EUROPEAN COMMISSION

SECRETARIAT-GENERAL

PV(2010)1920 final

Brussels, 9 June 2010

MINUTES

of the 1920th meeting of the Commission

held in Brussels

(Berlaymont)

on Wednesday 2 June 2010

(afternoon)

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<u>Single sitting</u>: Wednesday 2 June 2010 (afternoon)

The sitting opened at 15.09 with Mr BARROSO, President, in the chair. The discussion of item 16 was chaired by Ms REDING.

<u>Present</u>:

Mr BARROSO	President	Items 1 to 15
Baroness ASHTON	High Representative/Vice-President	
Ms REDING	Vice-President	
Mr ALMUNIA	Vice-President	
Mr KALLAS	Vice-President	
Ms KROES	Vice-President	
Mr ŠEFČOVIČ	Vice-President	
Mr POTOČNIK		
Mr REHN		Items 1 to 15
Mr PIEBALGS		Items 1 to 16 (in part)
Mr BARNIER		Items 1 to 15
Ms VASSILIOU		
Mr ŠEMETA		
Mr DE GUCHT		
Mr DALLI		
Ms GEOGHEGAN-QUINN		
Mr LEWANDOWSKI		Items 1 to 11/15 (in part)
Ms DAMANAKI		
Ms GEORGIEVA		
Mr OETTINGER		
Mr HAHN		
Ms HEDEGAARD		
Mr ANDOR		
Mr CIOLOŞ		

Absent:

Mr TAJANI	Vice-President
Mr FÜLE	
Ms MALMSTRÖM	

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

Mr PRETO	Chef de cabinet to Mr TAJANI	Items 1 to 8 and 10 to16
Mr MORDUE	Chef de cabinet to Mr FÜLE	Items 1 to 8 and 10 to16
Ms ÅSENIUS	Chef de cabinet to Ms MALMSTRÖM	Items 1 to 8 and 10 to16

The following also sat in:

Mr LAITENBERGER	Chef de cabinet to the PRESIDENT	
Mr ROMERO REQUENA	Director-General, Legal Service	
Mr SØRENSEN	Director-General, DG Communication	Items 1 to 8 and 10 to16
Mr DOENS	Head of the Commission Spokesperson Service	Items 11/15 (in part)
Ms AHRENKILDE HANSEN	Commission Spokeswoman	Items 10 to 15
Mr THEBAULT	Head of the Bureau of European Policy Advisers	Items 1 to 8 and 10 to16
Ms SUTTON	A member of the PRESIDENT's staff	Items 11 to 15
Mr PESONEN	Chef de cabinet to Mr REHN	Items 11/15 (in part)
Ms JORNA	Acting Chef de cabinet to Mr BARNIER	Items 11 to 15

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

1. AGENDAS
(OJ(2010)1920/3; SEC(2010)617/2)

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

2. WEEKLY MEETING OF CHEFS DE CABINET
(SEC(2010)1920)

The Commission considered the Secretary-General's report on the weekly meeting of Chefs de cabinet held on Monday 31 May.

3. APPROVAL OF THE MINUTES AND SPECIAL MINUTES OF THE 1918TH MEETING OF THE COMMISSION (12 MAY) AND THE MINUTES OF THE 1919TH MEETING (26 MAY)
(PV(2010)1918; PV(2010)1918, PART II; PV(2010)1919)

The Commission approved the minutes of its 1918th and 1919th meetings.

4. WRITTEN PROCEDURES, EMPOWERMENT AND DELEGATION OF POWERS

4.1. WRITTEN PROCEDURES APPROVED
(SEC(2010)619 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 25 and 28 May.

4.2. EMPOWERMENT (SEC(2010)620 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted between 25 and 28 May.

4.3. DELEGATION AND SUBDELEGATION OF POWERS (SEC(2010)621 ET SEQ.)

The Commission took note of the Secretariat-General's memoranda recording decisions adopted under the delegation and subdelegation procedure between 25 and 28 May, as archived in e-Greffe.

4.4. SENSITIVE WRITTEN PROCEDURES (SEC(2010)622 AND /2)

The Commission took note of the sensitive written procedures for which the time limit expired between 31 May and 4 June and of the "finalisation" written procedure initiated following the weekly meeting of Chefs de cabinet on 31 May.

4.5. AD-HOC EMPOWERMENT RELATING TO THE COMMISSION DECISION REJECTING 24 AND ACCEPTING 1 OF THE REQUESTS MADE BY IRELAND TO INCREASE THE MAGP IV OBJECTIVES TO TAKE INTO ACCOUNT IMPROVEMENTS IN SAFETY FOR SOME VESSELS (SEC(2010)683 AND /2)

The Commission:

– adopted in principle the 25 decisions in SEC(2010)683;

– decided to empower Ms DAMANAKI, the Member of the Commission responsible for maritime affairs and fisheries, in agreement with the PRESIDENT, to adopt formally, in the name of the Commission and under its responsibility, the 25 individual decisions to be sent to the Irish authorities, taking into account the specific technical reasoning to be included in each of the individual decisions.

5. COMMISSION COMMUNICATION TO PARLIAMENT, THE COUNCIL AND THE EUROPEAN COURT OF AUDITORS - SYNTHESIS OF THE COMMISSION'S MANAGEMENT ACHIEVEMENTS IN 2009 (COM(2010)281 TO /3; SEC(2010)667)

6. ANNUAL REPORT OF THE AUDIT PROGRESS COMMITTEE FOR 2009 (SEC(2010)628; SEC(2010)667)

7. ANNUAL INTERNAL AUDIT REPORT FOR 2009, DRAWN UP PURSUANT TO ARTICLE 86(3) OF THE FINANCIAL REGULATION (SEC(2010)629; SEC(2010)667)

The Commission:

– approved the communication set out in COM(2010)281/3;

– took note of the Annual Report of the Audit Progress Committee for 2009 and the Annual Internal Audit Report for 2009, distributed as SEC(2010)628 and SEC(2010)629 respectively;

– instructed the Secretary-General to transmit the Synthesis of the Commission's Management Achievements in 2009, as set out in COM(2010)281/3, together with the Annual Activity Reports and declarations of the directors-general and heads of service, to her counterparts in Parliament, the Council and the Court of Auditors;

– authorised Mr ŠEMETA, the Commissioner responsible for audit and anti-fraud, to present the 2009 Synthesis to the Discharge Authority and to the competent bodies of the European Parliament, in particular the Committee on Budgets and the Committee on Budgetary Control.

8. OTHER BUSINESS

BUDGETARY CONSOLIDATION STRATEGY (SEC(2010)704)

The Commission took note of the information from Mr REHN in SEC(2010)704.

9. ADMINISTRATIVE AND BUDGETARY MATTERS (SEC(2010)618/2)

ADMINISTRATIVE MATTERS (PERS(2010)65; PERS(2010)68)

Mr ŠEFČOVIČ briefly presented the decisions on the mobility of senior managers which he was tabling for adoption together with the PRESIDENT. It was the first set of mobility decisions since the present Commission had taken office and concerned Director-General posts. Some of these decisions were required to take effect from 1 July 2010 when two new Directorates-General were to be set up. Where appointments in the present set of measures meant that Deputy Director-General posts would fall vacant, decisions on the publication of those posts would be taken shortly. This should enable the Commission to complete the task of filling senior management posts in the second half of 2010.

Mr ŠEFČOVIČ then went on to explain the decisions before the Commission, which concerned: the mobility of two Directors-General who had reached the five-year limit in their present functions; the mobility of a Director-General who was of the same nationality as the Commissioner responsible for the Directorate-General of which he was in charge; and finally, the transfer of three Deputy Directors-General to Director-General posts. The Members of the Commission had been informed of these proposed decisions through bilateral contacts; this had ensured the requisite transparency, a constructive approach and a consensual outcome. Mr ŠEFČOVIČ also expressed his satisfaction at the prospect of the appointment of two new women to Director-General posts. He ended by reminding the meeting that merit was the key criterion in senior management appointments and that the Commission also sought to maintain a certain geographical balance.

Following this presentation, the PRESIDENT pointed out that this set of mobility decisions was relatively limited in scope. He was pleased that the preparations had been carried out with the full degree of confidentiality required for this type of dossier and in a very professional manner. He was also delighted at the significant progress this would represent in striking a gender balance in senior management posts. He ended by confirming that the next series of decisions on the mobility of senior managers would be taken in the same spirit and adhering to the same principles.

In the ensuing discussion the Commission expressed its full support for the proposed decisions and the approach that had been followed in their preparation. There was great satisfaction too regarding the progress which these decisions would represent in terms of striking a gender balance in senior management posts within the institution, while the discussion also brought to light the desire to continue to promote a certain geographical balance in the allocation of such posts.

Following this discussion, the Commission adopted the mobility decisions and the following related decisions, as set out in PERS(2010) 68 (see items 9.1 to 9.7).

9.1. DG INTERNAL MARKET AND SERVICES – AMENDMENT OF ORGANISATION CHART AND APPOINTMENT OF AD16 DIRECTOR-GENERAL AND ADVISER HORS CLASSE

The Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr BARNIER, decided:

- to create a post of Adviser *hors classe* in DG Internal Market and Services;

– to fill that post by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Jörgen HOLMQUIST, AD16 official and currently Director-General of DG Internal Market and Services;

– to fill the post of Director-General of DG Internal Market and Services by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Jonathan FAULL, AD16 official and currently Director-General of DG Justice, Freedom and Security.

These decisions would take effect on 1 July 2010.

9.2. DG RESEARCH – AMENDMENT OF ORGANISATION CHART AND APPOINTMENT OF AD15 DIRECTOR-GENERAL AND AD16 ADVISER HORS CLASSE

The Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms GEOGHEGAN-QUINN, decided:

– to create a post of Adviser *hors classe* in DG Research;

– to fill that post by transferring in the interest of the service under Article 7 of the Staff Regulations Mr José Manuel SILVA RODRIGUEZ, AD16 official and currently Director-General of DG Research;

– to fill the post of Director-General of DG Research by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Robert-Jan SMITS, AD15 official and currently Deputy Director-General of the Joint Research Centre;

These decisions would take effect on 1 July 2010.

9.3. DG JUSTICE, FREEDOM AND SECURITY – SPLITTING OF DG JUSTICE, FREEDOM AND SECURITY INTO A DIRECTORATE-GENERAL FOR HOME AFFAIRS AND A DIRECTORATE-GENERAL FOR JUSTICE

The Commission, on a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, Ms REDING and Ms MALMSTRÖM, decided to split the Directorate-General for Justice, Freedom and Security into a Directorate-General for Home Affairs and a Directorate-General for Justice.

It also decided:

- to convert the post of Deputy Director-General of DG Justice, Freedom and Security into the post of Director-General of DG Justice;
- to allocate three Director posts to DG Justice and three Director posts and one Principal Adviser post to DG Home Affairs; this allocation implied the net creation of one additional Director post in DG Justice;
- to provide for the two Directorates-General to share a common 'Resources' Directorate and a common Internal Audit Service, in line with the principles set out in SEC(2010)142 on shared services for DG Mobility and Transport, DG Energy, DG Environment and DG Climate Action;
- to authorise the PRESIDENT, Mr ŠEFČOVIČ, Ms REDING and Ms MALMSTRÖM to finalise by simplified procedure the respective organisation charts, the creation of middle management posts, the transfer of organisational entities and posts, and the transfer of staff at various levels.

The splitting of DG Justice, Freedom and Security would have no repercussions on quotas for posts; all new posts would be created while maintaining a stable level of resources.

These decisions would take effect on 1 July 2010.

9.4. DG JUSTICE - APPOINTMENT OF AD15 DIRECTOR-GENERAL

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms REDING, the Commission decided to fill the post of Director-General of DG Justice by transferring in the interest of the service under Article 7 of the Staff Regulations Ms Françoise LE BAIL, AD15 official and currently Deputy Director-General in DG Enterprise and Industry.

This decision would take effect on 1 July 2010.

9.5. DG HOME AFFAIRS - APPOINTMENT OF AD16 DIRECTOR-GENERAL

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms MALMSTRÖM, the Commission decided to fill the post of Director-General of DG Home Affairs by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Stefano MANSERVISI, AD16 official and currently Director-General of DG Development and Relations with African, Caribbean and Pacific States.

This decision would take effect on 1 July 2010.

9.6. DG DEVELOPMENT - APPOINTMENT OF AD16 DIRECTOR-GENERAL

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Mr PIEBALGS, the Commission decided to fill the post of Director-General of DG Development and Relations with African, Caribbean and Pacific States by transferring in the interest of the service under Article 7 of the Staff Regulations Mr Fokion FOTIADIS, AD16 official and currently Director-General of DG Maritime Affairs and Fisheries.

This decision would take effect on 1 July 2010.

9.7. DG MARITIME AFFAIRS AND FISHERIES - APPOINTMENT OF AD16 DIRECTOR-GENERAL

On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT and Ms DAMANAKI, the Commission decided to fill the post of Director-General of DG Maritime Affairs and Fisheries by transferring in the interest of the service under Article 7 of the Staff Regulations Ms Lowri EVANS, AD16 official and currently Deputy Director-General in DG Competition.

This decision would take effect on 1 July 2010.

9.8. LEGAL SERVICE - APPOINTMENT OF AD15/16 DEPUTY DIRECTOR-GENERAL (PERS(2010)129 TO /6)

The Commission had before it applications under Article 29(1)(a)(i) and (iii) of the Staff Regulations for the post of Deputy Director-General of the Legal Service (PERS(2010)129 to /4).

It took note of the opinions of the Consultative Committee on Appointments of 5 February and 15 April (PERS(2010)129/5 and /6).

The Commission proceeded to compare the applicants' qualifications for the post. It also considered their ability, efficiency and conduct in the service. On a proposal from Mr ŠEFČOVIČ, in agreement with the PRESIDENT, it then decided to appoint Mr Patrick HETSCH to the post.

This decision would take effect on 16 June 2010.

10. INTERINSTITUTIONAL RELATIONS (SEC(2010)665)

The Commission took note of the record of the meeting of the Interinstitutional Relations Group held on Friday 28 May (SEC(2010)665).

It paid particular attention to the following points.

10.1. LEGISLATIVE MATTERS

i) Ordinary legislative procedure (point 1.2.1 of the record)

– Powers of the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority (Directive) / Establishment of a European Banking Authority (Regulation) / Establishment of a European Insurance and Occupational Pensions Authority (Regulation) / Establishment of a European Securities and Markets Authority (Regulation) - SANCHEZ PRESEDO / GARCÍA-MARGALLO Y MARFIL / SKINNER / GIEGOLD Reports – 2009/0161 (COD) / 2009/0142 (COD) / 2009/0143 (COD) / 2009/0144 (COD)

The Commission authorised Mr BARNIER to pursue contacts with Parliament and the Council in order to reach agreement on a number of institutional questions relating to Articles 290 and 291 of the Treaty on the Functioning of the European Union, with due regard for the Commission's powers, following the line set out in SI(2010)154/2.

<u>Preparation of agreements at first reading</u>

– Measures to safeguard security of gas supply (Regulation) – VIDAL QUADRAS Report – 2009/0108 (COD)

The Commission authorised Mr OETTINGER to pursue contacts with Parliament and the Council in order to reach agreement at first reading following the line set out in SPI(2010)31, while insisting that any such agreement must be based on a due regard for the Commission's powers.

– Prospectus to be published when securities are offered to the public or admitted to trading and harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (Directive) – KLINZ Report – 2009/0132 (COD).

The Commission confirmed the terms of the agreement at first reading which could be reached, following the line set out in SPI(2010)32/2.

10.2. RELATIONS WITH THE COUNCIL

ii) Programming of Council business
(SI(2010) 161)

The Commission took note of the information in SI(2010)161 on the Council meetings between 3 and 17 June.

iii) Results of the Economic and Financial Affairs Council (Brussels, 18 May)
(point 2.1.1 of the record)

– Alternative investment fund managers (Directive) - GAUZÈS Report – 2009/0064 (COD)

The Commission authorised Mr BARNIER to continue the current negotiations with Parliament and the Council, following the line set out in SI(2010)155/2.

iv) Preparations for the Justice and Home Affairs Council (Luxembourg, 3-4 June)
(point 2.1.5 of the record)

– Enhanced cooperation in the area of the law applicable to divorce and legal separation (Council Regulation) – 2010/0067 (CNS)

The Commission approved the approach set out in SI(2010)157.

v) Preparations for the Employment, Social Policy, Health and Consumers Council (Luxembourg, 7 and 8 June)
(point 2.1.6 of the record)

– Application of patients' rights in cross-border healthcare (Directive) – BOWIS Report – 2008/0142 (COD)

The Commission approved the approach set out in SI(2010)158/3.

vi) Member States' initiatives (Article 76 of the Treaty on the Functioning of the European Union)
(point 2.2 of the record)

– European Investigation Order in criminal matters (Directive) - 2010/0817 (COD)

The Commission approved the approach set out in SI(2010)156/2.

10.3. RELATIONS WITH PARLIAMENT

vii) Action taken on non-legislative resolutions adopted by Parliament at its March II part-session
(point 3.4.2 of the record)

The Commission approved document SP(2010)2953 on the action taken on the non-legislative resolutions adopted by Parliament at its March II part-session, for transmission to Parliament.

viii) Participation by Members of the European Parliament in international conferences
(point 4.5 of the record)

– Review Conference on the Rome Statute of the International Criminal Court (Kampala, 31 May to 11 June 2010)

The Commission decided to agree to the request to the PRESIDENT from Mr Jerzy Buzek, President of Parliament, concerning the attendance of seven Members of the European Parliament at the above-mentioned conference, while pointing out that the request had been received late and including a reminder about the procedure to be followed.

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

ix) Follow-up to Committee of the Regions opinions – October plenary session
(point 4.2 of the record)

The Commission approved the replies to the opinions adopted by the Committee of the Regions during the plenary session in October 2009, contained in the document distributed as SR(2010)11 and /2, for transmission to the Committee of the Regions.

x) Report from the Commission to the Parliament and the Council – Annual Report 2009 on relations between the European Commission and national parliaments
(point 4.4 of the record; COM(2010)291 TO /3)

Mr ŠEFČOVIČ presented the 2009 report on relations with the national parliaments that he was tabling for approval.

He began by stressing the importance the Commission attached to maintaining close and constructive political relations with national parliaments. He referred to the provisions of the Lisbon Treaty on the role of the national parliaments in the legislative process of the European Union and noted that, since the Treaty entered into force, national parliaments had automatically been sent copies in all the official languages of legislative proposals presented by the Commission – on which, in the great majority of cases, they then had eight weeks to deliver an opinion – as well as copies of non-legislative initiatives for information.

Mr ŠEFČOVIČ believed that the political dialogue between the Commission and national parliaments had developed well, with the Commission receiving more than 700 opinions from them since the PRESIDENT initiated the dialogue with national parliaments in 2006. He also noted that, under the previous Commission, 600 official meetings had been organised between representatives of the Commission and of national parliaments.

He also mentioned his own very positive contacts with representatives of the national parliaments, particularly at the 43rd conference of Community and European Affairs Committees of the Parliaments of the European Union (COSAC) held in Madrid on 31 May and 1 June and the Conference of the Presidents of National Parliaments in Stockholm on 14 May.

He noted with satisfaction that the Commission's efforts to provide them with more information and to integrate them more in the EU legislative process had been very well received by representatives of the national parliaments. He reiterated the Commission's desire in this respect to contribute to a greater emphasis on European issues in the work of national parliaments and their committees.

He also considered that relations with national parliaments should be further developed in some areas, for example the debate on implementation of the Europe 2020 strategy in Member States, national budgetary procedure, particularly with reference to macroeconomic forecasts, presentation of the Commission's annual work programme to national parliaments and preparation of the next multiannual financial framework.

He concluded by inviting the Members of the Commission to step up their contacts with representatives of national parliaments and European affairs committees during their visits to all Member States.

The Commission then held a brief exchange of views, during which the following points were raised:

– the positive experiences of Members of the Commission in meetings with national parliaments and their representatives;

– the importance of pursuing and developing contacts with national parliaments in the light of their contribution to the political dialogue between citizens and the European institutions, and of their role in the legislative process since the entry into force of the Lisbon Treaty;

– the case for launching a communication offensive with national parliaments on the Commission's major legislative initiatives, aimed in particular at improving information on potentially sensitive or controversial initiatives at an early stage.

The PRESIDENT concluded the exchange of views by emphasising the importance that the Commission attached to relations with national parliaments. He noted that the Commission had already stepped up its contacts with the parliaments significantly, as the members of the last Commission had made more official visits to national parliaments than their predecessors in all previous Commissions.

Nevertheless, he believed that cooperation with parliaments could be strengthened further still, given the new powers that the Lisbon Treaty had conferred on national parliaments in the context of EU legislation, plus the fact that it was in the Commission's and the national parliaments' interest to increase the flow of information and to improve transparency and mutual understanding.

He confirmed that the Commission continued to give the highest priority to extending cooperation with national parliaments, in particular with regard to strategic areas, such as the implementation of the Europe 2020 strategy, for example, or the next multiannual financial framework.

Lastly, he thanked Mr ŠEFČOVIČ for his presentation and called on the Members of the Commission to contribute actively to cooperation with the national parliaments.

Following this exchange of views, the Commission approved the report in COM(2010)291/3 for transmission to Parliament and the Council and, for information, to the national parliaments.

11. COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE EUROPEAN CENTRAL BANK – REGULATING FINANCIAL SERVICES FOR SUSTAINABLE GROWTH (COM(2010)301 TO /3)

Referring to all the documents given under items 11-13 of these minutes, the PRESIDENT stressed that the proposed measures would impart new political impetus in the drive to reform financial services in the European Union. He recalled that these proposals were a key part of the more extensive programme adopted by the Commission to stabilise, consolidate and restore the growth of the European economy.

He recalled the work carried out by the Commission over the last 18 months to respond to the immediate fallout of the financial and banking crisis, ensure that banks dealt with their impaired assets and restored their capital bases in accordance with state aid rules, and present major proposals in the areas of regulation and supervision, which had been found to be wanting in the report requested from Mr Jacques de Larosière.

The PRESIDENT emphasised that the Commission was thus fulfilling its remit, by working for stable and responsible financial markets that served the economy as a whole. The proposed programme of reforms did not contain any surprises and was in line with the Commission's objective of setting out a series of actions which was both predictable and exhaustive.

While more emphasis may have been placed temporarily on certain aspects of the reform at different phases of the crisis, the Commission had been and continued to be at the forefront of efforts. He pointed out that the regulation on ratings agencies would enter into force this year and that a second important step was on the agenda today with the proposal for improved financial supervision. Recent events had demonstrated the need for further measures and called for different options to be examined, including that of a European ratings agency.

The PRESIDENT also referred to the initiatives launched to ensure greater transparency and security of derivative transactions with effect from 2009, and reported that he had asked Mr BARNIER to ensure that the corresponding legislative proposals were presented during summer.

He considered that the Commission had a clear reform programme, which had also received the support of the G20 partners, and welcomed the good progress of work, which Mr BARNIER had agreed to accelerate for completion in nine months, with most of the proposals scheduled for the end of the year.

He emphasised, however, that the Commission could not take action alone. He therefore hoped that the Council and Parliament would reach an agreement before the summer on three key proposals which had been presented last year: the series of measures relating to supervision, the Directive on alternative investment fund managers and the improvement of regulations on the capital of banks in connection with the Capital Requirements Directive, which included binding provisions on remuneration.

Here he referred to the findings of the reports presented by Mr BARNIER under items 14 and 15 of these minutes, according to which the progress in implementing the Commission's recommendations on remuneration remained disappointing. This situation demonstrated the apposite nature of the binding approach adopted by the Commission, which would be extended to the insurance and investment fund sectors over the course of the year. The question of extending this principle further still had also been raised in the Green Paper on corporate governance (see item 13 of these minutes).

The PRESIDENT reminded the meeting that the reform of the financial services sector was one of the priorities of the current Commission's term of office and a keystone in support of its programme to promote stability and growth.

He informed the Commission that he intended to convey these messages as priorities in preparation for the European Council in June and the forthcoming G20 summit. He also called on all Members to support this approach in their discussions with political stakeholders and in their public relations work.

The PRESIDENT completed his introduction by emphasising the importance of adopting a comprehensive approach in these areas in the interests of sustainable growth and robust and open markets. He considered that all lines of action taken by the Commission with regard to governance, budgetary consolidation, financial services, and the Europe 2020 strategy more generally, formed part of this approach, and that their external dimension should not be overlooked – rather than viewing them exclusively from the point of view of the euro area, or of the Union, they should be placed in their wider, global context. The series of proposals was therefore to be viewed in this broader political context, over and above the highly technical aspects.

Echoing the point raised by the PRESIDENT, Mr BARNIER highlighted the importance of linking each of the Commission's initiatives to the overarching political objectives. With regard to this dossier, it was essential to reiterate the general objective of supporting new, sustainable growth, which called for both better economic and monetary governance and solid foundations in the areas of regulation and professional ethics, as well as clear political guidelines for the financial services sector.

He welcomed the work done by the Commission on the regulation and supervision of the financial sector, but noted that the Commission could not act alone and had to be able to rely on the support of the Council and the Heads of State or Government to adopt and implement the texts. All the initiatives expected from the Commission following the decisions taken by the G20 would be presented by next spring.

Coming back to the documents on the table, he pointed out that these initiatives were fully consistent with the Commission's general action plan on financial services, which was presented in an overarching communication setting out the four main principles of the reform, namely transparency, accountability, supervision and prevention, and crisis management (see item 11 of these minutes). He hoped that this work programme would receive the full backing of the Heads of State or Government at the European Council on 17 June.

Mr BARNIER then discussed the Green Paper on corporate governance (see item 13 of these minutes), which was a response to weaknesses observed in existing risk assessment by risk management committees, company boards and shareholders alike. On the principle that prevention was better than cure, the purpose of the Green Paper was to examine ways of improving corporate governance, in particular by introducing a risk culture, bringing qualified experts on to company boards, empowering shareholders, external auditors and accounting experts, increasing the role of supervisors and improving risk management.

A second Green Paper would follow, which would cover not only financial companies but also listed and unlisted companies. The present Green Paper was accompanied by two reports on the measures taken by the Member States to promote implementation of the recommendation on remuneration policies in the financial services sector and the recommendation on the remuneration of directors of listed companies. Here too the proposals were aimed at a more stringent system.

Mr BARNIER then spoke about the proposal for a Regulation on credit rating agencies (see item 12 of these minutes). The work of these agencies had also clearly shown its limits. He considered that the Commission had fulfilled its mission by proposing new rules designed to increase transparency by requiring all agencies to be registered, to reduce the risk of conflicts of interest in relation to services offered by the same agency, and to introduce even more transparency by opening up access to the information that served as a basis for issuing the different ratings. The proposal on the table sought to establish supervision of the main rating agencies by the European Securities and Markets Authority, once it had been set up.

However, Mr BARNIER felt it was possible to go further by increasing competition and diversity on the one hand, while at the same time keeping the door open to other solutions, such as the creation of a European rating agency and improved transparency in the issue of ratings.

Lastly, he considered that this work programme, which complemented the one introduced by Mr REHN in economic policy, could play a part in spurring renewed economic growth in Europe.

The Commission then held a discussion in which, in addition to unanimous support for the various different elements, the following aspects were highlighted:

– the relevance of the proposals as a whole, with the emphasis nonetheless on the need for a proper evaluation of the suitability of the solutions proposed for subsequent stages, in particular as regards the possibility of a European rating agency and, from that point of view, the relevance of the present proposal, which does not prejudge the outcome of the examination of the various options;

– the importance of incorporating these proposals in the general dynamic of the crisis exit strategy;

– the regret that it had not been possible to put these measures forward earlier and the fact that it was now necessary to introduce them as quickly as possible in order to send a coordinated and consistent signal to the financial markets; the need, however, to stress the importance of careful preparation of these measures in order to strike the right balance given the scale of the challenge ahead;

– the relevance of the proposals on gender balance in corporate governance against the background of the wider problems of corporate governance;

- the argument for highlighting the need for a restructuring of the financial sector per se in order to restore competitive conditions, and doubts regarding the prospects for the operation of the bank resolution fund recently proposed by the Commission;
- the importance of drawing attention to the Commission's right of initiative and relaunching a general discussion on the interinstitutional dimension;
- the need to take account of the external dimension of these measures and in particular to consider similarities to and differences from the rules applied by the main partners in this sector.

Mr BARNIER thanked the Members of the Commission for their constructive comments and confirmed that all future options, including the possible creation of a European rating agency, would be examined in detail before any proposal was made for a decision. He shared Members' concern that the proposed measures should be carefully calibrated to avoid a cumulative effect that could lead to over-regulation. He agreed that the measures should be considered in an international context, especially in view of the importance of transatlantic trade and differences on a number of points such as accounting standards. He declared his commitment to a better gender balance in corporate governance and, lastly, pointed out that the purpose of the bank resolution fund was to provide a crisis resolution mechanism financed by the banks to prevent situations arising in which it would be necessary to resort to the tax-payer.

The PRESIDENT concluded the debate by expressing the Commission's support for all the documents presented under items 11 to 15 of these minutes, and by confirming in his turn that, on the important question of rating agencies, all options would be examined and evaluated, and no decision had yet been taken on a possible European rating agency. He noted that Mr BARNIER would table new proposals in September with a view to taking any steps that might still be necessary.

The Commission approved the communication in COM(2010)301/2 and /3 for transmission to the European Parliament, the Council, the European Economic and

Social Committee and the European Central Bank, and to the national parliaments for information.

12. **PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL AMENDING REGULATION (EC) NO 1060/2009 ON CREDIT RATING AGENCIES**
(COM(2010)289 TO /4; SEC(2010)678 AND /2); SEC(2010)679 AND /2); SEC(2010)680; SEC(2010)673)

The Commission adopted the proposal for a Regulation in COM(2010)289/4 for transmission to the European Parliament, the Council, the European Economic and Social Committee and the European Central Bank and to the national parliaments, together with the impact assessment and the summary thereof in staff papers SEC(2010)678/2 and SEC(2010)679/2 respectively, the contents of which were noted.

It also took note of the opinion of the Impact Assessment Board on the above proposal for a Regulation, as set out in SEC(2010)680.

13. **GREEN PAPER ON CORPORATE GOVERNMENT IN FINANCIAL INSTITUTIONS AND REMUNERATION POLICY**
(COM(2010)284 TO /3; SEC(2010)669; SEC(2010)672; SEC(2010)673)

14. **REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: APPLICATION BY MEMBER STATES OF COMMISSION RECOMMENDATION 2009/385/EC (ON DIRECTORS´ REMUNERATION) COMPLEMENTING RECOMMENDATIONS 2004/913/EC AND 2005/162/EC AS REGARDS THE REGIME FOR THE REMUNERATION OF**

DIRECTORS OF LISTED COMPANIES
(COM(2010)285 AND /2; SEC(2010)670 AND /2; SEC(2010)672; SEC(2010)673)

15. REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS: APPLICATION BY MEMBER STATES OF COMMISSION RECOMMENDATION 2009/384/EC ON REMUNERATION POLICIES IN THE FINANCIAL SERVICES SECTOR

(COM(2010)286 AND /2; SEC(2010)671; SEC(2010)672; SEC(2010)673)

The Commission:

– approved the Green Paper set out in COM(2010)284/3;

– approved the Commission reports which are the subject of COM(2010)285/2 and COM(2010)286/2;

– decided to forward the Green Paper and the two abovementioned reports to Parliament, the Council and the Economic and Social Committee and, for information, to the national parliaments, together with the working papers set out in SEC(2010)669, SEC(2010)670/2 and SEC(2010)671, the contents of which were noted.

16. RELATIONS WITH NON-MEMBER COUNTRIES

TWENTY-FIFTH SUMMIT BETWEEN THE EUROPEAN UNION AND RUSSIA (ROSTOV-ON-DON, 1 JUNE 2010)

Baroness ASHTON informed the Commission of the outcome of the 25th EU-Russia Summit which took place in Rostov-on-Don on 1 June. The EU had been represented by the President of the European Council, Mr Herman Van Rompuy, the Commission PRESIDENT, Mr DE GUCHT and the Baroness herself.

In Baroness ASHTON's view, a very positive and constructive atmosphere had prevailed at the Rostov summit, the first with Russia since the entry into force of the Lisbon Treaty. This Summit had helped to further relations with one of the EU's biggest partners. She highlighted in particular the Partnership for Modernisation between the European Union and Russia, an area which had taken shape since the last EU-Russia summit in Stockholm in November 2009.

The main issues discussed at the Rostov Summit had included trade, in particular the question of Russia joining the World Trade Organisation (WTO). The EU representatives had expressed support for Russia's rapid accession to the WTO, while at the same time underlining the need for it to comply with the commitments it had made at the last G20 Summit in April 2010.

As far as climate protection and energy were concerned, Russia had adopted a constructive approach to the efforts to combat climate change. The Russian partners had expressed interest in examining in more depth certain matters relating to energy supplies at a forthcoming meeting with Commission representatives.

In relation to human rights in Russia, the EU representatives had backed the moratorium on the death penalty but had also emphasised the need for more effective protection of human rights activists, the reform of the judicial system and the guarantee of legal certainty.

International issues discussed had included cooperation in international crisis management, with emphasis on the importance for the EU of strong cooperation with Russia in this respect.

Turning to the discussions on the situation in the Middle East, Baroness Ashton referred to the joint EU-Russia statement on Israel's military operation against the peace flotilla sailing to Gaza, which deplored the loss of human life as a result of this military intervention and underlined the need for a full and impartial inquiry into the events. The statement pointed to the serious humanitarian situation in Gaza and urged Israel to open the crossings immediately to allow the flow of humanitarian aid into Gaza.

Baroness Ashton then touched on the discussions held on Iran, Georgia, the Republic of Moldova and Kosovo, and on the situation in Afghanistan. Lastly, she proposed providing a regular update on topical issues arising from relations between the European Union and its partners.

Following up this presentation, Mr DE GUCHT broached the question of trade, referring to Russia's future accession to the WTO. However, it was important to resolve a number of issues still pending, for instance Russia should honour its commitments as regards abolishing protectionist measures and gradually ending payments for Siberian overflight rights. There was a need for substantial progress in this domain. The EU would continue to support Russia's rapid accession to the WTO.

A discussion ensued, during which the Commission highlighted the importance for both partners of strengthening cooperation and the need to achieve progress in human rights, trade and the future accession of Russia to the WTO.

Baroness ASHTON then replied to various questions, in particular regarding human rights and the need for more transparency on Russia's part, developments within the Russian administration, Russia's position on the negotiating process involving the Republic of Moldova, the partnership role which Russia plays in other international domains such as the efforts to combat piracy off the Somali coast and the recent developments in the Middle East. Once again, Baroness ASHTON emphasised the need for humanitarian aid to get through to Gaza and called for a full and impartial inquiry into the events of the past week. She also referred briefly to the EU's role in development aid compared with other international partners.

Mr DE GUCHT returned to the plant health issues briefly mentioned at the Summit and to the overflight rights which, together with the question of intellectual property rights, would have to be solved prior to Russia's accession to the WTO.

Ms REDING thanked Baroness ASHTON and Mr DE GUCHT for their presentations, saying that it would be useful to have a regular discussion on topical international issues at future Commission meetings.

The Commission took note of this information.

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The meeting closed at 16.56 hours.