NOTE

From: Presidency
To: Permanent Representatives Committee

I. INTRODUCTION

1. On 19 December 2017, the Commission transmitted the above-mentioned proposal for a Regulation to the European Parliament and to the Council. It is part of the so-called Goods package, which also contains the proposal for a Regulation on the mutual recognition of goods lawfully marketed in another Member State.
2. The **objective of this Regulation** is to improve the functioning of the internal market by strengthening market surveillance of products subject to the EU harmonisation legislation set out in the Annex I to this Regulation, and thus to ensure that non-compliant products are kept from being placed on the Union market.

3. As far as **consistency of the proposed Regulation with the existing legislation** in the area of market surveillance of products concerns, it is fully complementary to the Regulation (EC) No 765/2008. The Regulation (EC) No 765/2008 will be accordingly amended (see Article 39a of the proposed Regulation).

Further, the proposed Regulation is consistent with the proposal for a Regulation on market surveillance of products (when it comes to its objectives), which was adopted by the Commission in 2013 [COM(2013)75] as part of the Consumer Product Safety and Market Surveillance Package. The objective of COM(2013)75 was to simplify Union market surveillance framework in the field of non-food products through the reduction of legislation containing market surveillance rules. Member States' negotiations on the Consumer Product Safety and Market Surveillance Package have ended in deadlock, as the Member States remain divided on the "made-in" clause (= origin marking of products).

What makes the proposed Regulation indeed innovative in comparison with the existing Regulation (EC) No 765/2008 and the Commission proposal from 2013, is that rapidly growing e-commerce is for the first time comprehensively tackled. Articles 4 and 4a of the proposed Regulation are the key parts of this effort.

4. In the **Commission proposal**, several measures have been introduced to strengthen compliance with and enforcement of the Union harmonisation legislation on products covered by the proposal:

   – the proposal introduces the concept of a "person responsible for compliance information" established in the Union as a precondition for making products set out in the Annex to the Commission proposal available on the Union market;

   – the proposal strengthens cooperation among market surveillance authorities, economic operators and other relevant entities, in particular with respect to infringements;
– the proposal sets up general principles of market surveillance organisation, as well as powers and duties of market surveillance authorities. It also addresses the issue of testing capacities in the area of market surveillance within the Union;

– the proposal lays down a procedure for carrying out cross-border mutual assistance requests;

– the proposal provides for a strengthened framework in particular in the area of controls on products entering the Union market;

– the proposal establishes a Union Product Compliance Network serving as a platform for coordination and cooperation between enforcement authorities of the Member States and the Commission. It also sets up a framework for cooperation and exchange of information with third countries or international organisations in the area of market surveillance.

5. The main responsible committee in the European Parliament is the Committee on the Internal Market and Consumer Protection (IMCO). Mr Nicola DANTI (S&D – IT) has been appointed as Rapporteur. IMCO adopted its report on 3 September 2018. EP confirmed its decision to enter into negotiations with the Council on 12 September 2018.

II. WORK CONDUCTED WITHIN THE COUNCIL

6. The first meeting of the Working Party on Technical Harmonisation (Goods package) was held on 23 January 2018. During the meeting, the Commission presented both proposals included in the Goods Package – the Mutual Recognition Regulation and the Compliance and Enforcement Regulation.

The impact assessment accompanying the proposal was also examined on 23 January 2018.

7. The examination of the proposal by the Working Party on Technical Harmonisation (Goods package) started in February 2018. Following the first, rather general meeting on 23 January 2018, eight Working Party meetings were held under the Bulgarian Presidency, which focused on detailed examination of the proposal. Under the Austrian Presidency, also eight Working Party meetings and several informal (bilateral) meetings have taken place. Extensive discussions during the meetings, as well as numerous comments submitted by many delegations have resulted in a significantly re-drafted version of the proposal.
8. Following the Working Party meeting on 24 October 2018 and an informal attachés meeting on 9 November 2018, the Presidency has prepared a compromise text set out in the Annex to this note.

III. MAIN ISSUES

9. When the Commission presented its proposal, delegations were critical of nearly all articles. On 5 September 2018, the AT Presidency tabled a substantial re-draft, in which objectives of the Commission proposal were kept. The re-draft found general acceptance.

In a joint effort, the following issues have been successfully resolved and generally agreed at Working Party level: parallel application of several legal acts on market surveillance; information obligations of Member States; conflict of interests/compliance issues regarding partnership agreements with industry; logical structure and practical contents of Chapter IV on organisation, obligations and activities of market surveillance authorities; sufficient, but not excessive powers; Union testing facility support; cross-border mutual assistance; products entering the Union market; distribution of tasks of the Union compliance network; use of ICSMS; third country pre-export controls, and penalties. The only article where a compromise has not been possible is Article 4. This article (Tasks of economic operators regarding compliance) together with Article 4a (Authorised representative) have been the most discussed articles of the whole proposal.

Article 4 of the Commission proposal introduces the concept of a "person responsible for compliance information", namely that a product may be made available on the market only if there is a "person responsible for compliance information" established in the Union. With this concept, nothing would change compared to the present legal situation for traditional distribution chains (with the participation of an importer). However, in case of e-commerce originating from third countries, where up to now a seller could dispatch products directly or via a fulfilment service provider to an end-user within the Union, provisions of Article 4 require a third country manufacturer to mandate a person within the Union. Tasks of the person responsible for compliance information include the provision of information on the conformity of the product in question to market surveillance authorities, but also the cooperation with them on any measure to eliminate a risk caused by that products. As proposed by the Commission, these provisions should apply to the whole harmonisation legislation.
10. At Working Party meetings delegations raised several issues concerning Articles 4 and 4a of the re-draft, in particular issues relating to:

a) the concept of a "person responsible for compliance information" (with respect to products covered by Article 4). [para. 1]

In the course of discussions, this concept changed to an economic operator responsible for compliance (with respect to products covered by Article 4), which some delegations contested or could not accept. They argued that this would be a substantial amendment with unpredictable or negative consequences, when read together with other provisions of Articles 4 and 4a.

b) the question "who should be responsible for compliance". [para. 1a]

In the Commission proposal, the person responsible for compliance information is the manufacturer, the importer or any natural or legal person established in the Union with a written mandate from the manufacturer to perform tasks listed in Article 4 on his behalf. The new proposal clarifies the obscure reference to fulfilment service providers in the definition of economic operators in Article 3(12) of the Commission proposal by separating and improving it and using a proper term. With this definition, it has been possible to replace the "person responsible for compliance information" by a more precise concept of an "economic operator with tasks regarding compliance". His role has been properly defined. In the future, for any possible way of transferring products from a third country to end-users in the Union there will be an interlocutor within the Union available to market surveillance authorities. Nevertheless, flexibility and proportionality are ensured by giving a third country seller the choice of using either the service of fulfilment service providers within the Union, or mandating an authorised representative. On the other hand, fulfilment service providers don't have automatically to take over tasks relating to compliance: they can decide whether to require an authorised representative from their business partner or accept the respective tasks by themselves. Overall, this approach will ensure a level playing field between online and traditional trade in the future (as an importer has already the same tasks).

Some delegations, however, strongly disagree that providers offering any two of warehousing, picking, packaging or shipping services should have tasks relating to compliance of products.
c) tasks of economic operators responsible for compliance. [para. 3]

In the Commission proposal, one of the tasks of a person responsible for compliance information is to cooperate with market surveillance authorities on any action taken to eliminate or mitigate risks posed by products subject to the Regulation. In the course of discussions, the scope of this cooperation was clarified as to include corrective action necessary to remedy any case of non-compliance. This clarification was considered necessary for ensuring a level playing field, as it reflects an existing task of importers. This led to a heated discussion about how to interpret such a task in the context of "responsibility for compliance". Some delegations understood it as "liability for non-compliance", which they could not accept. CLS, however, clarified that liability is not part of the provision. The AT Presidency has adapted the wording so that the article does not longer refer to responsibility, but to obligations and tasks, thus further aligning it with the Decision 768/2008/EC and avoiding any misinterpretation in regard to liability.

Taking into account - in particular - the amendments to Article 4 as mentioned above and Article 4a, a group of six delegations (EE, IE, LU, NL, SK and UK) signed a request for a Council impact assessment, arguing that these amendments could have serious economic consequences, which have not been fully assessed (e.g. retaliation by third countries, additional costs for third country economic operators, creation of trade barriers). They also argued that the initial provision regarding a person responsible for compliance information was already insufficiently addressed in the Commission impact assessment SWD(2017) 466. This request for a Council impact assessment did not find a sufficient support by delegations, and it was rejected. Many delegations shared the view that a Council impact assessment would unduly delay the legislative efforts and that with this proposal, we could close a loophole in the current legislation relating to recent developments in the area of e-commerce (e.g. online sales). Some delegations highlighted the need for a much greater focus on the EU market surveillance, in particular on the issue of tracing non-compliant products imported into the Union and identifying responsible entities.
d) the scope of application of Article 4, incl. Article 4a. [para. 7]

Another issue, which raised concerns at Working Party meetings, was the scope of application of Article 4. Some delegations would have preferred a (rather) narrow scope of application, based on legislation covering products, which, when non-compliant, would present an elevated risk. The list of legislation selected according to this criterion was contested by some delegations on grounds of insufficient data to apply it. On the other hand, some delegations asked to keep the scope of the whole Union harmonisation legislation, as proposed by the Commission. As regards this issue, the AT Presidency has considered the proposal of NL and others asking for a risk-based approach (further specified in Recitals 15a, 15b and 15c): Article 4 applies now only to legal acts covering products that, when non-compliant, would cause an elevated level of risk to public interests. Even more important, all selected legal acts already include obligations on ensuring compliance for the complete traditional distribution chain (manufacturer, importer and distributor). Article 4 is aiming at closing loopholes to keep the system working by adapting these rules to recent developments in e-commerce, which could not be foreseen when the respective legislation was drawn up. Article 4 is not introducing any new objectives to sectoral legislation, which are not already present.

In addition to this, the Presidency has taken an IE compromise proposal on board, namely it has included a review clause in Article 62 that two years after the date of application of this Regulation, the Commission prepares an evaluation report on the implementation of Article 4, and that the Commission develops comprehensive guidelines on the practical implementation of Article 4, including fulfilment service providers.

Overall, the AT Presidency has re-drafted Article 4 to accommodate requests of delegations concerning issues mentioned above (insofar as they have not questioned its objective) and to improve the text. The basic concept of a mandatory interlocutor established within the Union as a precondition for placing products on the market has been kept, because a majority of delegations finds it useful. The economic operator will be responsible for a minimum set of tasks set out in paragraph 3. These tasks include the task to cooperate with market surveillance authorities and to ensure that the necessary corrective action is taken to remedy any case of non-compliance. As regards the scope of Article 4, the AT Presidency has further worked with delegations on this issue to precisely target only those legal acts where the measures are necessary and proportionate.
The AT Presidency understands that delegations are generally satisfied with the outcome of discussions at Working Party level, besides a still remaining reservation that some delegations have with Article 4 (including Article 4a). Therefore, the Presidency intends to structure the COREPER discussion about the proposal so that all delegations will be given the opportunity to express their views on:

- Article 4 (incl. Article 4a). In principle, there are two options:
  
  Option 1: to keep Article 4 as it stands now

  Option 2: to delete Article 4 (‘zero option’)

  The AT Presidency has a strong preference for keeping the article as it stands now (Option 1);

  and

- any other highly political issues.

  The AT Presidency understands that some delegations may still have issues to sort out.

**IV. CONCLUSION**

11. The Presidency compromise text strikes a delicate balance between the need to further address issues raised by some delegations at Working Party level and the need to address the problem of an increasing number of non-compliant products in the EU and a loophole in the current legislation on market surveillance (relating to recent developments in the area of e-commerce).

At the COREPER meeting on 23 November 2018, COREPER is invited to endorse the compromise text set out in the Annex to this note [with or without Article 4, incl. Article 4a] and to agree to mandate the Presidency to start negotiations with the European Parliament.

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ANNEX

New text compared to the Commission proposal appears in **bold/underlined**. Deletions are marked with *strikethrough*. 
Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL


(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 33; and 114 and 207 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee¹,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) In order to guarantee the free movement of products within the Union, it is necessary to ensure that products fulfil requirements providing a high level of protection of public interests such as health and safety in general, health and safety in the workplace, protection of consumers, protection of the environment, and public security and protection of any other public interests. Robust enforcement of these requirements is essential to the proper protection of these interests and to create the conditions in which fair competition in the Union market for goods can thrive. Rules are therefore necessary to ensure this enforcement throughout the internal market, including on products entering the Union from third countries.

¹ OJ C , p.
Strengthening the Single Market for goods through further enhancing efforts to keep non-compliant products from being placed on the Union market was identified as a priority in the Communication from the Commission ‘Upgrading the Single Market: more opportunities for people and businesses’\(^2\). This should be achieved by strengthening market surveillance, providing the right incentives to economic operators, intensifying compliance controls and promoting closer cross-border cooperation among enforcement authorities, including through cooperation with customs authorities.

The framework for market surveillance should be strengthened, with a view to further improving compliance with and enforcement of Union harmonisation legislation on products.

The framework established by this Regulation should complement and strengthen existing provisions in Union harmonisation legislation relating to the provision ensuring of compliance of information about products and the framework for cooperation with economic operators, the market surveillance of products and controls on those products entering the Union. However, in accordance with the principle of lex specialis, this Regulation should apply only in so far as there are no specific provisions with the same objective, nature or effect in other existing or future rules of Union harmonisation legislation. The corresponding provisions of this Regulation should not therefore apply in the areas covered by such specific provisions, for instance those set out in Regulation (EC) No 273/2004 of the European Parliament and of the Council on drug precursors\(^3\), Regulation (EC) No 1223/2009 of the European Parliament and of the Council on cosmetic products\(^4\), Regulation (EU) 2017/745 of the European Parliament and of the Council on medical devices\(^5\) and Regulation (EU) 2017/746 of the European Parliament and of the Council on in vitro diagnostic medical devices\(^6\), including the use of EUDAMED, and Regulation (EU) 2018/858 of the European Parliament and of the Council on the approval and market surveillance of motor vehicles and their trailers, and of systems, components and separate technical units intended for such vehicles.

Directive 2001/95/EC of the European Parliament and of the Council lays down the general safety requirements for all consumer products and provides for specific obligations and powers of the Member States in relation to dangerous products as well as for the exchange of information to that effect through the Union Rapid Alert System for dangerous non-food products (RAPEX). Market surveillance authorities should have the possibility of taking the more specific measures available to them under that Directive. In order to achieve a higher level of safety for consumer products, the mechanisms for exchanges of information and rapid intervention situations provided for in Directive 2001/95/EC and reinforced by Regulation (EC) No 765/2008 of the European Parliament and of the Council should be complemented to make them more effective.

Provisions on market surveillance of these Regulation should cover products that are subject to the Union harmonisation legislation listed in the Annex. The legislation listed in the Annex should cover all Union harmonisation legislation concerning manufactured products other than food, feed, medicinal products for human and veterinary use, living plants and animals, products of human origin and products of plants and animals relating directly to their future reproduction. This will ensure a uniform framework for market surveillance of those products at Union level. Several instruments of Union harmonisation legislation on products need to be amended in consequence, in particular to remove references to certain provisions of Regulation (EC) No 765/2008. If new Union harmonisation legislation is adopted in the future, it will be for that legislation to provide whether this Regulation is also to apply to that legislation. If new Union harmonisation legislation is adopted in the future, it will be for that legislation to provide whether this Regulation is also to apply to that legislation.

Articles 15 to 29 of Regulation (EC) No 765/2008 laying down the Community market surveillance framework and controls of products entering the Community market will be replaced by this Regulation. That framework includes also the provisions on controls of products entering the Union market in Articles 27, 28 and 29, which apply not only to products covered by the market surveillance framework as outlined above, but also to all Union legislation in so far as other Union legislation does not contain specific provisions relating to the organisation of controls on products entering the Union market. It is therefore necessary to extend the scope of the provisions of this Regulation on products entering the Union market to all Union legislation as well.

In order to rationalise and simplify the overall legislative framework, whilst simultaneously pursuing the objective of Better Regulation, the rules applicable to controls on products entering the Union market should be revisited and integrated into a single legislative framework for controls on products at the external borders.

Safety of consumers largely depends on the active enforcement of Union harmonisation legislation on products providing for safety requirements. It is therefore necessary to strengthen enforcement measures. These measures should be continuously improved and increasingly effective with a view to meeting the current challenges of a global market and an increasingly complex supply chain.

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7a. Practical experience of market surveillance has shown that increasingly complex supply chains sometimes involve economic operators whose novel form means that they do not fit easily into the traditional supply chains according to the existing legal framework. Such is the case, in particular, with fulfilment service providers, which perform many of the same functions as importers but which might not always correspond to the traditional definition of importer in Union law. In order to ensure that market surveillance authorities can carry out their responsibilities effectively and to avoid a gap in the enforcement system, it is appropriate to include fulfilment service providers within the list of economic operators against whom enforcement measures may be taken by market surveillance authorities. By including fulfilment centres within the scope of the present Regulation, market surveillance authorities will be better able to deal with new forms of economic activity in order to ensure the safety of consumers and the smooth functioning of the internal market, including where the economic operator acts both as an importer as regards certain products but as a fulfilment service provider as regards other products.

(8) The framework established by this Regulation should complement and strengthen existing provisions in Union harmonisation legislation relating to the provision of compliance information about products and the framework for cooperation with economic operators, the market surveillance of products and controls on those products entering the Union. However, in accordance with the principle of lex specialis, this Regulation should apply only in so far as there are no specific provisions with the same objective, nature or effect in other existing or future rules of Union harmonisation legislation. The corresponding provisions of this Regulation should not therefore apply in the areas covered by such specific provisions, for instance those set out in Regulation (EC) No 273/2004 of the European Parliament and of the Council on drug precursors, Regulation (EC) No 1223/2009 of the European Parliament and of the Council on cosmetic products, Regulation (EU) 2017/745 of the European Parliament and of the Council on medical devices and Regulation (EU) 2017/746 of the European Parliament and of the Council on in vitro diagnostic medical devices.

(9) Responsibility for enforcing Union harmonisation legislation should lie with the Member States, whose market surveillance authorities should be required to ensure that the legislation is fully complied with. The Member States should, therefore, establish systematic approaches to ensure effectiveness of market surveillance and other enforcement activities.

(10) Certain definitions currently set out in Regulation (EC) No 765/2008 should be aligned with definitions set out in other acts of Union legislation and, where appropriate, reflect the architecture of modern supply chains. The definition of ‘manufacturer’ in this Regulation does not relieve manufacturers of any obligations they may have in Union harmonisation legislation where specific definitions of manufacturer are applied, which may include any natural or legal person who modifies a product already placed on the market in such a way that compliance with the applicable Union harmonisation legislation may be affected and places it on the market, or any other natural or legal person who places a product on the market under his name or trade mark.
(10a) There is Union harmonisation legislation in the scope of this Regulation using specific terms for economic operators, among them: the producer of an article and the downstream user as defined in each case in Regulation (EC) No 1907/2006 and Regulation (EC) No 1272/2008, the installer as defined in Directive 2014/33/EU, the supplier as defined in Regulation (EC) No 1222/2009 or the dealer as defined in Regulation (EU) 2017/1369. It should be clarified that also these economic operators have responsibilities as economic operators.

(11) Economic operators throughout the entire supply chain should be expected to act responsibly and in full accordance with the legal requirements applicable when placing or making products available on the market, so as to ensure compliance with the Union harmonisation legislation on products. This Regulation should be without prejudice to the obligations which correspond to the role of each economic operator in the supply and distribution process pursuant to specific provisions in Union harmonisation legislation, with the manufacturer retaining ultimate responsibility for compliance of the product with requirements in the Union harmonisation legislation.


(12a) In the case of a product being sold online or through other means of distance sales, the product should be considered made available on the market if the offer is targeted at end-users in the Union. In line with the applicable Union legislation on international private law a case-by-case analysis, taking into account the relevant circumstances, should be applied to establish whether an offer is targeted at end-users in the Union. An offer should be considered targeted if the relevant economic operator directs, by any means, his or her activities to a Member State of the European Union. For the case-by-case analyses, relevant factors, such as the geographical areas to which dispatch is possible, the languages available used for the offer or for ordering or payment possibilities, need to be taken into consideration. In case of online sales the mere accessibility of the economic operators’ or the intermediaries’ website in the Member State in which the end-user is established or domiciled is insufficient.


(13) The development of e-commerce is also due to a great extent to the proliferation of information society service providers, normally through platforms and for remuneration, which offer intermediary services by storing third party content, but without exercising any control over such content, thus not acting on behalf of an economic operator. Removal of content regarding non-compliant products or where it is not feasible blocking access to non-compliant products offered through their services should be without prejudice to the rules laid down in Directive 2000/31/EC of the European Parliament and of the Council\(^\text{33}\). In particular, no general obligation should be imposed on service providers to monitor the information which they transmit or store, nor should a general obligation be imposed upon them to actively seek facts or circumstances indicating illegal activity. Furthermore, hosting service providers should not be held liable as long as they do not have actual knowledge of illegal activity or information and are not aware of the facts or circumstances from which the illegal activity or information is apparent.

A fairer single market should ensure equal conditions for competition to all economic operators and protection against unfair competition. To this purpose, strengthened enforcement of Union harmonisation legislation on products is necessary.

Good cooperation between manufacturers and the market surveillance authorities is a key element allowing immediate intervention and corrective action in relation to the product. It is important that there should be a contact person established in the Union so that market surveillance authorities have someone to whom questions requests can be addressed, including for providing information regarding a product’s compliance with Union harmonisation legislation and who can be required to take as relevant according to its role in the supply chain corrective action in case a non-compliance cannot be brought to an end otherwise. The person responsible for providing such economic operator with tasks regarding compliance information should be the manufacturer, or the importer, or any other natural or legal person designated by the manufacturer for this purpose, for example another economic operator established in the Union subject to obligations in relation to the manufacture of products or placing on the market, an authorised representative or a fulfilment service provider established in the Union for consignments handled by it when no other economic operator is established in the Union. The role of a person responsible for an economic operator with tasks regarding compliance information established in the Union is essential for providing market surveillance authorities with an interlocutor established in the Union, and for performing specific tasks in a timely manner to ensure that the products comply with the requirements of Union harmonisation legislation, for the benefit of consumers, workers and businesses within the Union. The provisions in this Regulation requiring there to be a person established in the Union responsible for compliance information should not apply where specific requirements set out in certain legal instruments on products achieve the same result in effect, namely Article 4 of Regulation (EC) No 1223/2009, Article 15 of Regulation (EU) 2017/745 and Article 15 of Regulation 2017/746.

Member States should provide assistance to economic operators either through information on the applicable Union harmonisation legislation by the Product Contact Points established under Regulation (EU) [...] of the European Parliament and of the Council of [...], or through guidance on the applicable Union harmonisation legislation by the market surveillance authority within the framework of compliance partnership arrangements. Market surveillance authorities should able to build on the existing cooperation with stakeholders and be permitted to conclude memoranda of understanding with stakeholders, with a view to promoting compliance or identifying non-compliance with regard to categories of product within a given geographical area.

Obligations of this Regulation requiring an economic operator to be established in the Union should only apply to areas where the Union legislator has already identified the need for an economic operator as a liaison point with the market surveillance authorities. This need is no longer properly addressed due to new supply chains. Therefore, this Regulation should remedy this.

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(15b) However, the provisions need only apply where a risk-based approach indicates that this would be appropriate, having regard to the principle of proportionality, taking into account high level of protection of end-users in the Union. In this respect, consideration should be given to situations where potential risks or cases of non-compliance are low, or in which products are mainly traded through traditional supply chains. Such is the case e.g. for Directives 2014/33/EU (‘lifts’) and 2016/424/EU (‘cableways’).


(15d) Contact information of economic operators with tasks relating to compliance should be indicated with the product in order to facilitate checks throughout the supply chain.

(28) (15e) Economic operators should fully cooperate with market surveillance authorities and other competent authorities to ensure the smooth performance of market surveillance activities and to enable the authorities to perform their tasks. This includes, where requested by authorities, providing the contact information of the economic operators with tasks relating to compliance of products where this information is available to them.

(15f) Economic operators should have easy access to high quality, comprehensive information. Since the single digital gateway established under Regulation xxxx/2019 provides for a single point of access to information, it can be used in respect to providing relevant information on Union harmonisation legislation to economic operators. Nevertheless, Member States may decide to integrate such information into their national webpages ensuring access to the Product Contact Point established under Regulation yyyy/2018 on mutual recognition, or select a different solution, in line with the principle of subsidiarity. In order to facilitate the economic operators in addressing properly their requests for information, the clear identification of the respective national information channels should be ensured.

Guidance on issues relating to technical specifications or harmonised standards, design of a specific product, or pre-market approvals of a specific product should not be part of the obligations of Member States under this article.
(16) Member States should designate their own market surveillance authorities. **This Regulation should not prevent Member States from choosing the competent national authorities to carry out the market surveillance tasks.** In order to facilitate administrative assistance and cooperation, Member States should also designate **appoint a single liaison office.** Liaison offices should ensure the coordination of enforcement and market surveillance activities, as well as communication with the market surveillance of other Member States and with the Commission. **Provide a single contact point for national and other Member States’ authorities as well as for the Commission regarding all matters of market surveillance. In this function, they should represent at least a coordinated position of the market surveillance authorities and the authorities in charge of the control on products entering the Union market.**

(35) **(16a)** Member States should be required to ensure that adequate financial resources are always available in order to staff and equip the market surveillance authorities appropriately. An efficient market surveillance activity is demanding in terms of resources, and stable resources should be provided, at a level appropriate to the enforcement needs at any given moment. **Public financing should therefore be supplemented by the collection of fees to cover.** Member States should have the possibility to supplement public financing by reclaiming the costs incurred when performing market surveillance activities in relation to products that were found to be non-compliant, and taking due account of the economic operator’s compliance record.

(17) It is necessary to establish a Union Product Compliance Network, hosted by the Commission, aimed at coordinating and facilitating the implementation of joint enforcement activities by Member States, such as joint investigations. This administrative support structure should allow the pooling of resources and maintain a communication and information system between Member States and the Commission, thereby helping to strengthen enforcement of Union harmonisation legislation on products and deter infringements.

(18) Market surveillance activities should be thorough and effective, to ensure that Union harmonisation legislation on products is applied correctly. Given that controls may represent a burden for economic operators, market surveillance authorities should organise and conduct inspection activities **on a risk based approach, taking into account** their interests and limiting the said burden to what is necessary for the performance of efficient and effective controls. Furthermore, market surveillance activities should be performed with the same level of care by the competent authorities of the Member State irrespective of whether non-compliance of the given product is relevant on the territory of that Member State or is likely to have an impact on the market of another Member State.

(19) In order to ensure that the Union harmonisation legislation on products is correctly enforced, market surveillance authorities should have a common set of investigative and enforcement powers, allowing for enhanced cooperation between market surveillance authorities and more effective deterrence for economic operators that willingly infringe Union harmonisation legislation. Those powers should be sufficiently robust to tackle the enforcement challenges of Union harmonisation legislation, along with the challenges of e-commerce and the digital environment and to prevent economic operators from exploiting gaps in the enforcement system by relocating to Member States whose market surveillance authorities are not equipped to tackle unlawful practices. In particular, the powers should ensure that information and evidence can be exchanged between competent authorities so that enforcement can be undertaken equally in all Member States.
This Regulation should be without prejudice to the freedom of Member States to choose the enforcement system that they deem appropriate. Member States should be free to choose whether their market surveillance authorities can exercise investigation and enforcement directly under their own authority, by recourse to other public authorities, as appropriate or by application to the competent courts.

Market surveillance authorities should be in a position to open investigations on their own initiative if they become aware of non-compliant products placed on the market.

Market surveillance authorities should have access to all necessary evidence, data and information relating to the subject matter of an investigation in order to determine whether applicable Union harmonisation legislation has been infringed, and in particular to identify the economic operator responsible, irrespective of who possesses the evidence, information or data in question and regardless of where it is located and of the format in which it is held. Market surveillance authorities should be able to request third parties in the digital value chain to provide all the evidence, data and information necessary.

Market surveillance authorities should be able to carry out the necessary on-site inspections, and should have the power to enter any premises from where businesses are conducted, land or means of transport, that the economic operator uses for purposes relating to his trade, business, craft or profession.

Market surveillance authorities should be able to require any representative or member of staff of the economic operator concerned to give explanations or provide facts, information or documents relating to the subject matter of the on-site inspection, and to record the answers given by that representative or competent staff member.

Market surveillance authorities should be able to check the compliance of products to be made available on the market with Union harmonisation legislation and to obtain evidence of non-compliance. They should, therefore, have the power to make test purchases and, where the evidence cannot be obtained by other means, to purchase products under a cover identity.

In the digital environment in particular, market surveillance authorities should be able to bring non-compliance to an end quickly and effectively, notably where the economic operator selling the product conceals his identity or relocates within the Union or to a third country in order to avoid enforcement. In cases where there is a risk of serious and irreparable harm to end-users due to non-compliance, market surveillance authorities should be able to take temporary measures, where there are no other means available to prevent or mitigate such harm, including, where necessary, the suspension of a website, service or account, or putting a fully qualified domain name on hold for a specific period of time, requiring the operator of an online interface to remove content for his online interface and/or to display a warning. When such a request is not observed and cannot be enforced, e.g. because the online interface is operated from a third country, the respective authority should have the power to request other information society service provider to restrict access to the online interface and, if necessary, to impose penalties. These measures should be taken in accordance with the principles laid down in Directive 2000/31/EC. Furthermore, market surveillance authorities should have the power to close down or require a third party service provider to close down a website, service or account or a part of it, or to delete a fully qualified domain name.
(26a) The implementation and exercise of powers in the application of this Regulation should also comply with other Union and national law (e.g. Directive 2000/31/EC), including with applicable procedural safeguards and principles of the fundamental rights. The implementation and exercise of powers should also be proportionate and adequate in view of the nature and the overall actual or potential harm of the infringement. Competent authorities should take all facts and circumstances of the case into account and should choose the most appropriate measures, which are essential to address the infringement covered by this Regulation. Those measures should be proportionate, effective and dissuasive. Member States should remain free to set out conditions and limits for the exercise of the powers and fulfil duties in national law. Where, for example, in accordance with national law, prior authorization to enter the premises of natural persons and legal persons is required from the judicial authority of the Member State concerned, the power to enter such premises should be used only after such prior authorization has been obtained. Where for example, in accordance with national law, there are limits for using specified kind of evidence, as a right to refuse to give evidence as a witness if the witness is the party’s relative, or prohibition of hearing an ordained person who is bound by the secret of the confession, market surveillance authority should refrain from actions that would be contrary to goals of these limits.

(27) Market surveillance authorities act in the interest of economic operators, end-users, and of the general public, to ensure that public interests established covered by respective Union harmonisation legislation on products are consistently preserved and protected through appropriate enforcement action measures, and that compliance with such legislation is ensured across the supply chain through appropriate controls checks. Consequently, market surveillance authorities should account to economic operators, end-users and the general public for the efficiency and effectiveness of the activities they perform. They should provide access to information concerning the organisation and performance of their activities, including controls, and regularly publish information on activities performed and the results of such activities. They should also, subject to certain conditions, be entitled to publish or to make available information about the compliance record of individual economic operators based on the outcome of market surveillance controls.

(28) Economic operators should fully cooperate with market surveillance authorities and other competent authorities to ensure the smooth performance of market surveillance activities and to enable the authorities to perform their tasks.

(29) This Regulation should be without prejudice to the functioning of RAPEX in accordance with Directive 2001/95/EC and Regulation (EC) No 765/2008.

(30) This Regulation should be without prejudice to the safeguard clause procedure provided for by sectoral Union harmonisation legislation, pursuant to Article 114(10) of the Treaty. With a view to ensuring an equivalent level of protection throughout the Union, Member States should be authorised to take restrictive measures in relation to products presenting a risk to health and safety, or other aspects of public interest protection. They should also be required to notify those measures to other Member States and the Commission, allowing the Commission to take a position on the justification of national measures that restrict the free movement of products with a view to ensuring the functioning of the internal market.
(31) Information exchanged between market surveillance authorities, and the use of evidence and investigation findings should be subject to the strictest guarantees of confidentiality and of professional and commercial secrecy. **Follow the principle of confidentiality subject to the requirement of protecting the interests of end-users.** Information should be handled according to applicable national law, in order to ensure that investigations are not compromised and that the reputation of the economic operator is not prejudiced.

(32) Where for the purposes of this Regulation it is necessary to process personal data, this should be carried out in accordance with Union law on the protection of personal data. Any processing of personal data under this Regulation is subject to Regulation (EU) 2016/679 of the European Parliament and of the Council\(^\text{35}\) and Regulation (EC) No 45/2001 of the European Parliament and of the Council\(^\text{36}\), as the case may be.

(33) **In case that there is a longer lasting or permanent lack of testing capacity, resulting in high prices, long waiting times and complicated procedures, the Commission should set up a programme to facilitate the extension of scope and capacity of existing or the creation of new testing capabilities.** All testing facilities under this programme should be accredited in accordance with the requirements of Regulation (EU) 765/2008. A scenario where only very few laboratories are capable of testing certain kinds of technologies should also be avoided. The programme should be based on a survey. This should be preceded by a mapping of the existing available testing capacities for the different sectors compared to the needs for joint actions and national controls by market surveillance authorities. Details of programmes are set up by implementing acts. To ensure the reliability and consistency of testing across the Union in the market surveillance framework, the Commission should designate Union testing facilities. Furthermore, a more comprehensive information system should be developed for sharing test results within the Union in order to avoid unnecessary duplication and to ensure greater consistency at Union level. **The Commission may also set up a proper monitoring.**

(34) Laboratories designated by the Commission as Union testing facilities should possess the expertise, equipment, infrastructure and staff to carry out tasks to the highest standards. To ensure sound and reliable results, Union testing facilities should be accredited according to the relevant Union harmonised standards. The accreditation should be delivered by a national accreditation body operating in accordance with Regulation (EC) No 765/2008.

(35) Member States should be required to ensure that adequate financial resources are always available in order to staff and equip the market surveillance authorities appropriately. An efficient market surveillance activity is demanding in terms of resources, and stable resources should be provided, at a level appropriate to the enforcement needs at any given moment. Public financing should therefore be supplemented by the collection of fees to cover the costs incurred when performing market surveillance activities in relation to products that were found to be non-compliant, and taking due account of the economic operator's compliance record.


(36) The financing of market surveillance activities through fees collected from economic operators should take place in full transparency, so as to enable citizens and businesses to understand the method and data used to establish fees and to be informed on the use of revenue from fees.

(36a) Mechanisms for mutual assistance should be established, as it is imperative for the Union market for goods that the market surveillance authorities of the Member States cooperate with each other effectively. Professional and commercial secrecy should not establish a reason to refuse acquiring or exchanging legally required documentation, like the declaration of conformity, or where applicable the declaration of performance, or the technical documentation.

(37) It is appropriate that Member States designate the authorities responsible for applying the customs legislation and any other authorities in charge under national law of control on products entering the Union market.

(38) An effective way to ensure that unsafe or non-compliant products are not placed on the Union market would be to detect such products before they are released for free circulation. Customs authorities, as authorities in charge of the control on products entering the customs territory of the Union market, enjoy a complete overview of trade flows across the external borders, and should therefore be required to carry out adequate controls on a risk assessment basis, to contribute to a safer market place. It is for Member States to designate the specific authorities that should be responsible for the appropriate documentary and, where necessary, physical or laboratory checks of products before those products are released for free circulation. A uniform enforcement of Union harmonisation legislation on products can only be achieved through systematic cooperation and exchange of information between market surveillance and customs authorities designated as authorities in charge of the control on products entering the Union market. These authorities should receive well in advance from the market surveillance authorities all the necessary information concerning non-compliant products or information on economic operators where a higher risk of non-compliance has been identified. In turn, customs authorities in charge of the control on products entering the customs territory of the Union should inform the market surveillance authorities in a timely manner of the release of products for free circulation, and the results of controls, where such information is relevant for the enforcement of Union harmonisation legislation on products. Furthermore, where the Commission becomes aware of a serious risk posed by an imported product, it should inform the Member States about those risks in order to ensure coordinated and more effective compliance and enforcement controls at the first points of entry to the Union.

(38a) Importers should be reminded that Articles 220, 254 and 256-258 of Regulation (EU) No 952/2013 laying down the Union Customs Code foresee that products entering the Union market that require further processing in order to be in compliance with Union harmonisation legislation applicable to them shall be placed under the appropriate customs procedure allowing such processing by the importer. Generally, the release for free circulation should not be deemed as proof of conformity with Union legislation, as such release does not necessarily include a complete check of compliance.
(38b) In order to use the EU Single Window environment for customs and therefore to optimise and unburden the data transfer between customs and market surveillance authorities, it is necessary to set up electronic interfaces allowing automatic data transfer. Additional burden for customs authorities should be limited and the interfaces should be highly automated and easy to be used.

(39) In order to support customs and market surveillance authorities in carrying out tasks related to controls on products entering the customs territory of the Union, a more favourable treatment should be granted for products declared for free circulation by an authorised economic operator, as defined in Article 38(2) of Regulation (EU) No 952/2013, pending the establishment of the procedure for the exchange of information on the status of the authorised economic operators and their record of compliance related to product safety. Such an approach should allow a more targeted control, on a risk basis, of products released for free circulation.

(40) The Commission should be able to exchange market surveillance related information with regulatory authorities of third countries or international organisations, with a view to ensuring compliance prior to their export of products to the Union market.

(40a) It is necessary to establish a Union Product Compliance Network, hosted by the Commission, aimed at structured coordination and cooperation between enforcement authorities of the Member States and the Commission, and at streamlining the practices of market surveillance within the Union facilitating the implementation of joint enforcement activities by Member States, such as joint investigations. This administrative support structure should allow the pooling of resources and maintain a communication and information system between Member States and the Commission, thereby helping to strengthen enforcement of Union harmonisation legislation on products and deter infringements. The establishment and involving of ADCOs (Administrative Cooperation Groups, established by Member States to discuss sector-specific issues) in the Network is to be understood in a general sense, so that also groups can be included that do not bear the name “ADCO”. These groups, on their own initiative, should also invite representatives of relevant stakeholders and experts if it seems useful. The Commission has in this respect the tasks to provide the necessary administrative and financial support.

(41) In that context, it is necessary to maintain and further develop the existing Information and Communication System for Market Surveillance (ICSMS). For the purpose of collecting information relating to the enforcement of Union harmonisation legislation on products, ICSMS should be upgraded and be accessible to the Commission, single liaison offices, and market surveillance and customs authorities, as well as to the general public through a public interface. Furthermore, an electronic interface should be developed to allow effective exchange of information between national customs systems of customs and market surveillance authorities. With regard to the cases of mutual assistance requests the single liaison offices should give any support necessary for cooperation between the relevant authorities. Therefore, ICSMS should provide the functions enabling an automated indication to the single liaison offices when the period of time according to Article 24(2) is not met. When sectoral legislation already foresees electronic systems for cooperation and data exchange, as is the case for example for medical devices by the EUDAMED system, those systems should be kept in use when appropriate.
(41a) In general, ICSMS should be used to exchange information considered helpful for other market surveillance authorities. This may include checks undertaken in the context of market surveillance projects, regardless of the outcome of the tests. The amount of data to be entered in ICSMS should strike a balance between becoming too burdensome, when the efforts for entering the data would exceed the work involved in doing the actual checks, and being comprehensive enough to support greater efficiency and effectiveness on the side of the authorities. Thus, the data entered in ICSMS should also cover simpler checks than laboratory tests only. Nevertheless, there should be no need to include just brief visual checks. As a guideline, checks which are individually documented, should also be entered in ICSMS.

(41b) The interactions between customs and market surveillance authorities should ensure transparency and effectiveness of cooperation and also facilitate reporting and later statistical evaluations. Where national systems for this purpose are already in implementation or operational, individual solutions should be applied. However, Member States are encouraged to use ICSMS for interactions between customs and market surveillance authorities or use electronic interfaces between ICSMS and the national systems when they are available.

(41c) Injuries caused by non-compliant products are important information for market surveillance authorities. ICSMS should therefore provide for related data fields so that market surveillance authorities can enter readily available reports provided for in the course of their investigations, thus facilitating later statistical evaluations.

(40) (41d) The Commission should be able to exchange market surveillance related information with regulatory authorities of third countries or international organisations, with a view to ensuring compliance prior to their export of products to the Union market. Such agreement should be based on implementing acts adopted according to the committee procedure.

(41e) In order to achieve a high degree of compliance with applicable Union harmonisation legislation on products while at the same time ensuring an effective resource-allocation and a cost-efficient control of products entering the Union market, the Commission should, after having consulted Member States, be able to enter into negotiations with third countries and ultimately approve country specific systems. After having completed an approved pre-export control, products may, as part of the risk assessment performed by authorities in charge of controls on products entering the Union market, benefit from a higher level of confidence than comparable products which have not been subject to a pre-export control. Member States should be able to support or reject the details of a proposed pre-export control system through use of the examination procedure.
The Commission should carry out an evaluation of this Regulation against the objectives it pursues. Pursuant to point 22 of the Interinstitutional Agreement of 13 April 2016 on Better Law Making\textsuperscript{37}, the evaluation, based on efficiency, effectiveness, relevance, coherence and value added, should provide the basis for impact assessments of options for further action, particularly as regards the application and enforcement of the provisions related to the tasks of economic operators placing products on the market and the system of product-related pre-export controls.

The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties.

The diversity of sanctions across the Union is one of the main reasons for inadequate deterrence and uneven protection. Rules on establishing sanctions, including monetary penalties, are a matter of national jurisdiction and should, therefore, be determined by national law. However, common criteria and guidance principles in determining the level of penalties should be established in order to achieve uniform and effective deterrence across the Union. Defining a set of criteria for determining effective, proportionate and dissuasive levels of penalty across the Union, in particular as regards the past behaviour of the economic operators, their cooperation during investigation by market surveillance authorities, and the level of harm, is essential to avoid weak spots that could encourage forum shopping.

In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission in relation to the procedures for designating Union testing facilities,\textsuperscript{4} support to the procedure for requests for information and requests for enforcement measures,\textsuperscript{5} to statistical data covering controls performed by customs authorities with respect to products subject to Union harmonisation legislation, to the data to be exchanged and the procedure to be followed for the exchange of information between customs authorities and market surveillance authorities on the status of authorised economic operators, to details of implementation arrangements for the information and communication system and data relating to the placing of products under the customs procedure ‘release for free circulation’ transmitted by customs authorities,\textsuperscript{6} to the framework for cooperation and information exchange with third countries and to the implementation approval and withdrawal of the systems of product-related pre-export controls, including a model for the certificates of compliance or verification to be used. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council\textsuperscript{38}.

\begin{footnotesize}
\[\begin{array}{ll}
37 & \text{OJ L 123, 12.5.2016, p. 1.} \\
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Since the objective of this Regulation, namely to ensure that products placed on the Union market fulfil the requirements of Union harmonisation legislation cannot be sufficiently achieved by the Member States given the need for a very high degree of cooperation, interaction and coherent action of all of the competent authorities in all Member States, but can rather, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

This Regulation respects fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union and present in the constitutional traditions of Member States. Accordingly this Regulation must should be interpreted and applied respecting those rights and principles. In particular, this Regulation seeks to ensure full respect for consumer protection, the freedom to conduct a business, the freedom of expression and information, the right to property and the protection of personal data,

HAVE ADOPTED THIS REGULATION:
Chapter I

General provisions

Article 1

Subject matter

1. The objective of this Regulation lays down rules and procedures for the provision of compliance information about certain products that are the subject of Union acts harmonising the conditions for the marketing of those products. It is to improve the functioning of the internal market by strengthening the market surveillance of products covered by Union harmonisation legislation referred to in Article 2, with a view to ensuring that only compliant products that fulfil requirements providing a high level of protection of public interests such as health and safety in general, health and safety in the workplace, the protection of consumers, protection of the environment and public security and any other public interests protected by that legislation, are made available on the Union market.

2. It also lays down rules and procedures for the economic operator responsible for compliance of products. It establishes a framework for cooperation with economic operators in relation to such products.

3. This Regulation also provides a framework for controls on such products entering the Union market.

Article 2

Scope

1. This Regulation shall apply to all products that are subject to the Union harmonisation legislation set out in the Annex I to this Regulation (‘Union harmonisation legislation’).

2. Each of the provisions of this Regulation shall apply, in so far as there are no specific provisions with the same objective in the Union harmonisation legislation, which regulate in a more specific manner particular aspects of market surveillance and enforcement.

2a. Articles 26, 27, 28 and 30 (Chapter VII - Products entering the Union market) shall apply to products covered by Union legislation in so far as other Union legislation does not contain specific provisions related to the organisation of controls on products entering the Union market.

3. The application of this Regulation shall not prevent market surveillance authorities from taking more specific measures as provided for in Directive 2001/95/EC.
4. This Regulation is without prejudice to Articles 12, 13, 14 and 15 of Directive 2000/31/EC.

Article 3

Definitions

For the purposes of this Regulation, the following definitions shall apply:

(1) ‘making available on the market’ means any supply of a product for distribution, consumption or use on the Union market in the course of a commercial activity, whether in return for payment or free of charge;

(2) ‘placing on the market’ means the first making available of a product on the Union market;

(3) ‘market surveillance’ means the activities carried out and measures taken by market surveillance authorities to ensure that products comply with the requirements under set out in the applicable Union harmonisation legislation and do not endanger ensure health, safety or any other aspect of public interest protection of the public interest covered by that legislation;

(4) ‘market surveillance authority’ means an authority designated by a Member State under Article 11 as a responsible for carrying out market surveillance authority in the territory of that Member State;

(5) ‘applicant authority’ means the market surveillance authority that makes a request for mutual assistance;

(6) ‘requested authority’ means the market surveillance authority that receives a request for mutual assistance;

(7) ‘non-compliance’ means any failure to comply with any of the requirements under the Union harmonisation legislation applicable to the product in question or the requirements of this Regulation;

(8) ‘manufacturer’ means any natural or legal person who manufactures a product or has a product designed or manufactured, and markets that product under his name or trademark;

(9) ‘importer’ means any natural or legal person established within the Union who places a product from a third country on the Union market;

(10) ‘distributor’ means any natural or legal person in the supply chain, other than the manufacturer or the importer, who makes a product available on the market;

(10a) ‘fulfilment service provider’ means any natural or legal person offering any two of the following services of warehousing, picking, packaging and shipping without having ownership of the products involved. Services provided according to Article 1(1) of Directive 97/67/EC (Community postal services), Article 2(2) of Regulation (EU) 2018/644 (cross-border parcel delivery services), any other postal services or freight transport services are not considered fulfilment services;
'authorised representative' means any natural or legal person established within the Union who has received a written mandate from a manufacturer to act on his behalf in relation to specified tasks with regards to the manufacturer’s obligations under the relevant Union harmonisation legislation;

‘economic operator’ means the manufacturer, the authorised representative, the importer or the distributor, and including:


(b) the operators as defined in Regulation (EC) No 273/2004;

(c) the producer of an article and the downstream user as defined in each case in Regulation (EC) No 1907/2006 and Regulation (EC) No 1272/2008;

(d) the private importer as defined in Directive 2013/53/EU;

(e) the installer as defined in Directives 2006/42/EC and 2014/33/EU;

(f) the supplier and the distributor as defined in Regulation (EC) No 1222/2009;

(g) the dealer as defined in Regulation (EU) 2017/1369;

(h) fulfilment service providers and any other natural or legal person established in the Union and other than a distributor, who warehouses, packages and ships products to or within the Union market subject to obligations in relation to the manufacture of products, making them available on the market or putting them into service in accordance with the relevant Union harmonisation legislation;

(12a) ‘information society service provider’ means a provider of a service within the meaning of Article 1(1)(b) of Directive 2015/1535/EU;

(12b) ‘online interface’ means any software, including a website, part of a website or an application, that is operated by or on behalf of an economic operator, and which serves to give end-users access to the economic operator’s products;

(13) ‘corrective action’ means any action taken by an economic operator to bring any non-compliance to an end, including action to restrict the making available of products on the market or to destroy a product on the market where required by a market surveillance authority or on his own initiative;

(14) ‘temporary measure’ means any temporary measure taken by a market surveillance authority aimed at suspending or restricting the making available of products on the market pending a final assessment on non-compliance, without prejudging any subsequent decisions;

(14a) ‘voluntary measure’ means a corrective action where not required by a market surveillance authority:
(14b) ‘risk’ means the combination of the probability of an occurrence of a hazard causing harm and the degree of severity of that harm;

(14c) ‘product presenting a risk’ means a product having the potential to affect adversely health and safety of persons in general, health and safety in the workplace, protection of consumers, the environment, public security and other public interests, protected by the applicable Union harmonisation legislation. This to a degree which goes beyond that considered reasonable and acceptable in relation to its intended purpose or under the normal or reasonably foreseeable conditions of use of the product concerned, including the duration of use and, where applicable, its putting into service, installation and maintenance requirements;

(15) ‘product presenting a serious risk’ means any serious a product presenting a risk, for which the combination of the probability of occurrence of a hazard causing harm and the degree of severity of the harm is considered serious. This based on a risk assessment, including a serious risk cases where the effects are not immediate, and thus requiring rapid intervention by the market surveillance authorities;

(16) ‘end-user’ means any natural or legal person, residing or established in the Union, to whom a product was made available either as a consumer, (outside any trade, business, craft or profession), or as a professional end-user in the course of his industrial or professional activities;

(17) ‘recall’ means any measure aimed at achieving the return of a product that has already been made available to the end-user;

(18) ‘withdrawal’ means any measure aimed at preventing a product in the supply chain from being made available on the market;

(19) ‘customs authorities’ means customs authorities as defined in Article 5 point 1 of Regulation (EU) No 952/2013;

(20) ‘release for free circulation’ means the procedure laid down in Article 201 of Regulation (EU) No 952/2013;

(21) ‘products entering the Union market’ means products from third countries intended to be placed on the Union market or intended for private use or consumption within the customs territory of the Union and placed under the customs procedure ‘release for free circulation’;

(22) ‘authorised economic operator’ means an economic operator enjoying the status granted pursuant to Article 38(1) of Regulation (EU) No 952/2013.
Chapter II

Compliance information

Article 4

Person responsible for compliance information Tasks of economic operators regarding compliance

1. Notwithstanding any obligations set out in applicable Union harmonisation legislation, a product subject to legislation in paragraph 7 may be made available placed on the market only if the following conditions are met: there is an economic operator established in the Union who is responsible for the tasks set out in paragraph 3 in respect to this product.

1a. For the purpose of this Article, the economic operator referred to in paragraph 1 means any of:

(a) the manufacturer is established in the Union or there is at least one of the following in place with respect to the product;

(ii) (aa) an importer, when the manufacturer is not established in the Union;

(ii) a natural or legal person established in the Union who has a written mandate from the manufacturer designating him as a person responsible for performing the tasks listed in paragraph 3 and requiring him to perform those tasks on the manufacturer's behalf;

(ab) an authorised representative;

(ac) a fulfilment service provider established in the Union with respect to products handled by it when no other economic operator is established in the Union.

(b)—the identity and contact details of the manufacturer, importer or other person meeting the requirements of point (a) are publicly available in accordance with paragraph 4 and are indicated or identifiable in accordance with paragraph 5.

2. For the purposes of this Article, ‘the person responsible for compliance information’ means the person, whether the manufacturer, importer or other person, meeting the requirements of paragraph 1(a) with respect to the product or, if there is more than one such person, any of them.

3. Without prejudice to any obligations of economic operators under the applicable Union harmonisation legislation, the person economic operator responsible for compliance information referred to in paragraph 1 shall perform the following tasks as a minimum:
(a) if the Union harmonisation legislation applicable to the product provides for an EU declaration of conformity or declaration of performance and technical documentation, verifying that respective EU declaration of conformity or declaration of performance and technical documentation have been correctly drawn up and keeping the declaration of conformity or declaration of performance and technical documentation at the disposal of market surveillance authorities for the period required by that legislation;

(b) further to a reasoned request from a market surveillance authority, providing that authority with all the information and documentation necessary to demonstrate the conformity of the product in an official Union language determined by the Member State concerned which can be easily understood by that authority;

(c) cooperating with the market surveillance authorities, at their including further to a reasoned request, on any action taken to eliminate making sure that the immediate necessary corrective action is taken to remedy any case of non-compliance with the requirements set out in Union harmonisation legislation applicable to the product in question, or, if that is not possible, mitigate the risks posed by the product at their own initiative or when required to do so by the market surveillance authorities.

4. Manufacturers shall make the identity and contacts details of the person responsible for compliance information with respect to the product publicly available either on their website or, in the absence of a website, by any other means that allows the information to be readily accessed by the general public in the Union free of charge.

5. The identity and contact details of the person responsible for compliance information with respect to the product shall be indicated on or identifiable from information indicated on the product, its packaging, the parcel or an accompanying document.

5a. Without prejudice to the respective obligations of the economic operators under the applicable Union harmonisation legislation, the name, registered trade name or registered trade mark and the contact details, including the postal address, of the economic operator referred to in paragraph 1 shall be indicated on the product or on its packaging, the parcel or an accompanying document.

6. For the purposes of paragraph 1:

(a) manufacturers may designate a person under paragraph 1(a)(ii) whether or not they have a right or obligation to appoint an authorised representative under the Union harmonisation legislation applicable to the product;

(b) where the manufacturer has such a right or obligation under the Union harmonisation legislation, the appointment of an authorised representative under that legislation may count as a designation for the purposes of paragraph 1(a)(ii) provided the appointment meets the requirements of that paragraph.

**Article 4a**

**Authorised representative**

1. For the purposes of Article 4(1a)(ab), any such authorised representative shall be mandated by the manufacturer to perform those tasks listed in Article 4(3), notwithstanding tasks mandated under the relevant Union harmonisation legislation.

2. The mandate shall be valid only when accepted in writing by the authorised representative and shall be signed by both parties.

3. The authorised representative shall perform the tasks specified in the mandate. He shall provide a copy of the mandate to the authorities upon request, in an Union language as determined by the authority.

4. Authorised representatives shall have the appropriate means available to be able to fulfil their tasks.

**Article 4aa**

**Distance sale**

Products offered for sale online or through other means of distance sales shall be deemed to be made available on the market if the offer is targeted at end-users in the Union. An offer for sale shall be considered targeted at end-users in the Union, if the relevant economic operator directs, by any means, his or her activities to a Member State of the European Union.

**Article 4b**

**Obligation of cooperation**

1. The authorities **Economic operators** shall cooperate with economic operators **market surveillance authorities** regarding actions which could prevent or reduce risks that are caused by products made available by those operators.

[moved from Art. 15(2)]
2. Information society service providers shall cooperate with the market surveillance authorities, at their request, to facilitate any action taken to eliminate or, if that is not possible, mitigate the risks posed by a product that is or was offered for sale online through their services.

Article 5

Declaration of conformity

Where Union harmonisation legislation provides for the drawing up of an EU declaration of conformity, manufacturers shall make the declaration publicly available on their website or, in the absence of a website, by any other means that allows the declaration to be readily accessed by the general public in the Union free of charge.
Chapter III

Assistance to and cooperation with economic operators

Article 6

Information to economic operators

The Product Contact Points referred to in [Regulation (EC) No 764/2008 of the European Parliament and the Council / Regulation (EU).... of the European Parliament and the Council] shall provide economic operators, at their request and free of charge, with information with respect to the Union harmonisation legislation applicable to a product.

1. The Commission shall be responsible for making available relevant information on Union harmonisation legislation to economic operators. For this purpose, the Commission shall establish a system accessible in accordance with Article 4(2) of Regulation xxxx/2019 (Single digital gateway regulation). This system shall enable the economic operator to identify the relevant acts of Union harmonisation legislation applicable to his product, and its requirements.

2. Notwithstanding the provisions of Article 4(1) of Regulation xxxx/2019, Member States shall have procedures in place for providing economic operators at their request with specific information in respect to the national transposition and implementation of Union harmonisation legislation applicable to a product. This information shall be provided generally within 15 working days and free of charge.

Article 7

Compliance partnership arrangements

1. A market surveillance authority may enter into a partnership arrangement with an economic operator established in its territory under which the authority agrees to provide the economic operator with advice and guidance in relation to the Union harmonisation legislation applicable to the products for which the economic operator is responsible.

The arrangement shall not cover the provision of conformity assessment activities that are entrusted to notified bodies under the Union harmonisation legislation.

2. If a market surveillance authority enters into a partnership arrangement under paragraph 1, it shall enter that fact in the system referred to in Article 34, along with details of the scope of the arrangement and the names and addresses of itself and of the economic operator.

3. If a market surveillance authority enters into a partnership arrangement under paragraph 1, other market surveillance authorities shall inform that authority of any temporary measure taken by them against the economic operator, and any corrective action taken by the economic operator, in relation to compliance with the applicable Union harmonisation legislation.
4. A market surveillance authority that enters into a partnership arrangement under paragraph 1 may charge the economic operator fees representing the costs reasonably incurred by the authority in the exercise of its functions under paragraphs 1 and 2.

**Article 8**

Memoranda of understanding with stakeholders Joint awareness raising and information campaigns

1. Market surveillance authorities may, in compliance with national legislation, enter into memoranda of understanding agree with businesses other relevant authorities, or organisations representing businesses economic operators or end-users for on the carrying out, or financing, of joint activities aimed at identifying non-compliance or promoting compliance, raising awareness and providing advice and guidance in relation to the Union harmonisation legislation in specific geographical areas or with respect to specific categories of products, in particular the ones that are often found to be presenting a serious risk, including the products sold online.

   The market surveillance authority in question shall make the memorandum available to the general public and shall enter it in the system referred to in Article 34.

2. A market surveillance authority may use any information resulting from activities carried out or financed by other parties to a memorandum of understanding entered into by it under paragraph 1 as part of any investigation undertaken by it into non-compliance, but only if the activity in question was carried out independently, impartially and without bias.

3. Any exchange of information between market surveillance authorities and businesses or organisations referred to in paragraph 1 for the purposes of preparing or implementing a memorandum of understanding entered into by them under that paragraph shall be deemed not to infringe the requirements of professional secrecy.

**Article 9**

Publication of voluntary measures

1. The Commission shall develop and maintain an on-line portal on which economic operators may publish information about measures voluntarily taken by them in relation to a product as defined in Directive 2001/95/EC or a product made available by them on the market, where the risks posed by the product go beyond the territory of one Member State.

   The on-line portal shall be one to which end-users and market surveillance authorities are able to have access.

2. If an economic operator chooses to publish information on the portal referred to in paragraph 1, it shall ensure that the product can be precisely identified from the information published and that the risks are explained such that end-users can assess what action it might be appropriate for them to take in response to the risks. The information published shall be provided in all of the official languages of the Member States where the products are made available on the market and the economic operator shall be responsible for the provision and accuracy of the information.
3. Publication referred to in paragraph 1 is without prejudice to any obligations of economic operators under the applicable Union harmonisation legislation or under Directive 2001/95/EC.
Chapter IV

Organisation, activities and general principles obligations of market surveillance authorities

Article 10

Obligations of market surveillance authorities as regards organisation

1. Market surveillance authorities shall establish appropriate communication and coordination mechanisms with other market surveillance authorities.

2. Market surveillance authorities shall establish the following procedures in connection with products subject to the Union harmonisation legislation set out in the Annex:

   (b) procedures for following up of complaints or reports on issues relating to risks;

   (c) procedures for monitoring any accidents or any harm to the health or safety of end-users which are suspected of having been caused by such products;

   (d) procedures for verifying that corrective action to be taken by economic operators has been taken;

   (e) procedures for collecting and exploring scientific and technical knowledge concerning safety issues.

Article 10a

General requirements

1. Member States shall organise and carry out market surveillance as provided for in this Regulation.

2. Market surveillance shall ensure that products covered by Union harmonisation legislation which, when used in accordance with their intended purpose or under conditions which can be reasonably foreseen and when properly installed and maintained, are liable to compromise the health or safety of users, or which otherwise do not conform to applicable requirements set out in Union harmonisation legislation are brought in conformity. If that is not possible, it shall ensure that those products are withdrawn or their being made available on the market is prohibited or restricted and that the public, the Commission and the other Member States are informed accordingly.
Article 11

Designation of market surveillance authorities and the single liaison offices

1. Each Member State shall designate one or more market surveillance authorities in its territory. It shall inform the Commission, through the Network established under Article 34, and the other Member States of the market surveillance authorities designated by it and the areas of competence of each of those authorities, using the information and communication system referred to in Article 34.

2. Each Member State shall designate one of its market surveillance authorities or any other competent authority as appoint a single liaison office.

3. The single liaison office of a Member State shall at least be responsible for coordinating the enforcement and market surveillance activities representing the coordinated position of the market surveillance authorities and the market surveillance authorities designated by that Member State under Article 26(1) and for the national strategies as set out in Article 13. It shall also assist in the cooperation between market surveillance authorities in different Member States as set out in Chapter VI.

4. Member States shall ensure that their market surveillance authorities and single liaison office have the necessary resources, including sufficient budgetary and other resources, expertise, procedures and other arrangements for the proper performance of their duties.

5. Where there is more than one market surveillance authority in their territory, Member States shall ensure that the respective duties of those authorities are clearly defined and that appropriate communication and coordination mechanisms are established to enable those authorities to collaborate closely so that they can and discharge their duties effectively.

Article 12

Activities of market surveillance authorities and use of findings

1. Market surveillance authorities shall conduct their activities in order to ensure the following:

   a) the effective surveillance of the market within their territory with respect to any products that are subject to the Union harmonisation legislation set out in the Annex;

   b) the taking by them of appropriate and proportionate temporary measures and the taking by economic operators of appropriate and proportionate corrective action in relation to compliance with that legislation and this Regulation;

   c) when the economic operator fails to take corrective action, the taking of appropriate measures.
2. Market surveillance authorities shall perform controls as part of their activities set out in paragraph 1, on a risk-based approach, taking into account, as a minimum, the following factors:

(a) the identified risks associated with:

(i) the product, such as the number of products on the market and any hazards associated with that product;

(ii) the activities and operations under the control of the economic operator;

(b) the economic operator's past record of non-compliance, including the risk profiling and the status of an authorised economic operator;

(c) any further information that might indicate non-compliance in relation to a particular product.

3. Market surveillance authorities shall ensure that a product is withdrawn or recalled from the market or that the making available of the product on the market is prohibited or restricted if, when it is being used either in accordance with its intended purpose or under conditions that can be reasonably foreseen and it is properly installed and maintained, either of the following conditions would be met:

(a) the product is liable to compromise the health or safety of end-users;

(b) the product does not conform to applicable requirements under Union harmonisation legislation.

Where the products are withdrawn, recalled, prohibited or restricted, the market surveillance authority shall ensure that the Commission through the Network established under Article 31, the other Member States and end-users are informed accordingly.

4. Market surveillance authorities shall perform their activities with a high level of transparency and shall make available to the general public any information that they deem relevant for the general public. They shall also ensure that the following information is entered in the system referred to in Article 34:

(a) the type, number and outcome of the checks performed by them;

(b) the type and the number of non-compliances detected by them;

(c) the nature of the temporary measures taken by them against economic operators and of the corrective action taken by economic operators;

(d) details of the cases of non-compliance where penalties were imposed by them.

5. Market surveillance authorities shall exercise their powers and carry out their duties independently, impartially and without bias.
6. Market surveillance authorities shall perform appropriate checks on the characteristics of products on an adequate scale, by means of documentary checks and, where appropriate, physical and laboratory controls on the basis of a representative sample taking into account the national market surveillance strategy referred to in Article 13.

[moved from Art. 15(1)]

7. In deciding what checks to perform and on what scale, market surveillance authorities shall follow a risk based approach taking into account, in particular, established principles of risk assessment the possible hazards and non-compliances associated with the product and when available, its occurrence on the market, activities and operations under the control of economic operator, and complaints and other information.

[moved from Art. 15(1)]

8. Where economic operators present test reports or certificates attesting conformity of their products with Union harmonisation legislation issued by an accredited conformity assessment body, market surveillance authorities shall take due account of such reports or certificates.

[moved from Art. 15(1)]

9. The evidence referred to in paragraph 1 that is used by a market surveillance authority in one Member State may be used as part of investigations to verify product compliance carried out by market surveillance authorities in another Member State without any further formal requirements.

[moved from Art. 25(2)]

10. Market surveillance authorities shall actively participate in administrative coordination groups according to Article 32(6) to ensure communication and coordination with their counterparts in other Member States.

11. Market surveillance authorities shall establish adequate procedures in connection with products subject to the Union harmonisation legislation as follows:

(a) procedures for following up of complaints or reports on issues relating to risks or non-compliances;

(b) procedures for verifying that corrective action to be taken by economic operators has been taken.

12. Products deemed to be non-compliant on the basis of a decision of a market surveillance authority in one Member State, shall be presumed to be non-compliant by market surveillance authorities in another Member State, unless the economic operator can provide evidence justification to the contrary is provided or a Member State has raised objections considered justified by the Commission in accordance with the applicable Union safeguard procedure.

[moved from Art. 25(3)]
**Article 13**

**National market surveillance strategies**

1. Each Member State shall draw up an overarching national market surveillance strategy, as a minimum, every 3-4 years, at first after 3 years after coming into force of this Regulation. The strategy shall promote a consistent, comprehensive and integrated approach to market surveillance and enforcement of Union harmonisation legislation within the territory of the Member State. When drawing up the strategy and shall include all sectors falling within the Union harmonisation legislation and stages of the product supply chain, including imports and digital supply chains, shall be considered.

2. The national market surveillance strategy shall include, as a minimum, the following elements, when this information does not compromise market surveillance activities:

   (a) an assessment the available information of the occurrence of non-compliant products, in particular taking into account the risk-based controls referred to in Articles 12(3) and 26(3), and, where applicable, market trends that may affect non-compliance rates in the categories of product;

   (b) the areas identified by the Member States as a priority for the enforcement of Union harmonisation legislation;

   (c) the enforcement actions activities planned in order to reduce the occurrence of non-compliance in those areas identified as a priority, including, where relevant, the minimum control levels envisaged for categories of product which have significant levels of non-compliance;

   (d) an assessment of the effective performance and coordination of market surveillance activities pursuant to this Regulation, and, where applicable, the identification of capacity building needs and measures;

   (e) an assessment of the cooperation with market surveillance authorities in other Member States and of joint actions, where applicable;

   (f) a monitoring programme for the purposes of measuring progress in the implementation of the strategy and verifying compliance with this Regulation.

3. Member States shall communicate their national market surveillance strategy through the system referred to under Article 34.
Chapter V

Market surveillance powers and measures

Article 14

Powers and duties of market surveillance authorities

1. Member States shall confer on their market surveillance authorities the powers of market surveillance, investigation and enforcement necessary for the application of this Regulation and for the application of the Union harmonisation legislation set out in the Annex to this Regulation.

1a. Market surveillance authorities shall exercise their powers and duties set out in this Article efficiently and effectively and in accordance with the principle of proportionality, to the extent that relates to the subject matter, and the purpose of the measures and the nature and the overall actual or potential harm of the instance of non-compliance. Powers shall be implemented and exercised in accordance with Union and national law, including the principles of the Charter of Fundamental Rights of the European Union, as well as principles in national law relating to freedom of expression and the freedom and pluralism of the media, applicable procedural safeguards and the Union rules on data protection, in particular Regulation (EU) 2016/679 of the European Parliament and of the Council.

2. When conferring powers under paragraph 1, including a power required by paragraph 3, Member States may provide for the power to be exercisable in one of the following ways as appropriate:

(a) directly by the market surveillance authorities under their own authority;

(b) where appropriate, by recourse to other public authorities, in accordance with the division of powers and the institutional and administrative organisation of the Member State in question;

(c) by application to courts competent to grant the necessary decision to approve the exercise of that power, including, where appropriate, by appeal, if the application to grant the necessary decision is not successful.

3. The powers conferred on market surveillance authorities under paragraph 1 shall include the following powers as a minimum:

(a) the power to require economic operators to provide information necessary to determine the frequency of checks under Article 15, including information about the number of products on the market and the activities of those operators;

(b) the power to perform system audits of economic operators’ organisations, including audits of any procedures that they have in place to ensure compliance with this Regulation and with applicable Union harmonisation legislation;
(c) the power to have access to any relevant document, data or information related to an instance of non-compliance, in any form or format and irrespective of its storage medium or the place where it is stored;

(d) the power to require any public authority, body or agency within the market surveillance authority's Member State, or any natural or legal person, to provide any information, data or document, in any form or format and irrespective of its storage medium or the place where it is stored, for the purposes of enabling the market surveillance authority to investigate whether any non-compliance has occurred or is occurring and to establish the details of that non-compliance, including in particular information, data or documents required for the purposes of identifying and tracing financial and data flows, ascertaining the identity and contact details of persons involved in financial and data flows and ascertaining bank account information and the ownership of websites;

(e) the power to do any of the following, or to request another public authority to do any of the following, for the purposes of an investigation by the market surveillance authority or at the request of an applicant authority:

- to carry out on-site inspections, including power to enter any premises, land or means of transport that the economic operator in question uses for purposes related to his trade, business, craft or profession, in order to examine, seize, take or obtain copies of information, data or documents, irrespective of their storage medium;

- to seal any premises or seize any information, data or documents of an economic operator during the inspection for a necessary period and to the extent necessary for the purposes of the investigation;

- to request any representative or member of staff of the economic operator to give explanations of facts, information or documents relating to the subject matter of the inspection and to record their answers;

(f) the power to take samples of products free of charge in order to detect non-compliance and obtain evidence;

(g) the power to purchase products as test purchases, including under a cover identity, in order to detect non-compliance and obtain evidence;

(h) the power to take temporary measures, where there are no other effective means available to prevent a serious risk, including in particular temporary measures requiring hosting service providers to remove, disable or restrict access to content or to suspend or restrict access to a website, service or account or requiring domain registries or registrars to put a fully qualified domain name on hold for a specific period of time;

(i) the power to start investigations or proceedings on their own initiative in order to identify non-compliances and bring an instance of non-compliance within the territory of the Member State concerned to an end and, where appropriate, to publish information about the investigation through the system referred to in Article 34 them to an end;
(j) the power to seek to obtain a commitment from an economic operator to bring an instance of non-compliance to an end;

(k) the power to prohibit the making available of products on the market or to withdraw, recall or destroy products, where economic operators fail to provide the information requested by the market surveillance authority to verify the compliance of those products and while the failure persists;

(l) the power to impose penalties on an economic operator, including fines or periodic penalty payments, for non-compliance or for failure to comply with any decision, order, temporary measure or other measure taken by the market surveillance authority;

(m) the power to order the restitution of profits obtained as a result of an instance of non-compliance;

(n) the power to publish any final decisions, final measures, commitments given by the economic operator or decisions taken or made pursuant to this Regulation, including the publication of the identity of the economic operator who was responsible for the non-compliance.

(o) powers to carry out, without prior announcement, on-site inspections and physical checks;

[moved from (e)]

(p) powers to take acquire product samples, including under a cover identity;

[moved from (f)]

(r) powers to enter any premises, land or means of transport that the economic operator in question uses for purposes related to his trade, business, craft or profession, in order to detect non-compliance and obtain evidence;

[moved from (e)]

(s) the powers to require any public authority, body or agency within the market surveillance authority's Member State, or any natural or legal person, economic operators to provide any information, data or document, on compliance and physical aspects as well as on the supply chain, the details of distribution network and on quantities in any form or format and irrespective of its storage medium or the place where it is stored, for the purposes of enabling the market surveillance authority to investigate whether any non-compliance has occurred or is occurring and to establish the details of that non-compliance, including in particular information, data or documents required for the purposes of identifying and tracing financial and data flows, ascertaining the identity and contact details of persons involved in financial and data flows and ascertaining bank account information and the ownership of websites and to take or obtain copies of this information;

[moved from (d)]
(t) powers to take appropriate measures for mitigating risks or when compliance cannot be established, including powers to prohibit or restrict the making available on the market or to order withdrawal or recall;

(u) powers, where there are no other effective means available to prevent a serious risk:
   (i) to require operators of online interfaces to remove content from the online interface referring to the related products and/or to order the explicit display of a related warning to end-users when they access the online interface;
   (ii) where a request according to (i) is not observed, to require information society service providers to restrict access to the online interface, including by requesting a third party to implement such measures;

(v) the powers to impose penalties on an economic operator, including fines or periodic penalty payments, for non-compliance or for failure to comply with any decision, order, temporary measure or other measure taken by the market surveillance authority according to Article 61.

[moved from (l)]

4. Market surveillance authorities shall publish any commitments given to them by economic operators, details of any corrective action taken by economic operators in their territory, and details of any temporary measures taken by the relevant market surveillance authority pursuant to this Regulation.

5. Market surveillance authorities shall exercise their powers in accordance with the principle of proportionality.

6. Market surveillance authorities may use any information, document or a certified true copy of a document, finding, statement, or any intelligence as evidence for the purpose of their investigations, irrespective of the format in which and medium on which they are stored.

[moved from Art. 25(1)]

**Article 14a**

**Financing and recovery of costs by market surveillance authorities**

1. Member States shall ensure that market surveillance authorities within their territory are provided with the necessary financial resources for the proper performance of their tasks. **May authorise their**

2. Market surveillance authorities may charge to reclaim administrative fees in relation to instances of non-compliance by that economic operator in order to enable the authorities to recover the totality of the costs of their activities with respect to these instances of non-compliance.
2a. Those costs may include the costs of carrying out testing for the purposes of risk assessment, the costs of taking measures in accordance with Article 30(1) and (2) and the costs for storage of their activities relating to products that are found to be non-compliant and subject to corrective action prior to their release for free circulation or their placing on the market.

[moved from Art. 21]

Article 15

Market surveillance measures

1. Market surveillance authorities shall perform appropriate checks on the characteristics of products on an adequate scale, by means of documentary checks and, where appropriate, physical and laboratory controls on the basis of a representative sample.

   In deciding what checks to perform and on what scale, market surveillance authorities shall take into account, in particular, established principles of risk assessment and complaints.

   Where economic operators present test reports or certificates attesting conformity of their products with Union harmonisation legislation issued by an accredited conformity assessment body, market surveillance authorities shall take due account of such reports or certificates.

1a. Where market surveillance authorities find that a product is non-compliant and/or presents a risk, they shall without delay require the relevant economic operator or where applicable, information society service provider to take appropriate and proportionate action to bring, as applicable, the non-compliance and/or the risk to an end within a period they specify.

1b. For the purpose of paragraph 1a action may include inter alia:

   (a) bringing the product into compliance and/or ensuring that the product no longer presents a risk;

   (b) preventing the product from being made available on the market;

   (c) withdrawing or recalling immediately the product and alerting the public to the risk presented;

   (d) destroying the product or otherwise rendering it inoperable;

   (e) affixing to the product suitable, clearly worded, easily comprehensible warnings of the risks it may present, in the language or languages determined by the Member State in which the product is made available on the market;

   (f) setting prior conditions for making the product concerned available on the market;
(g) alerting the persons at risk immediately and in an appropriate form, including by publication of special warnings in the language or languages determined by the Member State in which the product is made available on the market.

1c. Actions referred to in points (e), (f) and (g) may only be required in cases where a product is liable to present a risk only in certain conditions or only to certain persons and where such risk is not addressed by requirements of Union harmonisation legislation.

1d. Where products are withdrawn, recalled, prohibited or restricted, and where the non-compliance is not restricted to its national territory, market surveillance authorities shall ensure that the Commission and the other Member States are informed accordingly through the system referred to in Article 34. This information also fulfils notification requirements for the applicable safeguard procedures of Union harmonisation legislation.

1e. If a national measure is considered justified according to Article 12(12) or the applicable safeguard procedure, the competent market surveillance authorities in the other Member States shall take the measures necessary in respect to the non-compliant product and where applicable the economic operator or information society service provider, and shall enter the related information in the system referred to in Article 34.

2. Market surveillance authorities shall take appropriate measures, without delay, to alert end-users within their territories to hazards that they have identified relating to any product so as to reduce the risk of injury or other damage.

The authorities shall cooperate with economic operators regarding actions which could prevent or reduce risks that are caused by products made available by those operators.

3. Where the market surveillance authorities of one Member State decide to withdraw a product manufactured in another Member State, they shall inform the economic operator concerned without delay.

Article 16
Use of information, professional and commercial secrecy

Market surveillance authorities shall observe the principle of confidentiality where necessary in order to protect professional and commercial secrets or to preserve personal data pursuant to Union and national legislation, subject to the requirement that information be made public to the fullest extent possible necessary in order to protect the interests of end-users in the Union.

Article 17
Restrictive measures Judicial protection and due process

1. Any measure, decision or order taken or made by market surveillance authorities pursuant to Union harmonisation legislation or this Regulation to prohibit or restrict the making available of products on the market or to withdraw, recall or destroy products on the market shall be proportionate and shall state the exact grounds on which it is based.
2. Any such measures, decisions or order shall be communicated without delay to the relevant economic operator, who shall at the same time be informed of the remedies available to him under the law of the Member State concerned and of the time limits to which those remedies are subject.

3. Before a measure, decision or order referred to in paragraph 1 is taken or made, the economic operator concerned shall be given the opportunity to be heard within an appropriate period of not less than 10 working days, unless it is not possible to give him that opportunity because of the urgency of the measure, decision or order, based on health or safety requirements or other grounds relating to the public interests covered by the relevant Union harmonisation legislation.

3a. If the measure, decision or order is taken or made without the economic operator being given the opportunity to be heard, he shall be given that opportunity as soon as possible thereafter and the measure, decision or order shall be reviewed promptly by the authority.

4. The market surveillance authority shall promptly withdraw or amend any measure, decision or order where the economic operator can demonstrate that he has taken effective corrective action.

Article 18

Products presenting a serious risk

1. Market surveillance authorities shall take measures to recall or withdraw products which present a serious risk or to prohibit the making available of them on the market. They shall inform the Commission of such measures without delay, in accordance with Article 19.

1a. Where a product presents a serious risk, market surveillance authorities shall require the relevant economic operator to take appropriate actions to remove the risk.

1b. When the relevant economic operator fails to do so, market surveillance authorities shall ensure that such products are recalled, withdrawn, or that their being made available on the market is prohibited. Market surveillance authorities shall inform the Commission of such measures without delay, in accordance with Article 19.

2. The decision whether or not a product presents a serious risk shall be based on an appropriate risk assessment which takes account of the nature of the hazard and the likelihood of its occurrence. The feasibility of obtaining higher levels of safety or the availability of other products presenting a lesser degree of risk shall not constitute grounds for considering that a product presents a serious risk.
Article 19

Exchange of information—Union Rapid Alert System (RAPEX)

1. Where a market surveillance authority takes or intends to take a measure in accordance with Article 18 and considers that the reasons which prompted the measure or the effects of the measure go beyond the territory of its Member State, it shall immediately notify the Commission of that measure, in accordance with paragraph 4 of this Article. It shall also inform the Commission without delay of the modification or withdrawal of any such measure.

2. If a product presenting a serious risk has been made available on the market, market surveillance authorities shall notify the Commission of any voluntary measures taken and communicated by an economic operator.

3. The information provided in accordance with paragraphs 1 and 2 shall include all available details, in particular the data necessary for the identification of the product, the origin and the supply chain of the product, the related risk, the nature and the duration of the national measure taken and any voluntary measures taken by economic operators.

4. For the purposes of paragraphs 1, 2 and 3, the market surveillance and information exchange system provided for in Article 12 of Directive 2001/95/EC shall be used. Paragraphs 2, 3 and 4 of Article 12 of that Directive shall apply mutatis mutandis.

5. The Commission shall provide and maintain a data interface between the RAPEX system to the system referred to in Article 34 so that the need for double data entry is reliably avoided.

Article 20

Union testing facilities support

1. The Commission may designate Union testing facilities for specific products or a specific category or group of products or for specific risks related to a category or group of products which are made available on the market.

2. The Union testing facilities referred to in paragraph 1 shall satisfy the following criteria:

   (a) they must have suitably qualified staff with adequate training in the analytical techniques used in their area of competence and an adequate knowledge of standards and practices;

   (b) they must be equipped to carry out the tasks assigned to them under paragraph 4;

   (c) they must act in the public interest in an impartial and independent manner;

   (d) they must ensure, where appropriate, the confidential nature of topics, results or communications;
they must be accredited in accordance with Chapter II of Regulation (EC) No 765/2008.

3. A notified body or any other conformity assessment body designated pursuant to Union harmonisation legislation may not be designated as a Union testing facility.

4. Union testing facilities shall, within the area of their competence, perform the following tasks as a minimum:

   (a) carry out product testing in relation to market surveillance activities and investigations;

   (b) contribute to the resolution of disputes between the market surveillance authorities of Member States, economic operators and conformity assessment bodies;

   (c) provide independent technical or scientific advice to the Commission including, the Network established under Article 31, and to the Member States;

   (d) develop new techniques and methods of analysis;

   (e) disseminate information to testing facilities in the Member States and provide training for such testing facilities.

4a. Objective of the testing facility support is ensuring sufficient laboratory capacity, as well as reliability and consistency of testing, for the purposes of market surveillance within the Union.

4b. When the Commission determines on its own initiative or on request of the Network, that testing capacity for specific harmonisation legislation or product categories is missing or not sufficient, it shall set up a programme for the establishment of new testing facilities or to encourage existing facilities to increase their scope or capacity. All testing facilities under this programme shall be accredited in accordance with the requirements of Chapter II of Regulation (EC) No 765/2008.

4c. The establishment of new testing facilities or the increase of the scope or capacity of existing facilities and request of tests by market surveillance authorities may be financed by the Union in conformance with the Article 36(2).

5. The Commission shall adopt implementing acts specifying the procedures for designating Union testing facilities on testing facility support programmes. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63(3).

Article 21

Financing and recovery of costs by market surveillance authorities

1. Member States shall ensure that market surveillance authorities within their territory are provided with the necessary financial resources for the proper performance of their tasks.
2. Market surveillance authorities may charge economic operators administrative fees in relation to instances of non-compliance by that economic operator in order to enable the authorities to recover the costs of their activities with respect to these instances of non-compliance. Those costs may include the costs of carrying out testing for the purposes of a risk assessment, the costs of taking measures in accordance with Article 30(1) and (2) and the costs of their activities relating to products that are found to be non-compliant and subject to corrective action prior to their release for free circulation.
Chapter VI

Cooperation and procedure for Cross-border mutual assistance

Article 22

Requests for information

1. At the request of an applicant authority, the requested authority shall supply any information that the requested authority deems relevant to establish whether a product is non-compliant and to ensure that the non-compliance can be brought to an end.

2. The requested authority shall undertake appropriate investigations or take any other measures that are appropriate in order to gather the required information. Where necessary, those investigations shall be carried out with the assistance of other market surveillance authorities.

3. At the request of the applicant authority, the requested authority may allow officials of the applicant authority to accompany their counterparts in the requested authority during the course of their investigations.

4. The requested authority shall reply to the request under paragraph 1 using the procedure and within the time limits specified by the Commission under paragraph 5.

5. The Commission shall adopt implementing acts specifying the time limits, standard forms and further details of the procedure to be used for making and responding to requests for information under paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63.

Article 22a

Mutual Assistance

1. There shall be efficient cooperation and exchange of information among the market surveillance authorities of the Member States, and between market surveillance authorities and the Commission and the relevant Union agencies.

2. When an authority has undertaken all appropriate efforts to obtain information itself, and nevertheless cannot conclude its investigations, it may put forward a motivated request to the authority of another Member State where access to this information can be enforced.

3. The applicant authority remains responsible for the investigation it has initiated, unless the requested authority expressively agrees to take over responsibility.
4. In well justified cases, a requested authority may refuse to comply with a request for information under paragraph 1, when own duties would be substantially impaired, or when the applicant authority does not agree that the information is subject to the rules on confidentiality and on professional and commercial secrecy as laid down in Article 16.

**Article 23**

**Requests for enforcement measures**

1. At the request of an applicant authority, the requested authority shall without delay take all necessary enforcement measures using the powers conferred on it under this Regulation in order to bring an instance of non-compliance to an end.

2. The requested authority shall determine the appropriate enforcement measures required to bring an instance of non-compliance to an end. Where necessary, enforcement measures shall be determined and implemented with the assistance of other public authorities.

3. The requested authority shall regularly and without undue delay inform and consult the applicant authority about the measures referred to in paragraph 2 that have been taken or which are intended to be taken.

   The requested authority shall without delay notify the applicant authority, the market surveillance authorities of other Member States, and the Commission of the measures taken by it and of their effect on the non-compliance in question. The notification shall be made using the system referred to in Article 34 and shall include the following information as a minimum:

   (a) whether temporary measures have been imposed;
   
   (b) whether the non-compliance has ceased;
   
   (c) whether penalties have been imposed and, if so, what;
   
   (d) whether other measures taken by the requested authority or the economic operator have been implemented.

4. The requested authority shall reply to the request under paragraph 1 using the procedure and within the time limits specified by the Commission under paragraph 5.

5. The Commission shall adopt implementing acts specifying the time limits, standard forms and further details of the procedures to be used for making and responding to requests for enforcement measures under paragraph 1. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63.
Article 24

Procedure for mutual assistance requests

1. The applicant authority shall provide sufficient information, in the case of requests for mutual assistance under Article 22 or 23, to enable the requested authority to fulfill the request, including any necessary evidence obtainable only in the Member State of the applicant authority.

2. Requests for mutual assistance under Article 22 or 23 shall be sent by the applicant authority to the single liaison office of the Member State of the requested authority and also to the single liaison office of the Member State of the applicant authority for information purposes. The single liaison office of the Member State of the requested authority shall pass the requests on to the appropriate competent authority, without undue delay.

2a. The applicant authority shall carry out itself all investigations reasonable possible before launching a request for assistance.

2b. The requested authority shall without delay, and in any event within 4 weeks unless otherwise agreed, give assistance on an adequate scale by supplying information or documentation, by carrying out appropriate investigations or any other appropriate measures, and by participating in investigations initiated by the applicant authority.

3. Requests for mutual assistance under Article 22 or 23 and all communication linked to them shall be made using electronic standard forms by means of the system referred to in Article 34.

3a. Communication shall take place either directly between the involved authorities or through the single liaison office.

4. The languages to be used for requests for mutual assistance under Article 22 or 23 and for all communication linked to them shall be agreed upon by the competent authorities concerned.

5. Where no agreement about the languages to be can be reached between the competent authorities concerned, the requests for mutual assistance under Article 22 or 23 shall be sent in the official language of the Member State of the applicant authority and the replies to such requests in the official language of the Member State of the requested authority. In that instance, the applicant authority and the requested authority shall arrange for the translation of the requests, replies or other documents that it receives from the other.

6. The requested authority shall reply directly to the applicant authority and also to the single liaison offices of the Member States of both the applicant authority and the requested authority.

7. The system referred to in Article 34 shall provide structured information on mutual assistance cases to the single liaison offices involved. Utilising this information, single liaison offices shall give any support necessary to facilitate assistance.
**Article 25**

*Use of evidence and investigation findings*

1. Market surveillance authorities may use any information, document or a certified true copy of a document, finding, statement, or any intelligence as evidence for the purpose of their investigations, irrespective of the format in which and medium on which they are stored.

2. The evidence referred to in paragraph 1 that is used by a market surveillance authority in one Member State may be used as part of investigations to verify product compliance carried out by market surveillance authorities in another Member State without any further formal requirements.

3. Products deemed to be non-compliant on the basis of a decision of a market surveillance authority in one Member State, shall be presumed to be non-compliant by market surveillance authorities in another Member State, unless economic operators can provide evidence to the contrary.

4. The decisions of a market surveillance authority referred to in paragraph 3 shall be published in the information and communication system referred to in Article 34.
Chapter VII

Products entering the Union market

Article 26

Controls on products entering the Union market

1. Member States shall designate customs authorities, one or more market surveillance authorities or any other authority in their territory as the authorities in charge of the control on products entering the Union market.

Each Member State shall inform the Commission and the other Member States of the authorities designated under the first subparagraph and of their areas of competence through the system referred to in Article 34.

2. The authorities designated under paragraph 1 shall have the necessary powers and resources for the proper performance of their tasks as referred to in that paragraph.

3. Products subject to Union harmonisation legislation that are to be placed under the customs procedure ‘release for free circulation’ shall be subject to controls performed by the authorities designated under paragraph 1. They shall perform those controls on the basis of risk analysis in accordance with Articles 46 and 47 of Regulation (EU) No 952/2013 and where relevant on the basis of risk-based approach as referred to in Article 12(7).

4. Products entering the Union market that require further processing in order to be in compliance with the Union harmonisation legislation applicable to them shall be placed under the appropriate customs procedure allowing such processing.

5. Risk-related information may, if appropriate in accordance with national legislation, be exchanged between:

   (a) the authorities designated under paragraph 1 in accordance with Article 47(2) of Regulation (EU) No 952/2013;

   (b) customs authorities in accordance with Article 46(5) of Regulation (EU) No 952/2013.

   Where, in relation to products subject to Union harmonisation legislation that are either in temporary storage or placed under a customs procedure other than release for free circulation, customs authorities at the first point of entry have reason to believe that those products present a risk, they shall transmit all relevant information to the competent customs office of destination.

6. Market surveillance authorities shall provide authorities designated under paragraph 1 with information on categories of product or the identity of economic operators where a higher risk of non-compliance has been identified.
7. By 31 March each year, Member States shall submit to the Commission statistical data by means of the system referred to in Article 34 covering controls performed by the authorities designated under paragraph 1 with respect to products subject to Union harmonisation legislation during the previous calendar year with respect to products subject to Union legislation performed by the authorities designated under paragraph 1, including data covering: The statistical data shall cover

(f) the number of interventions in the field of controls on such products, including with regard to product safety and compliance;

(g) — the number of cases communicated to the market surveillance authorities;

(h) — the results of controls on such products;

(i) — the characteristics of any product found to be non-compliant.

The Commission shall draw up a report each year by 30 June, containing the information submitted by the Member States for the previous calendar year. The report shall be published in the system referred to in Article 34.

8. Where the Commission becomes aware of a serious risk posed in a Member State by products subject to Union harmonisation legislation that are imported from a third country, it shall recommend to inform the Member States concerned that it takes appropriate market surveillance measures.

9. The Commission shall specify further by means of implementing acts the details of the data to be submitted by Member States under paragraph 7. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63(2).

*Article 27*

**Suspension of release for free circulation**

1. Authorities designated under Article 26(1) shall suspend the release of a product for free circulation, if, in the course of controls referred to in pursuant to Article 26(3), it is established that:

(a) the product is not accompanied by the documentation required by the Union harmonisation legislation applicable to it or the documentation accompanying the product is false;

(b) the product is not marked or labelled in accordance with that Union harmonisation legislation;

(c) the product bears a CE marking or other marking required by that Union harmonisation legislation which has been affixed in a false or misleading manner;

(d) the identity and contact details of a person an economic operator responsible for compliance information with respect to the product is not indicated or identifiable in accordance with Article 4(5a);
(e) for any other reason, there is cause to believe that the product will does not comply with the requirements set out in the Union harmonisation legislation applicable to it when it is placed on the market or that it will pose a serious risk to health, safety, the environment or any other public interest referred to in Article 1.

2. Authorities designated under Article 26(1) shall immediately notify the market surveillance authorities of any suspension of release referred to in paragraph 1.

3. Where the market surveillance authorities have reason to believe that a product will does not comply with the Union harmonisation legislation applicable to it or will pose a serious risk, they shall require request the authorities designated under Article 26(1) to suspend the process for its release for free circulation.

4. During any suspension of the process for release of a product for free circulation, Articles 197, 198 and 199 of Regulation (EU) No 952/2013 shall apply accordingly.

4a. Notifications according to paragraph 2 and requests according to paragraph 3 may take place by means of the system referred to in Article 34 including utilisation of electronic interfaces between this system and systems used by customs, when they are available.

Article 28

Release of products

Where the release of a product for free circulation of a product has been suspended in accordance with Article 27, that product shall be released for free circulation where all the other requirements and formalities relating to such a release have been fulfilled and if any of the following conditions is satisfied:

- (0a) the non-compliance established according to Article 27(1) has been rectified through corrective actions allowed for under the applicable customs procedure;
- (b) within five four working days of the suspension, the authorities designated under Article 26(1) have not been requested by the market surveillance authorities to maintain the suspension;
- (c) the authorities designated under Article 26(1) have been informed by the market surveillance authorities that there is cause to believe that the product, when it is placed on the market, will comply with the Union harmonisation legislation applicable to it of its approval for release for free circulation.

A product released for free circulation in accordance with point (a) shall not be deemed to be in compliance with Union harmonisation legislation merely by reason of having been released for free circulation. The release for free circulation shall not be deemed as proof of conformity with Union legislation.
**Article 29**

**Cooperation with authorised economic operators**

1. Market surveillance authorities shall treat as a matter of priority products declared free for circulation by an authorised economic operator as set out in Article 38(2) of Regulation (EU) No 952/2013, the release of which is suspended in accordance with Article 28(1) of this Regulation.

2. Market surveillance authorities may notify the customs authorities to release such products for free circulation at the request of the authorised economic operator, provided that all the other requirements and formalities pertaining to their release have been fulfilled.

   Without prejudice to Article 47 of Regulation (EU) No 952/2013, on the basis of a request by an authorised economic operator market surveillance authorities may carry out controls on such products at a place other than the place where products have been presented to customs.

3. Market surveillance authorities and the customs authorities shall exchange information on the status of the authorised economic operators and their record of compliance related to product safety.

4. Where any non-compliance is identified in the course of controls described in the second subparagraph of paragraph 2, the market surveillance authorities shall suspend the favourable treatment provided for in paragraph 1 and the first subparagraph of paragraph 2 and shall enter details of the non-compliance in the system referred to in Article 34.

5. The Commission shall specify by means of implementing acts the data to be exchanged and the procedure to be followed for the exchange of information between customs authorities and market surveillance authorities on the status of authorised economic operators and their compliance related to product safety. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63.

**Article 30**

**Refusal to release**

1. Where the market surveillance authorities conclude that a product presents a serious risk, they shall take measures to prohibit the placing of the product on the market and shall require the authorities designated under Article 26(1) not to release it for free circulation. They shall also require these authorities to include the following notice on the commercial invoice accompanying the product and on any other relevant accompanying document, including in the customs data-processing system, as appropriate:

   ‘Dangerous product – release for free circulation not authorised – Regulation [Reference to this Regulation to be added]’;

   Market surveillance authorities shall immediately enter that information into the system referred to in Article 34.
2. Where market surveillance authorities conclude that a product may not be placed on the market as it does not comply with the Union harmonisation legislation applicable to it, they shall take measures to prohibit the placing of the product on the market and shall require the authorities designated under Article 26(1) not to release it for free circulation. They shall also require these authorities to include the following notice on the commercial invoice accompanying the product and on any other relevant accompanying document, including in the customs data-processing system, as appropriate:

‘Product not in conformity – release for free circulation not authorised – Regulation [Reference to this Regulation to be added].’

Market surveillance authorities shall immediately enter that information into the system referred to in Article 34.

3. Where the product referred to in paragraph 1 or 2 is subsequently declared for a customs procedure other than release for free circulation and provided that the market surveillance authorities do not object, the notices required by paragraph 1 or 2 shall also be included, under the same conditions as required by that paragraph, on the documents used in connection with that procedure.

4. **Member States'** Authorities designated under Article 26(1) may destroy or otherwise render inoperable a product which presents a risk to the health and safety of end-users where it is deemed, by the authority in question, necessary and proportionate to do so. The cost of such action measure shall be borne by the natural or legal person declaring the product for free circulation.

Articles 197, 198 and 199 of Regulation (EU) No 952/2013 shall apply accordingly.
Chapter VIII

Coordinated enforcement and international cooperation

Article 31

Union Product Compliance Network

1. An Union Product Compliance Network (‘the Network’) is hereby established.

2. The purpose of the Network is to serve as a platform for structured coordination and cooperation between enforcement authorities of the Member States and the Commission, and to streamline the practices of market surveillance within the Union making market surveillance activities more effective.

Article 32

Composition and operation of the Union Product Compliance Network

1. The Network shall be composed of a Union Product Compliance Board (‘EUPC Board’) representatives from each Member State, including a representative of the single liaison offices according to Article 11, and an optional national expert, the chairs of administrative coordination groups of market surveillance authorities (ADCOs), and a secretariat representatives from the Commission.

2. The EUPC Board shall consist of one representative from each of the single liaison offices referred to in Article 11, and two representatives from the Commission, and their respective alternates.

3. The Commission shall establish separate or joint administrative coordination groups for all the instruments of Union harmonisation legislation listed in the Annex to this Regulation. Each administrative coordination group shall be composed of representatives of the competent national market surveillance authorities and, if appropriate, representatives of the single liaison offices, and representatives of the relevant business associations and of consumer associations.

4. The secretariat shall be composed of Commission staff.

5. The Commission may attend the meetings of the administrative coordination groups.

6. Administrative cooperation groups of market surveillance authorities (ADCOs), set up by the Member States for the implementation of Union harmonisation legislation are composed of representatives of the national market surveillance authorities.

7. The Network shall meet at regular intervals and, where necessary, at the duly motivated request of the Commission or a Member State.
8. The Network shall use its best endeavours to reach consensus. Decisions taken by the Network shall be legally non-binding recommendations.

9. The Network may invite experts and other third parties to attend meetings or provide written contributions.

10. The Network may establish standing or temporary sub-groups.

11. The Network shall establish its rules of procedure.

Article 32a

Role and tasks of the Network

1. In carrying out the tasks set out in paragraph 2, the Network shall address general horizontal issues of market surveillance with a view to facilitating the cooperation among Single Liaison Offices as well as the Commission.

2. The Network shall have the following tasks:

(a) to prepare, adopt and monitor the implementation of its work programme;

(b) to facilitate evaluations of products including risk assessment, test methods and results, recent scientific developments and other aspects relevant to control activities;

(c) to provide coordination of ADCOs and their activities;

(d) to provide input to the Commission, in particular by identifying the needs of specific testing facility support according to Article 20;

(e) to organise cross-sector joint market surveillance and testing projects and define their priorities;

(f) to exchange expertise and best practices, in particular regarding the implementation of market surveillance strategies;

(g) to facilitate the organisation of training programmes and exchanges of national officials;

(h) in collaboration with the Commission, to organise information campaigns and voluntary mutual visit programmes between market surveillance authorities;

(i) to discuss questions arising from cross-border mutual assistance mechanism;

(j) to contribute to the development of guidance to ensure the effective and uniform implementation of this Regulation;

(k) to propose the financing of activities foreseen in Article 36;

(l) to contribute to uniform administrative practices with regard to market surveillance in the Member States;
(m) to provide advice and assist the Commission with issues related to the further development of RAPEX and the information system referred to in Article 34;

(n) to define processing of collected data as referred to in Article 34;

(o) to prepare system approvals for the execution by a third country related to pre-export product controls as referred to in Article 35 to ensure that these products comply with applicable Union harmonisation legislation;

(p) to promote the cooperation and exchange of expertise and best practices between market surveillance authorities and authorities in charge of controls at the external borders;

(q) to take up any other issues in activities under the purview of the Network aimed at contributing to the effective functioning of market surveillance within the Union.

Article 32b

Role and tasks of administrative coordination groups

1. In carrying out the tasks set out in paragraph 3, ADCOs shall address specific matters of market surveillance and sector specific issues.

2. ADCO meetings are closed meetings. Relevant stakeholders such as organisations representing the interests at Union level of industry, small and medium-sized enterprises, consumers, testing laboratories, standardisation and conformity assessment bodies may be invited to attend the ADCO meetings in accordance with the subject matter of discussion.

3. The administrative coordination groups ADCOs shall have the following tasks:

(a) to coordinate facilitate the enforcement uniform application of Union harmonisation legislation within their area of competence;

(b) to ensure that the enforcement action taken by national market surveillance authorities is followed up across the Union;

(c) to increase the efficiency of market surveillance throughout the single market bearing in mind the existence of different systems of market surveillance in the Member States;

(d) to establish appropriate communication channels between national market surveillance authorities and the Network;

(da) to promote informal contacts and develop mutual confidence between national market surveillance authorities;

(e) to establish and coordinate common actions projects, such as cross-border (joint) market surveillance activities;

(f) to develop common practices and methodologies for effective market surveillance;
to inform each other of national market surveillance methods and activities and to develop and promote best practices;

(h) to identify issues of shared interest relating to market surveillance and suggest common approaches to be adopted;

[moved from Art. 33(3)]

(i) to facilitate evaluations of products including risk assessment, test methods and results, recent scientific developments and other aspects relevant to control activities.

Article 33

Coordinated enforcement tasks Role and tasks of the Commission

0. The Commission shall support and encourage cooperation between market surveillance authorities via the Network and participate in the meetings of the Network, its sub-groups and the ADCOs.

1. The Commission shall have the following tasks:

(a) to adopt and monitor the implementation of the work programme of the Network on the basis of a proposal from the Secretariat;

(aa) to assist the Network, its sub-groups, and the ADCOs by means of an executive secretariat that provides technical and logistic support;

(ab) to keep and make available to the single liaison offices and ADCO-chairs an updated list of ADCO chairs including their contact information;

(ac) to assist the Network in preparing and monitoring its work programme;

(b) to support the functioning of Product Contact Points having duties assigned by Member States referred to in according to Article 6(2);

(c) to coordinate the activities of the single liaison offices referred to in Article 11;

(d) to support the establishment and functioning of Union testing facilities referred to in Article 20;

(de) to determine the need for additional testing capacity in accordance with Article 20 and to propose tailored solutions for this purpose;

(e) to apply the instruments of international cooperation referred to in Article 35(1) and (3);

(f) to organise cooperation and the effective exchange of information and best practices between market surveillance authorities;

(fa) to provide support for the establishment of separate or joint ADCOs for the instruments of Union harmonisation legislation;
(g) to develop and maintain the system referred to in Article 34, including the interface with the EU Single Window referred to in paragraph 3a of that Article, as well as the interface with national market surveillance databases, and provide information to the general public by means of that system;

(ga) to provide for the processing of collected data referred to in Article 34 in collaboration with the Network;

(h) to organise the meetings of the EUPC Board and administrative coordination groups referred to in Article 32;

(i) to assist the Network to perform preliminary or ancillary work in connection with the implementation of market surveillance activities linked to the application of Union harmonisation legislation such as studies, programmes, evaluations, guidelines, comparative analyses, mutual joint visits and visit programmes, exchange of personnel, research work, the development and maintenance of databases, training activities, laboratory work, proficiency testing, inter-laboratory tests and conformity assessment work and;

(ia) to prepare and assist in the implementation of Union market surveillance campaigns and similar activities;

(j) to organise peer reviews, common training programmes and facilitate exchanges of personnel between market surveillance authorities and, where appropriate, with the market surveillance authorities of third countries or with international organisations;

(k) to carry out activities under programmes of technical assistance, cooperation with third countries and the promotion and enhancement of Union market surveillance policies and systems among interested parties at Union and international levels;

(l) to facilitate technical or scientific expertise for the purpose of implementing market surveillance administrative cooperation;

(m) to examine, on its own initiative or at the request of the EUPC Board Network or on its own initiative, any question covering the application of this Regulation and issue guidelines, recommendations and best practices in order to encourage consistent application of this Regulation.

2. The EUPC Board shall have the following tasks:

(a) to define the priorities for common market surveillance actions;

(b) to ensure the coordination and monitoring of the administrative coordination groups and their activities;

(c) to assist in the drawing up and implementation of the memoranda of understanding referred to in Article 8;

(d) to adopt rules of procedure for itself and for the functioning of the administrative coordination groups.
3. The administrative coordination groups shall have the following tasks:

(a) to coordinate the enforcement of Union harmonisation legislation within their area of competence;
(b) to ensure that the enforcement action taken by national market surveillance authorities is followed up across the Union;
(c) to increase the efficiency of market surveillance throughout the single market bearing in mind the existence of different systems of market surveillance in the Member States;
(d) to establish appropriate communication channels between national market surveillance authorities and the Network;
(e) to establish and coordinate common actions such as cross-border market surveillance activities;
(f) to develop common practices and methodologies for effective market surveillance;
(g) to inform each other of national market surveillance methods and activities and to develop and promote best practices;
(h) to identify issues of shared interest relating to market surveillance and suggest common approaches to be adopted.

Article 34

Information and communication system

1. The Commission shall further develop and maintain an information and communication system for the collection and storage of information, in a structured form, on issues relating to the enforcement of Union harmonisation legislation, with the aim of improving the sharing of data between Member States and providing a comprehensive overview of market surveillance activities, results and trends. The Commission, market surveillance authorities, single liaison offices, and authorities designated in accordance with Article 26(1) shall have access to that system.

1a. The Commission shall further develop and maintain an IT interface to national systems.

2. Single liaison offices shall enter the following information in the system:

(a) the identity of the market surveillance authorities in their Member State and areas of competence of those authorities pursuant to Article 11(1);
(b) the identity of the authorities designated by their Member States as authorities in charge of controls on products at the external borders of the Union;
(c) the national market surveillance strategy drawn up by their Member State under Article 13 and the results from the review and assessment of the market surveillance strategy drawn up by their Member State.
3. Market surveillance authorities shall enter the following information into system:

(a) details of the national market surveillance strategy drawn up by their Member State under Article 13;

(b) any partnership arrangements entered into by them under Article 7;

(c) the results from the monitoring, review and assessment of the market surveillance strategy drawn up by their Member State;

(d) all complaints received by them and reports made by them about issues relating to non-compliant products;

(e) in relation to products made available on the market in their territory, for which an in-depth check of compliance has been carried out without prejudice to Article 12 of Directive 2001/95/EC and Article 19 of this Regulation, and where applicable, in relation to products entering the Union market for which the process for the release for free circulation has been suspended in accordance with Article 27, in their territory, the following information concerning:

(i) any non-compliance;

(ii) the identification of hazards and the economic operator concerned;

(iii) any possible risks not restricted to their territory;

(iv) the results of testing carried out by them or the concerned economic operator;

(v) details of voluntary measures taken by economic operators;

(vi) details of restrictive measures taken by that market surveillance authority, where applicable, the penalties imposed;

(vii) the outcome of contacts with an economic operator and the follow up by that economic operator;

(viiia) measures according to Article 15(4) taken by that market surveillance authority;

(viib) reports of testing carried out by them;

(viic) corrective action taken by economic operators concerned;

(viid) readily available reports on injuries caused by the product in question;

(viie) any objection raised by a Member State in accordance with the applicable safeguard procedure in the Union harmonisation legislation applicable to the product and any subsequent follow-up;

(viii) when applicable, failures by a person responsible for compliance information authorised representatives to comply with Article 4(3) 4a(2) and (3);

(ix) when available, failures by manufacturers to comply with Article 4(4) 4a(1).
(f) in relation to products entering the Union market for which the process for the release for free circulation has been suspended in accordance with Article 27, in their territory, the following information:

(i) any non-compliance;

(ii) the identification of any hazards and the economic operator concerned;

(iii) the results of testing carried out by them or the concerned economic operator;

(iv) details of restrictive measures taken by that market surveillance authority and, where applicable, the penalties imposed;

(v) the outcome of contacts with an economic operator and the follow up by that economic operator;

(vi) any other control or test reports carried out by or at the request of the market surveillance authority;

(vii) any objection raised by a Member State in accordance with the applicable safeguard procedure in the Union harmonisation legislation applicable to the product and any subsequent follow up.

3a. Where market surveillance authorities consider it useful, they may enter any additional information related to the checks they perform and results of testing carried out by or at their request.

4. Where relevant for the enforcement of Union harmonisation legislation and for the purposes of minimising risk and combating fraud, customs authorities shall extract from national customs systems and transmit to the information and communication system data relating to products placed under the customs procedure 'release for free circulation' and the results of controls related to product safety. The Commission, in the context of the EU Single Window environment for customs, shall develop an electronic interface to enable the transmission of such data. This interface shall be in place [four years] from the date of adoption of the implementing acts.

5. Market surveillance authorities shall recognise the validity of and shall make use of test reports prepared by or for their counterparts in other Member States and which have been entered into the information and communication system.

5a. The Commission shall develop an electronic interface to enable the transmission of data between national customs systems and the information and communication system. This interface shall be in place [four years] from the date of adoption of the implementing acts.

6. The Commission shall adopt implementing acts specifying the details of implementation arrangements for paragraphs 1 to 4, in particular on the data processing that will be applied on data collected in accordance with paragraph 1 and defining the data to be transmitted in accordance with paragraph 4 and 5a. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63(2).
Article 35

International cooperation

1. **In order to improve the efficiency of market surveillance in the Union.** The Commission may exchange confidential market surveillance related information with regulatory authorities of third countries or international organisations where it has concluded confidentiality arrangements based on reciprocity with those authorities or organisations. A framework for cooperation and information exchange of selected information has been established in accordance with paragraph 1a.

2. The Commission may set up a framework for cooperation and exchange of selected information contained in the information exchange system provided for in Article 12 of Directive 2001/95/EC, with applicant countries, third countries or international organisations. The cooperation or exchange of information may relate, inter alia, to the following:

   (a) risk assessment methods used and the results of product-testing;
   (b) coordinated product recalls or other similar actions;
   (c) the measures taken by market surveillance authorities under Article 15.

2a. **The Commission shall adopt implementing acts in accordance with the examination procedure referred to in Article 63(3) in order to establish each framework for cooperation and information exchange.**

3. The Commission may approve a specific system of product-related pre-export control carried out by a third country on products immediately prior to their export into the Union in order to verify that those products satisfy the requirements of the Union harmonisation legislation applicable to them. The approval may be granted in respect of one or more products, in respect of one or more categories of product or in respect of products or categories of product manufactured by certain manufacturers.

3a. **The Commission shall produce and maintain a list of those products or categories of products with regard to which approval has been granted as referred to in paragraph 3 and shall make this list available to the public.**

3b. **Approval may only be granted to a third country under paragraph 3 if following conditions are satisfied:**

   (a) the third country possesses an efficient verification system of the compliance of products exported to the Union and the controls carried out in that third country are sufficiently effective and efficient to replace or reduce import controls;
   (b) audits within the Union demonstrate that products exported to the Union from that third country satisfy the requirements set out in Union harmonisation legislation.
4. Where such an approval has been granted, the number and frequency of risk assessment applied to import controls for those products or categories of product entering the Union market, referred to in paragraph 3, may be reduced will include the granted approvals.

Customs Authorities designated under Article 26(1) may however carry out controls of on those products or categories of product entering the Union market, including in order to ensure that the pre-export controls carried out by the third country are effective to determine compliance with Union harmonisation legislation.

5. Approval may only be granted to a third country under paragraph 3 following an audit within the Union demonstrating that the following conditions are satisfied:

(a) products exported to the Union from that third country satisfy the requirements set out in Union harmonisation legislation;

(b) the controls carried out in that third country are sufficiently effective and efficient to replace or reduce the documentary and physical controls laid down in such legislation.

6. The approval referred to in paragraph 3 shall specify the competent authority of the third country under whose responsibility the pre-export controls are to be performed and that competent authority shall be the counterpart for all contacts with the Union.

7. The competent authority, referred to in paragraph 6, shall ensure the official verification of the products prior to their entry into the Union.

8. Where controls on products entering the Union market referred to in paragraph 3 reveal significant non-compliance, the market surveillance authorities shall notify immediately the Commission through the system referred to in Article 34 and adapt the level of controls on such products.

8a. The Commission shall adopt implementing acts for the implementation of the to approve each specific system of product-related pre-export controls, referred to in paragraph 3, for specifying a model for the certificates of compliance or verification to be used. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63(3).

[moved from (10)]

9. The Commission shall by means of an implementing act withdraw an approval granted under paragraph 3 where it is revealed that the products entering the Union market do not comply with Union harmonisation legislation in a significant number of instances. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63(3). The Commission shall inform the affected third country of the outcome of the decision of the committee accordingly.

10. The Commission shall adopt implementing acts for the implementation of the system of product-related pre-export controls, referred to in paragraph 3, for specifying a model for the certificates of compliance or verification to be used. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 63.
11. The system of product-related pre-export control shall be evaluated in accordance with Article 62(4) in this Regulation.
Chapter IX

Financial provisions

Article 36

Financing activities

1. The Union shall finance performance of the tasks of the Network referred to in Article 32a.

2. The Union may finance the following activities in relation to the application of this Regulation:

(a) the functioning of the Product Contact Points referred to in having duties according to Article 6(2) assigned by Member States;

(b) the establishment and functioning provision of Union testing facilities support referred to in Article 20;

(c) the development of instruments of international cooperation referred to in Article 35;

(d) the drawing up and updating of contributions to guidelines on market surveillance;

(e) the making available to the Commission of technical or scientific expertise for the purpose of assisting the Commission in its implementation of market surveillance administrative cooperation;

(f) the implementation of national market surveillance strategies referred to in Article 13 and:

(fa) Member States' and Union market surveillance campaigns and similar activities, including means, IT tools and training;

(fb) the performance of preliminary or ancillary work in connection with the implementation of market surveillance activities linked to the application of Union harmonisation legislation such as studies, programmes, evaluations, guidelines, comparative analyses, mutual joint visits and visit programmes, exchange of personnel, research work, training activities, laboratory work, proficiency testing, inter-laboratory tests and conformity assessment work;

(g) activities carried out under programmes providing technical assistance, cooperation with third countries and the promotion and enhancement of Union market surveillance policies and systems amongst interested parties at Union and international levels.
3. **The Union shall finance** financing of the electronic interface referred to in Article 34(5a) shall be shared between the Union and the Member States. The Union shall be responsible for financing the central module and **including** link to the Network **the development** allowing that the system referred to in Article 34 can receive automatic flows of electronic data from national customs systems according to Article 34(5a). Member States shall be responsible for financing the adaptation of their national systems.

3a. **The Union shall finance** the interface according to Article 34(1b) allowing the exchange of data with national market surveillance systems.

4. The Union's financial assistance to the activities under this Regulation shall be implemented in accordance with Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council, either directly, or by delegating budget implementation tasks to the entities listed in Article 58(1)(c) of that Regulation.

5. The appropriations allocated to activities referred to in this Regulation shall be determined each year by the budgetary authority within the limits of the financial framework in force.

6. The appropriations determined by the budgetary authority for the financing of market surveillance activities may also cover expenses relating to preparatory work, monitoring, control, audit and evaluation activities which are required for the management of the activities set out in this Regulation and for the achievement of their objectives. These expenses shall include the costs of conducting studies, arranging meetings of experts, information and communication **actions activities**, including corporate communication of the political priorities of the Union insofar as far as they are related to the general objectives of market surveillance activities, expenses linked to information technology networks focusing on information processing and exchange together with all other related technical and administrative assistance expenses incurred by the Commission.

**Article 37**

Protection of the Union's financial interests of the Union

1. The Commission shall take appropriate measures to ensure that, when actions **activities** financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective controls and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.

2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and of on-the-spot inspections, over all grant beneficiaries, contractors and subcontractors who have received Union funds under this Regulation.

3. The European Anti-fraud Office (OLAF) may carry out investigations, including on-the-spot controls and inspections, in accordance with the procedures laid down in Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council\(^ {40}\) and Council Regulation (Euratom, EC) No 2185/96\(^ {41}\) with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded under this Regulation.

4. Without prejudice to paragraphs 1, 2 and 3, cooperation agreements with third countries and with international organisations, contracts, grant agreements and grant decisions resulting from the implementation of this Regulation shall contain provisions expressly empowering the Commission, the Court of Auditors and OLAF to conduct such audits and investigations, in accordance with their respective competences.

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Chapter X

Final provisions

Article 38

Applicability of Regulation (EC) 765/2008 and amendments to Union harmonisation legislation

Articles 15 to 29 of Regulation (EC) 765/2008 shall not apply to Union harmonisation legislation set out in the Annex.

Article 39

Amendments to Directive 2004/42/EC

Articles 6 and 7 of Directive 2004/42/EC are deleted.

Article 39a

Amendments to Regulation (EC) No 765/2008

1. The words in the title "and market surveillance relating to the marketing of products", Articles 1(2), 1(3), 2(1), (2), (14), (15), (17) to (19), Articles 15 to 29, the words "and market surveillance" in Article 32(1)(c) and Article 32(1)(d) and Article 32(1)(e), the words "and market surveillance activities" and ", as well as European market surveillance campaigns and similar activities" in Article 32(1)(g) of Regulation (EC) No 765/2008 are deleted.

2. References to the repealed articles shall be construed as references to the respective articles of this Regulation and shall be read in accordance with the correlation table in Annex III.

Article 40

Amendments to Directive 2009/48/EC

Directive 2009/48/EC is amended as follows:

(1) Article 40 is deleted;

(2) In Article 42, paragraph 1 is deleted;

(3) Article 44 is deleted.
Article 41

Amendments to Directive 2010/35/EU

Directive 2010/35/EU is amended as follows:

(1) — Article 16 is deleted;

(2) — In Article 30, paragraph 1 is deleted.

Article 42

Amendments to Regulation (EU) No 305/2011

In the first subparagraph of Article 56(1) of (EU) No 305/2011, paragraph 1 the words "have taken action pursuant to Article 20 of Regulation (EC) No 765/2008, or where they" is are deleted.

Article 43

Amendments to Regulation (EU) No 528/2012

In Article 65 of Regulation (EU) No 528/2012 of the European Parliament and of the Council, the second sentence of paragraph 1 is replaced by the following:

' [...] Regulation (EU) 2018/[XX Please insert number of this Regulation] of the European Parliament and of the Council* shall apply accordingly.'

* Regulation (EU) 2018/[XX Please insert number of this Regulation] of the European Parliament and of the Council of [Please insert date and full title of this Regulation and the OJ reference in brackets].

Article 44

Amendments to Directive 2013/29/EU

Directive 2013/29/EU is amended as follows:

(1) — In Article 38, paragraph 2 is deleted;

(2) — In Article 39(1), the fourth subparagraph is deleted.

Article 45

Amendments to Directive 2013/53/EU

Directive 2013/53/EU is amended as follows:

(1) — Article 43 is deleted;

(2) — In Article 44(1), the fifth subparagraph is deleted.
Article 46
Amendments to Directive 2014/28/EU

Directive 2014/28/EU is amended as follows:

(1) In Article 41, the first paragraph is deleted;

(2) In Article 42(1), the fourth subparagraph is deleted.

Article 47
Amendments to Directive 2014/29/EU

Directive 2014/29/EU is amended as follows:

(1) Article 34 is deleted;

(2) In Article 35(1), the fourth subparagraph is deleted.

Article 48
Amendments to Directive 2014/30/EU

Directive 2014/30/EU is amended as follows:

(1) Article 37 is deleted;

(2) In Article 38(1), the fourth subparagraph is deleted.

Article 49
Amendments to Directive 2014/31/EU

Directive 2014/31/EU is amended as follows:

(1) Article 36 is deleted;

(2) In Article 37(1), the fourth subparagraph is deleted.

Article 50
Amendments to Directive 2014/32/EU

Directive 2014/32/EU is amended as follows:

(1) Article 41 is deleted;

(2) In Article 42(1), the fourth subparagraph is deleted.
**Article 51**

Amendments to Directive 2014/33/EU

Directive 2014/33/EU is amended as follows:

(1) Article 37 is deleted;

(2) In Article 38(1), the fifth subparagraph is deleted.

**Article 52**

Amendments to Directive 2014/34/EU

Directive 2014/34/EU is amended as follows:

(1) Article 34 is deleted;

(2) In Article 35(1), the fourth subparagraph is deleted.

**Article 53**

Amendments to Directive 2014/35/EU

Directive 2014/35/EU is amended as follows:

(1) Article 18 is deleted;

(2) In Article 19(1), the third subparagraph is deleted.

**Article 54**

Amendments to Directive 2014/53/EU

Directive 2014/53/EU is amended as follows:

(1) Article 39 is deleted;

(2) In Article 40(1), the fourth subparagraph is deleted.

**Article 55**

Amendments to Directive 2014/68/EU

Directive 2014/68/EU is amended as follows:

(1) Article 39 is deleted;

(2) In Article 40(1), the third subparagraph is deleted.
Article 56

Amendments to Directive 2014/90/EU

Directive 2014/90/EU is amended as follows:

(1) In Article 12, paragraph 10 is deleted;

(2) In Article 25, paragraph 1 is replaced by the following:

(2) 'As regards marine equipment, the Member States shall undertake market surveillance in accordance with the EU market surveillance framework laid down in Regulation [number of the new Enforcement Regulation], subject to paragraph 2 and 3 of this Article.'

(3) In Article 25, paragraph 4 is deleted;

(4) In Article 26(1), the fourth subparagraph is deleted.

Article 57

Amendments to Regulation (EU) 2016/424

Regulation (EU) 2016/424 is amended as follows:

(1) Article 39 is deleted;

(2) In Article 40(1), the fourth subparagraph is deleted.

Article 58

Amendments to Regulation (EU) 2016/425

Regulation (EU) 2016/425 is amended as follows:

(1) Article 37 is deleted;

(2) In Article 38(1), the fourth subparagraph is deleted.

Article 59

Amendments to Regulation (EU) 2016/426

Regulation (EU) 2016/426 is amended as follows:

(1) Article 36 is deleted;

(2) In Article 37(1), the fourth subparagraph is deleted.
Article 60

Amendments to Regulation (EU) 2017/1369

Regulation (EU) 2017/1369 is amended as follows:

(1) In Article 8, paragraphs 1 and 3 are deleted;

(2) In Article 9(2), the second subparagraph is deleted.
Chapter XI

Penalties, evaluation, committee procedure and entry into force and application

Article 61

Penalties

1. The Member States shall lay down the rules on penalties applicable to infringements of the provisions of this Regulation that impose obligations on economic operators and to infringements of provisions of and of any Union harmonisation legislation on products covered by this Regulation listed in Annex II that impose obligations on economic operators where that legislation does not provide for penalties, and shall take all measures necessary to ensure that they are implemented according to national legislation.

1a. The penalties provided for shall be effective, proportionate and dissuasive.

1b. The Member States shall notify those provisions to the Commission, where they have not previously been notified, by [31 March 2020] [insert date three months after date of application according to Article 64], notify the Commission of those rules and of those measures and shall notify it without delay of any subsequent amendment affecting them.

2. When a decision is being made whether to impose a penalty in each individual case, due regard shall be given to the following:

(a) the financial situation of small and medium-sized enterprises;

(b) the nature, gravity and duration of the non-compliance taking into account the harm caused to end-users;

(c) the intentional or negligent character of the infringement;

(d) the level of cooperation shown by the economic operator during the period of the investigation carried out by the market surveillance authorities;

(e) any relevant similar infringements previously committed by the economic operator.

3. The penalties may be increased where the economic operator has previously committed a similar infringement and may include criminal penalties for serious infringements of Union harmonisation legislation.

4. The Member States shall ensure that financial penalties for intentional infringements of Union harmonisation legislation shall as a minimum offset the economic advantage arising from the infringement.

5. Member States shall ensure, in particular, that penalties can be imposed where the economic operator fails or refuses to cooperate during market surveillance controls and activities.
Article 62

Evaluation, review and guidelines

1. By [31 December 2024] and every five years thereafter, the Commission shall carry out an evaluation of this Regulation against the objectives it pursues and present a report on the main findings to the European Parliament, to the Council and to the European Economic and Social Committee.

1a. The report shall assess whether this Regulation achieved its objectives, in particular with regard to reducing the number of non-compliant products on the Union market, ensuring effective and efficient enforcement of Union harmonisation legislation within the Union, improving cooperation between competent authorities and strengthening the controls on products entering the Union market, whilst taking into account the impact on business and in particular on small and medium-sized enterprises. In addition, the evaluation should also assess the effectiveness of the market surveillance activities that receive Union financing in the light of the requirements of Union policies and legislation and the possibilities to further improve the cooperation between the market surveillance institutions and custom authorities.

1b. Two years after the date of application of this Regulation, the Commission shall prepare an evaluation report on the implementation of the provisions on Article 4. The report shall particularly evaluate the scope of application of this Article, its effects and the costs and benefits of the related provisions. The report shall be accompanied, where appropriate, by a legislative proposal for its review.

2. By the latest [four years] after the first approval of a system for product-related pre-export control according to Article 35(3), the Commission shall carry out an evaluation of its effects and cost efficiency. The report shall especially assess whether the product-related pre-export control was useful for market surveillance authorities and improved their preconditions to carry out controls on products from third countries.

3. In order to facilitate the implementation of this Regulation, the Commission shall draw up guidelines for the practical implementation of Article 4 for the purposes of market surveillance authorities and economic operators, covering in particular the delimitation of fulfilment services.

Article 63

Committee procedure

1. The Commission shall be assisted by a committee. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

3. Where the committee delivers no opinion, the Commission shall not adopt the draft implementing act and the third subparagraph of Article 5(4) of Regulation (EU) No 182/2011 shall apply.
Article 64

Entry into force and application

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

It shall apply from [1 January 2020] 2 years after entering into force.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament  For the Council
The President  The President
ANNEX I

List of Union harmonisation legislation


Union harmonisation legislation without provisions on penalties


### Correlation table

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