



ecoda
The European Voice of Directors

EU Alert

Week 11-12/2018

1. European Commission: Public Consultation on Corporate Reporting

The European Commission has just launched a [public consultation on corporate reporting](#). It includes:

- Assessing the fitness of the EU public reporting framework overall,
- The EU financial reporting framework applicable to all companies (Accounting Directive: companies with cross border activities, SMEs, and content of the information),
- The EU financial reporting framework for listed companies (IAS regulation, Transparency Directive),
- The EU financial reporting framework for banks and insurance companies,
- Non-financial reporting framework (Non-Financial Reporting Directive) - The digitalisation challenge.

Deadline for submissions: 21 July 2018

2. European Commission: Conference on Financing Sustainable Growth

On March 22, the Commission's conference on **Financing Sustainable Growth** opened with Vice-President Valdis Dombrovskis, followed by a statement by Michael Bloomberg and one from the European Commission president, Jean-Claude Juncker.

Jean-Claude Juncker stated that he “wants Europe to be the global hub for sustainable investment”. “If we are to plug the EUR 180 billion investment gap, every part of our economy must pull its weight. And this starts with the financial sector. So as we reform our financial system from top to bottom, I believe the financial sector has a responsibility to help Europe prepare for the economy of tomorrow. To be part of the solution, not the problem. The idea behind the Action Plan is to help us make a systemic change in investment culture. Sustainability should not be seen, as a niche within the financial system. It must define our financial system. And it is an opportunity we must grasp before others do. In the financial world, first-mover advantage is essential ».

For President Emmanuel Macron, climate goals and trade targets need to be aligned. Europe can and needs to take the lead without fearing its role on the global scene.

3. European Commission: New measures to speed up the completion of the CMU

On Monday 12 March, the European Commission announced major step towards the development of a Capital Markets Union (CMU) by promoting alternative sources of financing and removing barriers to cross-border investments. The aim of the EC's proposals is to boost the cross-border market for investment funds, promote the EU market for covered bonds as a source of long-term finance and ensure greater certainty for investors in the context of cross-border transactions of securities and claims. Now the European Commission counts on the Parliament and Member States represented by the Council to intensify their work and adopt all legislative proposals by 2019, before the Parliamentary elections.

4. European Commission: Taxation

- **New transparency rules for tax advisers in the EU:** On Tuesday 13 March, the European Commission welcomed the political agreement reached by EU Member States within the EU Economic and Financial Affairs Council on [new transparency rules for tax intermediaries](#) who provide their clients with complex cross-border financial schemes that could help avoid tax: they will be obliged to report these structures to their tax authorities and in turn EU Member States will exchange this information with each other through a centralized database, further increasing scrutiny around the activities of tax planners and advisers.

The new reporting requirements will enter into force on 1 July 2020, with EU Member States obliged to exchange information every 3 months after that.

- **Taxation of the digital economy:** On 21 March 2018, the European Commission proposed two Council Directives addressing the taxation of the digital economy. The introduction of a digital services tax on revenues from certain digital services, as an interim solution, should affect about 100 large companies, mostly U.S.-based. The corporate taxation of a significant digital presence would be the comprehensive long-term solution and could have an impact on companies across a wider range of economic sectors, such as media & entertainment and IT services. The EU Commission hopes that the proposed rules would apply as from 1 January 2020.
- **Public CBCR:** The recent result of the German Social Democrats' (SPD) vote in favour of forming a grand coalition with Angela Merkel's Christian Democrats (CDU) could relaunch the negotiation for bringing more transparency to the international activities and tax payments of multinational enterprises (Public CBCR).

5. France: Purpose of companies - Report to the French Ministry of ecologic and inclusive transition, Justice, Economy and Finance

On 9 March 2018, Michelin Chairman Jean-Dominique Senard and Vigeo-Eiris President Nicole Notat presented their [report](#) to the French Ministry of ecologic and inclusive transition, Justice, Economy and Finance.

Recommendations include:

- Mention in the law that: “Businesses must be managed in their own interest, considering the social and environmental issues of their activity”,
- Give boards of directors and supervisors the formulation of a "raison d'être" to guide the company's strategy in consideration of its social and environmental issues,
- strengthen the number of employee directors on the boards of directors or supervisors in companies of more than 1,000 employees,
- encourage large companies to get a stakeholder committee, independent of the board of directors

6. EBA: Roadmap on FinTech

On Thursday 15 March, the European Banking Authority published a [FinTech Roadmap](#) setting out its priorities for 2018/2019. The Roadmap also foresees the establishment of a FinTech Knowledge Hub in order to enhance knowledge sharing and foster technological neutrality in regulatory and supervisory approaches.

More specifically, priorities set out by EBA include:

- *monitoring emerging trends and analysing the impact on incumbent institutions' business models and the prudential risks and opportunities arising from the use of FinTech,*
- *promoting best supervisory practices on assessing cybersecurity and promoting a common cyber threat testing framework;*
- *addressing consumer issues arising from FinTech, in particular in the areas of unclear regulatory status of FinTech firms and related disclosure to consumers, potential national barriers preventing FinTech firms from scaling up services to consumers across the single market, and the appropriateness of the current regulatory framework for virtual currencies;*
- *identifying and assessing money laundering/terrorist financing risks associated with regulated FinTech firms, technology providers and FinTech solutions.*

7. Conference on Integrity, Transparency and Good Corporate Citizenship - with Volkswagen

On 8 March 2018, the European Movement International organised an event on ‘Integrity, Transparency and Good Corporate Citizenship’. This event was organised in cooperation with Volkswagen. Emily O’Reilly, European Ombudsman, gave a strong speech on [the VW’s case](#).

8. ecoDa’s News

- On March 15 & 16, ecoDa organized its training session.
- On March 20, ecoDa and PwC organized the first conference related to Corporate Governance following the EC Action plan on Sustainable finance. See [the video from Mervyn King](#) presented at the conference.



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