ANNEXES

ANNEX 1: Statement of the Resources Director

"I declare that in accordance with the Commission's communication on clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission[1], I have reported my advice and recommendations to the Director-General on the overall state of internal control in the DG.

I hereby certify that the information provided in Section 2 of the present AAR and in its annexes is, to the best of my knowledge, accurate and complete."

Brussels, 28/03/2017

[signed]

Pamela BRUMTER-CORET

[1] Communication to the Commission: Clarification of the responsibilities of the key actors in the domain of internal audit and internal control in the Commission; SEC(2003)59 of 21.01.2003.

ANNEX 2: Reporting – Human Resources, Better Regulation, Information Management and External Communication

Human resource management

Objective: The DG effectively deploys its resources in support of the delivery of the Commission's priorities and core business, has a competent and engaged workforce, which is driven by an effective and gender-balanced management and which can deploy its full potential within supportive and healthy working conditions.			
Indicator 1: Percentage of female representation in middle management. Source of data: SEC(2015)336			
Baseline	**Target 2019**		**Latest known results**
26% (May 2015)	35%		23.8%
Indicator 2: Percentage of staff who feel that the Commission cares about their well-being. Source of data: Commission Staff Survey.			
Baseline	**Target 2020**		**Latest known results**
42% MARKT (2014) 38% ECFIN (2014)	45% (5 percentage points higher than the average of DG MARKT and DG ECFIN, 10 percentage points higher than the 2014 average for the Commission)		43%
Indicator 3: Staff Engagement Index Source of data: Commission Staff Survey.			
Baseline	**Target 2020**		**Latest known results**
71% MARKT (2014) 66% ECFIN (2014)	70 % (1.5 percentage point higher than the average of DG MARKT and DG ECFIN; 5 percentage points higher than the 2014 Commission average)		73%
Main outputs in 2016:			
Description	**Indicator**	**Target**	**Latest known results**
Opening the current deputy heads of unit coaching to female team leaders in order to prepare women for management positions and increase	Participation rate of female team leaders in the coaching	50%	10 participants for 10 places (100%)

the pool of female applicants for middle management positions in DG FISMA.			
Survey on equal opportunities for AD women to serve as the basis for designing further actions in this field.	Expected response rate of the surveyed population	40%	32 AD women replied (46.4% of all AD women)
Meeting between the Head of the HR unit and female managers in DG FISMA to learn about their experiences and provide better support for women interested in management positions.	Meeting between Head of HR unit and female managers	1 meeting	Postponed to 6 February 2017
Coaching for women ADs on project team leadership, with a view to helping them to acquire management experience.	Number of participants in coaching	At least 5 women	Workshop "Lead My Project Team" Postponed for 13-14 February (6 women registered so far)
Survey on well-being to serve as the basis for designing further actions in this field.	Response rate	30%	173 respondents (45.5% of the surveyed population)
Social activities (Easter Egg Hunt, yearly party) to	Number of participants	Easter Egg hunt – 50 children	The Egg hunt was not organised in 2016 as no suitable date for all participants could

foster further staff integration.			be found around Easter.
Lunchtime fit at work activities and information sessions on well-being topics.	Participation rate	50% of available places	Nutrition: 28 places, 46% participation rate Stretching 1st session: 14 places, 100% participation rate Stretching 2nd session, 10 places 70% participation rate
An AST workshop and regular activities for AST staff.	Participation rate	AST workshop - 50% of all assistants Activities for ASTs – 50% of available places	Workshop: 51 ASTs (54.8% of all assistants) 7 breakfasts: total participants 115 = 16,4 average for 25 places available (65.6%)
Knowledge hours during which units and staff members will present their field of activities to all staff.	Number of sessions	15 per year	20 Knowledge Hours organised in 2016
Mini coaching sessions offered by Directors to interested staff.	Number of participants	15 participants	26 participants in 2016
Active staff participation in devising DG FISMA's new working methods.	Number of all-staff meetings	4 per year	4

Better regulation

Objective: Prepare new policy initiatives and manage the EU's acquis in line with better regulation practices to ensure that EU policy objectives are achieved effectively and efficiently.			
Indicator 1: Percentage of Impact Assessments (IAs) submitted by DG FISMA to the Regulatory Scrutiny Board that received a favourable opinion on first submission. **Source of data: DG FISMA**			
Baseline 2015	**Interim milestone 2016**	**Target 2020**	**Latest known results**
83% (68% = Commission average in 2014) on first submission (68% = Commission average in 2014).	Positive trend compared to baseline	Positive trend compared to interim milestone	4 IAs approved: • 75% on first submission • 100% with resubmission
Indicator 2: Percentage of the DG's primary regulatory acquis covered by retrospective evaluation findings and Fitness Checks not older than five years. **Source of data: DG FISMA**			
Baseline 2015	**Interim milestone 2016**	**Target 2020**	**Latest known results**
DG FISMA conducted 15 retrospective reviews and 2 green papers in 2015. 10 retrospective reviews have been adopted to date. As Better Regulation principles came into force only late May 2015 (with a transition period for full application at the end of 2015), only 1 DG FISMA review qualified as "evaluation" according to the Better Regulation Principles.	Positive trend compared to baseline	Positive trend compared to interim milestone	Positive trend confirmed: 18 % of primary regulatory acquis (105 directives and regulations) covered by retrospective evaluation[2].
Main outputs in 2016:			
Description	**Indicator**	**Target**	**Latest known results**
Enhancing impact		90%	4 IAs approved:

[2] 17 retrospective reviews (10 reviews adopted up to 2015 and 7 additional reviews adopted in 2016) and 2 evaluations fully qualifying as "evaluation" according to the Better Regulation Principles (1 adopted in 2015 and 1 in 2016).

assessments' compliance with Better Regulation Principles.	Percentage of impact assessments that will be submitted to the Regulatory Scrutiny Board and receive a favourable opinion on first submission.		• 75% on first submission • 100% with resubmission
Enhancing retrospective reviews/evaluations' compliance with Better Regulation Principles.	Percentage increase of retrospective reviews/evaluations that follow the Better Regulation principles since 2015.	100%	DG FISMA adopted in 2016 1 additional evaluation within the meaning of Better Regulation principles which constitutes an increase of 100% compared to 2015 baseline (1 evaluation).

Information management aspects

<table>
<tr><td colspan="4">Objective: Information and knowledge in the DG is shared and reusable by other DGs. Important documents are registered, filed and retrievable.</td></tr>
<tr><td colspan="4">Indicator 1: Percentage of registered documents that are not filed (ratio)
Source of data: Hermes-Ares-Nomcom (HAN) statistics</td></tr>
<tr><td colspan="2">Baseline 2014</td><td>Target</td><td>Latest known results</td></tr>
<tr><td colspan="2">1%</td><td>1%</td><td>0.93%</td></tr>
<tr><td colspan="4">Indicator 2: Percentage of HAN files readable/accessible by all units in DG FISMA

Source of data: HAN statistics</td></tr>
<tr><td colspan="2">Baseline 2014</td><td>Target</td><td>Latest known results</td></tr>
<tr><td colspan="2">99%</td><td>99%</td><td>96,5%(excluding restricted files with personal data)[3]</td></tr>
<tr><td colspan="4">Indicator 3: Percentage of briefings managed in accordance with a uniform business process and using a common tool

Source of data: BASIS (Briefings And Speeches Information System) – Re: Briefings at DG and DDG level only</td></tr>
<tr><td colspan="2">Baseline 2014</td><td>Target</td><td>Latest known results</td></tr>
<tr><td colspan="2">2015: 100%</td><td>100% every year</td><td>100%</td></tr>
<tr><td colspan="4">Main outputs in 2016:</td></tr>
<tr><td>Description</td><td>Indicator</td><td>Target</td><td>Latest known results</td></tr>
<tr><td>Increase of ARES quality files.</td><td>Number of units visited by Document Management Officer (DMO)
Checking of sample files in units</td><td>22 (out of 22 units)</td><td>21 out of 21 (new organigram in 2016)</td></tr>
<tr><td>Review of filing plans by Heads of Units (based on a report containing the list of files, the corresponding file managers, number of files, file creation date).</td><td>Number of Heads of Units having reviewed their filing plan</td><td>22 (out of 22 units)</td><td>21 (organigram 2016)</td></tr>
</table>

[3] The percentage of HAN files shared with other DGs is 0,23%.

External communication activities

Objective 1: Citizens perceive that the EU is working to improve their lives and engage with the EU. They feel that their concerns are taken into consideration in European decision making and they know about their rights in the EU.		
Indicator 1: Percentage of EU citizens having a positive image of the EU. Source of data: Standard Eurobarometer (DG COMM budget).		
Baseline November 2014	**Target 2020**	**Latest known results**
Total "Positive": 39% Neutral: 37% Total "Negative": 22%	Positive image of the EU ≥ 50%	Standard Eurobarometer 86 (Autumn 2016) Total positive: 35% Neutral: 38% Total negative: 25%
Objective 2: Higher user satisfaction with DG FISMA's main information channels, i.e. its website, Finance Newsletter and social media accounts.		
Indicator 1: Percentage of users who "totally agree" or "tend to agree" with the statement "The website / Finance Newsletter / social media accounts improve my understanding of what the EU is doing on banking and finance." Source of data: Online surveys.		
Baseline	**Target 2020**	**Latest known results**
Online survey to be conducted in 2016 to establish baseline.	+10% (as compared to 2016 baseline).	90.39% "totally agree" or "tend to agree" (2016, baseline)

Main outputs in 2016: Objective (definition): To ensure high visibility for two of DG FISMA's main policy deliverables, i.e. Capital Markets Union and retail finance, particularly for media and stakeholders.			
Description	**Indicator**	**Target**	**Latest known results**
Capital Markets Union communications plan: targeted communication actions around each CMU-related deliverable	Number of mentions of #CapitalMarketsUnion (measured in Engagor).	1,500 mentions in 2016	1,607 mentions in 2016
Retail finance communications plan, including ongoing #MyMoneyEU social media campaign (to end on 18.3.2016), a webchat and a Eurobarometer survey.	Number of mentions of #MyMoneyEU (measured in Engagor).	2,000 mentions by 18.3.2016	3,373 mentions by 18.03.2016
Annual communication spending (based on estimated commitments).			

Baseline (Year -1):	Target: (Year n):	Latest known results
EUR 86,000 (excluding Eurobarometer and conferences)	EUR 250,000 (EUR 106,000 for Eurobarometer on retail financial services; remaining budget for other ad hoc communication actions on main policy deliverables and web support for digital transformation; excluding conferences)	EUR 246,624.69

ANNEX 3: Draft annual accounts and financial reports

AAR 2016 Version 1

Annex 3 Financial Reports - DG FISMA - Financial Year 2016

TABLE 1: OUTTURN ON COMMITMENT APPROPRIATIONS IN 2016 (in Mio €)					
			Commitment appropriations authorised	Commitments made	%
			1	2	3=2/1
Title 12 Financial stability, financial services and capital markets union					
12	12 01	Administrative expenditure of the 'Financial stability, financial services and capital markets union' policy area	2,57	2,48	96,54 %
	12 02	Financial services and capital markets	47,97	46,53	96,99 %
Total Title 12			50,54	49,01	96,97%
Total DG FISMA			50,54	49,01	96,97 %

** Commitment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous commitment appropriations for the period (e.g. internal and external assigned revenue).*

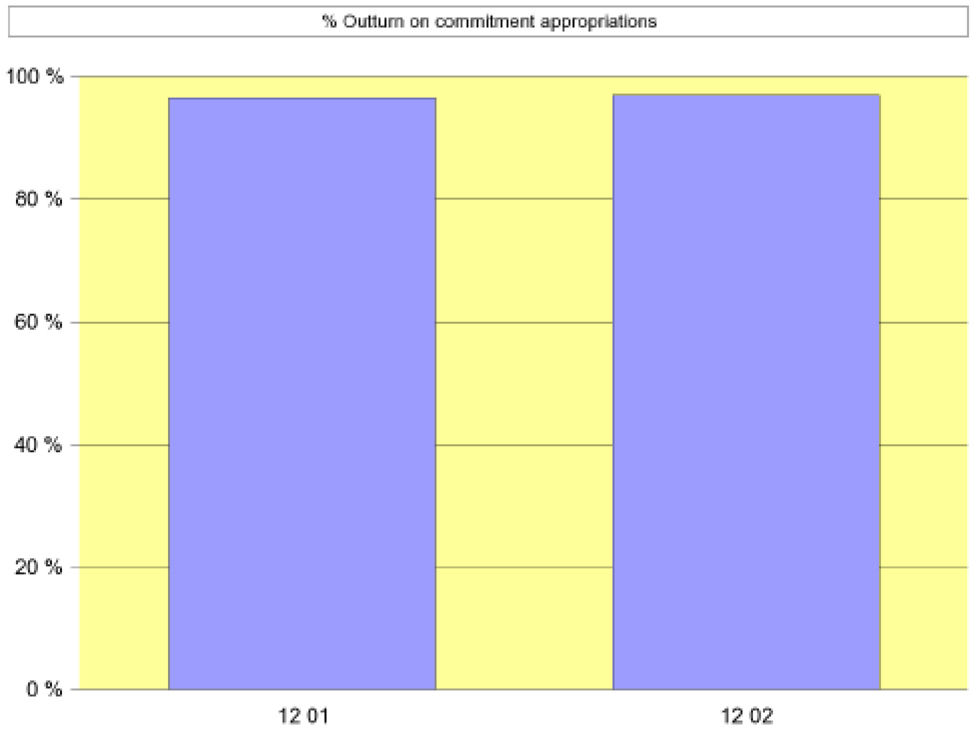

TABLE 2: OUTTURN ON PAYMENT APPROPRIATIONS IN 2016 (in Mio €)					
Chapter			Payment appropriations authorised *	Payments made	%
			1	2	3=2/1
Title 12 Financial stability, financial services and capital markets union					
12	12 01	Administrative expenditure of the 'Financial stability, financial services and capital markets union' policy area	3,44	2,36	68,45 %
	12 02	Financial services and capital markets	45,67	44,25	96,90 %
Total Title 12			49,11	46,61	94,90%
	Total DG FISMA		49,11	46,61	94,90 %

** Payment appropriations authorised include, in addition to the budget voted by the legislative authority, appropriations carried over from the previous exercise, budget amendments as well as miscellaneous payment appropriations for the period (e.g. internal and external assigned revenue).*

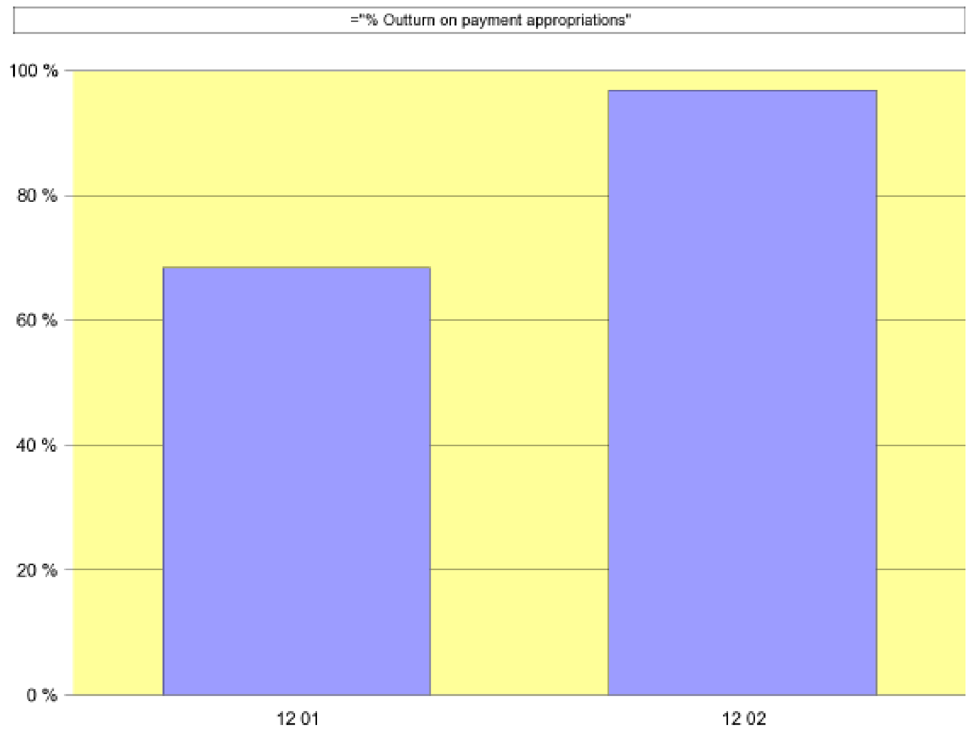

TABLE 3 : BREAKDOWN OF COMMITMENTS TO BE SETTLED AT 31/12/2016 (in Mio €)										
Chapter			2016 Commitments to be settled				Commitments to be settled from financial years previous to 2016	Total of commitments to be settled at end of financial year 2016 (incl corrections)	Total of commitments to be settled at end of financial year 2015 (incl. corrections)
			Commitments 2016	Payments 2016	RAL 2016	% to be settled			
			1	2	3=1-2	4=1-2/1	5	6=3+5	7
Title 12 : Financial stability, financial services and capital markets union									
12	12 01	Administrative expenditure of the 'Financial stability, financial services and capital markets union' policy area	2,48	1,67	0,81	32,61 %	0,00	0,81	0,88
	12 02	Financial services and capital markets	46,53	40,29	6,24	13,40 %	3,45	9,69	8,73
Total Title 12			49,01	41,96	7,04	14,37%	3,45	10,49	9,6
	Total DG FISMA		49,01	41,96	7,04	14,37 %	3,45	10,49	9,6

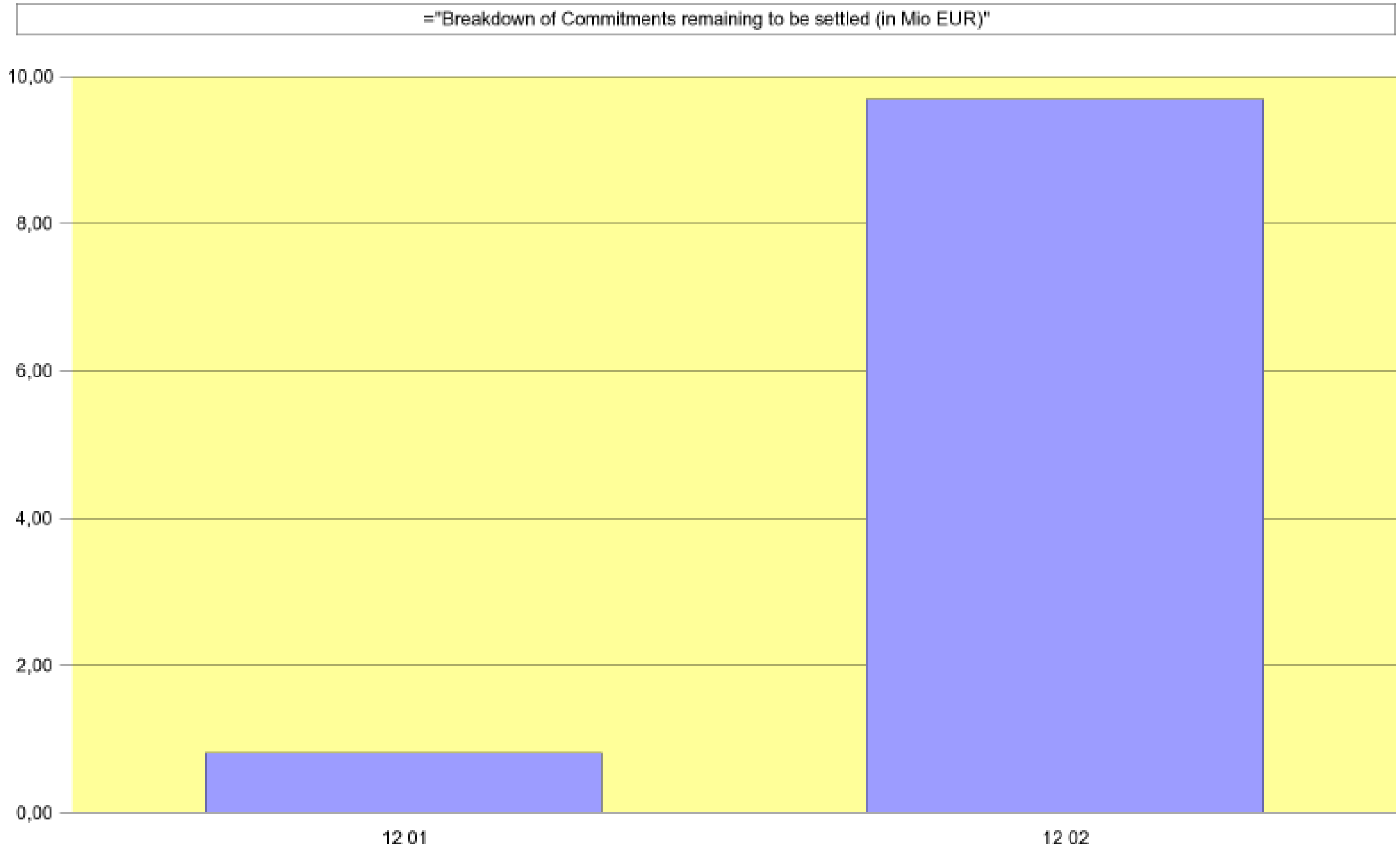
="Breakdown of Commitments remaining to be settled (in Mio EUR)"
10,00
8,00
6,00
4,00
2,00
0,00
12 01
12 02

TABLE 4 : BALANCE SHEET FISMA

BALANCE SHEET	2016	2015
A.I. NON CURRENT ASSETS	0	0
A.I.2. Property, Plant and Equipment	0,00	0,00
A.II. CURRENT ASSETS	5.641.427,1	1.321.162,64
A.II.2. Current Pre-Financing	5.641.329,83	1.321.735,09
A.II.3. Curr Exch Receiv &Non-Ex Recoveral	97,27	-572,45
ASSETS	**5.641.427,1**	**1.321.162,64**
P.II. CURRENT LIABILITIES	-93.533,65	-3.319.785,02
P.II.4. Current Payables	-93.533,65	-66.535,63
P.II.5. Current Accrued Charges &Defrd Incc	0,00	-3.253.249,39
LIABILITIES	**-93.533,65**	**-3.319.785,02**
NET ASSETS (ASSETS less LIABILITIES)	**5.547.893,45**	**-1.998.622,38**
P.III.2. Accumulated Surplus / Deficit	149.248.406,23	103.784.274,67
Non-allocated central (surplus)/deficit*	-154.796.299,68	-101.785.652,29
TOTAL	0,00	0,00

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

The Accounting situation presented in the Balance Sheet and Statement of Financial Performance does not include the accruals and deferrals calculated centrally by the services of the Accounting Officer.

TABLE 5 : STATEMENT OF FINANCIAL PERFORMANCE FISMA

STATEMENT OF FINANCIAL PERFORMANCE	2016	2015
II.1 REVENUES	-1.180.816,22	-1.106.540,04
II.1.2. EXCHANGE REVENUES	-1.180.816,22	-1.106.540,04
II.1.2.2. OTHER EXCHANGE REVENUE	-1.180.816,22	-1.106.540,04
II.2. EXPENSES	37.024.390,38	46.570.671,6
II.2. EXPENSES	37.024.390,38	46.570.671,6
II.2.10.OTHER EXPENSES	2.404.449,90	1.608.641,38
II.2.2. EXP IMPLEM BY COMMISS&EX.AG	3.936.154,39	10.463.981,82
II.2.3. EXP IMPL BY OTH EU AGENC&BO	30.689.658,81	34.496.346,20
II.2.6. STAFF AND PENSION COSTS	-5.872,72	249,69
II.2.8. FINANCE COSTS		1.452,51
STATEMENT OF FINANCIAL PERFORMANCE	**35.843.574,16**	**45.464.131,56**

It should be noted that the balance sheet and statement of financial performance presented in Annex 3 to this Annual Activity Report, represent only the assets, liabilities, expenses and revenues that are under the control of this Directorate General. Significant amounts such as own resource revenues and cash held in Commission bank accounts are not included in this Directorate General's accounts since they are managed centrally by DG Budget, on whose balance sheet and statement of financial performance they appear. Furthermore, since the accumulated result of the Commission is not split amongst the various Directorates General, it can be seen that the balance sheet presented here is not in equilibrium.

Additionally, the figures included in tables 4 and 5 are provisional since they are, at this date, still subject to audit by the Court of Auditors. It is thus possible that amounts included in these tables may have to be adjusted following this audit.

The Accounting situation presented in the Balance Sheet and Statement of Financial Performance does not include the accruals and deferrals calculated centrally by the services of the Accounting Officer.

TABLE 5bis : OFF BALANCE SHEET FISMA

OFF BALANCE	2016	2015
OB.1. Contingent Assets	0	0
GR for pre-financing	0,00	0,00
OB.3. Other Significant Disclosures	0	-5.860.726,37
OB.3.2. Comm against app. not yet con	0,00	-5.860.726,37
OB.4. Balancing Accounts	0	5.860.726,37
OB.4. Balancing Accounts	0,00	5.860.726,37
OFF BALANCE	**0,00**	**0,00**

TABLE 6: AVERAGE PAYMENT TIMES FOR 2016 - DG FISMA

Legal Times

Maximum Payment Time (Days)	Total Number of Payments	Nbr of Payments within Time Limit	Percentage	Average Payment Times (Days)	Nbr of Late Payments	Percentage	Average Payment Times (Days)
30	244	243	99,59 %	13,52	1	0,41 %	37
40	1	1	100,00 %	8			
45	1	1	100,00 %	9			
60	14	14	100,00 %	17,71			
90	1	1	100,00 %	13			
107	1	1	100,00 %	30			
126	1	1	100,00 %	6			

Total Number of Payments	263	262	99,62 %		1	0,38 %	
Average Net Payment Time	13,83			13,74			37
Average Gross Payment Time	17,56			17,48			37

Target Times

Target Payment Time (Days)	Total Number of Payments	Nbr of Payments within Target Time	Percentage	Average Payment Times (Days)
20	7	7	100,00 %	11,43

Total Number of Payments	7	7	100,00 %	
Average Net Payment Time	11,43			11,43
Average Gross Payment Time	11,71			11,71

Suspensions

Average Report Approval Suspension Days	Average Payment Suspension Days	Number of Suspended Payments	% of Total Number	Total Number of Payments	Amount of Suspended Payments	% of Total Amount	Total Paid Amount
0	19	51	19,39 %	263	5.361.543,64	11,94 %	44.890.546,37

TABLE 7 : SITUATION ON REVENUE AND INCOME IN 2016								
Chapter		Revenue and income recognized			Revenue and income cashed from			Outstanding balance
		Current year RO	Carried over RO	Total	Current Year RO	Carried over RO	Total	
		1	2	3=1+2	4	5	6=4+5	7=3-6
57	OTHER CONTRIBUTIONS AND REFUNDS IN CONNECTION WITH THE ADMINISTRATIVE OPERATION OF THE INSTITUTION	69.097	0	69.097	69.097	0	69.097	0
66	OTHER CONTRIBUTIONS AND REFUNDS	1.346.345,77	0	1.346.345,77	1.346.345,77	0	1.346.345,77	0
71	FINES	0	387.840	387.840	0	0	0	387.840
90	MISCELLANEOUS REVENUE	1.444.012,97	0	1.444.012,97	1.444.012,97	0	1.444.012,97	0
Total DG FISMA		**2.859.455,74**	**387.840**	**3.247.295,74**	**2.859.455,74**	0	**2.859.455,74**	**387.840**

TABLE 8 : RECOVERY OF PAYMENTS
(Number of Recovery Contexts and corresponding Transaction Amount)

Year of Origin (commitment)	Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	RO Amount	Nbr	RO Amount	Nbr	RO Amount
2015			7	1.415.442,77		
No Link			2	1.444.012,97		
Sub-Total			**9**	**2.859.455,74**		

EXPENSES BUDGET	Error		Irregularity		OLAF Notified		Total undue payments recovered		Total transactions in recovery context (incl. non-qualified)		% Qualified/Total RC	
	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount	Nbr	Amount
INCOME LINES IN INVOICES												
NON ELIGIBLE IN COST CLAIMS									1	374,32		
CREDIT NOTES									9	21.332,33		
Sub-Total									**10**	**21.706,65**		
GRAND TOTAL									**19**	**2.881.162,39**		

TABLE 9: AGEING BALANCE OF RECOVERY ORDERS AT 31/12/2016 FOR FISMA						
	Number at 1/01/2016	Number at 31/12/2016	Evolution	Open Amount (Eur) at 1/01/2016	Open Amount (Eur) at 31/12/2016	Evolution
2014	1	1	0,00 %	387.840,00	387.840,00	0,00 %
	1	1	0,00 %	387.840,00	387.840,00	0,00 %

TABLE 10 : RECOVERY ORDER WAIVERS IN 2016 >= EUR 100.000						
	Waiver Central Key	Linked RO Central Key	RO Accepted Amount (Eur)	LE Account Group	Commission Decision	Comments

Total DG	

Number of RO waivers	

TABLE 11 : CENSUS OF NEGOTIATED PROCEDURES - DG FISMA - 2016

Procurement > EUR 60,000

Negotiated Procedure Legal base	Number of Procedures	Amount (€)
Art. 134.1(b)	1	78.000,00
Total	**1,**	**78.000,00**

TABLE 12 : SUMMARY OF PROCEDURES OF DG FISMA EXCLUDING BUILDING CONTRACTS

Internal Procedures > € 60,000		
Procedure Type	**Count**	**Amount (€)**
Exceptional Negotiated Procedure without publication of a contract notice (Art. 134(1) (b) RAP)	1	78.000,00
Negotiated Procedure (Art. 136(a) RAP)	1	95.000,00
Open Procedure (Art. 127(2) RAP)	1	202.150,00
Open Procedure (Art. 104(1) (a) FR)	6	2.790.336,00
TOTAL	**9**	**3.165.486,00**

Additional comments

TABLE 13 : BUILDING CONTRACTS

Total number of contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Description	Amount (€)

No data to be reported

TABLE 14 : CONTRACTS DECLARED SECRET

Total Number of Contracts :	
Total amount :	

Legal base	Contract Number	Contractor Name	Type of contract	Description	Amount (€)

No data to be reported

ANNEX 4: Materiality criteria

The materiality criteria is the benchmark against which DG FISMA identifies in qualitative and quantitative terms the overall impact of a weakness and judge whether it is material enough to have an impact on the assurance.

Even if the amount at risk is under the materiality threshold, a reservation may still be made on qualitative grounds.

Qualitative assessment of materiality:

To assess the significance of a weakness, DG FISMA considers the following factors in qualitative terms:

- the nature and scope of the weakness;
- the duration of the weakness;
- the existence of compensatory measures (mitigating controls which reduce the impact of the weakness);
- the reputational impact of the weakness;
- the existence of effective corrective actions to correct the weaknesses (action plans and financial corrections) which have had a measurable impact.

Quantitative assessment of materiality:

As regards legality and regularity, the weakness is considered material if the estimated error rate (referring to authorised financial operations that do not comply with the applicable contractual or regulatory provisions) exceeds the materiality threshold of **2%** of total annual expenditure.

Quantitative and qualitative indicators are provided by:

- *ex-post* checks by the Financial Resources and Internal Control Unit on a sample of all open commitments and payments processed in 2016;
- the register of annual exceptions and non-compliance events. Weaknesses having a significant impact (which would qualify as a material error) are assessed on the basis of:
  - any significant reputational risk for the DG and the Commission;
  - repetitive or systemic errors/errors that have gone uncorrected;
  - whether they would lead to a failure in identifying any major risk with a financial or policy impact, and/or establishing an adequate action plan to mitigate those risks.
- other errors detected *ex-post* in the course of standard control or reporting activities, and which have been notified to the Internal Control Coordinator;
- control indicators applicable to the direct procurement and grants management.

ANNEX 5: Internal Control Template(s) for budget implementation (ICTs)

Name the type of expenditure to which the ICT applies[4] (grants direct management / procurement direct management / shared management / indirect entrusted management / Financial Instruments / Non-Expenditure Items[5]). The generic ICTs for the above expenditure types are published on BUDGweb.

Grants direct management

Stage 1 — Programming, evaluation and selection of proposals

A — Preparation, adoption and publication of the annual work programme and calls for proposals

Main control objectives: Ensuring that the annual work programme (AWP) and calls for proposals are adequate in facilitating the selection of the most promising projects for meeting the policy or programme objectives (effectiveness); compliance (legality and regularity); prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The annual work programme and the subsequent call for proposals do not adequately reflect the policy objectives, priorities and/or the essential eligibility, selection and award criteria are not adequate to ensure evaluation of the proposals.	Explicit allocation of responsibility to individual officials (reflected in task distribution); hierarchical validation within the authorising and operational departments; inter-service consultation including all relevant services; adoption by the	If risk materialises, all grants awarded during the year under this work programme or call would be irregular. Possible impact: 100 % of budget involved and significant reputational consequences **Coverage/frequency**: 100 %	**Costs**: Estimated cost of staff involved in preparation and validation of annual work programme and call for proposals **Benefits**: The (average annual) total budgetary amount of the annual work programmes or calls with significant errors	**Effectiveness**: Budget amount of the work programmes concerned (€) For grants awarded following the call for proposals: value of proposals received as a percentage of budget available (%)

[4] One ICT is required per type of expenditure managed by the DG. As regards cost benefit indicators for the external aid policy area, the aid delivery methods (procurement and grants, contribution agreements, budget support etc.), the management modes or distinct internal control systems or alternatively the different cooperation instruments could be used, as long as the relevant indicators are reported accordingly in the AAR.

[5] For specific types of expenditure that do not fit in the categories mentioned (e.g. Budget support) use the same template and name it accordingly.

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
Call for proposals is published prior to adoption of the AWP.	Commission	**Depth**: N/A	detected and corrected or with irregularities detected	

B — Selecting and awarding: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals selected (effectiveness); compliance (legality and regularity); prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The proposals are not evaluated, ranked and selected in accordance with the established procedures and/or with the essential eligibility, selection and award criteria set out in the annual work programme and subsequent call for proposals. The grant application does not contain all information and supporting documents required for its evaluation.	Appointment of competent staff (e.g. policy officers) as members of the evaluation committee	100 % vetting for technical expertise and independence (e.g. conflicts of interests)	**Costs:** Estimated cost of staff involved in evaluating, ranking and selecting proposals **Benefits:** Compare selected list with a random allocation of the available budget. Benefit equals value of deserving projects otherwise not selected plus value of non-deserving projects that would have been selected (=amount redirected to better projects)	**Effectiveness**: Number of cases of litigation Budget amount of the call concerned (€) **Efficiency**: Time to inform (days): average time to inform applicants of outcome of evaluation of application (as compared with allowed maximum of 180 days)
	Assessment of proposals by competent staff (members of the evaluation committee) Equal treatment of applicants in processing of requests for additional information	100 % of proposals are evaluated		
	Review and hierarchical validation of ranked list of proposals by the authorising department and the AO	**Coverage**: 100 % of ranked proposals Depth depends on risk factors, e.g. conflicts of interests		

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	Redress procedure	100 % of contested decisions are examined		

Stage 2 — Contracting: Transformation of selected proposals into legally binding grant agreements

Main control objectives: Ensuring that the allocation of funds is optimal (best value for public money; effectiveness, economy, efficiency); compliance (legality and regularity); prevention of fraud (anti-fraud strategy)

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The description of the action in the grant agreement includes tasks which do not contribute to the achievement of the policy or programme objectives and/or that the budget foreseen overestimates the costs necessary to carry out the work programme. The beneficiary lacks operational and/or financial capacity to carry out the work programme. Procedures do not comply with the regulatory framework (e.g. the grant agreement does not contain all applicable provisions or is signed	Validation of beneficiaries (operational and financial viability) In-depth financial verification and taking appropriate measures for high risk beneficiaries Use of standard grant agreement templates which include control provisions Timely adoption of the annual financing decision Signature of grant agreement by the AO	100 % of the selected proposals and beneficiaries are scrutinised **Coverage**: 100 % of draft grant agreements Depth may be determined after considering the type or nature of the beneficiary and/or total value of the grant	**Costs**: Estimated cost of staff involved in the contracting process **Benefits**: Difference between EU funding requested for selected proposals and that of corresponding grant agreements	**Effectiveness:** Amount of EU funding (€) proposed by beneficiary that was rejected (not included in the grant agreement budget) **Efficiency:** Time to grant (days): average time to sign agreements (as compared with allowed maximum of 90 days)

Main risks It may happen (again) that ...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
late).				

Stage 3 — Monitoring the execution (this stage covers the monitoring of the operational, financial and reporting aspects relating to the project and grant agreement)

Main control objectives: Ensuring that the operational results (deliverables) of the projects are of good value and meet the objectives and conditions (effectiveness and efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality and regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information)

Main risks It may happen (again) that ...	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The work programme of the beneficiary is not, totally or partially, carried out in accordance with the provisions of the grant agreement and/or the amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions. Changes to grant agreements are not properly documented or authorised. Payments to beneficiaries are made late.	Operational and financial checks in accordance with the financial circuits Operation authorised by the AO	100 % of transactions are controlled and authorised	**Costs**: Estimated cost of staff involved in actual management of grants **Benefits**: Amount of costs claimed by beneficiary, but rejected by DG	**Effectiveness**: Number or % of grants with cost claim errors Amount (€) of cost items rejected (total ineligible costs) Value of cost claims items adjusted as percentage of total cost claim value Number of potential fraud cases **Efficiency**: Time-to-payment
	On-the-spot verifications Verification results validated with beneficiary	100 % of beneficiaries (once every two years) **Depth**: Depends on risk criteria		
	If needed: application of suspension/interruption of payments, penalties If needed: beneficiary or grant referred to OLAF	**Depth**: Depends on results of ex-ante controls		

Stage 4 — *Ex-post* controls

A — Reviews, audits and monitoring

Main control objectives: Mesuring the effectiveness of ex-ante controls by ex-post controls; detecting and correcting any error or fraud remaining undetected after implementation of ex-ante controls (legality and regularity; anti-fraud strategy); addressing systemic weaknesses in the ex-ante controls, based on analysis of the findings (sound financial management); ensuring appropriate accounting of recoveries to be made (reliability of reporting, safeguarding of assets and information)

Main risks **It may happen (again) that …**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
The ex-ante controls (as such) fail to prevent, detect and correct erroneous payments or attempted fraud.	Desk reviews of a representative sample of transactions to determine effectiveness of ex-ante controls and consider findings for improving them If needed: beneficiary or grant referred to OLAF	(Random) sample sufficiently representative to draw valid management conclusions	**Costs**: Estimated cost of staff involved in desk reviews **Benefits:** Budget value of errors detected during desk reviews	**Effectiveness:** Amount of errors concerned (€) Number of transactions with errors

B — Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the results from the ex-post controls lead to effective recoveries (legality and regularity; anti-fraud strategy); ensuring appropriate accounting of recoveries made (reliability of reporting)

Main risks **It may happen (again) that …**	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Control indicators**
Errors, irregularities and cases of fraud detected are not addressed (in time). Lessons learned from the implementation of audit	Systematic documentation of audit/control results to be implemented Financial operational validation of recovery in	**Coverage**: 100 % of final ex-post control results with a financial impact **Depth**: Consider 'extending' the	**Costs**: Estimated cost of staff involved in implementing audit results **Benefits**: Budget value of actually	**Effectiveness**: Value of ex-post checks results pending implementation (€)

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
results are not exploited to reinforce the control systems.	accordance with financial circuits Authorisation by the AO	findings of systemic errors into corrections of non-audited grants by the same beneficiary	corrected errors detected by ex-post controls	

Procurement direct management

Stage 1: Procurement

A – Planning

Main control objectives: Effectiveness, efficiency and economy; compliance (legality and regularity); ensuring efficient and effective organisation of the procurement procedure in order to obtain timely and relevant deliverables, while allocating adequate resources to manage procurement procedures and complying with the established rules regulating the awarding of public contracts.

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The needs are not well defined (operationally and economically) and the decision to procure was inappropriate to meet the operational objectives. Services are discontinued due to late contracting (poor planning and organisation of procurement process). Other suitable/similar solutions already exist or the objectives can be achieved alternatively at lower/no cost.	Financing decisions/list of studies to be procured are discussed and agreed by management/group responsible for assessing the needs for studies.	100 % of forecast procurements (open procedures) are justified in a note to the AOSD. All key procurement procedures (generally with a value (€) at or above the Directive threshold) are discussed by management/group responsible for assessing the needs for studies.	**Costs**: Estimated cost of staff involved **Benefits**: Amount of unjustified purchases rejected Costs of litigation saved if discontinuation of service is avoided. Amount saved from procuring expensive contracts when results/data are already available/can be obtained otherwise.	**Effectiveness**: Number of projected calls for tenders cancelled; number of contract discontinued due to lack of use (poor planning). **Efficiency**: Average cost per tender.
	Central financial unit verifies timing and planning of different procurement procedures	100 % of forecast procurements		

B- Needs assessment and definition of needs

Main control objectives: Ensuring adequate needs analysis to demonstrate that public procurement is the most appropriate (effective, efficient and economical) way of meeting the DG's objectives and operational needs and carried out in accordance with the established rules on awarding public contracts; compliance (legality and regularity).

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The best offer(s) are not submitted due to poor tender specifications. Failing to identify relevant selection and award criteria to ensure either adequate capacity from contractors and satisfactory offers An offer is biased due to rigged/unbalanced specifications	Operational verification to supervise drawing-up of technical specifications Verification by the Resources Unit (with expertise in procurement) of accuracy/completeness and clarity of tender documents	100 % of tender specifications are scrutinised.	**Costs**: Estimated cost of staff involved **Benefits**: Limit the risks of litigation or cancellation of a tender. Amount of contracts for which the approval and supervisory control detected material error.	**Effectiveness:** Number of procedures where only one or no offers were received; number of requests for clarification regarding tender specifications. **Efficiency**: Estimated average cost of a procurement procedure.
	AOSD's final supervision and approval of specifications (two different AOSDs for amounts of € 60 000 or more)	100 % of tenders above a financial threshold (e.g. € 60 000) are reviewed by the AOSD and receive a second verification. **Depth:** Risk-based (depends on sensitivity of file).		

C — Selection of the offer and evaluation

Main control objectives: Ensuring that the offers are free from any fraud risks (fraud prevention and detection), comply with the E-E-E (effectiveness, efficiency and economy) principles and are evaluated in accordance with the established rules on impartial evaluation; compliance (legality and regularity)

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The most economically advantageous offer is not selected, due to a biased, inaccurate or 'unfair' evaluation process. There is a conflict of interests between evaluators and tenderers/candidates. There is an overdependence on a limited pool of tenderers given the low number of economic operators able to provide the DG with specialised input. There is corruption or collusion, bids are manipulated or submitted by phantom service-providers.	Formal evaluation process: appointment of the Opening and evaluation committees composed of at least three persons representing at least two organisational entities of the service. The award decision file identifying the proposed contractor is reviewed (before the AOSD's signature) by the central Resources Unit, which checks for any red flags (two ex-ante verifications if necessary).	100 % of offers analysed. **Depth**: In terms of justification of the draft award decision	**Costs**: Estimated costs involved **Benefits**: Compliance with FR; difference between most onerous and selected offers. Potential irregularities/ inefficiencies prevented (amount of procurement for which significant concerns are raised)	**Effectiveness**: Number of 'valid' complaints or of litigation cases filed; number of fraudulent cases detected; number of companies excluded from participation in public procurement/awarding. **Efficiency**: Cost of successful tenders (i.e. average cost of 'most economically advantageous tender' procedure) (or average cost). Average cost of a tendering procedure.
	Opening and evaluation committees' declarations of absence of conflict of interests	All members of opening and evaluation committees	**Costs**: estimated cost of staff involved. **Benefits**: amount of contracts for which the control prevented the risk of litigation or fraud.	
	Exclusion criteria documented	100 % checked. **Depth**: required documents provided are consistent	**Costs**: estimated cost of staff involved. **Benefits**: Avoid contracting with excluded economic operators	

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	Standstill period – opportunity for unsuccessful tenderers to put forward concerns on the award decision.	100 % when conditions are fulfilled	**Costs**: Estimated cost of staff involved. **Benefits**: Amount of procurements successfully challenged during standstill period.	

Stage 2: Financial transactions

Main control objectives: Ensuring that the contract is implemented in compliance with the signed contracts

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
The planned products/services/works are not, totally or partially provided in accordance with the technical description and requirements in the contract and/or the amounts paid exceed those due in accordance with the applicable contractual and regulatory provisions. Business is interrupted because contractor fails (on time) to deliver results (e.g. to be used for impact assessments).	Operational and financial checks: checklist-based verification requiring two actors for both operational and financial level (in accordance with established financial circuits) Authorisation by AOSD For riskier operations, a second ex-ante in-depth verification before payment (checklist and ABAC signatures) A financial initiating agent (contracts officer) checks that the planning	100 % contracts controlled. Riskier operations subject to in-depth controls. The depth depends on the amount and potential impact of late or no delivery on the DG's operations.	**Costs**: Estimated cost of staff involved. **Benefits**: Amount of irregularities, errors and overpayments prevented by the controls	**Effectiveness**: Number/amount of liquidated damages; number of transactions 'refused for correction' **Efficiency**: Average cost per payment and recovery order made Average time (days) to payment/number of late payments/rate of late interest payments

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
	of deliverables is respected.			

Stage 3: Supervisory measures

Main control objectives: Ensuring that any weakness in the procedures (tender and financial transactions) is detected and corrected

Main risks It may happen (again) that …	Mitigating controls	How to determine coverage, frequency and depth	How to estimate the costs and benefits of controls	Control indicators
An error, non-compliance with regulatory and contractual provisions, including technical specifications, or fraud is not prevented, detected or corrected by ex-ante control prior to payment.	Ex-post publication (possible reaction from tenderer/potential tenderer, e.g. whistleblowing)	100 % of contracts (contract award notices or Financial Transparency Register – FTS)	**Costs**: Estimated cost of staff involved **Benefits**: Amounts detected associated with fraud and error Deterrents and systematic weaknesses corrected.	**Effectiveness**: Amount associated with errors detected *ex-post* (relating to fraud, irregularity and error) System improvements made **Efficiency**: Costs of ex-post reviews as compared with 'benefits'
	Desk reviews of a representative sample of transactions to determine effectiveness of ex-ante controls and consider findings for improving them	Random and/or judgmental sampling. **Depth**: Look for any systemic problem in procurement procedure and financial circuits		

Indirect entrusted management
Union contribution to the European Supervisory Authorities (ESAs)[6]

The authorising officer by delegation of DG FISMA does not entrust ESAs with budget implementation tasks. However, as ESAs do not have a separate budget line in the Union budget nomenclature and their budget appears among other DG FISMA budget lines, DG FISMA is responsible for transferring the Union contribution (as determined by the budgetary authority) to the ESAs' administrative and operational budget.

Stage 1 — Establishment (or prolongation) of the mandate to the entrusted entity ('delegation act'/'contribution agreement'/etc.) — N/A

Main control objectives: Ensuring that the legal framework for the management of the relevant funds is fully compliant and regular (legality and regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy)

Main risks *It may happen (again) that …*	**Mitigating controls**	**How to determine coverage frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
N/A				

Stage 2 — Ex-ante (re)assessment of the entrusted entity's financial and control framework (towards 'budget autonomy'; 'financial rules') — N/A

Main control objectives: Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously with respect to all five ICOs.

Main risks *It may happen (again) that …*	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
N/A				

[6] ICT not applicable to the fully self-financed agency – the Single Resolution Board

Stage 3 — Operations: monitoring, supervision, reporting ('representation'/'control with or around the entity')

Main control objectives: Ensuring that the Commission is informed fully and in time of any relevant management issues encountered by the entrusted entity, in order to be able to mitigate any potential financial and/or reputational impacts (legality and regularity, sound financial management, true and fair view reporting, anti-fraud strategy)

Main risks ***It may happen (again) that …***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
Due to insufficient cooperation, supervision and reporting arrangements, the Commission is not informed (in time) of relevant management issues encountered by the entrusted entity and/or does not react (in time) to issues by mitigating them or entering a reservation; this may reflect negatively on the Commission's governance reputation and quality of accountability reporting.	Monitoring or supervision of entrusted entity (e.g. review of management reports, representation and intervention on the board, scrutiny of annual report, etc.). If appropriate/needed: - reinforced monitoring of operational and/or financial aspects of the entity; - potential escalation of any major governance-related issues with entrusted entities; - referral to OLAF	**Coverage**: 100 % of entities are monitored/ supervised **Frequency**: Before every board meeting and on receipt of key management reports/documents In the event of operational and/or financial issues, measures are reinforced. **Depth:** Depends on the riskiness of the identified issues, if any	**Costs**: Estimated cost of staff involved in actual (regular or reinforced) monitoring of entrusted entities **Benefits**: Total budget amount entrusted to entity, possibly at 100 %, if significant errors would otherwise not be detected	**Effectiveness**: Quality of management reports received; number of issues under reinforced monitoring; number of IAS and ECA findings of serious control failures; budget amount of errors concerned **Efficiency**: Cost/benefit ratio; average supervision cost per entrusted entity

Stage 4 — Commission contribution: payment or suspension/interruption and recovery of unused contribution

Main control objectives: Ensuring that the Commission assesses fully the management situation at the entrusted entity, before either paying out the (next) contribution for its operational and/or operating budget or deciding to suspend/interrupt the (next) contribution (legality and regularity, sound financial management, anti-fraud strategy)

Main risks ***It may happen (again) that …***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**

N/A The costs of staff involved in financial circuits for the contribution payments/recoveries to/from the entrusted entities are identical to those applied for the execution of the DG's budget. Please refer to the ICT (direct procurement management — financial transactions).

Stage 5 — Audit and evaluation, discharge for decentralised agencies — N/A

Main control objectives: Ensuring that assurance-building information on the entrusted entity's activities is also provided through independent sources, which may confirm or contradict the management reporting received from the entrusted entity itself (on the five ICOs).

Main risks ***It may happen (again) that …***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**How to estimate the costs and benefits of controls**	**Possible control indicators**
N/A				

ANNEX 6: Implementation through national or international public-sector bodies and bodies governed by private law with a public sector mission (if applicable)

Not applicable

ANNEX 7: EAMR of the Union Delegations (if applicable)

Not applicable

ANNEX 8: Decentralised agencies (if applicable)

For 2016, the total budgeted Union contribution allocated to the European supervisory authorities (ESAs) was €33 138 400[7] including the recovery of surplus (€248 000) from the 2014 contribution (as assigned revenues). In addition, €375 642 was made available to the ESAs as recovery of the surplus from national authorities' contributions in 2014.

In the course of the year, the actual Union contribution to the EBA was reduced by €606 441 due to reduced budgetary needs of the EBA resulting from the significant drop in the value of the pound sterling against the euro.

Agency	Policy concerned	Paid by DG FISMA in 2016 (€)
European Banking Authority (EBA)	Financial services	14 243 212
European Insurance and Occupational Pensions Authority (EIOPA)		8 461 389
European Securities and Markets Authority (ESMA)		10 203 000
Single Resolution Board (SRB)	Financial stability	Fully self-financed agency

7 Commission Decision C(2016) 201.

ANNEX 9: Evaluations and other studies finalised or cancelled during the year

Annex 9 -
Evaluations and other

ANNEX 10: Specific annexes related to "Financial Management"

Cost-efficiency indicators

(see narrative of paragraph 2.1.1)

Overall indicators				
Stage	**Indicators (annual indicators) - description**	**Year 2014**	**Year 2015**	**Year 2016**
Overall indicator	**Overall cost of control (%)** Total cost of controls of all processes / total expenditure executed during the year (the payments made)	4,7%	4%	3%
Financial transactions	**Related cost of control for all transactions (payments, RO) / amount paid (%)**	3,4%	3%	2%
	Related cost for all transactions (payments, RO)/ amount paid and recoveries	-	2%	1,9%
	Related cost of control/n° of payments and recoveries	€ 3 400	€ 3 450	€ 3 480
Supervisory measures	**Related cost of control of supervisory measures / value of transactions checked (%)**	-	0,006%	0,003%
	Total costs of control of supervisory measures	-	€ 5 300	€ 1 650

Grant indicators				
Stage	**Indicators (annual indicators) - description**	**Year 2014**	**Year 2015**	**Year 2016**
Overall indicator	**Overall cost of control (%)** Total cost of controls of grants' processes / total expenditure executed during the year (payments made)	0,4%	0,7%	0,4%
All controls for the programming, evaluation and selection of proposals	**Cost of evaluation and selection procedure/ value contracted (%)** Cost of programming + evaluating + selecting grants / value of grants contracted	0,1%	0,2%	0,1%

From legal commitment up to payment included	**Cost of control from contracting and monitoring the execution up to payment included/ amount paid (%)**	0,3%	0,5%	0,3%
Ex-post	**Cost of control *ex-post* audits/ value of grants audited** Total cost related to *ex-post* audits / grants audited	N/A	N/A	N/A

Procurement indicators				
Stage	**Indicators (annual indicators) - description**		**Year 2015**	**Year 2016**
Overall indicator	**Overall cost of control (%)** Total cost of controls/ total expenditure executed during the year (payments made)		4,5%	3,5 %
Procurement stage up to selection and evaluation and final award	**Cost of controls of the evaluation, selection procedure, commitments/ value of commitments made (%)** Cost of planning, assessment and definition of needs, selection and evaluation of the offers and final award/value of commitments made		0,9%	0,8%
Sub-stages indicators				
		Year 2014	**Year 2015**	**Year 2016**
Planning	**Cost of control of planning / n° of call for tenders**	€3 790	€3 800	€3 900
Needs assessment & definition of needs	**Cost of control of needs assessment & definition / n° of call for tenders**	€10 500	€10 750	€11 250
Selection of the offer, evaluation & award	**Cost of control of selection of the offer & evaluation/ n° of call for tenders**	€9 600	€12 400	€12 300

Indirect management indicators				
Stage	**Indicators (annual indicators) - description**	**Year 2014**	**Year 2015**	**Year 2016**

Overall indicator	**Overall supervision cost (%)** Staff FTE * standard staff cost/annual subsidies paid to ESAs	0,3%	0,3%	0,3

Cost-effectiveness indicators

(see narrative of paragraph 2.1.1)

Overall indicators				
Stage	**Indicators (annual indicators) - description**	**Year 2014**	**Year 2015**	**Year 2016**
Financial transactions	Amount of liquidated damages	€20 126	0	0
Supervisory controls	Amount associated with errors detected ex-post (related to fraud, irregularity and error)	0	0	0

Procurement indicators				
Stage	**Indicators (annual indicators) - description**	**Year 2014**	**Year 2015**	**Year 2016**
Planning	Number of projected calls for tenders cancelled; number of contracts discontinued due to a lack of use (poor planning)	2	2	1
Needs assessment and definition of needs	Number of requests for clarification regarding the tender specifications (average questions per procurement procedure)	1	1	1,9
Needs assessment and definition of needs	Number of procedures where only one or no offers were received	5	4	2

Selection of the offer and evaluation	Number of 'valid' complaints' or litigation cases filed	0	0	0
Selection of the offer and evaluation	Number of fraudulent cases detected/Number of companies excluded from participating in procurement procedures/awarding	0	0	0

Implementation of 2016 Management Plan's objectives and targets

(see narrative of paragraph 2.1.3)

Objective 1: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions			
Description	Indicator	Target	Latest known result
Execution of the annual voted budget, and in compliance with the legal requirements applying to transactions.	% of payments executed within the contractual time limits	90%	99,62%
	% of budget commitment appropriations made (administrative and operational lines)	95%	96,97%
	% of payments appropriations made (administrative and operational lines)	95%	94,9%
Objective 2: Effective and reliable internal control system in line with sound financial management. Main outputs in 2016			
Description	Indicator	Target	Latest known result
Procurement procedures are carried out in compliance with the principles and rules governing public procurement at the EC and according to sound financial management.	Number of legal proceedings following complaints in procurement procedures	0 (zero)	0 (zero)
Objective 3: Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions			
Description	Indicator	Target	Latest known result
Review and update of the existing anti-fraud strategy of DG FISMA (DG MARKT AFS, Dec. 2013).	Reassessment of DG FISMA fraud risks and fraud awareness after the implementation of the action plan of the AFS of DG FISMA	Adoption of an updated anti-fraud strategy	The anti-fraud strategy has been reviewed in 2016 and will be adopted early 2017

ANNEX 11: Specific annexes related to "Assessment of the effectiveness of the internal control systems"

Not applicable.

ANNEX 12: Performance tables

General objective 1: A New Boost for Jobs, Growth and Investment.		
Impact indicator: Employment rate population aged 20-64 **Source of the data**: Eurostat		
Baseline	**Target**	**Latest known value**
2014	2020 Europe 2020 target	2015
69.2%	At least 75%	70.1%
Planned evaluations: None planned.		

Specific objective 1.1: Companies raise more equity in public and private capital markets.				Related to spending programme(s) No
Result indicator: Public equity: new equity issuance year-on-year growth. **Source of data:** European Central Bank, Data Warehouse.				
Baseline	**Interim Milestones**		**Target**	**Latest known results**
2014 Average	2015	2016	2020	2016
0,4%	0,45%	0,5%	0,55%	0,65% While the policy progress made in 2016 is reassuring, it cannot be made accountable for the marked improvement in some of the key performance indicators. Favourable third factors such as the persist low interest rate environment, changes to risk sentiment and buoyant equity prices boosted equity issuance and market funding above trend. It remains to be seen whether this improvement in the indicators can persist in less favourable external circumstances or whether implementation of policy proposals can enhance further the measurable performance.
Planned evaluations: None planned.				
Result indicator: Private equity activity, gross annual flows. **Source of data:** EVCA - gross annual flows (for private equity data) http://www.investeurope.eu/media/386098/Yearbook-2015-Europe-Country-tables-Public-version-FINAL.xlsx				
Baseline	**Interim Milestones**		**Target**	**Latest known results**
End 2014	2015	2016	2017	2016
EUR 44.6bn	1.9%	2%	2.1% (in line with European Commission's economic forecast for	No data available

			the EU).	

Planned evaluations: None planned.

Result indicator: Number of prospectuses approved for equity and/or admissions to trading/amount of capital raised under these prospectuses.
Source of data: Report from the European Securities Markets Authority (ESMA) on prospectuses as per Art 43 of the Prospectus Directive.

Baseline	**Target**	**Latest known results**
2014	2019: The Prospectus Regulation will enter into force in 2017-18. Therefore, DG FISMA will be able to monitor its effects as of 2019.	
3,765	The result of reduced administrative burdens in the revised Prospectus legislation should lead to an increase in the number of approved prospectuses.	DG FISMA will be able to monitor its effects as of 2019.

Planned evaluations: None planned.

Main outputs in 2016:

Policy–related outputs

Description	**Lead service**	**Indicator**	**Target date**	**Latest known results**
2015 /FISMA/043, COM/2015/583 **Prospectus regulation** The regulation should reduce the cost of prospectuses considerably, in particular for frequent issuers and SMEs not listed on regulated markets. Together with a greater level of harmonisation of rules, this should give companies incentive to raise more money publicly.	FISMA.DDG.C.3	Start of trilogues	Q3 2016	Completed: Political agreement reached on the reform package in December 2016.
2016/FISMA/012 **Possible AIFMD third country passport** This initiative is expected to increase investment in the real economy of the EU. Marketing and distributing non-EU alternative investment funds in the internal market may provide greater choice for investors and should exert downwards pressure on the level of fund fees prevalent in the EU.	FISMA.DDG.C.4	Adoption by the Commission	09/2016	Postponed to Q4 2017 This initiative is still being analysed and needs further discussions.

Specific objective 1.2: Debt funding for the corporate sector, in particular for SMEs, is more diversified.	Related to spending programme(s) No

Result indicator: Share of market funding in total outstanding debt.
Source of data: ECB Statistical Data Warehouse.

Baseline	Interim Milestones				Target	Latest known results
2014 Average	2015	2016	2017	2018	2019	2016
16.3%	16.6%	16.9%	17.2%	17.5%	17.8%	18.3% While the policy progress made in 2016 is reassuring, it cannot be made accountable for the marked improvement in some of the key performance indicators. Favourable third factors such as the persist low interest rate environment, changes to risk sentiment and buoyant equity prices boosted equity issuance and market funding above trend. It remains to be seen whether this improvement in the indicators can persist in less favourable external circumstances or whether implementation of policy proposals can enhance further the measurable performance.

Planned evaluations: None planned.

Result indicator: Public debt: New issuance in debt securities, year-on-year growth.
Source of data: European Central Bank data – Statistical Data Warehouse.

Baseline	Interim Milestones				Target	Latest known results
2014 Average	2015	2016	2017	2018	2019	2016
8.6%	5%	5%	5%	5%	5%	6.27%

Planned evaluations: None planned.

Result indicator: Financing gap to SMEs, i.e. difference between the need for external funds and the availability of funds.
Source of data: European Commission / European Central Bank SAFE Survey (data coverage limited to the euro area).

Baseline	Interim Milestones				Target	Latest known results
End 2014	2015	2016	2017	2018	2019	2016
13%	<13%	<13%	<13%	<13%	<13%	3%

Planned evaluations: None planned.				
Main outputs in 2016:				
Policy–related outputs				
Description	**Lead service**	**Indicator**	**Target date**	**Latest known results**
2015 /FISMA/043, COM/2015/583 **Prospectus regulation** Cheaper and better access to capital markets for SMEs should help them diversify their financing so that they are less dependent on bank financing.	FISMA.DDG.C.3	Start of trilogues	Q3 2016	Completed: Political agreement reached on the reform package in December 2016.
2015 /FISMA/064; COM/2015/0472 **Package containing Regulation on simple, transparent and standardised (STS) securitisation and Regulation amending Capital Requirements Regulation as regards securitisation** The initiative is intended to revive a sustainable securitisation market that will improve the financing of the EU economy, weakening the link between bank deleveraging and credit tightening in the short run and creating a more balanced and stable funding structure of the EU economy in the long run. This should diversify the debt funding for the corporate sector, including for SMEs.	FISMA.DDG.01 FISMA.DDG.D.1	Final adoption by co-legislators	Q3 2016	Trilogues started in January 2017.
2016/FISMA/012 **Possible AIFMD third country passport** This initiative is expected to increase investment in the real economy of the EU. Marketing and distributing non-EU alternative investment funds in the	FISMA.DDG.C.4	Adoption by the Commission	09/2016	Postponed to Q4 2017 This initiative is still being analysed and needs further discussions.

internal market m079y provide greater choice for investors and should exert downwards pressure on the level of fund fees prevalent in the EU.				

Specific objective 1.3: Access to funding for SMEs is less fragmented.			Related to spending programme(s) No
Result indicator: Dispersion in bank loan rejection rate: best performing versus worst performing Member State. **Source of data:** European Commission / European Central Bank SAFE Survey (data coverage limited to the euro area).			
Baseline	**Interim Milestones**	**Target**	**Latest known results**
End 2014	2017	2019	2016
39 percentage points	<39 percentage points	<39 percentage points (The dispersion in bank loan rejection rate should decrease, i.e. access to funding by SMEs should become more equal).	20% The unprecedented policies of the European Central Bank have flushed the market with liquidity and therefore had a substantially more positive impact on the financial market in general and lending in particular.
Planned evaluations: None planned.			

Main outputs in 2016:				
Policy–related outputs				
Description	**Lead service**	**Indicator**	**Target date**	**Latest known results**
2015/FISMA/002+ **Delegated and Implementing Act(s) on MiFID II** This initiative includes the specification of the minimum requirements for registration as an SME growth market. In order to ensure that transparency rules are applied effectively, the delegated acts specify what constitutes a reasonable commercial basis on which trading	FISMA.DDG.C.3	Adoption by the Commission	Q1 2016	Multiple MiFID II DAs and IAs (2 DA, 18 RTS and 1 ITS) adopted, although the Q1 target date was missed.

venues must make data available.				
2015 /FISMA/043, COM/2015/583 **Prospectus regulation** A greater level of harmonisation of prospectus rules will result in more equal access to finance for SMEs across the European Union.	FISMA.DDG. C.3	Start of trilogues	Q3 2016	Completed: Political agreement reached on the reform package in December 2016.

Specific objective 1.4: Banks, insurance companies and pension funds have greater incentive to invest in and lend to the real economy in a sustainable way, including investing in long-term European projects.			Related to spending programme(s) No
Result indicator: Insurance companies' investments in infrastructure. **Source of data:** European Insurance and Occupational Pensions Authority (EIOPA) as of mid-2016.			
Baseline	**Interim Milestone**	**Target**	**Latest known results**
Mid-2015 Before the adoption of a Solvency II amendment on infrastructure.	2018	2019	
No quantitative data available at this point. EIOPA can provide data as of mid-2016.	A first increase.	A general increase in insurance companies' investment in infrastructure by 2019.	No quantitative data available before the adoption of a Solvency II amendment on infrastructure planned in 2017.
Planned evaluations: The 2018 review of the standard formula will allow an interim assessment of the effect of the 2015 amendment.			
Result indicator: Insurance companies' investments in STS securitisation products. **Source of data:** European Insurance and Occupational Pensions Authority (EIOPA) as of mid-2016.			
Baseline	**Interim Milestone**	**Target**	**Latest known results**
End 2015 Before the adoption of a Solvency II amendment on securitisation.	2018	2019	
No quantitative data available at this point. EIOPA can provide data as	A first increase.	An increase in insurance companies' investments in STS	No quantitative data available

of mid-2016.		securitisation products.	before the adoption of a Solvency II amendment on securitisation planned in 2017.
Planned evaluations: The 2018 review of the standard formula will allow an interim assessment of the effect of the 2016 amendment.			

Result indicator: Total assets under management by pension funds.
Source of data: EIOPA Pensions Database; OECD.

Baseline	Interim Milestone	Target	Latest known results
2016 Entry into force of IORP II.	2019	2020	2016
According to EIOPA, in 2014 the assets of the occupational pension fund sector in the EU totalled EUR 3.2 trillion.	Increase from the baseline, one year after the transposition deadline.	Growth in pension assets (especially for the lower ranking countries in terms of pension assets).	The first increase expected in 2019

Planned evaluations: Review of the IORP II Directive and EIOPA annual reports.

Result indicator: Annual change to the share of total loans to non-financial counterparties to GDP (percentage point difference).
Source of data: European Central Bank Statistical Data Warehouse.

Baseline	Interim Milestones				Target	Latest known results
End 2008-2012	2015	2016	2017	2018	2019	2016
Pre-crisis period was marked by excessive credit growth as compared with GDP from 164% in 2006-Q2 to 208% in 2009-Q2. Banks have then substantially deleveraged until now, reaching 166% in 2015-Q2.	Annual change within the limits of +/- 5% points.				Annual change within the limits of +/- 5% points.	3.9%

Planned evaluations: None planned.

Result indicator: Percentage of non-performing bank loans to all loans.
Source of data: European Banking Authority (EBA) risk assessment studies; ECB (Gross non-performing debt instruments).

Baseline	Interim Milestones				Target	Latest known results
2014	2015	2016	2017	2018	2019	Q3 2016
6.14%	<7%				<7%	5.28%

		(NPL ratio below 7% thresholds)	

Planned evaluations: None planned.

Result indicator: Maturity of corporate loans granted by banks/maturity of corporate bonds bought by financial institutions (to capture the long-term investment aspect).
Source of data: European Central Bank data for bank credit (outstanding amount of NFC loans with maturity over 1 year divided by the total lending to NFCs); financial accounts for market-based funding.

Baseline	**Interim Milestones**				**Target**	**Latest known results**
End 2014	2015	2016	2017	2018	2019	2016
For bank lending to corporates: 74.8% For corporate issuance: 94.84%	For bank lending to corporates: >74,8% For corporate issuance: >90%				For bank lending to corporates: >74,8% For corporate issuance: >90% (The total value of long-term loans granted by banks (maturity > 1 year) to short-term loans (maturity <1 year) of loans granted by banks and the maturity of bonds bought by financial institutions should increase. The total amount of bonds issued by non-financial corporates having a maturity longer than 1 year to the total amount of bonds issued by non-financial corporates having a maturity longer than 1 year should increase.)	For bank lending to corporates: 76.8% For corporate issuance: 95.2%

Planned evaluations: None planned.

Main outputs in 2016:				
Policy–related outputs				
Description	**Lead service**	**Indicator**	**Target date**	**Latest known results**
2015/FISMA/064; COM/2015/0472 **Package containing Regulation on simple, transparent and standardised (STS) securitisation and Regulation amending Capital Requirements Regulation as regards securitisation** Securitisation facilitates access to a broad range of investors, thereby increasing liquidity and freeing up capital from the banks for new lending to the economy.	FISMA.DDG.01 FISMA.DDG.D.1	Final adoption by co-legislators	Q3 2016	Trilogues started in January 2017.
2016/FISMA/051 **Revised calibrations for corporate infrastructure investments by insurance and reinsurance undertakings under Solvency II** European insurers manage around EUR 10 trillion in assets of which only about 0.25% is currently invested in infrastructure. The insurance industry has indicated that this level of investment can be doubled through appropriate regulatory treatment. The investment and growth objective of the CMU Action Plan will be supported through additional investments by insurers in infrastructure assets. In September 2015, the Commission adopted amendments to the	FISMA.DDG.D.4	Adoption by the Commission and positive outcome of EP and Council scrutiny	Q2 2016	Postponed to Q2 2017. The Impact Assessment was rejected by the Regulatory Scrutiny Board.

Solvency II Delegated Act to cover the adapted treatment of qualifying infrastructure projects. The Commission has issued a request for further technical advice to EIOPA on infrastructure corporates.				
2016/FISMA/017 Revised calibrations for securitisation investments by insurance and reinsurance undertakings under Solvency II European insurers are large institutional and long-term investors that manage around EUR 10 trillion in assets. The adaptation of the Solvency II Delegated Act to cater for tailored calibrations within the standard formula for this new asset class – STS securitisation – will give insurers incentive to invest in these products, thereby helping them to diversify and increasing the yield of their investment portfolios, in particular in a low interest rate environment. The development of a simple, transparent and standardised securitisation market is a building block of the Capital Markets Union and contributes to sustainable growth and job creation.	FISMA.DDG.D.4	Adoption by the Commission and positive outcome of EP and Council scrutiny	Q3/Q4 2016,	Postponed to Q3 2017 (only possible once EP and Council achieve agreement in trilogues on the STS Securitisation Regulation)
2015/FISMA/030 Possible initiative on an integrated covered bond framework The use of covered bonds reduces the cost of funding for banks and thus increases lending to the real economy.	FISMA.DDG.D.2	Adoption by the Commission	Q4 2016	Postponed to Q4 2017 A Public Consultation was organized from Sep 2015 till Jan 2016 A study was

				launched in September 2016 in order to define if legislative changes are needed.
2014/MARKT; COM/2014/043 **Banking Structural Reform (BSR)** Banks, insurance companies and pension funds have greater incentive to invest in and lend to the real economy in a sustainable way, including investing in long-term European projects.	FISMA.DDG.D.2	Final adoption by co-legislators	Q4 2016	No tangible adoption prospect. Negotiations in European Parliament are not progressing.
2011/MARKT/002; COM/2014/0167 **Institutions for Occupational Retirement Provisions (IORPs II)** This initiative strengthens governance requirements for IORPs which increases their readiness to diversify their investments. Furthermore, the Commission proposal on IORP2 removes national investment restrictions on IORPs and introduces flexible investment rules that aim for the long-term. The investment rules accommodate low carbon and climate resilient infrastructure projects. The proposal also clarifies cross-border procedures including the cross-border transfer of pension funds, making it easier for IORPs to carry out cross-border activity.	FISMA.DDG.D.4	Final adoption by co-legislators	12/2016	Completed: Political agreement by co-legislators on 15 June 2016, endorsed by both Council and EP.

Specific objective 1.5: Barriers to the free movement of capital are identified and eliminated.	Related to spending programme(s) No
Result indicator: Ratio between number of barriers to free movement of capital	

identified and number of barriers lifted or alleviated OR voluntary commitments to eliminate or alleviate barriers obtained from Member States. **Source of data:** EC/Member States Expert Group on removing barriers to Free Movement of Capital.			
Baseline 2015	**Interim Milestone** End 2016	**Target** 2019	**Latest known results**
The Economic and Financial Committee endorsed the idea of setting up a collaborative process between the Commission and the Member States in order to map and tackle remaining barriers to free movement of capital. The group has started its work in October 2015 and the baseline scenario will be provided as soon as the mapping of existing barriers is completed.	Complete inventory of barriers.	The target is to lift or alleviate as many barriers as possible. The target cannot be quantified until the mapping exercise is completed. The removal off such barriers is expected to have a positive effect on the free movement of capital between Member States.	The Commission adopted a Report on national barriers to capital flows on 27 February 2017. It contains a mapping of barriers and recommendations for actions.
Planned evaluations: None planned.			

Main outputs in 2016:				
Policy–related outputs				
Description	**Lead service**	**Indicator**	**Target date**	**Latest known results**
2015 /FISMA/043, COM/2015/583 **Prospectus regulation** Remaining fragmentation in the prospectus requirements represents a barrier to the free movement of capital as it entails legal uncertainty and/or considerable costs in accessing capital markets in other Member States.	FISMA.DDG.C.3	Start of trilogues	Q3 2016	Completed: Political agreement reached on the reform package in December 2016.
2016/FISMA/001 **Report on barriers to free**	FISMA.DDG.B.1	Adoption by the Commissi	Q4 2016	Planned adoption Q1 2017

movement of capital The report, which is part of the CMU Action Plan, will list the barriers to be addressed through national actions as a priority and will be followed by a roadmap explaining how, when and by whom they should be dismantled. The report will build on the work done with national experts designated by Member States at the request of the EFC secretariat. This group of Member States has been tasked with mapping national barriers which prevent a fully integrated and well-functioning Capital Markets Union, identifying the most damaging ones and finding the most efficient ways to remove them. It follows a collaborative approach aimed at encouraging Member States to remove existing barriers on a voluntary basis, based on methods such as mutual evaluation, performance checks and peer reviews.		on		

Specific objective 1.6: An increased cross-border investment flow.			Related to spending programme(s) No
Result indicator: Average of inward and outward intra-EU foreign direct investment (FDI) flows divided by GDP. **Source of data:** Eurostat: Balance of Payments, European Union direct investments [bop_fdi6] and GDP and main components (output, expenditure and income) [nama_10_gdp].			
Baseline	**Interim Milestone**	**Target**	**Latest known results**
2013	2016	2018: A higher index indicates higher new cross-border direct investment during the period in relation to the size of the economy as measured by GDP. If	2015

		this index increases over time, intra-EU direct investment is becoming more integrated.	
2%	Stable increase.	Stable increase.	2.72%
Planned evaluations: None planned.			
Result indicator: Intra-EU portfolio investment (equity and debt) flows divided by GDP. **Source of data:** Eurostat: European Union and euro area balance of payments - quarterly data (BPM6) [bop_eu6_q] and GDP and main components (output, expenditure and income) [nama_10_gdp].			
Baseline	**Interim Milestone**	**Target**	**Latest known results**
2014	2016	2019: A higher index indicates higher new cross-border portfolio (equity and debt) investment during the period in relation to the size of the economy as measured by GDP. If this index increases over time, intra-EU portfolio investment is becoming more integrated.	2015
4%	Stable increase.	Stable increase.	3.26%
Planned evaluations: None planned.			

Main outputs in 2016:				
Policy–related outputs				
Description	**Lead service**	**Indicator**	**Target date**	**Latest known results**
2015/FISMA/153 Review European Venture Capital (EuVECA) and European Social Entrepreneurship (EuSEF) Fund regulations Through changes to these Regulations we will be able to increase cross-border investment in these funds and thereby enhance financing possibilities for these normally small entities.	FISMA.DDG.C.4	Adoption by the Commission	07/2016	Completed: Adopted by the Commission 14/7/2016
2015/FISMA/064; COM/2015/0472 Package containing Regulation on simple, transparent and standardised (STS) securitisation and Regulation amending	FISMA.DDG.01 FISMA.DDG.D.1	Final adoption by co-legislators	Q3 2016	Trilogues started in January 2017.

Capital Requirements Regulation as regards securitisation The initiative is intended to revive a sustainable securitisation market that will improve the financing of the EU economy, weakening the link between bank deleveraging and credit tightening in the short run and creating a more balanced and stable funding structure of the EU economy in the long run. This should increase the cross-border investment flow.				
2015 /FISMA/043, COM/2015/583 **Prospectus regulation** A greater level of harmonisation of rules and greater transparency will make it easier for investors to invest in transferable securities which come with a prospectus as it will be easier to compare these investment opportunities.	FISMA.DDG.C.3	Start of trilogues	Q3 2016	Completed: Political agreement reached on the reform package in December 2016.

General objective 2: A Deeper and Fairer Internal Market with a Strengthened Industrial Base.		
Impact indicator: Composite indicator of financial integration in Europe (FINTEC) **Explanation:** The FINTEC indicator is a scale-free measure normalized to always lie between 0 and 1; 0 means no cross-border integration, 1 means full integration; for the price-based part 1 would mean total absence of any price differentials for comparable money market instruments; for the volume-based part, full integration would mean lack of any home bias on the side of investors. **Source of the data**: European Central Bank		
Baseline	**Target**	**Latest known results**
2014	2019	2015
0.5/0.3 The first entry is the price-based, the second the volume-based indicator value	Increase	0.33/0.5
Planned evaluations: ECB annual report.[8]		

Specific objective 2.1: Banks and non-banks compete to provide cheap, safe and reliable payment systems and funding to consumers.		Related to spending programme(s) No
Result indicator: Number of payment cards issued; number of point of sale (POS) terminals; number of ATMs. **Source of data:** ECB Payment Statistics Report. *[An increase in the number of payment cards that have been issued, the number of POS terminals and the number of ATMs, means that consumers are increasingly using safer and more reliable payment systems. The Payment Services Directive focuses on electronic payments, which are more cost-efficient than cash and which also stimulate consumption and economic growth. Consumers will benefit from better protected against fraud and other abuses and payment incidents, with improved security measures in place. As regards losses that consumers may face, the new rules streamline and further harmonise the liability rules in case of unauthorised transactions, ensuring enhanced protection of the legitimate interests of payment users.]*		
Baseline	**Target**	**Latest known results**
2011 The 2013 Study on the Impact of the Payment Services Directive uses 2011 ECB statistics	2020 review of PSD2	ECB data warehouse September 2016
737,705 million cards issued; 9,011 million POS terminals in operation; 437 thousands of ATM terminals.	Increase in the number of cards issued; significant increase in the number of POS terminals, maintaining or increasing the	The total number of non-cash payments in the EU increased by 8.5% to 112.1 billion in 2015

[8] Work is underway to replicate this data in-house.

	number of ATM terminals.	compared to 2014. Card payments accounted for 47% of all transactions, while credit transfers accounted for 26% and direct debits for 21%. The number of cards increased in 2015 by 1.8% to 781 million. This represented around 1.5 payment cards per EU inhabitant. The average transaction value was around €49 per card transaction. The total number of automatic teller machines (ATMs) in the EU decreased by 1.4% to 0.45 million, while the number of point of sale (POS) terminals increased by 6.5% to 11.2 million.

Planned evaluations: 2020 review of PSD2 as per Article 108.

Result indicator: Levels of payment fraud, in particular card payment fraud.
Source of data: European Central Bank and European Banking Authority (EBA).

[The Payment Services Directive increases security for electronic payments and this should reduce the level of fraud and increase confidence and trust. These strict security requirements for the initiation and processing of electronic payments, which apply to all payment service providers, including newly regulated payment service providers. This stricter approach on security should contribute to reducing the risk of fraud for all new and more traditional means of payment, especially online payments, and to protecting the confidentiality of the user's financial data.]

Baseline	Interim Milestones	Target	Latest known results
2013 ECB 4th	End 2018	2020 review of PSD2	

Report on Card Fraud			
1.44 billion EUR (the amount of card fraud in value).	Stable decrease in card fraud. New PSD2 payment security measures shall enter into force by the end of 2018. More comprehensive payment fraud statistics across all payment instruments should become available at that time.	Significant decrease in card fraud as PSD2 increases security of payments and, to the extent new fraud statistics cover pre-2018 fraud levels for other payment instruments, decrease in these figures, too.	No new data available at the EU level. The EU fraud rate in 2013 at 0.035% of the transaction value remained slightly below the average for the world in 2013 (0.037%) and three times below US level (0.099%).
Planned evaluations: 2020 review of PSD2 as per Article 108.			

Result indicator: Number of cyber breaches in the financial sector.
Source of data: Symantec.
DG FISMA will promote intelligence sharing and testing so that market operators gain higher resilience to withstand cyber attacks.

Baseline	Interim Milestones	Target	Latest known results
2015 Internet Security Threat Report by Symantec.	2017 Internet Security Threat Report by Symantec.	2019 Internet Security Threat Report by Symantec.	
80 million identities exposed in the financial sector in 2014.	Decrease in cyber breaches.	Significant decrease in cyber breaches.	No new data available
Planned evaluations: None planned.			

Result indicator: Number of bank accounts.
Source of data: Commission's review report Payment Accounts Directive.

Baseline	Interim Milestones	Target	Latest known results
2012	2019	2020 The Commission is tackling financial exclusion in the EU by providing every citizen with the right of access to a basic bank account anywhere in the EU regardless of their residence and financial situation. The target was not quantified.	2014
According to a	Stable decrease.	Significant decrease in the	According to the

World Bank Study, the number of EU citizens without a bank account in 2012 was 56 million.		number of unbanked people in the EU from the baseline figure.	most recent data available (2014) from the World Bank, 42.7 million EU citizens do not have a bank account. However, by 18 September 2018, Member States will have to provide the Commission with information on the number of bank accounts with basic features that have been opened.

Planned evaluations: By 18 September 2019, the Commission will submit to the EP and to the Council a report on the application of the Directive. The report will assess the level of financial exclusion in the EU and the measures taken by MS to address this issue. In particular, it will intend to estimate/calculate the number of consumers who have opened a payment account with basic features since the transposition of the Directive.

Main outputs in 2016:

Policy–related outputs

Description	Lead service	Indicator	Current situation	**Latest known results**
2015/FISMA/064; COM/2015/0472 Package containing Regulation on simple, transparent and standardised securitisation (STS) and Regulation amending CRR as regards securitisation (CRR) The initiative is intended to revive a sustainable securitisation market that will improve the financing of the EU economy, weakening the link between bank deleveraging and credit tightening in the short run	FISMA.DDG.01 FISMA.DDG.D.1	Final adoption by co-legislators	Q3 2016	Trilogues started in January 2017

and creating a more balanced and stable funding structure of the EU economy in the long run. This should allow banks and non-banks to compete to provide cheap, safe and reliable funding to consumers.				
2016/FISMA/013 Action Plan on Retail Financial Services The Action Plan will present, based on the Green Paper on retail financial services (COM(2015) 630 final), actions which aim tackling the remaining obstacles to a fully integrated retail financial services market across the EU, harnessing the potentials of digitization in the retail financial services area.	FISMA.DDG.D.3	Adoption by the Commission of a follow-up action plan Possible follow-up actions (legislative or not)	Q3 2016 Q4 2016	Planned adoption Q1 2017 (Action Plan)

Specific objective 2.2: Strengthened legal and investor protection for intra-EU investors and a financial system that is less reliant on external credit ratings, with greater diversity in the credit rating industry.		Related to spending programme(s) No
Result indicator: Number of outstanding intra-EU bilateral investment treaties (BITs). **Source of data:** UNCTAD.		
Baseline	**Target**	**Latest known results**
2015	2019	2016
There are currently 196 outstanding BITs amongst EU Member States.	The target is to reach 0 outstanding BITs by 2019 (i.e. to terminate all outstanding BITs). However, this will largely depend on a forthcoming CJEU judgement regarding the compatibility of BITs with EU Law as well as on subsequent compliance by Member States. Intra-EU BITs confer rights on a bilateral basis to investors from some Member States only, a lower number of (or no) Intra-EU BITs would therefore improve the	Various MS have initiated the termination process, but none of the outstanding BITs has been formally terminated within the reporting period.

	equality between intra-EU investors.	
Planned evaluations: None planned.		
Result indicator: Number of open EU Pilot and ongoing infringement procedures against Member States concerning intra EU-BITs. **Source of data:** EU PILOT/ NIF Database.		
Baseline	**Target**	**Latest known results**
2015	2019	2016
There are currently 21 EU Pilot cases open and 5 infringement procedures.	Closure of all Pilots and infringements procedures against 26 MS for compliance (pre or post CJEU judgement).	Five Reasoned Opinions were adopted in Sept. 2016. A Commission decision on referral of these 5 MS to the CJEU is pending. The 21 Pilots are still open.
Planned evaluations: None planned.		

Result indicator: Investor confidence index: EU Financial services indicator. **Source of data:** European Commission.				
Baseline	**Interim Milestones**		**Target**	**Latest known results**
Average in the period 2013-2014	2015	2016	2017	2016
13	> 10 on average as long as the EU is not in economic recession.		> 10 on average as long as the EU is not in economic recession.	17.2 Investor confidence has substantially improved thanks to the accommodative monetary policies across the EU and resulting better economic data.
Planned evaluations: None planned.				

Result indicator: Number of new entrants in credit rating market.

There has been a small but stable increase in the number of new entrants in the CRA market also during the year 2015. Since the entry into force of CRA3 Regulation in 2013, the increasing number of new entrants has remained stable over the period 2013-2015. DG FISMA expects this increasing rate to remain stable also in 2016 as the impact of CRA3 regulation on the competition in the credit ratings market has not shown its effects yet (as noted by ESMA in its Technical Advice on competition, choice and conflicts of interest in the credit rating industry). This expectation is based on the fact that

smaller CRAs and new entrants are gradually starting to rate new asset classes **Source of data:** ESMA: list of registered and certified credit rating agencies published at https://www.esma.europa.eu/page/List-registered-and-certified-CRAs

Baseline	**Interim Milestones**			**Target**	**Latest known results**
2015	2017	2018	2019	2020	2016
32 CRAs currently registered or certified with ESMA.	Assess number of new entrants in the market.			Increase the number of registered and certified CRAs to promote competitive process.	The EU credit rating market consists of 40 registered and 4 certified CRAs. Although new firms have entered the EU credit market, most of the small CRAs rate a limited set of asset classes and have limited cross-border activities and geographical scope

Result indicator: Market shares for the three largest Credit Rating Agencies. The indicator monitors the impact of the measures introduced in the CRA 3, with a particular focus on the provisions contained in Article 8c and 8d on double ratings and the provisions on improving governance and transparency in the market to assess whether these market shares are being reduced and the other smaller CRAs improve their position in the ratings market. **Source of data:** ESMA: Credit Rating Agencies' market share calculations for the purposes of Article 8d of the CRA Regulation .
Planned evaluations: None planned.

Baseline	**Interim Milestones**		**Target**	**Latest known results**
2014	2017	2019	2020	2015
Standard & Poor's Group: 39.69% Moody's Group: 34.53% Fitch Ratings: 16.22% Total: 90.44%	Assess market shares and remaining relevant barriers to entry.		Substantial reduction of potential barriers to entry for smaller CRAs by 2020. Create market conditions that would allow them to increase their market shares, at least in specific sectors.	Standard & Poor's Group: 45.00% Moody's Group: 31.29% Fitch Ratings: 16.56% Total: 92.85%

Planned evaluations: None planned.
Result indicator: Qualitative assessment of the regulatory references to the mechanistic use of credit ratings included in EU legislative acts.

Source of data: ESMA Technical Advice on reducing sole and mechanistic reliance on external credit ratings (ESMA/2015/1471). Joint consultation on draft RTS on risk-mitigation techniques for OTC-derivatives contracts not cleared by a CCP (JC/CP/2014/03).				
Baseline	**Interim Milestones**		**Target**	**Latest known results**
2015	2017	2018	2020	2016
A number of EU legislative acts contain references to credit ratings. This includes CRR and CRD IV, Solvency II (Delegated Act), UCITIS and AIFMD (for investment funds), EMIR and its Regulatory Technical Standards (for CCPs). A qualitative assessment as regards those references which incentivise sole and mechanistic reliance on credit ratings will be carried out and a baseline figure cannot therefore be provided.	Carry out more In depth evaluation of potential alternatives to ratings.	Identify references which are most likely to induce sole and mechanistic reliance and for which deletion is considered more important.	Elimination of all regulatory references which incentivise sole and mechanistic reliance and for which alternatives were identified (Art 5c CRA Regulation) .	Currently no feasible alternatives that could entirely replace external credit ratings. Whilst mitigating rules seem to be in place to avoid sole and mechanistic reliance on external ratings, supervisors should continue to promote the mitigation of mechanistic reliance on credit ratings and the Com will continue monitoring the impact of these requirements.
Planned evaluations: None planned.				

Main outputs in 2016:				
Policy–related outputs				
Description	Lead service	Indicator	Target date	Latest known results
2015/FISMA/003+ Delegated & Implementing Acts on MAR By further specifying the Regulation on Market Abuse that prohibits market manipulation and	FISMA.D DG.C.3	Adoption by the Commission	Q1 2016	7 RTS and 5 ITS adopted in Q1 as expected

insider dealing, these acts will contribute to the general objective of a fairer internal market, strengthening market integrity and investor protection.				(or earlier).
2016/FISMA/058 **Proposal amending Directive 2014/65/EU on markets in financial instruments as regards certain dates** The amendment covers the extension of one year of the application date of MiFID II. The extension means that the date changes from 3 January 2017 to 3 January 2018. The objectives of MiFID II are the enhancement of the rules on inducements; new product governance rules; specification of information to be disclosed to the client ex-ante and ex-post; and rules addressing conflicts of interest.	FISMA.D DG.C.3	Adoption by the Commission	Q1 2016	Completed: Adopted on 10/2/2016
2016/FISMA/057 **Proposal for a Regulation amending Regulation (EU) No 600/2014 on markets in financial instruments** The amendment covers the extension of one year of the application date of MiFIR. The extension means that the date changes from 3 January 2017 to 3 January 2018. MiFIR objectives are: • The enhancement of pre- and post-trade transparency; • Trading obligations for derivatives and shares; • Strengthened supervisory powers and a harmonised position-limits regime for commodity derivatives to improve transparency, support orderly pricing and prevent market abuse; • A position-reporting obligation by category of trader. This will help regulators and market	FISMA.D DG.C.3	Adoption by the Commission	Q1 2016	Completed: Adopted on 10/2/2016

participants to have better information on the functioning of these markets; • The improvement of conditions for competition in the trading and clearing of financial instruments as well as the smooth application of these provisions; • The introduction of trading controls for algorithmic trading activities.				
2015/FISMA/002+ **Delegated and Implementing Act(s) on MiFID II** This initiative includes the specification of the minimum requirements for registration as an SME growth market. In order to ensure that transparency rules are applied effectively, the delegated acts specify what constitutes a reasonable commercial basis on which trading venues must make data available.	FISMA.D DG.C.3	Adoption by the Commission	Q1 2016	Multiple MiFID II DAs and IAs (2 DA, 18 RTS and 1 ITS) adopted, although the Q1 target date was missed.
2015/FISMA/025+ **Delegated and Implementing Act(s) on MiFIR** These acts set out criteria and factors to be taken into account by European Securities Markets Authority (ESMA) or national competent authorities when intending to use their product intervention powers. These powers could be used in case of significant investor protection concerns or threats to the orderly functioning and integrity of financial or commodity markets or to the stability of the whole or part of the financial system of the Union or respectively of at least one Member State. They also clarify the circumstances under which ESMA can use its position management powers.	FISMA.D DG.C.3	Adoption by the Commission	Q1 2016	The majority of the MiFIR DAs (1 DA, 13 RTS) adopted, although in all cases the Q1 target date was missed.
2013 / MARKT/011, COM/2013/0641 **Benchmarks Regulation** The Regulation improves the governance of benchmark administration and should contribute to the use of appropriate	FISMA.D DG.C.3	Final adoption by co-legislators	06/2016	Completed: Adopted by co-legislators on

benchmarks in financial instruments and contracts.				08/06/2016
2016/FISMA/009 **Review of the operation of the ESAs**	FISMA.D DG.01	Adoption by the Commission	Q2 2016	Postponed until 2017 The founding regulations of the European Supervisory Authorities ("ESAs") mandate that a general review of the operation of the ESAs takes place in 2017.
2015 /FISMA/043, COM/2015/583 **Prospectus regulation** A greater level of harmonisation of rules and greater transparency will strengthen investor protection.	FISMA.D DG.C.3	Start of trilogues	Q3 2016	Completed: Political agreement reached on the reform package in December 2016.

Specific objective 2.3: Financial and non-financial reporting by companies, as well as audit, is of a high quality.		Related to spending programme(s) No
Result indicator: Number of Countries using IFRS. In 2005 the EU took a significant step and made the use of IFRS obligatory for the consolidated financial statements of EU companies which are listed on the EU's stock markets (Regulation 1606/2002). The EU is the largest jurisdiction applying IFRS. In relation to listed companies, the Commission's work extends beyond the EU's borders and goes towards promoting the use of IFRS as the worldwide financial reporting language so enhancing the efficiency and transparency of capital markets throughout the globe. **Source of data:** IASB http://www.ifrs.org/Use-around-the-world/Documents/2016-pocket-guide.pdf		
Baseline	**Target**	**Latest known results**
2015	2020	2016

130 countries are currently permitting or requiring IFRSs for domestic listed companies (last updated May 2015).	Maintain positive trend.	133 countries permitted or required IFRS for domestic listed companies.

Planned evaluations: None planned.

Result indicator: Number of EU companies disclosing non-financial information in their management report or in a separate report.
Source of data: Member States, own research (to be determined: no comprehensive, reliable source of information has been identified yet). This would aim at companies included in the scope of the Directive, i.e. large listed companies with more than 500 employees (plus non-listed companies in the banking and insurance sectors and public-interest entities designated by Member States).

Baseline	**Interim Milestones**	**Target**	**Latest known results**
2015	2016	2019	2016
It is estimated that approximately 2500 EU companies currently disclose non-financial information.	In line with the baseline.	It is estimated that approximately 6000 EU companies should disclose non-financial information as requested by the Directive on disclosure of non-financial information.	The last Member States, which have not transposed the Directive yet, are finalizing the transposition of the reporting requirements into national laws

Planned evaluations: The Directive on disclosure of non-financial information includes a review clause to be completed by December 2018.

Result indicator: Concentration level of audit market players in terms of revenue from statutory audits for Public-Interest Entities (PIEs).
Source of data: Huber (2011), Reports by national audit authorities and European Competition Network (ECN).

Baseline	**Interim Milestones**	**Target**	**Latest known results**
2014	2016	2019	2016
The market is currently very concentrated, with the Big Four audit firms for listed companies exceeding 85% of the market share in the vast majority of Member States.	Reports on developments in the markets for the provision of statutory audit services to public-interest entities to be drawn up by 17 June 2016 in accordance with Article 27 of Regulation 537/20014 on statutory audit.	Increase diversity at the top end of the EU audit market.	The market remains highly concentrated, as shown by the data from 19 out of 28 Member States. The EU average of the Big Four audit firms' market share is approximately 80% (in turnover of audit firms/networks auditing PIEs). However, this number cannot be fully compared with the baseline scenario (85%) as the most recent data used by the Commission, based on the national audit reports,

			refers to the turnover of audit firms/networks auditing PIEs and excludes data from 9 Member States. Furthermore the top 10 biggest audit firms in the EU (including the "big four") represent on average 90% of the total EU PIEs audit market. A Commission report on the monitoring of the EU market for statutory audits of PIEs (pursuant to Article 27 of the 2014 Audit Regulation and based on reports by the national audit authorities) is under preparation to be adopted in 2017.

Planned evaluations: None planned.

Result indicator: Outcome of the quality assurance review of Public Interest Entities (qualitative description of types of deficiencies and Mitigation/remedies/follow-up).

This indicator will rely on information available to all competent authorities, i.e. results of inspections carried out by national oversights authorities, which should be reported to the Commission according to Art. 27 Monitoring market quality and competition of Regulation 537/20014.

Source of data: IFIAR- International Forum of Independent Audit Regulators; Reports by national audit authorities and European Competition Network (ECN).

Baseline	**Interim Milestones**	**Target**	**Latest known results**
2014	2016	2020	
Inspection reports indicated persistent shortcomings in audit quality and that deficiencies in audit performance occur too often.	Reports on developments in the markets for the provision of statutory audit services to public-interest entities to be drawn up by 17 June 2016 in accordance with Article 27 of Regulation 537/20014 on statutory audit.	Reduction in identified deficiencies.	Main Findings: - Lack of sufficient evidence of having carried out certain activities; - Failures in documentation; - Failures in internal quality control system; Follow-up/remedies: - Sanctions have been issued in very few limited cases. - Recommendations to the firms are the most used tool to correct mistakes

Planned evaluations: None planned.

Main outputs in 2016:

Policy–related outputs

Description	Lead service	Indicator	Target date	Latest known results
2015/FISMA+/107	FISMA.DDG.	Adoption	04/2016	Completed:

Corporate Tax Transparency This initiative will contribute to the achievement of Specific Objective 2.4 by exploring whether and how, by enhancing transparency with respect to the way companies manage taxable profits per jurisdiction and the related amounts of corporate income tax paid, more intense scrutiny by investors and the public at large could contribute to the reduction of tax avoidance by companies.	B.3	by the Commission		Adopted 12/4/2016
2015/FISMA/230 Non-binding guidelines on methodology for reporting non-financial information by certain undertakings and groups The non-binding guidelines on non-financial information will facilitate the disclosure of relevant and useful environmental and social information by EU companies concerned, and in particular by smaller and less experienced companies. Thus, this will facilitate the practical application of the Directive on disclosure of non-financial information as of financial year 2017.	FISMA.DDG.B.3	Adoption by the Commission	11/2016	Planned for Q2 2017 This initiative is still being analysed.
Main expenditure outputs	**Related to spending programme: Union programme to support specific activities in the field of financial reporting and auditing for the period 2014-2020**			
Description	Lead service	Indicator	Target date	**Latest known results**
2015/FISMA/105 Prolongation of the Union programme to support specific activities carried out by the European Financial Reporting	FISMA.DDG.B.3	Adoption by the Commission	03/2016	Completed: Adopted 13/4/2016

Advisory Group (EFRAG) in the field of financial reporting for the period 2017-2020 Amending regulation to the Financing Regulation (EU) No 258/2014 establishing a Union Programme to support specific activities in the field of financial reporting and auditing for the period of 2014-2020. EFRAG plays a key role in providing input to the development of the IFRS by the IASB and provides the European Commission with endorsement advice on new or amended financial reporting standards.				

Specific objective 2.4: Consumers have access to safe and reliable insurance, pension and UCITS products and services, both nationally and across borders.		Related to spending programme(s) No	
Insurance **Result indicator:** The gross written premiums over the GDP. **Source of data:** EIOPA combined with national statistics.			
Baseline	**Interim Milestones**	**Target**	**Latest known results**
End 2013	2018	2019	
According to the OECD, insurance penetration in the EU (15 countries) in 2013 was 8.2%	A first increase.	General increase.	A first increase expected in 2018
Planned evaluations: None planned.			
Pension **Result indicator:** The number of consumers investing in personal retirement products across the EU. **Source of data:** EIOPA Pensions Database; OECD.			
Baseline	**Interim Milestones**	**Target**	**Latest known results**
End 2015	2018	2019	
Current	Interim results	General increase in the	Interim results available

situation.	after implementation of the CMU Action Plan.	number of EU citizens taking up personal pension products. Beyond 2019: should a private pensions initiative be developed, the number of persons investing in a pan-European pension product.	after full implementation of the CMU Action Plan.

Planned evaluations: CMU Action Plan, EIOPA annual reports.

UCITS

Result indicator: Share of "true" cross-border UCITS funds (i.e. funds sold in at least 5 Member States) with respect to total number of UCITS funds sold in the EU.
Source of data: Morningstar

Baseline	Target	Latest known results
2015	2018 While the UCITS framework has been an overwhelming success story, market fragmentation (as evidenced by the large number of individual funds) is an apparent issue, triggering higher costs and less choice for investors. The EC will seek to tackle those factors that hold back cross-border competition, thereby increasing the number of UCITS distributed on a "true" cross-border basis (i.e. measured as UCITS being sold in at least 5 different MS).	2016
17.72%	Stable increase in the share of true cross-border UCITS funds.	18.7%

Planned evaluations:

Main outputs in 2016:

Policy–related outputs

Description	Lead service	Indicator	Target date	Latest known results
2016/FISMA/013 Possible initiative on Retail Financial Services The Action Plan will present, based on the Green Paper on retail financial services (COM(2015) 630 final), actions which aim tackling the remaining obstacles to a fully integrated retail financial services market across the EU, harnessing the potentials of digitization in the retail	FISMA.DDG.D.3	Adoption by the Commission of a follow-up action plan Possible follow-up actions (legislative or not)	Q3 2016 Q4 2016	Planned adoption Q1 2017 (Action Plan)

financial services area..				
2016/FISMA/005 Regulation establishing a multi-annual funding of non-financial industry interest groups for the period 2017-2020. The promotion of end-user/consumer views in the context of policy making will contribute to policies that integrate the interests of end-users/consumers and give them incentive to participate in the economy.	FISMA.DDG.D.3	Adoption by the Commission	Q4 2016	Completed: Adopted 15/6/2016
2016/FISMA/030 Revision of material and geographic scope of the Motor Insurance Directive with the aim to focus only on traffic related accidents Following the Vnuk ruling C-162/13 that extended the scope of the Motor Insurance Directive to cover any motor vehicle under almost any circumstances, this revision aims at protecting consumers (policyholders) of MTPL insurances across the EU from the exposure to possibly having to contribute to compensations of accidents that are not traffic related.	FISMA.DDG.D.4	Adoption by the Commission Positive outcome of the negotiations between the EP and Council	Q2 2016	Postponed to Q2 2017 This initiative is still being analysed.

Specific objective 2.5: The financial regulatory framework is evaluated, appropriately implemented and enforced across the EU.				Related to spending programme(s) No
Result indicator: Transposition deficit: Percentage of national implementing measures notified within the regulatory deadline. **Source of data:** NIF Database.				
Baseline	**Interim Milestones**		**Target**	**Latest known results**
2015	2017	2018	2020	2016
Only ~30% of the total number of	50%	70%	Reach between 80 and 100% (all implementing measures are notified).	39%

national implementing measures are notified within the regulatory deadline.				

Planned evaluations: None planned.

Result indicator: Average time needed to deal with complaints.
Source of data: CHAP Database.

Baseline	Interim Milestones			Target	Latest known results
2015	2017	2018	2019	2020	2016
The average time needed to reach a decision on a complaint (either closure or sending of a letter of formal notice) is currently 5.4 months.	Maintain average <12 months			The target is to maintain an average time of <12 months to reach a decision (as per Secretariat-General Benchmark).	The average time to close a complaint (with full closure; transfer to EU Pilot or NIF is not included) in 2016 was 13.6 months. This high number corresponds to the clean-up done this year as many old cases were closed. The complaints that were opened and closed in 2016 had an average 4.7 months to close

Planned evaluations: None planned.

Result indicator: Share of infringements for non-communication of transposition of Directives dealt with within the benchmark.
Source of data: NIF Database.

Baseline	Interim Milestones		Target	Latest known results
2015	201	201 8	2019	2016
Non-Communication cases are considered to be beyond benchmark when more than 12 months elapses since a letter of formal notice is sent and the case is not yet closed or sent to CJEU. Currently 12% of cases are considered to be dealt with within benchmark.	30%	40%	The target is to reach 50% of cases dealt with within the benchmark.	56% FISMA has put in place new arrangements to speed up the treatment of non-communication cases and reduce the backlog (eg cross-Units teams, regular performance reviews, and a new framework contract to outsource the completeness assessment). At the same time, the results can also be partly explained by the nature of the infringement

				at stake. While a large number (117) of new non-communication cases was opened in 2016, they could be dealt with very quickly as transposition measures were missing altogether, and therefore no completeness assessment was necessary. Further to the notification of the national measures, the handling of the case requires a more time-consuming assessment.

Planned evaluations: None planned.

Result indicator: Number of infringements for non-conformity closed within benchmarks.
Source of data: NIF Database.

Baseline	**Interim Milestones**		**Target**	**Latest known results**
2015	2017	2018	2020	2016
No specific benchmark is set for the non-conformity assessment. However, a three-year benchmark is set for all Article 258 TFEU infringements. There are currently 14 cases still open >3 years since their registration.	10	5	No cases open three years after their registration by 2020.	15 cases in December 2016; 2 cases eventually closed in February 2017 Compared to the baseline (14 cases) no substantial progress appears to be achieved in 2016 (13 cases after taking out the 2 already closed in February 2017). This is due to various reasons. In a majority of cases the Commission decided to pursue infringement procedures. Some cases are however likely to be closed during the course of 2017.

Planned evaluations: None planned.

Main outputs in 2016:

Policy–related outputs

Description	Lead service	Indicator	Target date	Latest known results
2016/FISMA/019 EU Regulatory Framework for Financial Services - Report on the main findings and next steps resulting from the	FISMA.DDG. B.2	Adoption by the Commission	Q4 2016	Completed: Adopted on 23 November 2016

Call for Evidence This initiative will contribute to the achievement of the objective by gathering feedback from stakeholders and gauging the cumulative impact and interaction of current financial rules. Through the consultation, the Commission is seeking to identify possible inconsistencies, incoherence and gaps in financial rules, as well as unnecessary regulatory burdens and factors negatively affecting long-term investment and growth.				
2016/FISMA/009 **Review of the operation of the ESAs**	FISMA.DDG.01	Adoption by the Commission	Q2 2016	Postponed until 2017 The founding regulations of the European Supervisory Authorities ("ESAs") mandate that a general review of the operation of the ESAs takes place in 2017

Specific objective 2.6: Financial institutions can absorb losses and liquidity shocks, financial market infrastructures are stable and function effectively, and structural and cyclical macro-prudential risks are proactively addressed.		Related to spending programme(s) No	
Insurance companies **Result indicator:** The proportion of the insurance sector, in terms of assets, which comply with the solvency capital requirements. **Source of data:** Solvency II reporting / EIOPA.			
Baseline	**Interim Milestones**	**Target**	**Latest known results**
Early 2016	2017	2019	
First set of data based on	End of the transitional period to comply with the solvency capital requirement (Art.	Near 100% compliance.	No data available

Solvency II available.	308b(14)) of Directive 2009/138/EC).		yet

Planned evaluations: The 2018 review of the standard formula will allow an interim assessment of the effect of the 2015 amendment.

Banks

Result indicator: Average CET1 capital levels in EU banks.

Explanation: The amount of CET1 capital held by banks should be above the minimum regulatory capital, but this cannot be guaranteed in the crisis situations where the levels of CET 1 may go below the minimum requirements. The effectiveness of supervisors also means that banks should hold extra CET1 capital to cover additional risks (Pillar 2 buffer) in order to cover banks risks not covered by the minimum regulatory requirements. However, a fast increase in the capital ratios, unless new equity is raised in the markets, in short term may reduce lending to the economy in the short-term and thus is not desirable.

Source of data: Semi-annual EBA Basel III monitoring reports.

Baseline	**Interim Milestones**			**Target**	**Latest known results**
	2016	2017	2018	2019	End 2015
End 2011: 6.9% End 2012: 8.4	>8.125%	>8.75 %	>9.375 %	>10%	12.4% European banks, under the strong pressure from European and national supervision, are strongly increasing their capital positions.

Planned evaluations: None planned.

Result indicator: Average leverage ratio in EU banks.
Complemented by the capital ratios, the leverage ratio provides a better picture of bank resilience to crisis events. The target will have to be reviewed at the end of 2016 on the basis of the analysis made by the European Commission.
Source of data: Semi-annual the EBA Basel III monitoring reports.

Baseline	**Interim Milestone**			**Target**	**Latest known results**
	2016	2017	2018	2019	
End 2011: 2.9% End 2012: 2.9%	>3%	>3%	>3%	>3%	4.7% (end 2015)

Planned evaluations: None planned.

Result indicator: Average TLAC in G-SIBs.
The Financial Stability Board (FSB) on 9 November 2016 issued the final Total Loss-Absorbing Capacity (TLAC) standard for global systemically important banks (G-SIBs). The TLAC standard has been designed so that failing G-SIBs will have sufficient loss-absorbing and recapitalisation capacity available in resolution for authorities to implement an orderly resolution that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss.
Source of data: Semi-annual EBA Basel III monitoring reports.

Baseline	Interim Milestone	Target	Latest known results
End 2014	2019	2020[9]	
Unknown	> 16%	>18%	FSB TLAC Impact Assessment November 2015: 29 G-SIBs had an average eligible external TLAC ratio of 13.1% RWA and 7.2% of the exposure measure (EM) of the Basel III leverage ratio (refer to Case 1 of the BCBS QIS)

Planned evaluations: None planned.

Result indicator: Probability of simultaneous default by two or more large and complex banking groups.
Source of data: ESRB Risk Dashboard: Daily, EU (changing composition), Simultaneous default of two or more large banks, Probability - RDF.D.D0.Z0Z.4F.EC.DFTLB.PR

Baseline	Interim Milestones		Target	Latest known results
Range 2010-2014	2015	2016	2019	
7%	<5% in normal times <20% in stress times	<5% in normal times <20% in stress times	<5% in normal times <20% in stress times	2.53%

Planned evaluations: None planned.

Financial market infrastructures

Result indicator: Percentage of settlement fails (weighted average by settlement volume).
Source of data: European Securities Markets Authority (ESMA) will report on the number of settlement fails (legal requirement in CSDR).

Baseline	Target	Latest known results
2012	2020	
1.09%. Source of this baseline is the European CDS Association. After the technical standards enter into force and the reporting elements are applicable (estimated: in 2018) there will be a legal obligation to report on this indicator.	Downward trend in settlement fails.	No data available yet.

Planned evaluations: None planned.

Macro-prudential measures

Result indicator: Number of notifications of macro-prudential measures, both in and outside EU Law, with material effects, implemented by Competent Authorities (micro-prudential authorities of the MS)/Designated Authorities (macroprudential authorities of the MS).

[9] This will be progress towards a 2022 FSB target.

Source of data: ESRB		
Baseline	**Target**	**Latest known results**
2015 September	2019	2016 December
179 measures notified to the ESRB.	All mandatory measures notified to the ESRB and implemented effectively; all measures requiring mandatory recognition notified and implemented effectively. A positive trend versus the baseline of measures implemented, as warranted by the evolution of macro-prudential risks.	332 measures notified to the ESRB (of which 207 economically significant measures)
Planned evaluations: None planned.		

Main outputs in 2016:

Policy–related outputs

Description	Lead service	Indicator	Target date	**Latest known results**
2013/MARKT/011, COM/2013/0641 Benchmarks Regulation Major benchmarks such as Libor or Euribor are being used in financial instruments and contracts worth hundreds of billion euros. Their manipulation could result in the frustration of many contracts and a loss of trust in the related financial instruments.	FISMA.DDG.C.3	Final adoption by co-legislators	06/2016	Completed: Adopted by co-legislators on 08/06/2016
2015/FISMA/042 International agreement on access to data held in trade repositories The G20 committed to addressing "legal barriers to the reporting of OTC derivatives contracts to trade repositories and to the cross-border access of	FISMA.DDG.C.2	Adoption by the Commission	Q2/2016	Postponed to 02/2018 No country has expressed interest in concluding an agreement with the EU (too burdensome).

authorities to trade repository data, as well as to improve the usability of that data." An international agreement will enable direct access to trade repositories by 3rd country authorities.				
2016/FISMA/004 Possible initiative resulting from the EMIR review The Commission is mandated to review regulation 648/2012, to produce appropriate legislative proposals. EMIR aims to improve the stability, transparency and efficiency of derivatives markets. The EMIR review is assessing what, if any, measures are needed to contribute to achieve those goals.	FISMA.DDG. C.2	Adoption by the Commission	12/2016	Postponed to Q2 2017 Item delayed due to the need to analyse the information received in the context of the call for evidence.
COM /2013/0615 Money Market Funds Regulation (MMFs) The proposed regulation introduces rules that will make the MMFs more resilient to future financial crisis and at the same time secure their financing role for the economy. The absence of EU rules relating to Money Market Funds is a critical gap that could negatively affect financial stability.	FISMA.DDG. C.4	Council General Agreement (Depending on the timeline / completion of the trilogues)	12/2016	Completed: Trilogues were successfully concluded on 8 December. Publication in OJ foreseen for April.
2015/FISMA/003+ Delegated & Implementing Acts on MAR By further specifying the Regulation on Market Abuse that prohibits market manipulation and insider dealing, these acts	FISMA.DDG. C.3	Adoption by the Commission	Q1 2016	7 RTS and 5 ITS adopted in Q1 as expected (or earlier).

will contribute to the general objective of a fairer internal market, strengthening market integrity and investor protection.				
2015 / FISMA / 154, COM/2015/ 648 Extension of exemptions for commodity dealers The CRD / CRR impose prudential capital requirements and large exposure limits on investment firms but exempt "commodity dealers". Commodity dealers can be specialised investment firms that provide investment services or deal with derivative contracts exclusively in relation to commodities or ancillary services to energy and commodity producing companies. The overall investment firms review currently undertaken by the Commission is the most appropriate project to define a proportionate prudential treatment for the broad and diverse spectrum of "commodity dealers". However the investment review and possible legislative proposals will not be ready by the end of current exemption period of "commodity dealers" by end 2017. To provide legal certainty and regulatory stability the Commission proposes to extend the current exemption for commodity dealers until end 2020 by when a proportionate effective prudential	FISMA.DDG. D.1	Final adoption by co-legislators	Q2 2016	Completed: Adopted by co-legislators: 29/06/2016

framework can be expected to be in place.				
2015/FISMA/079 Review of the Single Supervisory Mechanism The SSM regulation lists a number of issues to assess the effectiveness of the SSM supervision and its implications for the smooth functioning of the single market. An effective and common supervisory function will contribute to a financial system that is safe and resilient and where financial institutions can absorb losses and liquidity risks. The report constitutes a key deliverable for DG FISMA in 2016.	FISMA.DDG. D.1	Adoption by the Commissi on	Q3 2016	Postponed to Q2 2017 This initiative is still being analysed.
2016/FISMA/014 Possible legislative proposal amending CRR to incorporate modifications to the BASEL framework The Basel Committee has adopted/is considering certain changes to the Basel framework (e.g. Net Stable Funding Ratio, Leverage Ratio). The Commission will need to decide whether to incorporate those changes in the CRR. Furthermore, the CRR mandates various reviews which may lead to targeted changes to the CRR. Net-stable-funding ratio ensures that banks have adequate level of stable funding and thus it reduces liquidity shocks. Leverage ratio ensures the minimum amount of loss absorbing capacity in any bank notwithstanding their riskiness.	FISMA.DDG. D.1	Adoption by the Commissi on	Q4 2016	Completed: Adopted on 23/11/2016
2014/MARKT; COM/2014/043 Banking Structural Reform (BSR) The BSR is complementing	FISMA.DDG. D.2	Final adoption by co-legislators	Q4 2016	No tangible adoption prospect. Negotiations in European

the CRD/CRR framework to deal more specifically with risks stemming from trading activities. It broadens supervisory powers to ensure that large banks can withstand financial stress.				Parliament are not progressing.
~~**2015/FISMA/084**~~ **2016/FISMA/072** **Review of the EU macro-prudential framework – possible report to Council/EP preceding legislative proposal** The review of the ESRB and the wider macro-prudential framework is provided for in the respective legislative texts and has been addressed in the President's mandate letter to Commissioner Hill and the Five Presidents' Report. The objective is to review the macro-prudential legislative framework in a way allowing authorities in charge to better address systemic risk to financial stability (review of the macro-prudential instruments; the governance structure and the ECB/SSM's role in macro-prudential oversight).	FISMA.DDG.E.3	Adoption by the Commission	Q4 2016	Postponed to Q3 2017 Political developments caused the delay of starting the public consultations of the macro-prudential review.
2015/FISMA/245 **Delegated and Implementing Regulations concerning CRDIV/CRR on the identification methodology for global systemically important institutions (G-SIIs) and uniform format and dates for the disclosure by G-SIIs** The framework as such forms part of the higher own funds requirements for G-SIIs under CRD IV in order to compensate for the higher risk that G-SIIs	FISMA.DDG.E.3	Adoption by the Commission	Q1 2016	Completed: Adopted 17/5/2016

represent for the financial system and the potential impact of their failure on taxpayers.				
2015/FISMA/240 Delegated Regulation concerning Directive 2014/59/EU – Exclusion from bail-in (Article 44 (11) of the BRRD) The details in this Delegated Regulation will ensure that the general BRRD criteria for exclusions will be applied by the national resolution authorities and the Single Resolution Board (SRB) in a consistent manner. This will increase legal certainty and predictability for investors and resolution authorities in future resolution cases.	FISMA.DDG. E.4	Adoption by the Commissi on	02/2016	Completed: Adopted 4/2/2016
2015/FISMA/206 **Delegated Act pursuant to Article 2 (2) and Article 104 (4) of Directive 2014/0059/EU (BRRD)** The continuity of critical functions and core business lines is essential to safeguard financial stability and to preserve the real economy. BRRD allows resolution authorities to exclude certain liabilities from bail in, and pass the losses on to other creditors, if it is strictly necessary and proportionate to achieve the continuity of critical functions and core business lines. These functions should be identified by the resolution authority in the resolution plans. BRRD requires the Commission to specify the criteria for resolution authorities to determine these "critical functions" and "core business lines". This will ensure legal	FISMA.DDG. E.4	Adoption by the Commissi on	02/2016	Completed: Adopted 2/2/2016

certainty and predictability for investors, contribute to financial stability and ensure a level playing field within the EU.				
~~2015/FISMA/157~~ PLAN/2017/804 **Delegated Act pursuant to Article 65(5) of Regulation (EU) No 806/2014 of SRMR** The Single Resolution Mechanism gives to the Single Resolution Board planning and crisis management powers and a Single Resolution Fund in order to ensure the continuity of critical functions in the banking sector, preserve financial stability and protect public funds. This delegated act will ensure that the Single Resolution Board has the budgetary independence to operate its functions without relying on public resources.	FISMA.DDG.E.RTF	Adoption by the Commission	05/2016	Planned adoption Q3/2017 This initiative is still being analysed.
2015/FISMA/095 Delegated Act I pursuant to Article 76 (4) of Directive 2014/0059/EU (BRRD) The initiative is specifying rules and definitions to be applied by the Resolution Authority to the following classes of arrangements, in case of a partial property transfer of assets, rights and liabilities of an institution under resolution or in the event of forced contractual modifications: security arrangements; set-off arrangements; netting arrangements; structured financing arrangements, including securitisations and instruments used in issuances of covered bonds. The aim of this protection is to prevent, when a partial transfer or	FISMA.DDG.E.4	Adoption by the Commission	03/2016	Completed: Adopted 18/3/2016

a contractual modification has been done, the splitting of assets rights and liabilities which are linked by virtue of certain arrangements, when such linkage is justified by a lawful objective.				
2016/FISMA/006 TLAC implementation and MREL review In view of the fact that both MREL and TLAC aim at achieving the same policy objective which is to ensure that banks hold a sufficient amount of bail-in-able liabilities that would allow for smooth and quick absorption of losses and bank recapitalisation, this initiative aims at combining the review of MREL (in accordance with the mandate given to the Commission under Article 45(18) of the BRRD) with the implementation of the international TLAC standard.	FISMA.DDG.E.4	Adoption by the Commission	By Q4 2016	Completed: Adopted on 23/11/2016
2015/FISMA/029 Legislation on the recovery and resolution of central counterparties A proposal on the recovery and resolution of central counterparties (CCPs) was signalled in the Commission 2015 work programme. This followed the adoption of a comprehensive EU recovery and resolution framework for banks and investment firms. The Commission proposal for a Regulation sets out provisions similar to those in the framework applicable to banks and investment firms to facilitate orderly recovery and resolution, adapting them to the specific features of CCPs' business	FISMA.DDG.E.4	Adoption by the Commission	Q3/Q4 2016	Completed: Adopted on 28/11/2016

models and the risks they incur, including by determining how losses would be shared in scenarios where CCPs' existing pre-funded resources required under EMIR are exhausted.				

General objective 3: A Deeper and Fairer Economic and Monetary Union.		
Impact indicator: Composite Indicator of Systemic Stress (CISS) **Explanation:** CISS measures the state of instability in the euro area financial system. It comprises 15 mostly market-based financial stress measures split into five categories: financial intermediaries sector, money markets, equity markets, bond markets and foreign exchange markets. It is unit-free and constrained to lie within the interval (0, 1). **Source of the data**: European Central Bank		
Baseline	**Target**	**Latest known results**
(Average range 2010-2014)	2020	2016
0.25 in normal times 0.8 in a crisis mode	Stable trend	0.05
Planned evaluations: None planned.		

Specific objective 3.1: The market exit of a non-major financial institution has a limited economic impact in the euro area.			Related to spending programme(s) No	
Result indicator: Correlation between sovereign and banking CDS. Synthetic CDS series will be used for the euro area. **Source of data:** Data available from Bloomberg: Markit Itraxx senior financial 5-year CDS; Markit Itraxx 5-year SovX for Western Europe. Data on exit events to be provided by SRB, ESAs.				
Baseline	**Interim Milestones**		**Target**	**Latest known results**
End 2014	2015	2016	2020	
0.8	0.7	0.6	0.6 The correlation between bank risk and sovereign risk should decline, i.e. bank risks should decouple from sovereign risks.	0.514
Planned evaluations: None planned.				

Result indicator: The Single Resolution Fund is built and becomes operational according to plan. **Source of data:** SRB. If available, data will also be sourced from MS not participating in the Banking Union.				
Baseline	**Interim Milestones**		**Target**	**Latest known results**
End 2014	2016	2017	2018	2016
Tentatively EUR 6.8bn	EUR 6.8bn	EUR 13.6bn	EUR 20.4bn Operational as of	By 1 January 2024, the

per annum			1 January 2016. The build-up of the SRF according to the agreed business plan.	available financial means of the Fund shall reach at least 1 % of the amount of covered deposits of all credit institutions authorised in all of the participating Member States. - In January 2016, the NRAs transferred to the SRF € 4.3 bn of 2015 ex-ante contributions - By 30 June 2016, the NRAS will transfer to the SRF € 6.4 bn of 2016 ex-ante contributions (after 2015 deduction)

Planned evaluations: None planned.

Main outputs in 2016:

Policy–related outputs

Description	Lead service	Indicator	Target date	**Latest known results**
2016/FISMA/007, COM/2015/586/3 European Deposit Insurance Scheme Follow-up of the Banking Union aspects of the Five Presidents' Report and the President's 2016 State of the Union speech - Legislative proposal regarding the introduction of a European Deposit Insurance Scheme. This is a CWP 2016 key initiative. The proposal is aiming at increasing resilience against future financial crises by making national schemes less vulnerable to large localised shocks, it is	FISMA.DDG.E.4	Final adoption by co-legislators	Q4 2016	The work is ongoing in the Council and the EP.

also contributing to severing the link between banks and their home sovereign.				

Specific objective 3.2: Risk in the banking sector is reduced.		Related to spending programme(s) No
Result indicator: Banks' contribution to overall systemic risk. **Source of data:** ECB Statistical Data Warehouse (RDE.D.D0.Z0Z.DE.EC.SRCB_COVAR.5P. More details: http://sdw.ecb.europa.eu/reports.do?node=1000003357		
Baseline	**Target**	**Latest known results**
2015	2020	2016
The average was approximately 5%	Not in excess of 5%	Close to 0% (based on financial intermediation - original series is discontinued)
Planned evaluations: None planned.		

Result indicator: Average TLAC in G-SIBs. The Financial Stability Board (FSB) on 9 November 2016 issued the final Total Loss-Absorbing Capacity (TLAC) standard for global systemically important banks (G-SIBs). The TLAC standard has been designed so that failing G-SIBs will have sufficient loss-absorbing and recapitalisation capacity available in resolution for authorities to implement an orderly resolution that minimises impacts on financial stability, maintains the continuity of critical functions, and avoids exposing public funds to loss. **Source of data:** Semi-annual EBA Basel III monitoring reports.			
Baseline	**Interim Milestone**	**Target**	**Latest known results**
End 2014	2019	2020[10]	End 2015
Unknown	> 16%	>18%	FSB TLAC Impact Assessment November 2015: 29 G-SIBs had an average eligible external TLAC ratio of 13.1% RWA and 7.2% of the exposure measure (EM) of the Basel III leverage ratio (refer to Case 1 of the BCBS QIS)
Planned evaluations: None planned.			

Result indicator: Average CET1 capital levels in EU banks. **Source of data:** Semi-annual EBA Basel III monitoring reports.			
Baseline	**Interim Milestones**	**Target**	**Latest known results**

[10] This will be progress towards a 2022 FSB target.

	2016	2017	2018	2019	End 2015
End 2011: 6.9% End 2012: 8.4	>8.125%	>8.75 %	>9.375%	>10%	12.4%

Planned evaluations: None planned.

Result indicator: Average leverage ratio in EU banks.
Complemented by the capital ratios, the leverage ratio provides a better picture of bank resilience to crisis events. The target will have to be reviewed at the end of 2016 on the basis of the analysis made by the European Commission.
Source of data: Semi-annual the EBA Basel III monitoring reports.

Baseline	**Interim Milestone**			**Target**	**Latest known results**
	2016	2017	2018	2019	End 2015
End 2011: 2.9% End 2012: 2.9%	>3%	>3%	>3%	>3%	4.7%

Planned evaluations: None planned.

Main outputs in 2016:

Policy–related outputs

Description	Lead service	Indicator	Target date	**Latest known results**
2016/FISMA/006 TLAC implementation and MREL review In view of the fact that both MREL and TLAC aim at achieving the same policy objective which is to ensure that banks hold a sufficient amount of bail-in-able liabilities that would allow for smooth and quick absorption of losses and bank recapitalisation, the proposal is combining the review of MREL (in accordance with the mandate given to the Commission under Article 45(18) of the BRRD) with the implementation of the international TLAC standard.	FISMA.DDG. E.4	Adoption by the Commissi on	By Q4 2016	Completed: Adopted on 22/11/2016
2016/FISMA/014 Possible legislative	FISMA.DDG.	Adoption by the	Q4 2016	Completed:

proposal amending CRR to incorporate modifications to the BASEL framework The Basel Committee has adopted/is considering certain changes to the Basel framework (e.g. Net Stable Funding Ratio, Leverage Ratio). The Commission will need to decide whether to incorporate those changes in the CRR. Furthermore, the CRR mandates various reviews which may lead to targeted changes to the CRR. Net-stable-funding ratio ensures that banks have adequate level of stable funding and thus it reduces liquidity shocks. Leverage ratio ensures the minimum amount of loss absorbing capacity in any bank notwithstanding their riskiness.	D.1	Commission		Adopted on 23/11/2016