the third country complies with the fundamental principles of the Universal Declaration of Human Rights;</i>		EP drops AMD 335, see in return redrafting in row 2863.1 below.	2858.1
(c) the third country has put in place stability oriented macroeconomic policies;		(c) the third country has put in place stability oriented macroeconomic policies;		2859
(d) the third country has put in place sufficient and timely access to comprehensive and sound budgetary		(d) the third country has put in place sufficient and timely access to comprehensive and sound budgetary		2860

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information.		information.		
	AMD 336: <i>(da) the third country has provided for anti-corruption laws.</i>		EP drops AMD 335, see in return redrafting in rows 2863.1 and 2865.1 below.	2860.1
2. The payment of the Union contribution shall be based on the fulfilment of conditions referred to in paragraph 1, including the improvement of the management of public finances. In addition, some payments may also be conditional to the achievement of milestones, measured by objective performance indicators, reflecting results and reform progress over time in the respective sector.		2. The payment of the Union contribution shall be based on the fulfilment of conditions referred to in paragraph 1, including the improvement of the management of public finances. In addition, some payments may also be conditional to the achievement of milestones, measured by objective performance indicators, reflecting results and reform progress over time in the respective sector.		2863
			New wording based on previous paragraph 4 (row 2868): 2a. The Commission shall support in third countries the respect of the rules of law , the development of parliamentary control and audit and anti-corruption capacities and increase transparency and public access to information.	2863.1
3. The corresponding financing agreements concluded with the third country shall contain:		3. The corresponding financing agreements concluded with the third country shall contain:		2864
(a) an obligation for the third country to provide the Commission with reliable and timely information which allows the Commission to evaluate the fulfilment of the conditions referred to in paragraph 2;		(a) an obligation for the third country to provide the Commission with reliable and timely information which allows the Commission to evaluate the fulfilment of the conditions referred to in paragraph 2;		2865
			New wording:	2865.1

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			aa) the Commission's right to suspend the financing agreement if the partner breaches an obligation relating to respect for human rights, democratic principles and the rules of law and in serious cases of corruption;	
(b) appropriate provisions pursuant to which the third country is to commit to immediately reimburse all or part of the relevant operation funding, in the event that it is established that the payment of the relevant Union funds has been vitiated by serious irregularities attributable to the that country.		(b) appropriate provisions pursuant to which the third country is to commit to immediately reimburse all or part of the relevant operation funding, in the event that it is established that the payment of the relevant Union funds has been vitiated by serious irregularities attributable to the that country.		2866
In order to process the reimbursement referred to in the first subparagraph, the second subparagraph of Article 99(1) may be applied.		In order to process the reimbursement referred to in point (b) of the first subparagraph, the second subparagraph of Article 99(1) may be applied. <i>Explanation: correction.</i>		2867
4. The Commission shall support in third countries the development of parliamentary control and audit capacities and increase transparency and public access to information.		4. The Commission shall support in third countries the development of parliamentary control and audit capacities and increase transparency and public access to information.	Paragraph 4 is deleted (integrated above).	2868
<i>Article 230 Remunerated external experts</i>		<i>Article 230 Remunerated external experts</i>		2869
1. For values below the thresholds laid down in Article 169(1) remunerated external experts, for assisting the institutions in the evaluation of grant applications, projects and tenders,	AMD 337: 1. For values below the thresholds laid down in Article 169(1) remunerated external experts, for assisting the institutions in the evaluation of grant applications,	1. For values below the thresholds laid down in Article 169(1) remunerated external experts, for assisting the Union institutions in the evaluation of grant applications, projects and tenders, and	EP AMD 337 is dropped.	2870

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and for providing opinions and advice in specific cases, may be selected on the basis of the procedure laid down in paragraph 3.	projects and tenders, and for providing opinions and advice in specific cases, may be selected on the basis of the procedure laid down in paragraph 3. They shall be subject to a Union tax.	for providing opinions and advice in specific cases, may be selected on the basis of the procedure laid down in paragraph 3.		
2. Such experts shall be remunerated on the basis of a fixed amount announced in advance and shall be chosen on the basis of their professional capacity. The selection shall be done on the basis of selection criteria respecting the principles of non-discrimination, equal treatment and absence of conflict of interests.		2. Such experts shall be remunerated on the basis of a fixed amount announced in advance and shall be chosen on the basis of their professional capacity. The selection shall be done on the basis of selection criteria respecting the principles of non-discrimination, equal treatment and absence of conflict of interests.		2871
3. A call for expressions of interest shall be published on the internet site of the institution concerned.		3. A call for expressions of interest shall be published on the internet site of the Union institution concerned.		2873
The call for expressions of interest shall include a description of the tasks, their duration and the fixed conditions of remuneration.		The call for expressions of interest shall include a description of the tasks, their duration and the fixed conditions of remuneration.		2874
A list of experts shall be drawn up following the call for expressions of interest. It shall be valid for no more than five years from its publication or for the duration of a multiannual programme related to the tasks.		A list of experts shall be drawn up following the call for expressions of interest. It shall be valid for no more than five years from its publication or for the duration of a multiannual programme related to the tasks.		2875
4. Any interested natural person may submit an application at any time during the period of validity of the call for expression of interest, with the exception of the last three months of that period.		4. Any interested natural person may submit an application at any time during the period of validity of the call for expression of interest, with the exception of the last three months of that period.		2876
5. Experts paid from research and technological development		5. Experts paid from research and technological development		2877

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appropriations shall be recruited in accordance with the procedures laid down by the European Parliament and the Council when they adopt each research framework programme or in accordance with the corresponding rules for participation. For the purpose of Section 2 of Chapter 2 of Title V, these experts shall be treated as recipients within the meaning of Article 2.		appropriations shall be recruited in accordance with the procedures laid down by the European Parliament and the Council when they adopt each research framework programme or in accordance with the corresponding rules for participation. For the purpose of Section 2 of Chapter 2 of Title V, these experts shall be treated as recipients within the meaning of Article 2.		
<i>Article 231 Non remunerated experts</i>		<i>Article 231 Non remunerated experts</i>		2878
The institutions may reimburse travel and subsistence expenses incurred by, or where appropriate pay any other indemnities to persons invited or mandated by them.		The Union institutions may reimburse travel and subsistence expenses incurred by, or where appropriate pay any other indemnities to persons invited or mandated by them.		2879
<i>Article 232 Membership fees and other payments of subscriptions</i>		<i>Article 232 Membership fees and other payments of subscriptions</i>		2880
The Union may pay contributions as subscriptions to bodies of which it is a member or an observer.		The Union may pay contributions as subscriptions to bodies of which it is a member or an observer.		2881
<i>Article 233 Other instruments</i>		<i>Article 233 Other instruments</i>		2882
Other instruments may be used to pay:		Other instruments may be used to pay:		2883
(a) expenditure on the members of staff of the institutions, including contributions to associations of current and former members of the European Parliament, and the contributions to the European schools;		(a) expenditure on the members of and staff of the Union institutions, including contributions to associations of current and former members of the European Parliament, and the contributions to the European schools; <i>Explanation: technical correction.</i>		2884
(b) expenditure relating to fisheries		(b) expenditure relating to fisheries		2885

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markets as referred to in point (f) of Article 3(2) of Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy;		markets as referred to in point (f) of Article 3(2) of Council Regulation (EC) No 1290/2005 of 21 June 2005 on the financing of the common agricultural policy; <i>Explanation: upon consultation of Cion this is superfluous, since the cited act has been replaced by another act, which does not foresee such financing.</i>		
(c) aid as macro-financial assistance.		(c) aid as macro-financial assistance.		2886
TITLE XIII ANNUAL ACCOUNTS AND OTHER FINANCIAL REPORTING		TITLE XIII ANNUAL ACCOUNTS AND OTHER FINANCIAL REPORTING		2887
CHAPTER 1 Annual accounts		CHAPTER 1 Annual accounts		2888
SECTION 1 ACCOUNTING FRAMEWORK		SECTION 1 ACCOUNTING FRAMEWORK		2889
<i>Article 234 Structure of the accounts</i>		<i>Article 234 Structure of the accounts</i>		2890
The annual accounts shall be prepared for each financial year which shall run from 1 January to 31 December. These accounts shall be comprised of:	AMD 338: The annual accounts shall be prepared for each financial year which shall run from 1 January to 31 December. These accounts shall comprise : <i>Justification: See rapporteur's amendment on Art. 234 par. 1 a (new).</i>	The annual accounts of the European Union shall be prepared for each financial year which shall run from 1 January to 31 December. These accounts shall be comprised of the following :	Council wording is agreed.	2891
(a) the financial statements, which present financial information in accordance with the accounting rules referred to in Article 79;	AMD 339: (a) the consolidated financial statements, which present the consolidation of the financial information contained in the financial statements of the institutions financed by the	(a) the consolidated financial statements, which present, financial information in accordance with the accounting rules referred to in Article 79, the consolidation of the financial information contained in the financial	Council wording is agreed.	2892

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<i>budget, those of the bodies referred to in Article 69 and of other bodies whose accounts are required to be consolidated</i> in accordance with the accounting rules referred to in Article 79; <i>Justification: See rapporteur's amendment on Art. 234 par. 1 a (new).</i>	statements of the Union institutions and of the bodies referred to in Article 69 and of other bodies meeting the accounting consolidation criteria; <i>Explanation: as EP, based on comments from ECA.</i>		
(b) the budget accounts which present the information contained in the budget accounts of the institutions;	AMD 340: (b) the aggregated budgetary accounts which present the information contained in the budgetary accounts of the institutions; <i>Justification: See rapporteur's amendment on Art. 234 par. 1 a (new).</i>	(b) the aggregated budget implementation reports accounts which present the information contained in the budget accounts implementation reports of the Union institutions; <i>Explanation: as EP and on basis of ECA comments. "budget accounts" throughout changed to "budget implementation report" where Union institutions are concerned.</i>	Council wording is agreed.	2893
(c) the consolidated annual accounts which present, in accordance with the accounting rules referred to in Article 79 and in particular with the the materiality principle, the consolidation of the financial information contained in the financial statements and the budget accounts of the bodies referred to in Article 69 and of other bodies meeting the accounting consolidation criteria.	AMD 341: deleted <i>Justification: See rapporteur's amendment on Art. 234 par. 1 a (new).</i>	(c) the consolidated annual accounts which present, in accordance with the accounting rules referred to in Article 79 and in particular with the the materiality principle, the consolidation of the financial information contained in the financial statements and the budget accounts of the bodies referred to in Article 69 and of other bodies meeting the accounting consolidation criteria. <i>Explanation: as EP</i>		2894
	AMD 342: 1 a. The Commission shall publish annually a long-term cash flow forecast spanning a seven- to ten-year time horizon, including	<i>Explanation: Note: see Council's amendment to Art. 239(1)(ba) in row 2949.1.</i>	EP drops AMD 342. This is covered in row 2949.1 below.	2894.1

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<p>information on budgetary ceilings, payment needs, capacity constraints and, where applicable, potential decommitments.</p> <p><i>Justification:</i> In line with the suggestions of the ECA (see Opinion No 1/2017), the rapporteurs suggest to 'restructure' the accounts, with the inclusion of a long-term cash flow forecast to assist stakeholders in assessing future payment requirements and budgetary priorities. The existing definition of the annual accounts is also retained.</p>			
		Article 234a Supporting documents		2894.2
		<p>Each entry into the accounts shall be based on appropriate supporting documents in accordance with Article 74.</p> <p><i>Explanation:</i> essence of Art. 229(1) RAP lifted up.</p>		2894.3
Article 235 Financial statements		Article 235 Financial statements		2905
1. The financial statements shall be presented in millions of euro and in accordance with the accounting rules referred to in Article 79 shall be comprised of:		1. The financial statements shall be presented in millions of euro and in accordance with the accounting rules referred to in Article 79 shall be comprised of:		2906
(a) the balance sheet which presents all assets and liabilities and the financial situation prevailing on 31 December of the preceding year;		(a) the balance sheet which presents all assets and liabilities and the financial situation prevailing on 31 December of the preceding year;		2907
(b) the statement of financial performance, which presents the economic result for the preceding year;		(b) the statement of financial performance, which presents the economic result for the preceding year;		2908

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
(c)the cash-flow statement showing amounts collected and disbursed during the year and the final treasury position;		(c) the cash-flow statement showing amounts collected and disbursed during the year and the final treasury position;		2909
(d)the statement of changes in net assets presenting an overview of the movements during the year in reserves and accumulated results.		(d) the statement of changes in net assets presenting an overview of the movements during the year in reserves and accumulated results.		2910
2. The notes to the financial statements shall supplement and comment on the information presented in the statements referred to in paragraph 1 and shall supply all the additional information prescribed by the accounting rules referred to in Article 79.		2. The notes to the financial statements shall supplement and comment on the information presented in the statements referred to in paragraph 1 and shall supply all the additional information prescribed by the accounting rules referred to in Article 79 and the internationally accepted accounting practice where such information is relevant to the activities of the Union. The notes shall contain at least the following information:		2911
		(a) accounting principles, rules and methods;		2911.1
		(b) explanatory notes, supplying additional information not contained in the body of the financial statements, which is necessary for a fair presentation of the accounts. <i>Explanation: upon ECA intervention, Art. 232 RAP lifted up.</i>		2911.2
3. The accounting officer shall, after the close of the financial year and up to the date of transmission of the general accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are	AMD 343: 3. The accounting officer shall, after the close of the financial year and up to the date of transmission of the general accounts, make any adjustments which, without involving disbursement or collection in respect	3. The accounting officer shall, after the close of the financial year and up to the date of transmission of the general accounts, make any adjustments which, without involving disbursement or collection in respect of that year, are	EP withdraws AMD 343. Technical harmonisation with paragraphs above is needed, where "fair presentation" is used.	2912

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
necessary for a fair presentation of those accounts. Such adjustments shall comply with the accounting rules referred to in Article 79.	of that year, are necessary for a true and fair view of those accounts. Such adjustments shall comply with the accounting rules referred to in Article 79. <i>Justification: "True and fair view" is the commonly accepted terminology.</i>	necessary for a true and fair presentation view of those accounts. Such adjustments shall comply with the accounting rules referred to in Article 79. <i>Explanation: Reference to Art. 79 could be considered superfluous.</i>		
SECTION 2 BUDGET ACCOUNTS		SECTION 2 BUDGET ACCOUNTS IMPLEMENTATION REPORTS		2916
<i>Article 236 Budget accounts</i>		<i>Article 236 Budget accounts implementation reports</i> <i>Explanation: Reference to "budget accounts" throughout reverted to "budget implementation reports" - for Union institutions.</i>		2917
The budget accounts shall be presented in millions of euro. They shall consist of:		1. The budget accounts implementation reports shall be presented in millions of euro and shall be comparable year by year . They shall consist of: <i>Explanation: Council considers comparability proposed by ECA a necessary improvement.</i>		2918
(a) reports which aggregate all budgetary operations for the year in terms of revenue and expenditure;		(a) reports which aggregate all budgetary operations for the year in terms of revenue and expenditure;		2919
(b) the budget result, which is calculated on basis laid down by the relevant Own Resource Regulation in force;		(b) the budget result, which is calculated on basis laid down by the relevant Own Resource Regulation in force in Decision 2014/335/EU, Euratom ; <i>Explanation: technical correction.</i>		2920
(c) explanatory notes, which shall supplement and comment on the information given in the reports.		(c) explanatory notes, which shall supplement and comment on the information given in the reports.		2921
		1a. The structure of the budgetary		2922

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
		implementation reports shall be the same as that of the budget itself. <i>Explanation: Art. 233 RAP lifted up.</i>		
		2. The budget implementation reports shall contain:		2922.1
		(a) information on revenue, in particular, changes in the revenue estimates, the revenue outturn and entitlements established;		2922.2
		(b) information showing changes in the total commitment and payment appropriations available;		2922.3
			Point c from Article 233 RAP was accidentally omitted: (c) information showing the use made of the total commitment and payment appropriations available.	2922.4
		(c) information showing commitments outstanding, those carried over from the previous year and those made during the year.		2922.5
		2a. As regards information on revenue, a statement shall also be attached, showing, for each Member State, the breakdown of amounts of own resources still to be recovered at the end of the financial year and covered by a recovery order.		2923
SECTION 3 ANNUAL ACCOUNTS TIMETABLE		SECTION 3 ANNUAL ACCOUNTS TIMETABLE		2925
Article 237 Provisional accounts		Article 237 Provisional accounts		2926
1. The accounting officers of the	AMD 344:	1. The accounting officers of the other	EP drops AMD 344.	2927

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
other institutions and bodies referred to in Article 234 shall send their provisional accounts to the accounting officer of the Commission and to the Court of Auditors by 1 March of the following year.	1. The accounting officers of all Union institutions and bodies shall send their provisional accounts to the Court of Auditors by 1 March of the following year. <i>Justification: See rapporteur's amendments to Art. 237 par. 3 a (new).</i>	Union institutions and bodies referred to in Article 234 shall send their provisional accounts to the accounting officer of the Commission and to the Court of Auditors by 1 March of the following year.		
2. The accounting officers of the other institutions and bodies referred to in Article 234 shall also send by 1 March of the following year the required accounting information for consolidation purposes to the accounting officer of the Commission, in the manner and format laid down by the latter.		2. The accounting officers of the other Union institutions and bodies referred to in Article 234 shall also send by 1 March of the following year the required accounting information for consolidation purposes to the accounting officer of the Commission, in the manner and format laid down by the latter.		2928
3. The accounting officer of the Commission shall consolidate those provisional accounts with the Commission's provisional accounts and shall send, via electronic means, to the Court of Auditors, by 31 March of the following year, the provisional accounts of the Commission and the consolidated provisional accounts of the Union.	AMD 345: 3. The accounting officer of the Commission shall consolidate those provisional accounts with the Commission's provisional accounts and shall send, via electronic means, to the Court of Auditors, by 31 March of the following year, the consolidated provisional accounts of the Union. <i>Justification: See rapporteur's amendments to Art. 237 par. 3 a (new).</i>	3. The accounting officer of the Commission shall consolidate those provisional accounts with the Commission's provisional accounts and shall send, via electronic means, to the Court of Auditors, by 31 March of the following year, the provisional accounts of the Commission and the consolidated provisional accounts of the Union.	EP drops AMD 345.	2929
	AMD 346: 3 a. The consolidated provisional accounts of the Union shall also include an estimation of the level of error in Union expenditure based on a consistent methodology. <i>Justification: In accordance with</i>		EP AMD covered in Art. 239, row 2949, drops here.	2929.1

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<i>suggestions made by the ECA (see par. 13 and 108 of Opinion No 1/2017), the rapporteurs consider that the ECA should also cover the provisional accounts of the Union.</i>			
<i>Article 238 Approval of the final accounts</i>		<i>Article 238 Approval of the final consolidated accounts</i>	Council text agreed.	2930
1. The Court of Auditors shall, by 1 June, make its observations on the provisional accounts of the institutions other than the Commission and each body referred to in Article 234, and, by 15 June, make its observations on the provisional accounts of the Commission and the consolidated provisional accounts of the Union.	AMD 347: 1. The Court of Auditors shall, by 15 May of year n+1 , make its observations on the provisional accounts of the institutions and each body referred to in Article 234, and, by 1 June of year n+1 , make its observations on the consolidated provisional accounts of the Union. <i>Justification: See rapporteur's amendment to Art. 238 par. 2 - subpar. 2.</i>	1. The Court of Auditors shall, by 1 June, make its observations on the provisional accounts of the Union institutions, other than the Commission, and each of the bodies referred to in Article 234, and, by 15 June, make its observations on the provisional accounts of the Commission and the consolidated provisional accounts of the Union. <i>Explanation: clarification that "other than...", is limited to Cion, i.e. observations of ECA on provisional accounts covers "bodies referred to in Article 234".</i>	Council text agreed.	2931
2. The accounting officers of the other institutions and bodies referred to in Article 234 shall send, by 15 June, the required accounting information for consolidation purposes to the accounting officer of the Commission, in the manner and format laid down by the latter.	AMD 348: 2. The accounting officers of the other institutions and bodies referred to in Article 234 shall send, by 1 June, the required accounting information for consolidation purposes to the accounting officer of the Commission, in the manner and format laid down by the latter. <i>Justification: See rapporteur's amendment to Art. 238 par. 2 - subpar. 2.</i>	2. The accounting officers of the other Union institutions and bodies referred to in Article 234 shall send, by 15 June, the required accounting information for consolidation purposes to the accounting officer of the Commission, in the manner and format laid down by the latter, with a view to drawing up the final consolidated accounts. <i>Explanation: clarification, from Art. 148(2) first subparagraph current FR.</i>	Council wording is agreed, including dates (=status quo)	2933
	AMD 349:		EP drops AMD 349 - Council wording agreed.	2934

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
The institutions other than the Commission, and each of the bodies referred to in Article 234, shall send their final accounts to the accounting officer of the Commission, the Court of Auditors, the European Parliament and the Council by 1 July.	The institutions other than the Commission, and each of the bodies referred to in Article 234, shall send their final accounts to the accounting officer of the Commission, the Court of Auditors, the European Parliament and the Council by 15 June. By the same date, after approving its own final accounts, the Commission shall transmit them electronically to the European Parliament, the Council and the ECA. <i>Justification: The rapporteurs consider that there is scope to shorten the proposed timescale with regard to the approval and transmission of the final accounts.</i>	The Union institutions other than the Commission, and each of the bodies referred to in Article 234, shall send their final accounts to the accounting officer of the Commission, the Court of Auditors, the European Parliament and the Council by 1 July.		
3. The accounting officer of each institution and body referred to in Article 234 shall also send to the Court of Auditors, with a copy to the accounting officer of the Commission, at the same date as the transmission of his or her final accounts, a representation letter covering those final accounts.		3. The accounting officer of each Union institution and body referred to in Article 234 shall also send to the Court of Auditors, with a copy to the accounting officer of the Commission, at the same date as the transmission of his or her final accounts, a representation letter covering those final accounts.		2935
The final accounts shall be accompanied by a note drawn up by the accounting officer, in which the latter declares that the final accounts were prepared in accordance with this Title and with the applicable accounting principles, rules and methods set out in the notes to the financial statements.		The final accounts shall be accompanied by a note drawn up by the accounting officer, in which the latter declares that the final accounts were prepared in accordance with this Title and with the applicable accounting principles, rules and methods set out in the notes to the financial statements.		2936
4. The accounting officer of the Commission shall draw up the final consolidated accounts on the basis of the information presented pursuant to		4. The accounting officer of the Commission shall draw up the final consolidated accounts on the basis of the information presented pursuant to		2937

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
paragraph 2 of this Article by the institutions other than the Commission and by bodies referred to in Article 234. The final consolidated accounts shall be accompanied by a note drawn up by the accounting officer of the Commission, in which the latter declares that the final consolidated accounts were prepared in accordance with this Title and with the accounting principles, rules and methods set out in the notes to the financial statements.		paragraph 2 of this Article by the Union institutions, other than the Commission, and by bodies referred to in Article 234. The final consolidated accounts shall be accompanied by a note drawn up by the accounting officer of the Commission, in which the latter declares that the final consolidated accounts were prepared in accordance with this Title and with the applicable accounting principles, rules and methods set out in the notes to the financial statements. <i>Explanation: alignment to previous paragraph.</i>		
5. After approving the final consolidated accounts and its own final accounts, the Commission shall send them, via electronic means, both to the European Parliament, the Council and the Court of Auditors by 31 July.		5. After approving the final consolidated accounts and its own final accounts, the Commission shall send them, via electronic means, both to the European Parliament, the Council and the Court of Auditors by 31 July.		2938
By the same date, the accounting officer of the Commission shall transmit a representation letter covering the final consolidated accounts to the Court of Auditors.		By the same date, the accounting officer of the Commission shall transmit a representation letter covering the final consolidated accounts to the Court of Auditors.		2939
6. The final consolidated accounts shall be published in the Official Journal of the European Union together with the statement of assurance given by the Court of Auditors in accordance with Article 287 TFEU and Article 106a of the Euratom Treaty by 15 November.		6. The final consolidated accounts shall be published in the <i>Official Journal of the European Union</i> together with the statement of assurance given by the Court of Auditors in accordance with Article 287 TFEU and Article 106a of the Euratom Treaty by 15 November.		2940
CHAPTER 2 Integrated financial and accountability reporting		CHAPTER 2 Integrated financial and accountability reporting		2942
<i>Article 239</i>		<i>Article 239</i>	<i>For Article 239 the full text is shown, as it</i>	2945

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<i>Integrated financial and accountability reporting</i>		<i>Integrated financial and accountability reporting</i>	<i>is a mix and match of EP and Council positions and otherwise difficult to follow:</i>	
1. By 31 July of the following year the Commission shall communicate to the European Parliament and the Council an integrated set of financial and accountability reports which includes:	<p>AMD 350:</p> <p>1. By 31 March of the following year the Commission shall communicate to the European Parliament and the Council an integrated set of financial and accountability reports which includes:</p> <p><i>Justification: Moving the date for the transmission of these reports from 30 June to 31 July, thus after the start of the summer recess, is irreconcilable with the EP's and the CONT Committee's internal procedures. On the contrary, the rapporteurs suggest advancing the deadline to 31 March.</i></p>	1. By 31 July of the following year the Commission shall communicate to the European Parliament and the Council an integrated set of financial and accountability reports which includes:	1. By 31 July of the following year the Commission shall communicate to the European Parliament and the Council an integrated set of financial and accountability reports which includes:	2946
(a) the consolidated annual accounts as referred to in Article 238;	<p>AMD 351:</p> <p>a) the consolidated annual accounts as referred to in Article 238 with a long-term cash flow forecast;</p> <p><i>Justification: See rapporteur's amendment to Art. 239 par. 1 - point c.</i></p>	(a) the consolidated annual accounts as referred to in Article 238;	(a) the consolidated annual accounts as referred to in Article 238;	2947
(b) the annual management and performance report providing for:	<p>AMD 352:</p> <p>b) a single accountability report providing for:</p> <p><i>Justification: See rapporteur's amendment to Art. 239 par. 1 - point c.</i></p>	(b) the annual management and performance report providing for: a clear and concise summary of the annual activity reports for the preceding year together with based on the annual activity reports of each authorising officer by delegation as referred to in Article 73(9) and including preventive and corrective actions covering the Union budget ;	(b) the annual management and performance report providing for	2948
(i) a summary of the annual activity reports for the preceding year together with the annual activity reports of each		(i) a summary of the annual activity reports for the preceding year together with the annual activity reports of each authorising	a clear and concise summary of the internal control and financial management achievements	2949

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
authorising officer by delegation as referred to in Article 73(9);		<p>officer by delegation as referred to in Article 73(9);</p> <p><i>Explanation:</i> Council proposes to integrate this in the AMPR to limit the amount of reports. Council would also wish to see a limitation to the volume of the AMPR in order to increase transparency.</p>	<p>contained in the annual activity reports for the preceding year together with the annual activity reports of each authorising officer by delegation. as referred to in Article 73(9) This summary shall include information on key governance arrangements in the Commission as well as</p> <ul style="list-style-type: none"> - an estimation of the level of error in Union expenditure based on a consistent methodology and an estimate of future corrections; - information on the preventive and corrective actions covering the Union budget, which shall present the financial impact of the actions taken to protect the Union budget from expenditure in breach of law; - information on the implementation of the Commission's anti-fraud strategy; 	
		<p>(ba) a long term forecast of future inflows and outflows covering the next 5 years. The forecasts shall be based on the applicable multiannual financial frameworks and Decision 2014/335/EU on own resources;</p> <p><i>Explanation:</i> Council agrees with ECA that a long-term cash flow forecast should be provided.</p>	<p>(ba) a long term forecast of future inflows and outflows covering the next 5 years. The forecasts shall be based on the applicable multiannual financial frameworks and Decision 2014/335/EU on own resources;</p>	2949.1
	<u>AMD 353:</u>		EP AMD 353 dropped.	2949.2

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<p><i>(i a) a governance statement, providing information on the key governance systems of the Union;</i></p> <p><i>Justification: See rapporteur's amendment to Art. 239 par. 1 - point c.</i></p>			
	<p>AMD 354:</p> <p><i>(i b) an evaluation of the progress towards the achievement of policy objectives which have been monitored with performance indicators referred to in Article 31;</i></p> <p><i>Justification: See rapporteur's amendment to Art. 239 par. 1 - point c.</i></p>		EP AMD 354 dropped.	2949.3
	<p>AMD 355:</p> <p><i>(i c) an assessment of the extent to which spending is affected by irregularities with its own estimate of the level of error and, separately, the amount of Union expenditure it envisages to recuperate as recoveries or financial corrections linked to the financial year concerned;</i></p> <p><i>Justification: See rapporteur's amendment to Art. 239 par. 1 - point c.</i></p>		c) the report on the internal audits as referred to in Article 116(4);	2949.4
(ii) an evaluation on the Union's finances based on the results achieved, as referred to under Article 318 of the TFEU.		(#bb) an evaluation report on the Union's finances based on the results achieved, as referred to under Article 318 of the TFEU.	d) an the evaluation on the Union's finances based on the results achieved, as referred to under in Article 318 of the TFEU assessing in particular the progress towards the achievement of policy objectives taking into account performance indicators referred to	2950

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
			in Article 31.	
	<p>AMD 356:</p> <p><i>(ii a) a report on the role and conclusions of the internal audit committee as referred to in Article 120 a.</i></p> <p><i>Justification:</i> See rapporteur's amendment to Art. 239 par. 1 - point c.</p>		EP AMD 356 dropped.	2950.1
(c) the report on the preventive and corrective actions covering the EU budget, which shall present the financial impact of the actions taken to protect the EU budget from expenditure in breach of law;	<p>AMD 357:</p> <p>c) the report on the preventive and corrective actions covering the EU budget, which shall provide for an estimate of the level of irregularity present in the initial or approved claims for reimbursement and present the financial impact of the actions taken to protect the EU budget from expenditure in breach of law;</p> <p><i>Justification:</i> The rapporteurs believe that the consolidated accounts should be accompanied by a single accountability report providing accounting information, a governance statement, a broad overview of spending and activities of the Union, an evaluation of the progress towards achieving objectives set, an assessment to the extent in which spending is affected by irregularities, as well as a report on the role and conclusions of the internal audit committee.</p>	<p>(c) the report on the preventive and corrective actions covering the EU budget, which shall present the financial impact of the actions taken to protect the EU budget from expenditure in breach of law;</p> <p><i>Explanation:</i> integrated in point b.</p>	EP AMD 357 dropped.	2951
(d) the report on the protection of the European Union's financial interest (fight against fraud) as referred to in Article 325 of the TFEU established		(d) the report on the protection of the European Union's financial interest (fight against fraud) as referred to in Article 325 of the TFEU established in	Council deletion agreed.	2952

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
in cooperation with the Member States on measures taken to counteract fraud and any other illegal activities affecting the Union's financial interests.		cooperation with the Member States on measures taken to counteract fraud and any other illegal activities affecting the Union's financial interests. <i>Explanation: superfluous as this is foreseen by the Treaty, also not regulated in the current FinReg.</i>		
(e) the report on the internal audits as referred to in Article 116(7);	AMD 358: e) the report on the internal audits as referred to in Article 116(4) ; <i>Justification: Correction</i>	(e) the report on the internal audits as referred to in Article 116(78); <i>Explanation: correction.</i>	Deleted.	2953
(f) the report on the follow-up to the discharge as referred to in Art 253(3).		(f) the report on the follow-up to the discharge as referred to in Article 253(3).	(f) the report on the follow-up to the discharge as referred to in Article 253(3).	2954
2. The integrated set of financial and accountability reports referred to in paragraph 1 shall be made available to the Court of Auditors.		2. The integrated set of financial and accountability reports referred to in paragraph 1 shall present each report in a separate and clearly identifiable manner and shall be made available to the Court of Auditors by 31 July . <i>Explanation: Council suggests clear separation of each report to avoid risk of mixing elements of various reports, so that they would no longer be identifiable.</i>	2. The integrated set of financial and accountability reports reporting package referred to in paragraph 1 shall present each report in a separate and clearly identifiable manner. Each individual report shall be made available to the Court of Auditors and the European Parliament and the Council by 30 June, with the exception of the consolidated final accounts..	2955
CHAPTER 3 Budgetary and other financial reporting		CHAPTER 3 Budgetary and other financial reporting		2956
<i>Article 240</i> <i>Monthly reporting on budget implementation</i>		<i>Article 240</i> <i>Monthly reporting on budget implementation</i>		2957
In addition to the annual statements and reports provided for in Articles 235 and 236, the Commission's accounting officer shall send once a month to the European		In addition to the annual statements and reports provided for in Articles 235 and 236, the Commission's accounting officer shall send once a month to the European		2958

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Parliament and to the Council figures, on the implementation of the budget, both for revenue and for expenditure covering all available appropriations.		Parliament and to the Council figures, aggregated at chapter level at least, as well as separately broken down by chapter, article and item , on the implementation of the budget, both for revenue and for expenditure covering all available appropriations. Those figures shall also provide details of the utilisation of appropriations carried over. <i>Explanation: clarification on scope of monthly implementation report, combination of deleted parts of Art. 150(1) and (2) current FinReg.</i>		
The figures shall be made available within 10 working days of the end of each month via the Commission's website.		The figures shall be made available within 10 working days of the end of each month via the Commission's website.		2959
<i>Article 241 Annual Report on budgetary and financial management</i>		<i>Article 241 Annual Report on budgetary and financial management</i>		2963
1. Each institution and body referred to in Article 234 shall prepare a report on budgetary and financial management for the financial year.		1. Each Union institution and body referred to in Article 234 shall prepare a report on budgetary and financial management for the financial year.		2964
They shall make the report available to the European Parliament, the Council and the Court of Auditors, by 31 March of the following financial year.	AMD 359: They shall make the report available to the European Parliament, the Council and the Court of Auditors, by 1 March of the following financial year. <i>Justification: Consistent alignment of reporting duties.</i>	They shall make the report available to the European Parliament, the Council and the Court of Auditors, by 31 March of the following financial year.	EP drops AMD 359.	2965
2. The report referred to in paragraph 1 shall provide summary information on the transfers of appropriations among the various budget items.		2. The report referred to in paragraph 1 shall provide summary information on the transfers of appropriations among the various budget items.		2966
<i>Article 242</i>		<i>Article 242</i>		2968

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
<i>Annual report on financial instruments, budgetary guarantees and financial assistance.</i>		<i>Annual report on financial instruments, budgetary guarantees and financial assistance.</i>		
The Commission shall report annually to the European Parliament and to the Council on financial instruments, budgetary guarantees, financial assistance, contingent liabilities and the common provisioning fund in accordance with paragraphs 4 and 5 of Article 39 and with point (d) of Article 50(1). That information shall be made available to the Court of Auditors at the same time.	<p>AMD 360:</p> <p>The Commission shall report annually to the European Parliament and to the Council on financial instruments, budgetary guarantees, financial assistance, contingent liabilities and the common provisioning fund as of 30 June of the year of publication in accordance with paragraphs 4 and 5 of Article 39 and with point (d) of Article 50(1). That information shall be made available to the Court of Auditors at the same time.</p> <p><i>Justification: The rapporteur's welcome the proposal from the Commission to merge all reporting requirements into a single document attached to the draft budget. The document should provide the same level of information as the current reports, and provide a clear depiction of the situation as of 30 June of the year of publication.</i></p>	<p>1. The Commission shall report annually to the European Parliament and to the Council on financial instruments, budgetary guarantees, financial assistance, and contingent liabilities and the common provisioning fund in accordance with paragraphs 4 and 5 of Article 39 and with point (d) of Article 50(1). That information shall be made available to the Court of Auditors at the same time.</p> <p><i>Explanation: aligned to EIB being asset manager, see subsequent changes in relation to CPF.</i></p>	<p>Dissent on dates.</p> <p>EP drops AMD 360, is linked to AMD 310 in Article 208 (row 2682.1).</p>	2969
		<p>2. The EIB as the financial manager of the resources of the common provisioning fund as referred to in Article 204(1) shall submit to the European Parliament and the Council, jointly with the working document submitted by the Commission in accordance with paragraphs 4 and 5 of Article 39, a report indicating, in particular:</p>	<p>Council amendment for this paragraph is dropped - as no decision for EIB as asset manager no separate obligation needs to be regulated - the Commission is bound by Article 39 to provide this information.</p>	2969.1
		<p>(a) for each financial instrument the provisioned resources in the</p>	As above.	2969.2

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
		common provisioning fund;		
		(b) for each budgetary guarantee:	As above.	2969.3
		(i) information about the financial management, the performance and the risk for the resources in the common provisioning fund as at the end of the preceding financial year;	As above.	2969.4
		(ii) the effective provisioning rate of the common provisioning fund and, where applicable, the subsequent transfers carried out in accordance with Article 206(3);	As above.	2969.5
		(iii) the financial flows in the common provisioning fund during the preceding financial year as well as the significant transactions and any relevant information on the financial risk exposure of the Union;	As above.	2969.6
		3. In addition, the EIB as the financial manager of the resources of the common provisioning fund shall provide, within 20 working days, any information requested from it by the European Parliament and the Council with regards to the working document submitted by the Commission in accordance with paragraphs 4 and 5 of Article 39.	As above.	2969.7
Article 243 Status report on accounting issues		Article 243 Status report on accounting issues		2970
By 15 September of each year, the accounting officer shall send to the European Parliament and to the Council a report containing information on current		By 15 September of each year, the accounting officer of the Commission shall send to the European Parliament and to the Council a report containing information on		2971

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
risks noted, general trends observed, new accounting issues encountered, progress on accounting matters, including those raised by the Court of Auditors, and information on recoveries.		current risks noted, general trends observed, new accounting issues encountered, progress on accounting matters, including those raised by the Court of Auditors, and information on recoveries. <i>Explanation: clarification.</i>		
<i>Article 244</i> <i>Reporting on Trust Funds</i>	AMD 361: Reporting on <i>Union</i> trust funds for external actions <i>Justification: See rapporteur's amendments to Art. 227.</i>	<i>Article 244</i> <i>Reporting on Trust Funds</i>	EP wording accepted.	2972
In accordance with Article 39(5), the Commission shall report annually to the European Parliament and to the Council on the activities supported by Union Trust Funds, on their implementation and performance, as well as on their accounts.	AMD 362: In accordance with Article 39(6) , the Commission shall report annually to the European Parliament and to the Council on the activities supported by the Union trust funds for external actions , on their implementation and performance, as well as on their accounts. <i>Justification: See rapporteur's amendments to Art. 227.</i>	In accordance with Article 39(5), the Commission shall report annually to the European Parliament and to the Council on the activities supported by Union Trust Funds, on their implementation and performance, as well as on their accounts.	EP wording is accepted.	2973
The Board of the trust fund shall approve the annual report of the trust fund drawn up by the authorising officer. It shall also approve the final accounts drawn up by the accounting officer. The final accounts drawn up by the accounting officer shall be presented by the Board to the European Parliament and Council within the discharge procedure of the Commission.		The Board of the trust fund shall approve the annual report of the trust fund drawn up by the authorising officer. It shall also approve the final accounts drawn up by the accounting officer. The final accounts drawn up by the accounting officer shall be presented by the Board to the European Parliament and Council within the discharge procedure of the Commission.		2974
<i>Article 245</i> <i>Publication of information on recipients</i>		<i>Article 245</i> <i>Publication of information on recipients</i>		2975
The Commission shall publish information on recipients in accordance with Article 36.		The Commission shall publish information on recipients in accordance with Article 36.		2976

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
TITLE XIV EXTERNAL AUDIT AND DISCHARGE		TITLE XIV EXTERNAL AUDIT AND DISCHARGE		3004
CHAPTER 1 External audit		CHAPTER 1 External audit		3005
<i>Article 246 External audit by the Court of Auditors</i>		<i>Article 246 External audit by the Court of Auditors</i>		3006
The European Parliament, the Council and the Commission shall inform the Court of Auditors, as soon as possible, of all decisions and rules adopted pursuant to Articles 12, 15, 20, 27, 28, 30 and 41.		The European Parliament, the Council and the Commission shall inform the Court of Auditors, as soon as possible, of all decisions and rules adopted pursuant to Articles 12, 15, 20, 27, 28, 30 and 41.		3007
<i>Article 247 Rules and procedure on the audit</i>		<i>Article 247 Rules and procedure on the audit</i>		3008
1. The examination by the Court of Auditors of whether all revenue has been received and all expenditure incurred in a lawful and proper manner shall have regard to the Treaties, the budget, this Regulation, the delegated acts adopted pursuant to this Regulation and all other acts adopted pursuant to the Treaties. This examination shall take account of the multiannual character of programmes and related supervisory and control systems.	AMD 363: 1. The examination by the Court of Auditors of whether all revenue has been received and all expenditure incurred in a lawful and proper manner shall have regard to the Treaties, the budget, this Regulation, the delegated acts adopted pursuant to this Regulation and all other acts adopted pursuant to the Treaties. This examination may take account of the multiannual character of programmes and related supervisory and control systems. <i>Justification: As pointed out by the ECA (see par. 106-108 of Opinion No 1/2017), the newly introduced wording from the Commission impinges on the Court's audit methodology, which is a matter for the Court to decide.</i>	1. The examination by the Court of Auditors of whether all revenue has been received and all expenditure incurred in a lawful and proper manner shall have regard to the Treaties, the budget, this Regulation, the delegated acts adopted pursuant to this Regulation and all other acts adopted pursuant to the Treaties. This examination shall may , take account of the multiannual character of programmes and related supervisory and control systems. <i>Explanation: as EP.</i>		3009
2. In the performance of its task, the		2. In the performance of its task, the Court		3010

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
<p>Court of Auditors shall be entitled to consult, in the manner provided for in Article 249, all documents and information relating to the financial management of departments or bodies with regard to operations financed or co-financed by the Union. It shall have the power to hear any official responsible for a revenue or expenditure operation and to use any of the auditing procedures appropriate to the aforementioned departments or bodies. The audit in the Member States shall be carried out in liaison with the national audit institutions or, where they do not have the necessary powers, with the competent national departments. The Court of Auditors and the national audit institutions of the Member States shall cooperate in a spirit of trust while maintaining their independence.</p>		<p>of Auditors shall be entitled to consult, in the manner provided for in Article 249, all documents and information relating to the financial management of departments or bodies with regard to operations financed or co-financed by the Union. It shall have the power to hear any official responsible for a revenue or expenditure operation and to use any of the auditing procedures appropriate to the aforementioned departments or bodies. The audit in the Member States shall be carried out in liaison with the national audit institutions or, where they do not have the necessary powers, with the competent national departments. The Court of Auditors and the national audit institutions of the Member States shall cooperate in a spirit of trust while maintaining their independence.</p>		
<p>In order to obtain all the necessary information for the performance of the task entrusted to it by the Treaties or the acts adopted pursuant to them, the Court of Auditors may be present, at its request, during the audit operations carried out within the framework of the implementation of the budget by, or on behalf of, any institution.</p>		<p>In order to obtain all the necessary information for the performance of the task entrusted to it by the Treaties or the acts adopted pursuant to them, the Court of Auditors may be present, at its request, during the audit operations carried out within the framework of the implementation of the budget by, or on behalf of, any Union institution.</p>		3011
<p>At the request of the Court of Auditors, each institution shall authorise financial institutions holding Union deposits to enable the Court of Auditors to ensure that external data tally with the accounts.</p>		<p>At the request of the Court of Auditors, each Union institution shall authorise financial institutions holding Union deposits to enable the Court of Auditors to ensure that external data tally with the accounts.</p>		3012
<p>3. In order to perform its task, the Court of Auditors shall notify the institutions</p>		<p>3. In order to perform its task, the Court of Auditors shall notify the Union institutions</p>		3013

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
and authorities to which this Regulation applies of the names of the members of its staff who are empowered to audit them.		and authorities to which this Regulation applies of the names of the members of its staff who are empowered to audit them.		
<i>Article 248</i> <i>Checks on securities and cash</i>		<i>Article 248</i> <i>Checks on securities and cash</i>		3014
The Court of Auditors shall ensure that all securities and cash on deposit or in hand are checked against vouchers signed by the depositories or against official memoranda of cash and securities held. It may carry out such checks itself.		The Court of Auditors shall ensure that all securities and cash on deposit or in hand are checked against vouchers signed by the depositories or against official memoranda of cash and securities held. It may carry out such checks itself.		3015
<i>Article 249</i> <i>Court of Auditors' right of access</i>		<i>Article 249</i> <i>Court of Auditors' right of access</i>		3016
1. The Commission, the other institutions, the bodies administering revenue or expenditure on the Union's behalf and recipients shall afford the Court of Auditors all the facilities and give it all the information which the Court of Auditors considers necessary for the performance of its task. They shall place at the disposal of the Court of Auditors all documents concerning the award and performance of contracts financed by the budget and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents relating thereto, all documents relating to revenue and expenditure, all inventories, all organisation charts of departments, which the Court of Auditors considers necessary for auditing the budgetary and financial outturn report on the	AMD 364: 1. The Commission, the other institutions, the bodies administering revenue or expenditure on the Union's behalf and recipients shall afford the Court of Auditors all the facilities and give it all the information which the Court of Auditors considers necessary for the performance of its task. They shall place at the disposal of the Court of Auditors, at its request , all documents concerning the award and performance of contracts financed by the budget and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents relating thereto, all documents relating to revenue and expenditure, all inventories, all organisation charts of departments, which the Court of Auditors considers necessary for auditing the budgetary	1. The Commission, the other Union institutions, the bodies administering revenue or expenditure on the Union's behalf and recipients shall afford the Court of Auditors all the facilities and give it all the information which the Court of Auditors considers necessary for the performance of its task. They shall place at the disposal of the Court of Auditors at its request all documents concerning the award and performance of contracts financed by the budget and all accounts of cash or materials, all accounting records or supporting documents, and also administrative documents relating thereto, all documents relating to revenue and expenditure, all inventories, all organisation charts of departments, which the Court of Auditors considers necessary for auditing the budgetary and financial outturn annual accounts and budget implementation reports on the basis of	Council wording accepted.	3017

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
basis of records or on-the-spot auditing and, for the same purposes, all documents and data created or stored electronically.	and financial outturn report on the basis of records or on-the-spot auditing and, for the same purposes, all documents and data created or stored electronically. The right of access of the ECA shall include access to the IT system used for the management of revenue and expenditure subject to its audit. <i>Justification:</i> See rapporteur's amendment to Art. 249 par. 7	records or on-the-spot auditing and, for the same purposes, all documents and data created or stored electronically. The Court's right of access shall include the access to the IT system used for the management of revenue or expenditure subject to its audit, where it is relevant for the audit. <i>Explanation:</i> as EP with qualification considered necessary. <i>The term "budgetary and financial outturn report" does not exist anywhere else in the act - alignment.</i>		
The internal audit bodies and other services of the national administrations concerned shall afford the Court of Auditors all the facilities which it considers necessary for the performance of its task.		The internal audit bodies and other services of the national administrations concerned shall afford the Court of Auditors all the facilities which it considers necessary for the performance of its task.		3018
2. The officials whose operations are checked by the Court of Auditors shall:		2. The officials whose operations are checked by the Court of Auditors shall:		3019
(a) show their records of cash in hand, any other cash, securities and materials of all kinds, and also the supporting documents in respect of their stewardship of the funds with which they are entrusted, and also any books, registers and other documents relating thereto;		(a) show their records of cash in hand, any other cash, securities and materials of all kinds, and also the supporting documents in respect of their stewardship of the funds with which they are entrusted, and also any books, registers and other documents relating thereto;		3020
(b) present the correspondence and any other documents required for the full implementation of the audit referred to in Article 247.		(b) present the correspondence and any other documents required for the full implementation of the audit referred to in Article 247.		3021
The information supplied under point (b) of the first subparagraph may be requested only by the Court of		The information supplied under point (b) of the first subparagraph may be requested only by the Court of		3022

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
Auditors.		Auditors.		
3. The Court of Auditors shall be empowered to audit the documents in respect of the revenue and expenditure of the Union which are held by the departments of the institutions and, in particular, by the departments responsible for decisions in respect of such revenue and expenditure, the bodies administering revenue or expenditure on the Union's behalf and the natural or legal persons receiving payments from the budget.		3. The Court of Auditors shall be empowered to audit the documents in respect of the revenue and expenditure of the Union which are held by the departments of the Union institutions and, in particular, by the departments responsible for decisions in respect of such revenue and expenditure, the bodies administering revenue or expenditure on the Union's behalf and the natural or legal persons receiving payments from the budget.		3023
4. The task of establishing that the revenue has been received and the expenditure incurred in a lawful and proper manner and that the financial management has been sound shall extend to the utilisation, by bodies outside the institutions, of Union funds received by way of contributions.		4. The task of establishing that the revenue has been received and the expenditure incurred in a lawful and proper manner and that the financial management has been sound shall extend to the utilisation, by bodies outside the Union institutions, of Union funds received by way of contributions.		3024
5. Union financing paid to recipients outside the institutions shall be subject to the agreement in writing by those recipients or, failing agreement on their part, by contractors or subcontractors, to an audit by the Court of Auditors into the use made of the financing granted.		5. Union financing paid to recipients outside the Union institutions shall be subject to the agreement in writing by those recipients or, failing agreement on their part, by contractors or subcontractors, to an audit by the Court of Auditors into the use made of the financing granted.		3025
6. The Commission shall provide the Court of Auditors, at its request, with any information on borrowing-and-lending operations.		6. The Commission shall provide the Court of Auditors, at its request, with any information on borrowing-and-lending operations.		3026
7. Use of integrated computer systems shall not have the effect of reducing access by the Court of Auditors to the	AMD 365: 7. Use of integrated computer systems shall not have the effect of reducing access by the Court of Auditors to the	7. Use of integrated computer systems shall not have the effect of reducing access by the Court of Auditors to the supporting		3027

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
supporting documents.	supporting documents. Whenever technically possible, electronic access to data and documents necessary for the audit shall be given to the ECA for use on its own premises. <i>Justification:</i> The rapporteurs propose amendments to Art. 249 in order to ensure the ECA has a clear right of access to IT system necessary to perform its audit.	documents. Whenever technically possible, electronic access to data and documents necessary for the audit shall be given to the Court of Auditors in its own premises and in compliance with relevant security rules. <i>Explanation:</i> as EP, with a necessary qualification, as access might be subject to certain security procedures.		
Article 250 Annual report of the Court of Auditors		Article 250 Annual report of the Court of Auditors		3028
1. The Court of Auditors shall transmit to the Commission and the institutions concerned, by 15 June, any observations which are, in its opinion, such that they should appear in the annual report. Those observations shall remain confidential and shall be subject to an adversarial procedure. Each institution shall address its reply to the Court of Auditors by 15 October. The replies of institutions other than the Commission shall be sent to the Commission at the same time.	AMD 366: 1. The Court of Auditors shall transmit to the Commission and the institutions concerned, by 30 June, any observations which are, in its opinion, such that they should appear in the annual report to enable the institutions concerned to comment upon them. Those observations shall remain confidential. Each institution shall address its reply to the Court of Auditors by 15 July . The replies of institutions other than the Commission shall be sent to the Commission at the same time. <i>Justification:</i> Correction to Amendment 205. In light of the experience of 2016, a more efficient and timely production of the ECA's annual report could be achieved on a regular basis, if the deadline for the Commission and other institutions to provide their annual accounts and related information was adjusted accordingly.	1. The Court of Auditors shall transmit to the Commission and the Union institutions concerned, by 15 30 June, any observations which are, in its opinion, such that they should appear in the annual report. Those observations shall remain confidential and shall be subject to an adversarial procedure. Each Union institution shall address its reply to the Court of Auditors by 15 October. The replies of Union institutions other than the Commission shall be sent to the Commission at the same time. <i>Explanation:</i> Council suggests to maintain status quo.	Council wording agreed (=status quo, Article 162 FR).	3029

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
2. The annual report shall contain an assessment of the soundness of financial management.		2. The annual report shall contain an assessment of the soundness of financial management.		3030
3. The annual report shall contain a section for each institution. The Court of Auditors may add any summary report or general observations which it sees fit to make.		3. The annual report shall contain a section for each Union institution and the common provisioning fund . The Court of Auditors may add any summary report or general observations which it sees fit to make. <i>Explanation: ECA to report on the CPF as it involves Union funds.</i>		3031
The Court of Auditors shall take all necessary steps to ensure that the replies of each institution to its observations are published next to or after each observation to which they relate.	AMD 367: Deleted <i>Justification: The prerogatives of the ECA in how they draft and present their special reports should be maintained rather than predetermined by this proposal.</i>	The Court of Auditors shall take all necessary steps to ensure that the replies of each Union institution to its observations are published next to or after each observation to which they relate.	EP AMD 367 is accepted. The publication of the replies is sufficiently regulated in Article 287(4) TFEU ("...together with the replies...").	3032
4. The Court of Auditors shall transmit to the authorities responsible for giving discharge and to the other institutions, by 15 November, its annual report accompanied by the replies of the institutions and shall ensure publication thereof in the Official Journal of the European Union.		4. The Court of Auditors shall transmit to the authorities responsible for giving discharge and to the other Union institutions, by 15 November, its annual report accompanied by the replies of the Union institutions and shall ensure publication thereof in the <i>Official Journal of the European Union</i> .		3033
<i>Article 251</i> <i>Special reports of the Court of Auditors</i>		<i>Article 251</i> <i>Special reports of the Court of Auditors</i>		3034
1. The Court of Auditors shall transmit to the institution or the body concerned any observations which are, in its opinion, such that they should appear in a special report. Those observations	AMD 368: 1. The Court of Auditors shall transmit to the institution or the body concerned any observations which are, in its opinion, such that they should appear in a special	1. The Court of Auditors shall transmit to the Union institution or the body concerned any observations which are, in its opinion, such that they should appear in a special report. Those	EP AMD 368 dropped (see row 3037.1 below).	3035

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
shall remain confidential and shall be subject to an adversarial procedure.	report <i>to enable the institution or the body concerned to comment upon them. Those observations shall remain confidential.</i>	observations shall remain confidential and shall be subject to an adversarial procedure.		
The institution or the body concerned shall inform the Court of Auditors, in general, within six weeks of transmission of those observations, of any replies it wishes to make in relation to those observations. That period shall be suspended in duly justified cases, in particular where, during the adversarial procedure, it is necessary for the institution or body concerned to obtain feedback from Member States in order to finalise its reply.		The Union institution or the body concerned shall inform the Court of Auditors, in general, within six weeks of transmission of those observations, of any replies it wishes to make in relation to those observations. That period shall be suspended in duly justified cases, in particular where, during the adversarial procedure, it is necessary for the Union institution or body concerned to obtain feedback from Member States in order to finalise its reply.		3036
The replies of the institution or the body concerned shall directly and exclusively address the observations of the Court of Auditors.		The replies of the Union institution or the body concerned shall directly and exclusively address the observations of the Court of Auditors.		3037
	AMD 369: <i>Upon request of the ECA or the institution or the body concerned, the replies may be examined by the European Parliament.</i> <i>Justification: In order to increase the transparency of the procedure, particularly in cases of delay, the replies of the institution or the body concerned may be subject to consideration by the European Parliament.</i>		New wording: Upon request of the ECA or the institution or the body concerned, the replies may be examined by the European Parliament and the Council after publication of the report.	3037.1
The Court of Auditors shall ensure that special reports are drawn up and adopted within an appropriate period		The Court of Auditors shall ensure that special reports are drawn up and adopted within an appropriate period of time,		3038

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
of time, which shall, in general, not exceed 13 months.		which shall, in general, not exceed 13 months.		
The special reports, together with the replies of the institutions or bodies concerned, shall be transmitted without delay to the European Parliament and to the Council, each of which shall decide, where appropriate in conjunction with the Commission, what action is to be taken in response.		The special reports, together with the replies of the Union institutions or bodies concerned, shall be transmitted without delay to the European Parliament and to the Council, each of which shall decide, where appropriate in conjunction with the Commission, what action is to be taken in response.		3039
The Court of Auditors shall take all necessary steps to ensure that the replies to its observations from each institution or body concerned are published next to or after each observation to which they relate, and publish the timeline for the drawing up of the special report.	AMD 370: The Court of Auditors shall take all necessary steps to ensure that the replies to its observations from each institution or body concerned are published together with the special report. <i>Justification: The prerogatives of the ECA in how they draft and present their special reports should be maintained rather than predetermined in this proposal.</i>	The Court of Auditors shall take all necessary steps to ensure that the replies to its observations from each Union institution or body concerned as well as the timeline for the drawing up of the special report are published next to or after each observation to which they relate, and publish the timeline for the drawing up of together with the special report. <i>Explanation: as EP and in addition, Council suggest to re-insert the publication of the time-line as in current Art. 163(1) last subparagraph and Commission proposal.</i>	Council wording agreed.	3040
2. The opinions referred to in the second subparagraph of Article 287(4) TFEU which do not relate to proposals or drafts covered by the legislative consultation procedure may be published by the Court of Auditors in the Official Journal of the European Union. The Court of Auditors shall take its decision on publication after consulting the institution which requested the opinion or which is concerned by it.		2. The opinions referred to in the second subparagraph of Article 287(4) TFEU which do not relate to proposals or drafts covered by the legislative consultation procedure may be published by the Court of Auditors in the <i>Official Journal of the European Union</i> . The Court of Auditors shall take its decision on publication after consulting the Union institution which requested the opinion or which is concerned by it. Opinions published shall be		3041

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
Opinions published shall be accompanied by any remarks by the institutions concerned.		accompanied by any remarks by the Union institutions concerned.		
CHAPTER 2 Discharge		CHAPTER 2 Discharge		3042
<i>Article 252</i> <i>Timetable of the discharge procedure</i>		<i>Article 252</i> <i>Timetable of the discharge procedure</i>		3043
1. The European Parliament, upon a recommendation from the Council acting by qualified majority, shall, before 15 May of year n + 2, give a discharge to the Commission in respect of the implementation of the budget for year n.		1. The European Parliament, upon a recommendation from the Council acting by qualified majority, shall, before 15 May of year n+2, give a discharge to the Commission in respect of the implementation of the budget for year n.		3044
2. If the date provided for in paragraph 1 cannot be met, the European Parliament or the Council shall inform the Commission of the reasons for the postponement.		2. If the date provided for in paragraph 1 cannot be met, the European Parliament or the Council shall inform the Commission of the reasons for the postponement.		3045
3. If the European Parliament postpones the decision giving a discharge, the Commission shall make every effort to take measures, as soon as possible, to remove or facilitate removal of the obstacles to that decision.		3. If the European Parliament postpones the decision giving a discharge, the Commission shall make every effort to take measures, as soon as possible, to remove or facilitate removal of the obstacles to that decision.		3046
<i>Article 253</i> <i>The discharge procedure</i>		<i>Article 253</i> <i>The discharge procedure</i>		3047
1. The discharge decision shall cover the accounts of all the Union's revenue and expenditure, the resulting balance and the assets and liabilities of the Union shown in the balance sheet.		1. The discharge decision shall cover the accounts of all the Union's revenue and expenditure, the resulting balance and the assets and liabilities of the Union shown in the balance sheet.		3048
2. With a view to granting the discharge, the European Parliament shall, after		2. With a view to granting the discharge, the European Parliament shall, after the		3049

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the Council has done so, examine the accounts, financial statements and the evaluation report referred to in Article 318 TFEU. It shall also examine the annual report made by the Court of Auditors together with the replies of the institutions under audit, and any relevant special reports by the Court of Auditors in respect of the financial year concerned and the Court of Auditors' statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.		Council has done so, examine the accounts, financial statements and the evaluation report referred to in Article 318 TFEU. It shall also examine the annual report made by the Court of Auditors together with the replies of the Union institutions under audit, and any relevant special reports by the Court of Auditors in respect of the financial year concerned and the Court of Auditors' statement of assurance as to the reliability of the accounts and the legality and regularity of the underlying transactions.		
3. The Commission shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year concerned, in accordance with Article 319 TFEU.		3. The Commission shall submit to the European Parliament, at the latter's request, any information required for the smooth application of the discharge procedure for the financial year concerned, in accordance with Article 319 TFEU.		3050
<i>Article 254</i> <i>Follow-up measures</i>		<i>Article 254</i> <i>Follow-up measures</i>		3051
1. In accordance with Article 319 TFEU and Article 106a of the Euratom Treaty, the Commission, the other institutions and the bodies referred to in Articles 69 and 70 of this Regulation shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.		1. In accordance with Article 319 TFEU and Article 106a of the Euratom Treaty, the Commission, the other Union institutions and the bodies referred to in Articles 69 and 70 of this Regulation shall take all appropriate steps to act on the observations accompanying the European Parliament's discharge decision and on the comments accompanying the recommendation for discharge adopted by the Council.		3052
2. At the request of the European Parliament or the Council, the		2. At the request of the European Parliament or the Council, the Union		3053

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institutions and bodies referred to in paragraph 1 shall report on the measures taken in the light of those observations and comments, and, in particular, on the instructions they have given to any of their departments which are responsible for the implementation of the budget. The Member States shall cooperate with the Commission by informing it of the measures they have taken to act on those observations so that the Commission may take them into account when drawing up its own report. The reports from the institutions shall also be transmitted to the Court of Auditors.		institutions and bodies referred to in paragraph 1 shall report on the measures taken in the light of those observations and comments, and, in particular, on the instructions they have given to any of their departments which are responsible for the implementation of the budget. The Member States shall cooperate with the Commission by informing it of the measures they have taken to act on those observations so that the Commission may take them into account when drawing up its own report. The reports from the Union institutions shall also be transmitted to the Court of Auditors.		
<i>Article 255 Specific provisions regarding the EEAS</i>		<i>Article 255 Specific provisions regarding the EEAS</i>		3054
The EEAS shall be subject to the procedures provided for in Article 319 TFEU and in Articles 252, 253 and 254 of this Regulation. The EEAS shall fully cooperate with the institutions involved in the discharge procedure and provide, as appropriate, any additional necessary information, including through attendance at meetings of the relevant bodies.		The EEAS shall be subject to the procedures provided for in Article 319 TFEU and in Articles 252, 253 and 254 of this Regulation. The EEAS shall fully cooperate with the Union institutions involved in the discharge procedure and provide, as appropriate, any additional necessary information, including through attendance at meetings of the relevant bodies.		3055
TITLE XV ADMINISTRATIVE APPROPRIATIONS		TITLE XV ADMINISTRATIVE APPROPRIATIONS		3056
<i>Article 256 General provisions</i>		<i>Article 256 General provisions</i>		3057
1. Administrative appropriations shall be non-differentiated appropriations.		1. Administrative appropriations shall be non-differentiated appropriations.		3059

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2. The administrative appropriations covered by this Title shall be those set out in Article 45(3).	AMD 371: The administrative appropriations covered by this Title shall be those set out in Article 45(3) and those of the other institutions. <i>Justification: The definition of administrative appropriations should not only refer to the Commission's administrative expenditure (Art. 45(3)), but include that of the other institutions as well.</i>	2. The administrative appropriations covered by this Title shall be those set out in Article 45(3).	EP AMD 371 accepted.	3061
Budgetary commitments corresponding to administrative appropriations of a type common to several titles and which are managed globally may be recorded globally in the budgetary accounting following the summary classification by type as set out in Article 45(3).		Budgetary commitments corresponding to administrative appropriations of a type common to several titles and which are managed globally may be recorded globally in the budgetary accounting following the summary classification by type as set out in Article 45(3).		3062
The corresponding expenditure shall be booked to the budget lines of each title according to the same distribution as for appropriations.		The corresponding expenditure shall be booked to the budget lines of each title according to the same distribution as for appropriations.		3063
3. Administrative expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.		3. Administrative expenditure arising from contracts covering periods that extend beyond the financial year, either in accordance with local practice or relating to the supply of equipment, shall be charged to the budget of the financial year in which it is effected.		3064
4. Rent guarantees provided by the institutions shall take the form of a bank guarantee or a deposit on a blocked bank account in the name of the institution and of the lessor, denominated in euro, save in duly		4. Rent guarantees provided by the institutions shall take the form of a bank guarantee or a deposit on a blocked bank account in the name of the institution and of the lessor, denominated in euro, save in duly		3065

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substantiated cases.		substantiated cases.		
However, where, for transactions in third countries, it is not possible to use any of those forms of rent guarantees, the authorising officer responsible may accept other forms provided that those forms ensure equivalent protection of the Union's financial interests.		<p>However, where, for transactions in third countries, it is not possible to use any of those forms of rent guarantees, the authorising officer responsible may accept other forms provided that those forms ensure equivalent protection of the Union's financial interests.</p> <p><u>Explanation:</u> Council does not consider that this level of detail needs to be regulated in the FinReg - can be moved to guidelines.</p>		3066
5. Advances may be paid, in accordance with the conditions laid down in the Staff Regulations and in the specific provisions concerning the members of the institutions, to staff and to the members of the institutions.		5. Advances may be paid, in accordance with the conditions laid down in the Staff Regulations and in the specific provisions concerning the members of the Union institutions, to staff and to the members of the Union institutions.		3067
<i>Article 257</i> <i>Payments made in advance</i>		<i>Article 257</i> <i>Payments made in advance</i>		3071
Expenditure referred to in Article 11(2) which shall be paid in advance pursuant to legal or contractual provisions, for example rents, may give rise to payments from 1 December onwards to be charged to the appropriations for the following financial year. In this case, the limit referred to in Article 11(2) shall not apply.		<p>Expenditure referred to in Article 11(2) which shall be paid in advance pursuant to legal or contractual provisions, for example rents, may give rise to payments from 1 December onwards to be charged to the appropriations for the following financial year. In this case, the limit referred to in Article 11(2) shall not apply.</p> <p><u>Explanation:</u> Council does not consider that examples are useful in a legal act.</p>		3073
<i>Article 258</i> <i>Specific provisions regarding building projects</i>		<i>Article 258</i> <i>Specific provisions regarding building projects</i>		3074
1. Each institution shall provide the European Parliament and the Council, by 1 June each year, with a		1. Each Union institution shall provide the European Parliament and the Council, by 1 June each year, with a working		3077

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working document on its building policy, which shall incorporate the following information:		document on its building policy, which shall incorporate the following information:		
(a) for each building, the expenditure and surface area covered by the appropriations of the corresponding budget lines. The expenditure shall include the costs of the fitting out of buildings. It shall not include the charges;		(a) for each building, the expenditure and surface area covered by the appropriations of the corresponding budget lines. The expenditure shall include the costs of the fitting out of buildings. It shall not include the charges;		3078
(b) the expected evolution of the global programming of surface area and locations for the coming years with a description of the building projects in planning phase which are already identified;		(b) the expected evolution of the global programming of surface area and locations for the coming years with a description of the building projects in planning phase which are already identified;		3079
(c) the final terms and costs, as well as relevant information regarding project implementation of new building projects previously submitted to the European Parliament and the Council under the procedure established in paragraphs 2 and 3 and not included in the preceding year's working documents.		(c) the final terms and costs, as well as relevant information regarding project implementation of new building projects previously submitted to the European Parliament and the Council under the procedure established in paragraphs 2 and 3 and not included in the preceding year's working documents.		3080
2. For any building project likely to have significant financial implications for the budget, the institution shall inform the European Parliament and the Council as early as possible about the building surface area required and provisional planning before any prospecting of the local market takes place, in the case of building contracts, or before invitations to tender are issued, in the case of building works.		2. For any building project likely to have significant financial implications for the budget, the Union institution shall inform the European Parliament and the Council as early as possible and in any case before any prospecting of the local market takes place, in the case of building contracts, or before invitations to tender are issued, in the case of building works, about the building surface area required and provisional planning before any prospecting of the local market takes		3081

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		<p>place, in the case of building contracts, or before invitations to tender are issued, in the case of building works.</p> <p><i>Explanation: linguistic improvements to clarify paragraph.</i></p>		
<p>3. For any building project likely to have significant financial implications for the budget, the institution shall present the building project, notably its detailed estimated costs and its financing including any possible use of assigned revenue referred to in point (g) of Article 20(3), as well as a list of draft contracts intended to be used, and shall request the approval of the European Parliament and the Council before contracts are concluded. At the request of the institution, documents submitted relating to the building project shall be treated confidentially.</p>		<p>3. For any building project likely to have significant financial implications for the budget, the Union institution shall present the building project, notably its detailed estimated costs and its financing including any possible use of assigned revenue referred to in point (g) of Article 20(3), as well as a list of draft contracts intended to be used, and shall request the approval of the European Parliament and the Council before contracts are concluded. At the request of the Union institution, documents submitted relating to the building project shall be treated confidentially.</p>	<p>Council amendment is dropped - related to Article 20(3) and aligned to agreement.</p>	3082
<p>Except in cases of force majeure, the European Parliament and the Council shall deliberate upon the building project within four weeks of its receipt by both institutions.</p>		<p>Except in cases of force majeure as referred to in paragraph 4, the European Parliament and the Council shall deliberate upon the building project within four weeks of its receipt by both institutions.</p> <p><i>Explanation: consequential change to rejection of assigned revenue for sale of land or buildings.</i></p> <p><i>Clarification re force majeure.</i></p>		3083
<p>The building project shall be deemed approved at the expiry of this four-week period, unless the European Parliament or the Council take a decision contrary to the proposal within that period of time.</p>		<p>The building project shall be deemed approved at the expiry of this four-week period, unless the European Parliament or the Council take a decision contrary to the proposal within that period of time.</p>		3084

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If the European Parliament and/or the Council raise duly justified concerns within that four-week period, that period shall be extended once by two weeks.	AMD 372: If the European Parliament and/or the Council raise concerns within that four-week period, that period shall be extended once by two weeks.	If the European Parliament and/or the Council raise duly justified concerns within that four-week period, that period shall be extended once by two weeks.	EP AMD 372 accepted.	3085
If the European Parliament or the Council take a decision contrary to the building project, the institution concerned shall withdraw its proposal and may submit a new one.		If the European Parliament or the Council take a decision contrary to the building project, the Union institution concerned shall withdraw its proposal and may submit a new one.		3086
4. In cases of force majeure, the information provided for in paragraph 2 may be submitted jointly with the building project. The European Parliament and the Council shall deliberate upon the building project within two weeks of its receipt by both institutions. The building project shall be deemed to be approved at the expiry of this two-week period, unless the European Parliament and/or the Council take a decision contrary to the proposal within this period of time.		4. In cases of force majeure, for which due reasons shall be given , the information provided for in paragraph 2 may be submitted jointly with the building project. The European Parliament and the Council shall deliberate upon the building project within two weeks of its receipt by both institutions. The building project shall be deemed to be approved at the expiry of this two-week period, unless the European Parliament and/or the Council take a decision contrary to the proposal within this period of time. <i>Explanation: Council considers this a useful requirement to be able to assess whether a case of force majeure exists.</i>		3087
5. The following shall be considered as building projects likely to have significant financial implications for the budget:		5. The following shall be considered as building projects likely to have significant financial implications for the budget:		3088
(a) any acquisition of land;		(a) any acquisition of land;		3089
	AMD 373: <i>(aa) any exchange of land or buildings;</i>			3089.1

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(b) the acquisition, sale, structural renovation, construction of buildings or any project combining these elements to be implemented in the same timeframe, exceeding EUR 3 000 000;		(b) the acquisition, sale, structural renovation, construction of buildings or any project combining these elements to be implemented in the same timeframe, exceeding EUR 3 000 000;		3090
	AMD 374: <i>(ba) the acquisition, structural renovation, construction of buildings or any project combining these elements to be implemented in the same timeframe, exceeding EUR 1 000 000 in the case that the price represents more than 110 % of the local price or rent index of comparable properties;</i>		New wording: <i>(ba) the acquisition, structural renovation, construction of buildings or any project combining these elements to be implemented in the same timeframe, exceeding EUR 2 000 000 in the case that the price represents more than 110 % of the local <u>price of comparable properties as evaluated by an independent expert</u>;</i>	3090.1
	AMD 375: <i>(bb) the sale of land or buildings in the case that the price represents less than 90 % of the local price index of comparable properties;</i>		New wording: <i>(bb) the sale of land or buildings in the case that the price represents less than 90 % of the local price <u>of comparable properties as evaluated by an independent expert</u>;</i>	3090.2
(c) any new building contract (including usufructs, long-term leases and renewals of existing building contracts under less favourable conditions) not covered by point (b) with an annual charge of at least EUR 750 000;		(c) any new building contract (including usufructs, long-term leases and renewals of existing building contracts under less favourable conditions) not covered by point (b) with an annual charge of at least EUR 750 000;		3091
(d) the extension or renewal of existing building contracts (including usufruct and long-term leases)		(d) the extension or renewal of existing building contracts (including usufruct and long-term leases) under the same		3092

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under the same or more favourable conditions, with an annual charge of at least EUR 3 000 000.		or more favourable conditions, with an annual charge of at least EUR 3 000 000.		
This paragraph shall also apply to building projects which have an interinstitutional nature, as well as to Union delegations.		This paragraph shall also apply to building projects which have an interinstitutional nature, as well as to Union delegations.		3093
The thresholds of EUR 750 000 or EUR 3 000 000 referred to in points (b), (c) and (d) shall include the costs of fitting out of the building. For rents and usufruct contracts, those thresholds shall take into account the costs of the fitting out of the building but not the other charges.		The thresholds of EUR 750 000 or EUR 3 000 000 referred to in points (b), (c) and (d) shall include the costs of fitting out of the building. For rents and usufruct contracts, those thresholds shall take into account the costs of the fitting out of the building but not the other charges.	<i>Need to adapt text to new threshold</i>	3094
6. Without prejudice to Article 16, a building acquisition project may be financed through a loan, subject to prior approval by the European Parliament and the Council.		6. Without prejudice to Article 16, a building acquisition project may be financed through a loan, subject to prior approval by the European Parliament and the Council.		3095
Loans shall be contracted and repaid in accordance with the principle of sound financial management and with due regard to the best financial interest of the Union.		Loans shall be contracted and repaid in accordance with the principle of sound financial management and with due regard to the best financial interest of the Union.		3096
When the institution proposes to finance the acquisition through a loan, the financing plan to be submitted, together with the request for prior approval by the institution concerned, shall specify in particular, the maximum level of financing, the financing period, the type of financing, the financing conditions and savings compared to other types of contractual arrangements.		When the Union institution proposes to finance the acquisition through a loan, the financing plan to be submitted, together with the request for prior approval by the Union institution concerned, shall specify in particular, the maximum level of financing, the financing period, the type of financing, the financing conditions and savings compared to other types of contractual arrangements.		3097
The European Parliament and the		The European Parliament and the Council		3098

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Council shall deliberate upon the request for prior approval within four weeks, extendable once by two weeks, of its receipt by both institutions. The acquisition through a loan shall be deemed to be rejected if the European Parliament and the Council do not expressly approve it within the deadline.		shall deliberate upon the request for prior approval within four weeks, extendable once by two weeks, of its receipt by both institutions. The acquisition through a loan shall be deemed to be rejected if the European Parliament and the Council do not expressly approve it within the deadline.		
<i>Article 259 Early information procedure and prior approval procedure</i>		<i>Article 259 Early information procedure and prior approval procedure</i>		3099
1. The early information procedure set out in Article 258(2) and the prior approval procedure set out in Article 258(3) shall not apply to acquisition of land free of charge or for a symbolic amount.		1. The early information procedure set out in Article 258(2) and the prior approval procedure set out in Article 258(3) and (4) shall not apply to acquisition of land free of charge or for a symbolic amount.		3100
2. The early information and prior approval procedure set out in paragraphs 1 to 5 of Article 258 shall not apply to residential buildings. The European Parliament and the Council may request from the institution in charge any information related to residential buildings.	AMD 376: 2. The early information and prior approval procedure set out in paragraphs 1 to 5 of Article 258 shall also apply to residential buildings if the acquisition, structural renovation, construction of buildings or any project combining these elements is exceeding EUR 1 000 000 and the price is above of 110% of the local price or rent index of comparable properties. The European Parliament and the Council may request from the institution in charge any information related to residential buildings.	2. The early information procedure set out in Article 258(2) and the prior approval procedure set out in paragraphs 4 3 to and 5 4 of Article 258 shall not apply to residential buildings. The European Parliament and the Council may request from the Union institution in charge any information related to residential buildings. <i>Explanation: clarification.</i>	New wording: 2. The early information procedure set out in Article 258(2) and the prior approval procedure set out in paragraphs 4 3 to and 5 4 of Article 258 shall not also apply to residential buildings if the acquisition, structural renovation, construction of buildings or any project combining these elements is exceeding EUR 2 000 000 and the price is above 110% of the local price or rent index of comparable properties or, in the absence of such an index, of the local price of comparable properties as evaluated by an independent expert. The European Parliament and the Council may	3101

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			request from the Union institution in charge any information related to residential buildings.	
3. In exceptional or urgent political circumstances the early information referred to in Article 258(2) concerning building projects relating to Union delegations or offices in third countries may be submitted jointly with the building project pursuant to Article 258(3). In such cases, the early information and prior approval procedures shall be conducted at the earliest possible opportunity.		3. In exceptional or urgent political circumstances the early information referred to in Article 258(2) concerning building projects relating to Union delegations or offices in third countries may be submitted jointly with the building project pursuant to Article 258(3). In such cases, the early information and prior approval procedures shall be conducted at the earliest possible opportunity.	New wording: 3. In exceptional or urgent political circumstances the early information referred to in Article 258(2) concerning building projects relating to Union delegations or offices in third countries may be submitted jointly with the building project pursuant to Article 258(3). In such cases, the early information and prior approval procedures shall be conducted at the earliest possible opportunity. For residential building projects in third countries, the early information and prior approval procedures shall be conducted jointly.	3102
4. The prior approval procedure set out in paragraphs 3 and 4 of Article 258 shall not apply to preparatory contracts or studies necessary to evaluate the detailed cost and financing of the building project.		4. The prior approval procedure set out in paragraphs 3 and 4 of Article 258 shall not apply to preparatory contracts or studies necessary to evaluate the detailed cost and financing of the building project.		3103
TITLE XVI FINAL AND TRANSITIONAL PROVISIONS		TITLE XVI FINAL AND TRANSITIONAL PROVISIONS		3184
<i>Article 260 Information requests by the European Parliament and the Council</i>		<i>Article 260 Information requests by the European Parliament and the Council</i>		3185
The European Parliament and the		The European Parliament and the Council		3186

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Council shall be entitled to obtain any information or explanations regarding budgetary matters within their fields of competence.		shall be entitled to obtain any information or explanations regarding budgetary matters within their fields of competence.		
<i>Article 261</i> <i>Exercise of the delegation</i>		<i>Article 261</i> <i>Exercise of the delegation</i>		3187
1. The power to adopt delegated acts referred to in Articles 155, 69 and 70 is conferred on the Commission subject to the conditions laid down in this Article.		1. The power to adopt delegated acts referred to in Articles 155, 69 and 70 is conferred on the Commission subject to the conditions laid down in this Article.	New wording: 1. The power to adopt the delegated acts referred to in Articles 155, 69, and 70 and 206(1a) is conferred on the Commission subject to the conditions laid down in this Article.	3188
2. The power to adopt delegated acts shall be conferred on the Commission for a period ending on 31 December 2020. The Commission shall draw up a report in respect of the delegation of power not later than two years before 31 December 2020. The delegation of power shall be tacitly extended for the periods of duration of the subsequent multiannual financial frameworks, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period of validity of the corresponding multiannual financial framework		2. The power to adopt delegated acts shall be conferred on the Commission for a period ending on 31 December 2020. The Commission shall draw up a report in respect of the delegation of power not later than two years before 31 December 2020. The delegation of power shall be tacitly extended for the periods of duration of the subsequent multiannual financial frameworks, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period of validity of the corresponding multiannual financial framework		3189
3. The delegation of power may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the		3. The delegation of power may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision		3190

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decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.		in the <i>Official Journal of the European Union</i> or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.		
4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.		4. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.		3191
5. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.		5. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement on Better Law-Making of 13 April 2016.		3192
6. A delegated act shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.	AMD 377: 6. A delegated act shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of three months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.	6. A delegated act shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or the Council.	EP drops AMD 377.	3193
<i>Article 262</i>		<i>Article 262</i> <i>Amendments to Regulation (EC) No 2012/2002</i> <i>Explanation: as a consequence to the rejection of the Commission's proposal to mobilise the EUSF by simple transfer,</i>		3193.1

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		<i>these amendments are rejected - status quo (mobilisation by DAB) is maintained.</i>		
<p>3. When the Commission has concluded that the conditions are met for providing a financial contribution from the Fund, the Commission shall without delay submit to the European Parliament and the Council the necessary proposals for mobilisation of the Fund. Those proposals shall include:</p> <p>(a) all available information, as referred to in paragraph 1;</p> <p>(b) all other relevant information in the possession of the Commission;</p> <p>(c) a demonstration that the conditions of Article 2 are met; and</p> <p>(d) a justification of the amounts proposed.</p>		<p>3. When the Commission has concluded that the conditions are met for providing a financial contribution from the Fund, the Commission shall without delay submit to the European Parliament and the Council the necessary proposals for mobilisation of the Fund. Those proposals shall include:</p> <p>(a) all available information, as referred to in paragraph 1;</p> <p>(b) all other relevant information in the possession of the Commission;</p> <p>(c) a demonstration that the conditions of Article 2 are met; and</p> <p>(d) a justification of the amounts proposed.</p>		3193.2
<p>4. Upon the adoption by the European Parliament and the Council of the decision to mobilise the Fund, the Commission shall adopt a decision, by means of an implementing act, awarding the financial contribution from the Fund and shall pay that financial contribution immediately and in a single instalment to the beneficiary State. If an advance has been paid pursuant to Article 4a only the balance shall be paid.</p>	<p><u>AMD 378:</u></p> <p>4. <i>At the same time as</i> the European Parliament and the Council <i>adopt a proposal for a</i> decision to mobilise the Fund, the Commission shall adopt a decision <i>on a financial contribution</i>, by means of an implementing act, <i>which shall enter into force on the date at which the European Parliament and the Council adopt the decision to mobilise</i> the Fund and shall pay that financial contribution immediately and in a single instalment to the beneficiary State. If an advance has been paid pursuant to Article 4a only the balance shall be paid.</p>	<p>4. Upon the adoption by the European Parliament and the Council of the decision to mobilise the Fund, the Commission shall adopt a decision, by means of an implementing act, awarding the financial contribution from the Fund and shall pay that financial contribution immediately and in a single instalment to the beneficiary State. If an advance has been paid pursuant to Article 4a only the balance shall be paid."</p>	Council deletion agreed.	3193.3

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
PART THREE FINAL AND TRANSITIONAL PROVISIONS		PART THREE FINAL AND TRANSITIONAL PROVISIONS		3194
<i>Article 277 Transitional provisions</i>		<i>Article 277 Transitional provisions</i>		3195
Legal commitments for grants implementing the EU budget under the Multiannual Financial Framework 2014-2020 may continue to take the form of grant decisions. Provisions of Title VIII applicable to grant agreements shall apply mutatis mutandis to grant decisions. The Commission will review the use of grant decisions under the Multiannual Financial Framework post 2020 in particular in view of the progress made in electronic signature and electronic management of grants by that time.		Legal commitments for grants implementing the EU budget under the Multiannual Financial Framework 2014-2020 may continue to take the form of grant decisions. Provisions of Title VIII applicable to grant agreements shall apply mutatis mutandis to grant decisions. The Commission will review the use of grant decisions under the Multiannual Financial Framework post 2020 in particular in view of the progress made in electronic signature and electronic management of grants by that time.		3198
Upon entry into force of this Regulation Commission decisions authorising the use of lump sums, unit costs or flat rates adopted in accordance with Article 124 of Regulation 966/2012 shall be amended by the authorising officer responsible in accordance with Article 175 of this Regulation.		Upon entry into force of this Regulation Commission decisions authorising the use of lump sums, unit costs or flat rates adopted in accordance with Article 124 of Regulation 966/2012 shall be amended by the authorising officer responsible in accordance with Article 175 of this Regulation.		3199
Existing framework agreements may be reviewed to ensure compliance with Article 126.		Provisions of Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012 shall continue to apply to legal commitments made up to 31 December 2017. They shall also continue to apply to agreements concluded with International Organisations as referred to in Article 152 and Member State organisations as referred to in	New wording - which may still need to be adapted during finalisation: Provisions of Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012 shall continue to apply to legal commitments concluded until the entry into force of this Regulation. The	3200

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		<p>Article 151a of this Regulation, as well as existing financial framework partnership agreements or decisions adopted pursuant to Article 178 of Delegated Regulation (EU) No 1268/2012 until such agreements may be reviewed to reflect the terms of this Regulation ensure compliance with Article 126.</p> <p><i>Explanation: upon advice from CLS the transitional rules needed adapting to ensure the continuous application of framework agreements for their duration.</i></p>	existing pillar assessments, contribution agreement templates and framework partnership agreements may continue to apply to the extent that they are not in contradiction with the provisions of this Regulation and will be reviewed as appropriate.	
Where necessary, Member States shall submit to the Commission a request for amendment of the rural development programme to comply with point (s) of Article 2(1) and Article 19(4) and (4a) of Regulation (EU) No 1305/2013 by 31 December 2018.		<p>Where necessary, Member States shall submit to the Commission a request for amendment of the rural development programme to comply with point (s) of Article 2(1) and Article 19(4) and (4a) of Regulation (EU) No 1305/2013 by 31 December 2018.</p> <p><i>Explanation: it was agreed to delete this as it would have required a modification of the RDP, which was not necessary.</i></p>		3201
		<p>Point (c) of Article 21(3) of Regulation (EU, Euratom) No 966/2012 shall continue to apply to repayments of operational expenditure wrongly paid under programmes adopted before the entry into force of the post 2020 multiannual financial framework.</p> <p><i>Explanation: necessary clarification to maintain the status quo for repayments despite the deletions in Art. 20(3) of this proposal.</i></p>	Deleted as this is related to Article 20(3) on internal assigned revenue, this category is maintained as part of the compromise.	3202
Article 278 Review		Article 278 Review		3205

SION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
This Regulation shall be reviewed whenever it proves necessary to do so and in any case at the latest two years before the end of each multiannual financial framework.		This Regulation shall be reviewed whenever it proves necessary to do so and in any case at the latest two years before the end of each multiannual financial framework.		3206
Such review shall cover, inter alia, the implementation of the provisions of Title VIII of Part One and the deadlines set out in Article 251.	AMD 648: Such review shall cover, inter alia, the implementation of the provisions of Title X of Part One and the deadlines set out in Article 251. <i>Justification: Reference to the Title on financial instruments should be maintained as in the current</i>	Such review shall cover, inter alia, the implementation of the provisions of Title VIII of Part One and the deadlines set out in Article 251.	New wording: Such review shall cover, inter alia, the implementation of the provisions of Title VIII and Title X of Part One and the deadlines set out in Article 251.	3207
	AMD 649: Article 278 a Impact assessment		EP drops AMD 649. This is covered by a Commission declaration.	3207.1
	The Commission shall perform an impact assessment before publishing a proposal to revise this Regulation. <i>Justification: See justification for AMD to Recital 252a (new).</i>			3207.2
<i>Article 279</i> <i>Repeal</i>		<i>Article 279</i> <i>Repeal</i>		3208
Regulation (EC,Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012 are repealed with effect from 1 January 20XX.	AMD 650: Regulation (EU ,Euratom) No 966/2012 is repealed with effect from 1 January 20XX. <i>Justification: Technical correction: the delegated regulation needs to be repealed by COM.</i>	Regulation (EC,Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012 is repealed with effect from 1 January 20XX. <i>Explanation: as EP, but see row 3210.1</i>	Council wording agreed.	3209
References to the repealed Regulations shall be construed as references to this Regulation and shall be read in accordance with the correlation table		References to the repealed Regulations shall be construed as references to this Regulation and shall be read in accordance with the correlation table in		3210

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
in Annex 2.		Annex 2.		
		Without prejudice to the third subparagraph of Article 277, tThe Commission shall repeal Delegated Regulation (EU) No 1268/2012 with effect from the date of entry into force of this Regulation.	Council wording agreed.	3210.1
<i>Article 280 Entry into force and application</i>		<i>Article 280 Entry into force and application</i>	<i>This Article will undergo a final review as regards the Financial Regulation part by both co-legislators and adjustments may be necessary after consolidation of the Omnibus text. For the ESI Funds, the acts reviewed by the Social Question WP and by the Land Transport WP, the provisions are agreed between the co-legislators.</i>	3215
This Regulation shall enter into force on the third day following that of its publication in the Official Journal of the European Union.		This Regulation shall enter into force on the third day following that of its publication in the <i>Official Journal of the European Union</i> .		3216
It shall apply from 1 January 20XX.		It shall apply from 1 January 20XX.	New wording: It shall apply from [1 March 2018] .	3217
By derogation from the second paragraph of this Article, Article 265(11)(b) and (c), Article 265(12)(a), (b)(i), (c) and (d), Article 265(14)(b), Article 265(17), (18), (20) and (21), Article 265(24)(c), Article 265(25)(a)(i), Article 265(46), Article 265(48), Article 265(49), Article 50(a), Article 265(62), Article 266(3) and Article 273(3)(b) shall apply from 1 January 2014.		By way of derogation from the second paragraph of this Article: <i>Explanation: Council proposes more detailed rules on dates of application, in particular in relation to budgetary guarantees and the common provisioning fund. It is expected that this will be reviewed in more detailed at the end of trilogues. Input from the Commission will also be required.</i>		3218
		(a) Article 264(1) , Article 265(11)(b) and (c), Article 265(12)(a), (b)(i), (c) and (d), Article 265(14)(b), Article 265(17), (18), (20) and (21), Article 265(24)(ed) and	New wording: (a) Article 264(1), Article 265(1),	3218.1

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
		<p>(e), Article 265(25)(a)(i), Article 265(46), Article 265(48), Article 265(49), Article 265(50)(a), Article 265(62), Article 266(3) and Article 273(3)(b) shall apply from 1 January 2014, point (b) of Article 267(14) shall apply from 1 January 2016 and Article 270(3) shall apply from 1 January 2019;</p> <p><i>Explanation: some additions required by other WPs (on CPR and agricultural acts).</i></p>	<p>Article 265(10)(a), Article 265(11)(b)(i), and (c), (ca) and (d), Article 265(12)(a), (b)(i), (c) and (d), Article 265(14)(b), Article 265(15), (15a), (17), (18), (20) and (21), Article 265(24)(ed), Article 265(25)(a)(i), Article 265(46), Article 265(48), Article 265(49), Article 265(50)(ab), Article 265(62), Article 266(3), Article 273(1a) and Article 273(3)(b) shall apply from 1 January 2014, point (b) of Article 267(14) shall apply from 1 January 2016 and Article 270(3) shall apply from 1 January 2019;</p> <p><i>Note: the last part in relation to Articles 267 and 270 were separated out with the agricultural provisions.</i></p>	
			<p>New wording:</p> <p>(aa) Article 265(11)(a) and (e), Article 265(13), Article 265(14)(c), Article 265(15b), (16), Article 265(19)(a) and Article 271(1) shall apply from 1 January 2018;</p>	3218.1
By derogation from the second paragraph of this Article, Articles 201 to 207 shall apply to budgetary guarantees and financial assistance, and Articles 205 and 206 shall apply to financial instruments, from the date of entry into force of the post 2020 multiannual financial framework.		<p>(b) By derogation from the second paragraph of this Article, point 4 of Article 2, Articles 201 to 204 and Article 207(1) shall apply to budgetary guarantees and financial assistance, and Articles 205 and 206 shall apply to financial instruments, only as from the date of entry into force of the post 2020 multiannual financial framework;</p>		3219
		<p>(c) Article 242(1) shall apply to budgetary guarantees, financial assistance and contingent liabilities only as from the</p>		3219.1

ION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
		date of entry into force of the post 2020 multiannual financial framework;		
		(d) point (l) of Article 39(4)(l) and Article 250(3) shall apply only as from the date of entry into force of the post 2020 multiannual financial framework as regards the obligations related to the common provisioning fund;	New wording (<i>full Article 205 is covered in point f - there was a typo, not 250, but 205 was the correct Article</i>): (d) point (l) of Article 39(4)(l) and Article 250(3) shall apply only as from the date of entry into force of the post 2020 multiannual financial framework as regards the obligations related to the common provisioning fund;	3219.2
		(e) point 7 of Article 2, point (i) of Article 20(3), Articles 61(1a), 149(1) and (2), 150(1), (2) and (3) and 153 shall apply to budgetary guarantees only as from the date of entry into force of the post 2020 multiannual financial framework;	New wording (<i>to cover the newly inserted paragraph 2a</i>): (e) point 7 of Article 2, point (i) of Article 20(3), Articles 61(1a), 149(1) and (2), 150(1), (2), (2a) and (3) and 153 shall apply to budgetary guarantees only as from the date of entry into force of the post 2020 multiannual financial framework;	3219.3
By derogation from the second paragraph of this Article, point 9 of Article 2 and Articles 39(5), 211, 212 and 213 shall apply from the date of entry into force of the post 2020 multiannual financial framework.		(f) By derogation from the second paragraph of this Article, points 9, 15, 20, 29a, 33, 33a and 38 of Article 2 and Articles 28(1)(g), 39(5), 108(2a)(h), 113(2)(c), 205, 206, 207(2), 211, 212, and 213 and 242(2) and (3) shall apply only as from the date of entry into force of the post 2020 multiannual financial framework.	New wording: (f) By derogation from the second paragraph of this Article, points 9, 15, 20, 29a, 30, 31, 33, 33a and 38 of Article 2 and Articles 28(1)(g), 39(5), 108(2a)(h), 113(2)(c), 205, 206, 207(2), 211, 212, and and 213 and 242(2) and (3) shall apply only as from the date of entry into force of the post 2020 multiannual financial framework.	3220
		The Commission shall adopt the delegated act referred to in the second subparagraph of Article 206(1a) by 1 July 2020.		3220.1

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		<i>Explanation: a deadline for the adoption of the delegated act on the methodology for calculating the effective provisioning rate is regarded necessary to allow its assessment in time before its application.</i>		
		(g) The information about the number of full time equivalents referred to in point (iii) of Article 39(3)(b) shall be provided for the first time together with the draft budget to be presented in 2021. <i>Explanation: a delay in the application of this new provision is considered necessary to allow the Commission to adapt.</i>		3220.2
			New wording: (h) Information on the estimated amount of assigned revenue carried over from previous years, referred to in point (ii) of Article 39(6b) shall be provided for the first time together with the draft budget to be presented in 2021.	3220.3
	AMD 651: <i>By derogation from the second paragraph of this Article, point (-a) of Article 121(1) shall apply from the date of entry into force of the post-2020 multiannual financial framework, except where otherwise provided in the basic act.</i> <i>Justification: While the rapporteur's support a move towards payment on conditions fulfilled, they recognise that in</i>			3220.3

CION PROPOSAL	EP AMENDMENTS	COREPER MANDATE 28.06.17 (doc. 10553/17 ADD 1 + COR 1)	OUTCOME TRILOGUE ¹	LINE No#
	<i>some exceptional cases, particularly those in the field of external action and development, the achievement of this objective within the current programming period may not be practicable.</i>			
This Regulation shall be binding in its entirety and directly applicable in the Member States.		This Regulation shall be binding in its entirety and directly applicable in the all Member States. <u>Explanation:</u> technical correction.		3221